



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

Bulletin 6

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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

<div>Level</div> <div>I</div> <div>Mild</div> <div>Situation served by routinely available national capacities</div>	<div>Level</div> <div>II</div> <div>Medium</div> <div>Situation is addressed with additional national capacities, without exceeding the response capacity, but reaching its limit</div>	<div>Level</div> <div>III</div> <div>High</div> <div>Situation exceeds national response capacity</div>
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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 I <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 II <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 III <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.



Importers



Exporters

1. **Establish stock and price monitoring system:** 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).



Importers



Exporters

2. **Increase liquidity:** 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.



Importers



Exporters

3. **Food delivery as an immediate response** 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.



Importers



Exporters

4. **Food distribution system:** 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.



Importers



Exporters

5. **Prevention of food loss and waste:** 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

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