

# **Northern Regional Perspective: Situation, Public Policies and Private Sector Contributions for Building Capacity for Enhancing Food Security and Rural Life.**

Presentation to IICA Fifth Ministerial Meeting –  
"Agriculture and Rural Life in the Americas"  
Montego Bay, Jamaica Oct. 28, 2009.

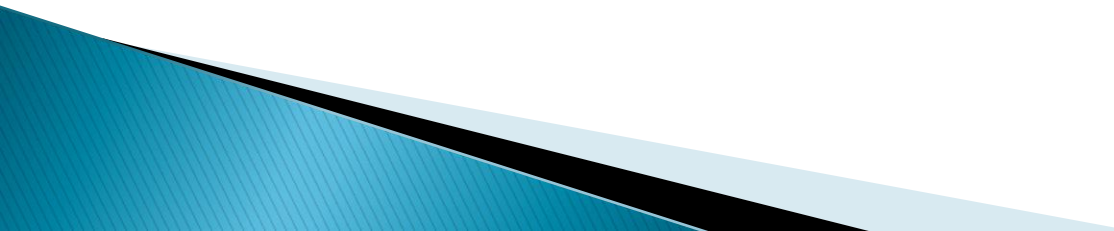
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# Introduction

- ▶ **My Task is Complicated Because:**
  - I am asked to summarize the Food Security situation in three very different countries;
  - They are different in terms of size, per capita incomes, net trade positions and nature of food and agricultural policies;
  - Two have better developed Food Security Strategies for the Domestic supply side;
  - One's most comprehensive policy is for international food security assistance;

**None have, in my view, a comprehensive macro strategy embracing consumption as well as supply.**

# Presentation Outline

- ▶ Therefore what I will do is start with a brief discourse on what I think a comprehensive strategy should be;
  - ▶ I then turn to briefly summarize my perceptions of the state food security policy in each country;
  - ▶ Two of the countries have strategies for both international and domestic food security;
  - ▶ And I close with some observations on the impact of recent price increases and how policies might need to change in the future.
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# What Is Food Security??

- ▶ For IICA it Involves Four Critical Elements:
  - **Availability** of sufficient supplies of food;
  - **Access to food** via sufficient earned income or by safety nets;
  - **Nutritional Wholeness** access to complete and healthy diet; and recently added a fourth;
  - **Stable Access to Sufficient Food at All Times**

# What is A Food Security Strategy?

- ▶ **I Argue that every Country's Obligation is Assure That Every Citizen is Food Secure.**
- ▶ **That Requires a Macro Economic and Social Policy Commitment Equivalent to:**
  - –Growth and Development
  - – Fiscal Balances
  - – Monetary Policy
  - – Balance of Payments Policy
  - – Sustainable Food Security.

**Must be Comprehensive and Pursued at the Presidential or Prime Ministerial Level**

# Why a Macro Policy at PM – Cabinet Level ?

- ▶ Failure, as we have seen in many countries in the last two years, is first and foremost a humanitarian and a political crisis.
  - ▶ Left to fester it can lead to social instability.
  - ▶ Equally important a poorly designed policy can put other macro economic policies at risk;
    - Rising fiscal costs of production subsidies and feeding programs;
    - Inflationary pressures from rising food prices;
    - Drains on Foreign exchange balances;
- And a devastating effect on the poor who spend more than 50% of their income on food.**

# How To Construct a Macro FS Strategy.

- The Task is Complex – On the Demand side:
  - ▶ it involves forward projections of population, income and urbanization to determine commercial food demand;
  - ▶ It requires projections of poverty and food safety net needs;
  - ▶ **This gives us Aggregate Consumption Needs;**

# Food Security as a National Macro Policy

## CONCEPTUAL FRAMEWORK FOR A FOOD AND AGRICULTURE STRATEGY



# How To Construct a Macro FS Strategy-2

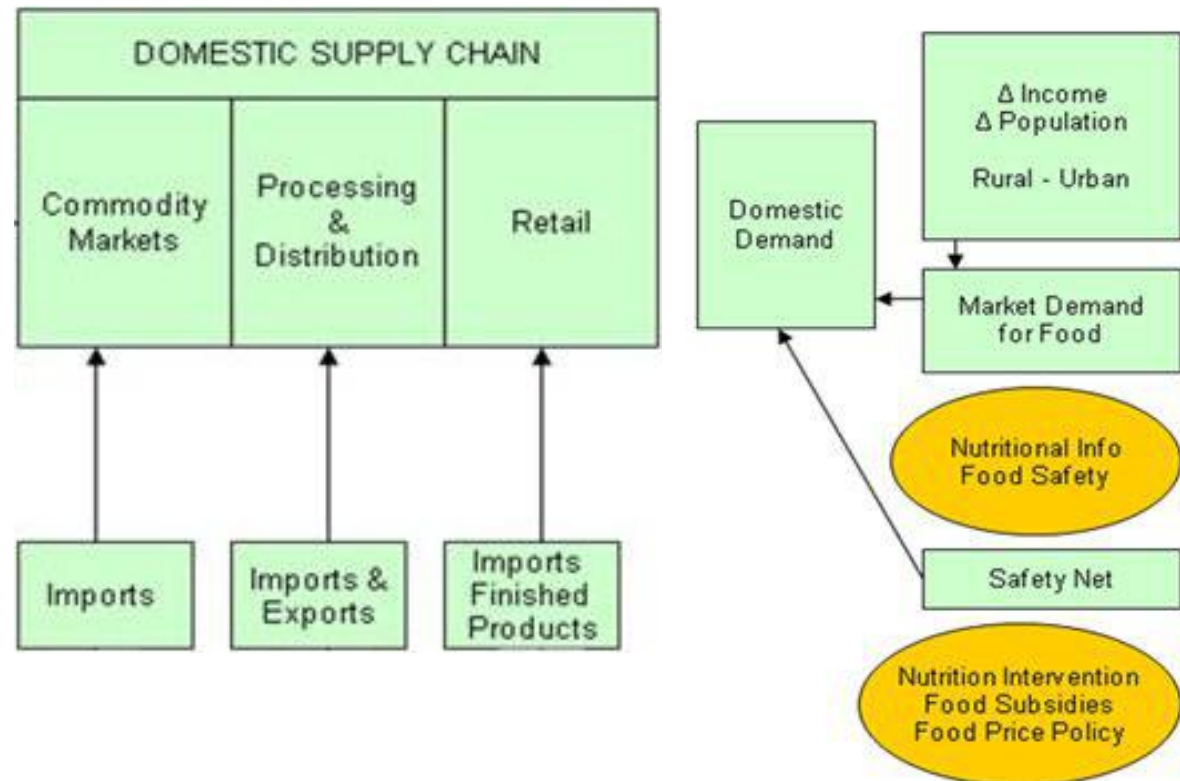
Consumers access food through the **Domestic Supply Chain** made up of; Retailers, wholesalers, processors and distributors who can acquire their supplies from:

**The Domestic Agricultural Sector or World Markets**

○ Either as raw materials or processed products

# Food Security as a National Macro Policy

## CONCEPTUAL FRAMEWORK FOR A FOOD AND AGRICULTURE STRATEGY

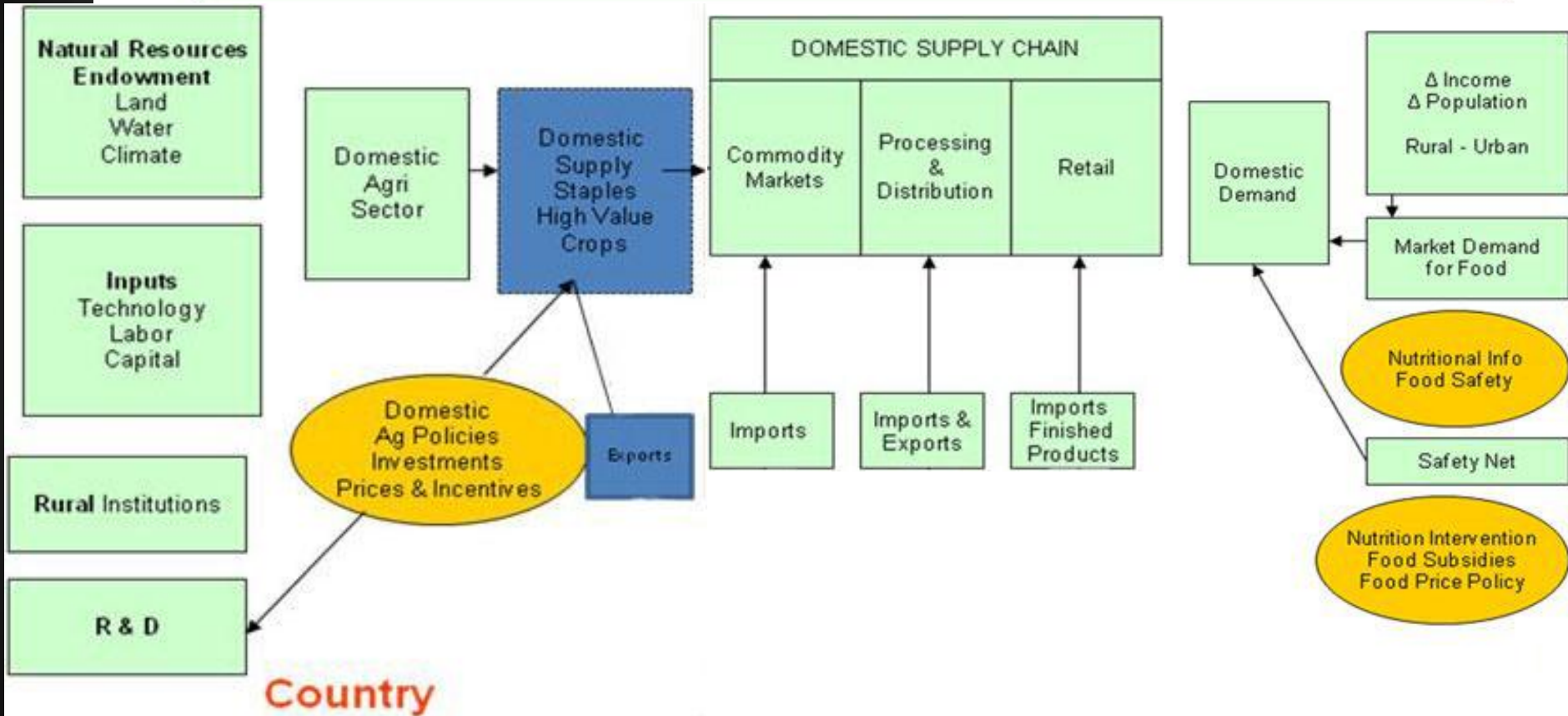


# How To Construct a Macro FS Strategy–3

- ▶ On The **Supply Side** we need to assess the comparative advantage of domestic agriculture;
- ▶ What is our natural resource endowment?
- ▶ What level of domestic supply of basic foods do we judge to be essential; e.g. Japan on rice;
- ▶ What can we profitably export and use proceedings to import food;
- ▶ How we manage competition for resources e.g water;
- ▶ How much should we invest in R&D?
- ▶ **This analysis will determine how much we need to trade**

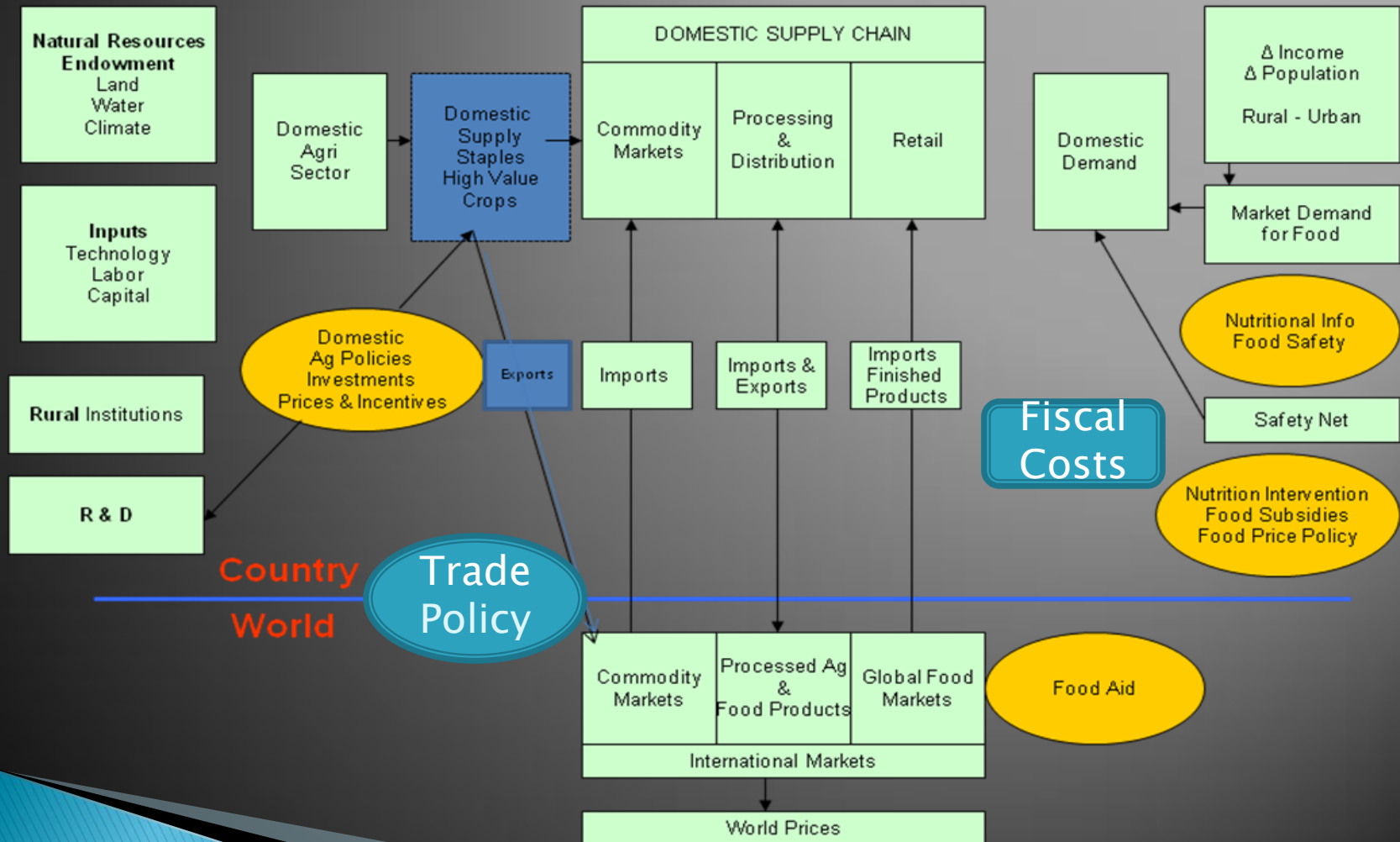
# Food Security as a National Macro Policy

## CONCEPTUAL FRAMEWORK FOR A FOOD AND AGRICULTURE STRATEGY



# Food Security as a National Macro Policy

## CONCEPTUAL FRAMEWORK FOR A FOOD AND AGRICULTURE STRATEGY



# Food Security in the Northern Region

- ▶ Food Security Policies and Experiences Differ Widely Across the Region:
- ▶ None have a Comprehensive Strategy of the sort I have outlined;
- ▶ Two of the three –USA and Canada– have a more comprehensive policy for international assistance than they do for domestic food security;
- ▶ In all cases, policy with respect to supply of domestic food is more fully developed than for consumption/nutrition policy;
- ▶ Therefore will briefly summarize each from North to South;
- ▶ Two are net exporters, one is a major importer of food

# Canada

- ▶ World Food Summit of 1996 called for each country to have a national plan of action to achieve food security at home and internationally.
- ▶ Canada's Action Plan for Food Security was launched World Food Day 1998. 6 domestic commitments:
  - Enabling environment–peace, democracy & human rights;
  - Access to food– poverty reduction & safety nets;
  - Sustainable agriculture– **Growing Forward 2008 –12**
  - Trade–open, fair & predictable rules;
  - Emergency prevention and preparedness;
  - Promoting investment–productivity, human resources and infrastructure;
  - **International commitment same 6 + monitoring & evaluation and is updated regularly– last 2008.**

# Canada – 2

- ▶ In 5<sup>th</sup> Progress report (2008) notes 9.2% households food insecure at some point in 2007 up from 8.8% in 2004;
- ▶ ERS US– Canadian comparison(Dec 2008), based on Health Canada survey, found 7.0 % ;
- ▶ Poverty leading cause + single parents, disabilities, chronic illness & Aboriginal persons
- ▶ National Child Benefit Program central policy response plus many other targeted programs;
- ▶ Has increased external assistance through CIDA & IDRC;–bilateral & multilateral e.g. CGIAR

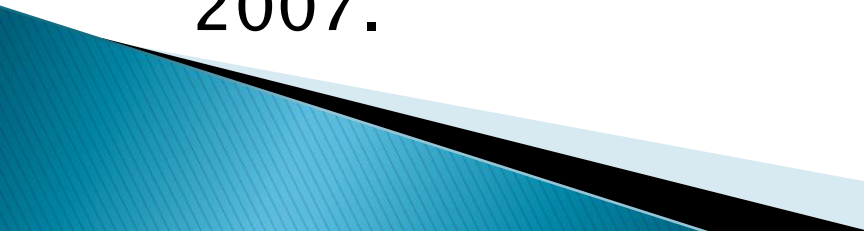
# Canada- 3

- ▶ Initiated the development of a National Food Policy Framework across several federal and provincial ministries in 2004 (4<sup>th</sup> Report) but is not mentioned in 5<sup>th</sup> report;
- ▶ Agriculture and Agri-Food Canada (AAFC) have launched a new 5 year plan focused on agriculture and the rural sector –**Growing Forward**–but main focus on supply side;
- ▶ Canada's Food Aid is fully grant form and is largely delivered through WFP –increased local purchase to 50% from 10% in 2004.
- ▶ Canada is further along having developed and updated a comprehensive strategy for international policy.

# USA

- ▶ The US also developed **A US Action Plan for Food Security** in 1999 which, like Canada, outlined both domestic and international objectives but a search of several US govt. web sites finds no further references to it after 2002.
- ▶ ERS/USDA produces an Annual report on Household Food Security in the US;
- ▶ Most recent report for 2007 says 11.1 % food insecure at some point in 2007, with 4.1% with very low food security; these numbers have trended slightly upward in recent years;
- ▶ ERS comparison report cited US number as 12.6% base on 2006 data.

# USA – 2

- ▶ The US Farm Bill may be the closest thing to a National Strategy with 15 Titles covering everything from commodity programs to conservation, trade, nutrition, including food stamps, rural development, research, forestry, disaster, and trade and tax provisions;
  - ▶ Dominant items are farm commodity support programs and food stamps;
  - ▶ In FY 2010 food programs are budgeted at 93.5 billion \$ up 70% since 2007;
  - ▶ This equals 8% of food spending, up from 5% in 2007.
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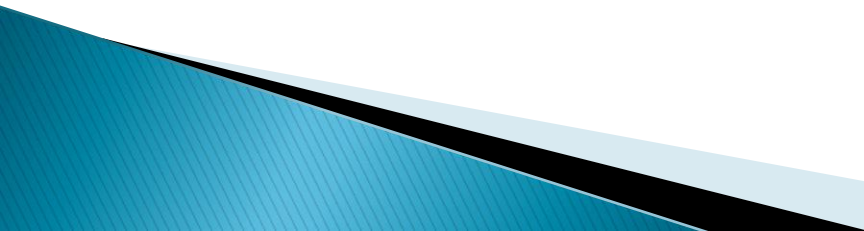
# USA – 3

- ▶ Despite not having a published domestic agriculture or food security strategy the US has produced a new **Global Hunger and Food Security Initiative**;
- ▶ Building on the G8 Summit it calls for “... *a comprehensive approach to food security that focuses on advancing agriculture-led growth, reducing under nutrition, and increasing the impact of humanitarian food assistance*”.
- ▶ Calls for increased investment in productivity improvement and rural development;
- ▶ But retains US right to user in-kind food aid assistance recognizes that local procurement and other mechanisms have merit;
- ▶ US is last country to persist in using domestic surpluses for food assistance;
- ▶ Proposes creating a US Global Food Security Coordinator.


# Mexico

- ▶ In 1994 the signing of NAFTA by these three countries had major impacts on food security especially in Mexico;
- ▶ Mexican policy in the 1970's and 1980's had emphasized food self sufficiency and a parastatal, Conasupo, played a dominant role in providing support to small producers and supplying food to poor consumers;
- ▶ Debt crisis of the 1980's and early 90's—and the dreaded structural adjustment policies—, ushered in SAM which moved towards a more market oriented agriculture and less government involvement especially support for small farmers;
- ▶ With NAFTA new market oriented policies were introduced under ASERCA (Agricultural Marketing Support and Marketing Services) the Rural Alliance Program, and PROCAMPO which provides direct rural assistance, these remain the pillars of Mexican policy.

# Mexico – 2

- ▶ In 2002 Mexico implemented The Special Joint Plan for Sustainable Rural Development (PEC);
  - ▶ Supervised by Inter–Ministerial Council which attempts to coordinate across 8 Federal Agencies e.g. Economics, Social Development, Health etc, in addition the Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA);
  - ▶ It is an Integrated approach primarily focused on increasing production and access to food in rural areas
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# Mexico – 3

- ▶ Recent food price increases have shown policies to be more reactive and focused on welfare mechanisms. Could find no obvious linkages between rural and urban food security policies;
  - ▶ What seems to be needed is a long term food security strategy with clearly defined priorities and a long term vision. This as I have argued requires a high level of attention and cannot reasonably be left to SAGARPA though obviously the Ministry has a crucial role to play;
  - ▶ The Mexican experience clearly demonstrates that food security is much more than a matter of food supply.
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# Some Concluding Thoughts

- ▶ The recent food price spike and the subsequent economic meltdown have highlighted the vulnerability of all countries to wild swings in world prices.
- ▶ In the Northern Region, it increased the incidence of domestic food insecurity in all three countries and had impacts on the fiscal costs and foreign exchange balances.
- ▶ Perhaps as a result of this experience all countries in the region will give renewed attention to developing a comprehensive macro food security policy.
- ▶ This will require increased capacity in terms of analytical capacity and far better data.
- ▶ In this way they will be better prepared for the next world market crisis which will surely come.