



Strategic Review

FEED THE FUTURE

December 17, 2010

This presentation represents the preliminary strategic direction of a multi-year, whole-of-government, U.S. strategy to address food security in a Feed the Future country or region. It describes partner country progress and outlines how U.S. investments will align in support of partner country priorities. This document has not yet been approved or funded but will form the basis of a multi-year strategy in development.

- Problem Statement
- Analysis of the Underlying Causes
- Regional Readiness
- Strategic Choices
- Proposed Engagement
- Expected Impacts
- Summary and Next Steps

Regional Problem Statement

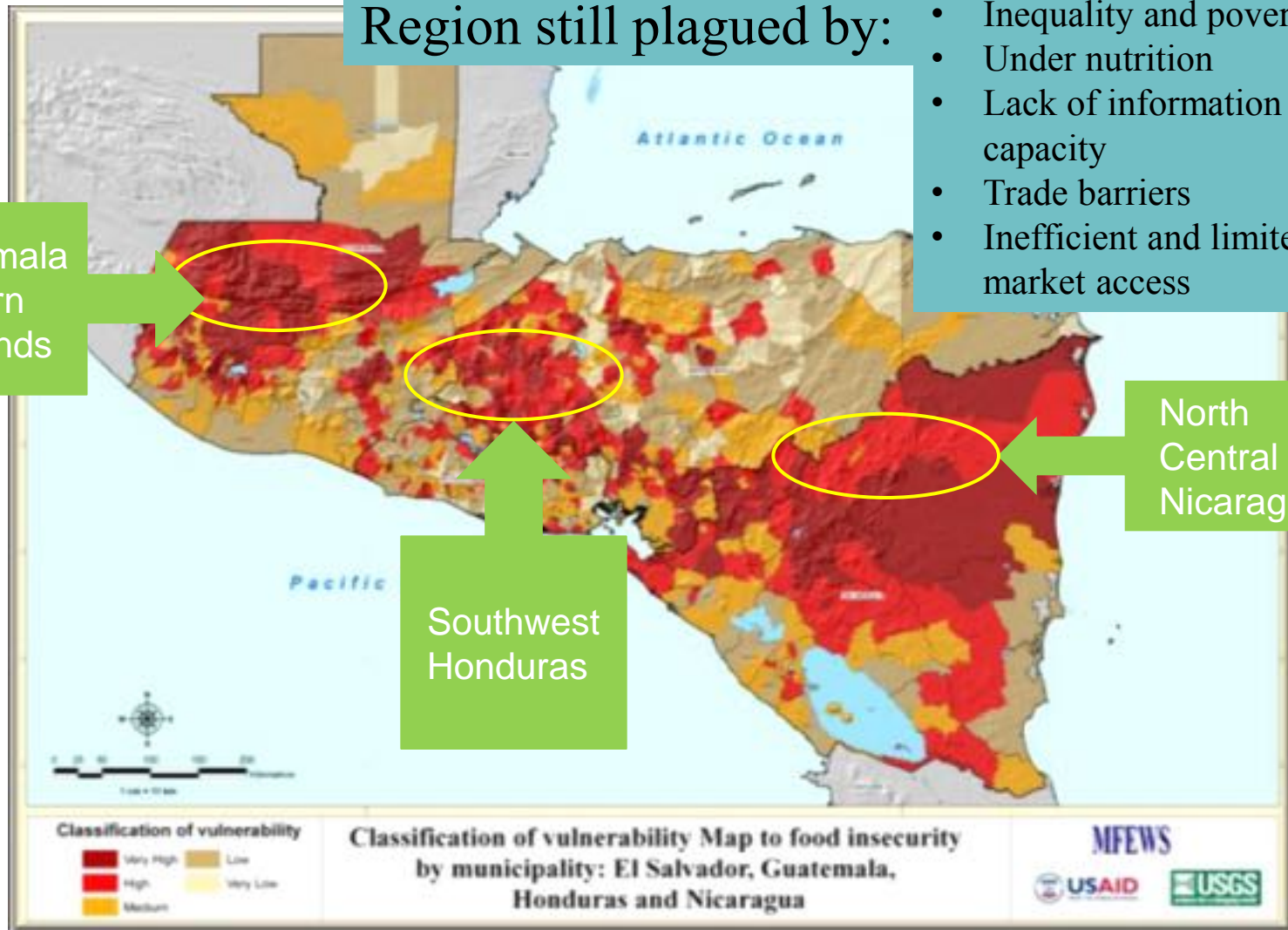
Region still plagued by:

- Inequality and poverty
- Under nutrition
- Lack of information and capacity
- Trade barriers
- Inefficient and limited market access

Guatemala
Western
Highlands

North
Central
Nicaragua

Southwest
Honduras

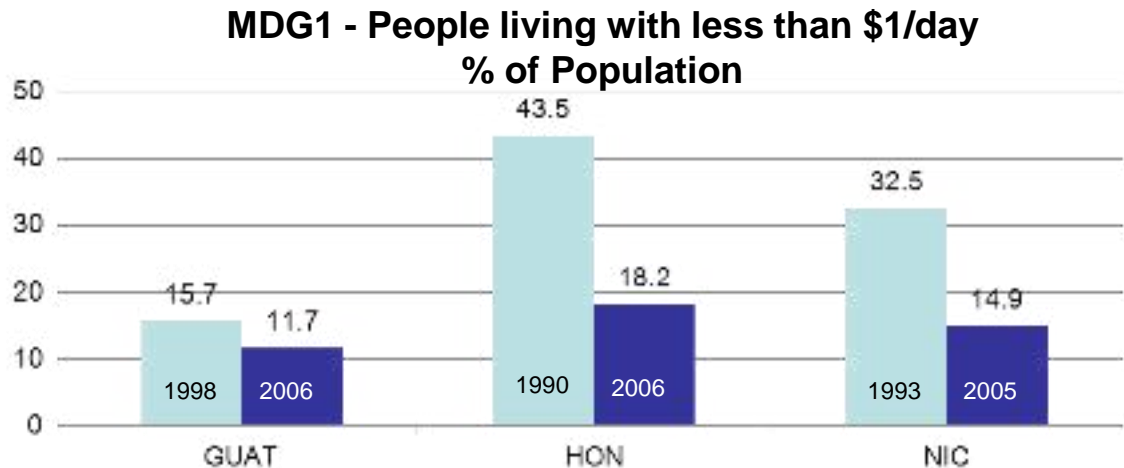


Analysis of Underlying Causes

	Population (Millions) 2009	Malnutrition (percent children under 5 with low weight for age)
Costa Rica	4.6	--
El Salvador	6.1	6.1
Guatemala	13.3	43.4
Honduras	7.5	8.6
Nicaragua	5.7	4.3
Panama	3.3	--

This table shows the highest percentage of malnutrition in Children < 5Y in Guatemala.

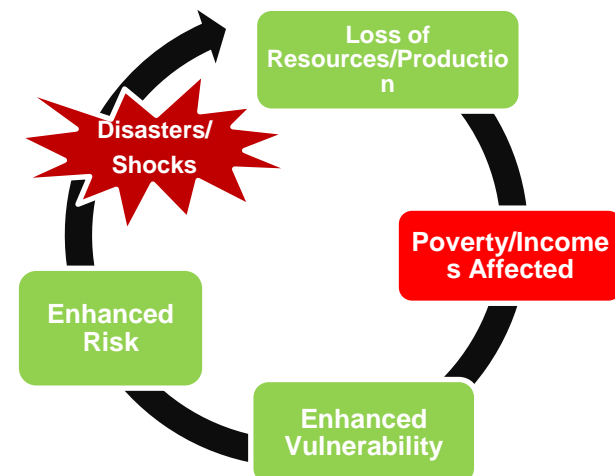
Source: World Bank.



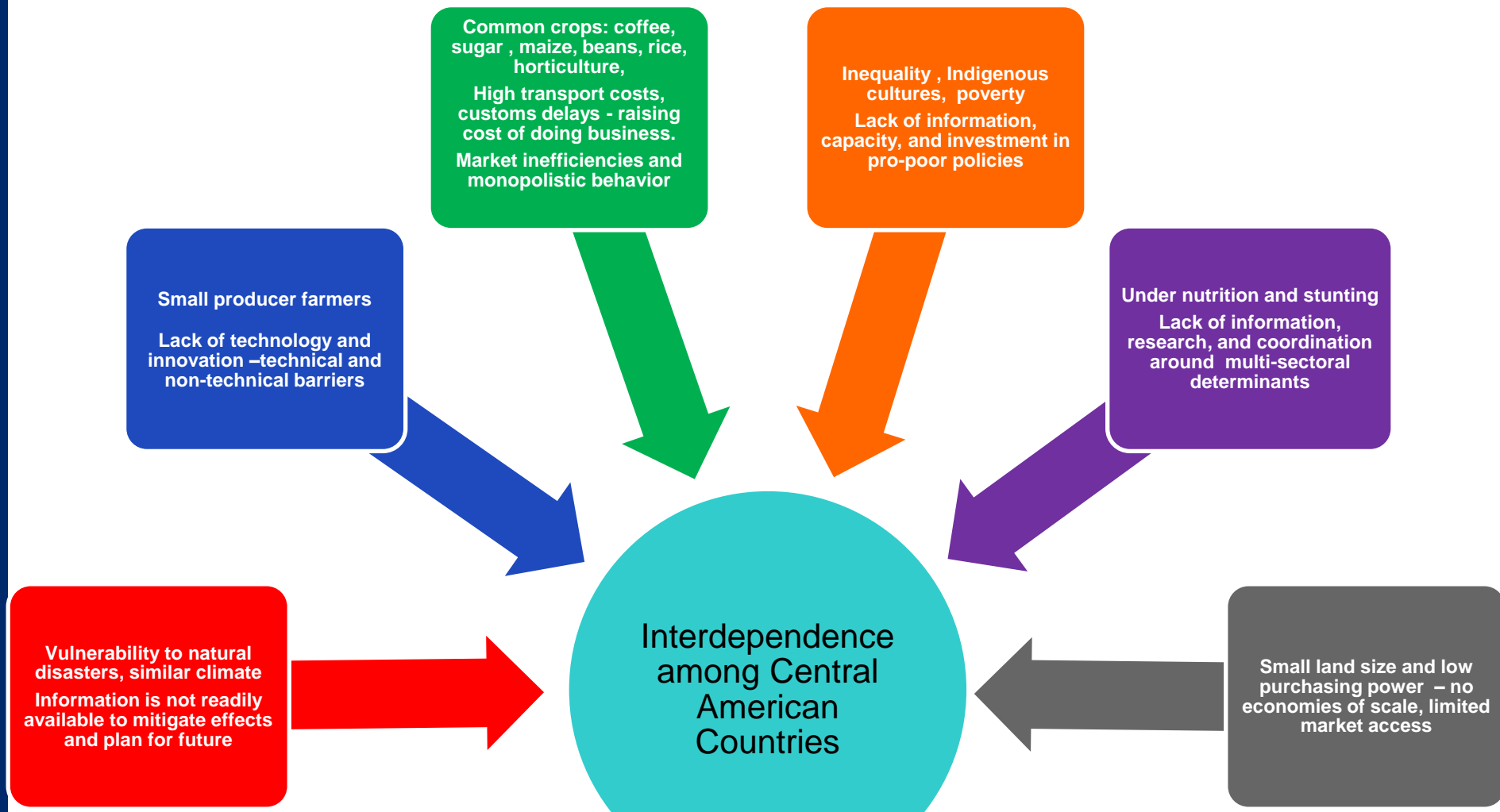
Source: Millennium Development Goal Indicators, Goal 1, Target 1-A

- Poverty and lack of purchasing power
- Stunting and underweight hampers human development
- Guatemala worst malnutrition rates
- Nicaragua (46%) and Honduras (45%) highest poverty rates
- Determinants: income, education, culture, mother's education level
- Financial and climatic shocks increase vulnerability

Food Insecurity is a multi-sectoral problem



Common Challenges: Analysis of Underlying Causes



Common Challenges Across the Region

Central America and Food Price Volatility

Rural families consume up to 1.5 pounds per day of red beans, spending roughly 50 to 80 percent of a monthly agricultural wage on beans alone due to price inflation

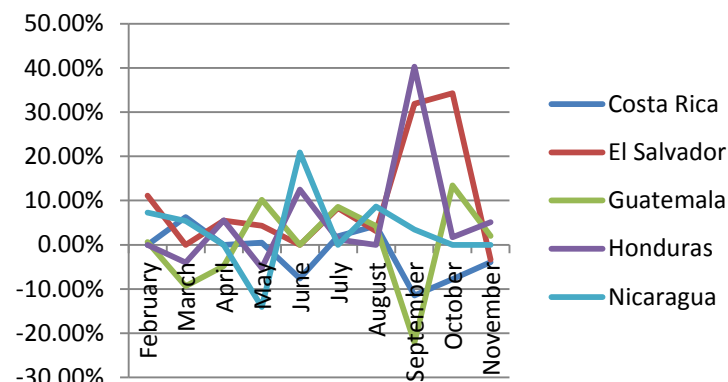


Front-page of major newspaper in El Salvador illustrates volatility in beans market.

- This year: Unusual rainy season with record highs not seen in 50 years
- Reduced production in many CA countries especially Nicaraguan (the major regional exporter) by 30 to 40%
- All C.A. countries saw price increases, in some cases of over 100%

**Red Bean Price in Central America, 2010
(Monthly % change)**

Source: www.sieca.int



Price volatility root causes:
crop failure,
national policy responses,
speculative behavior

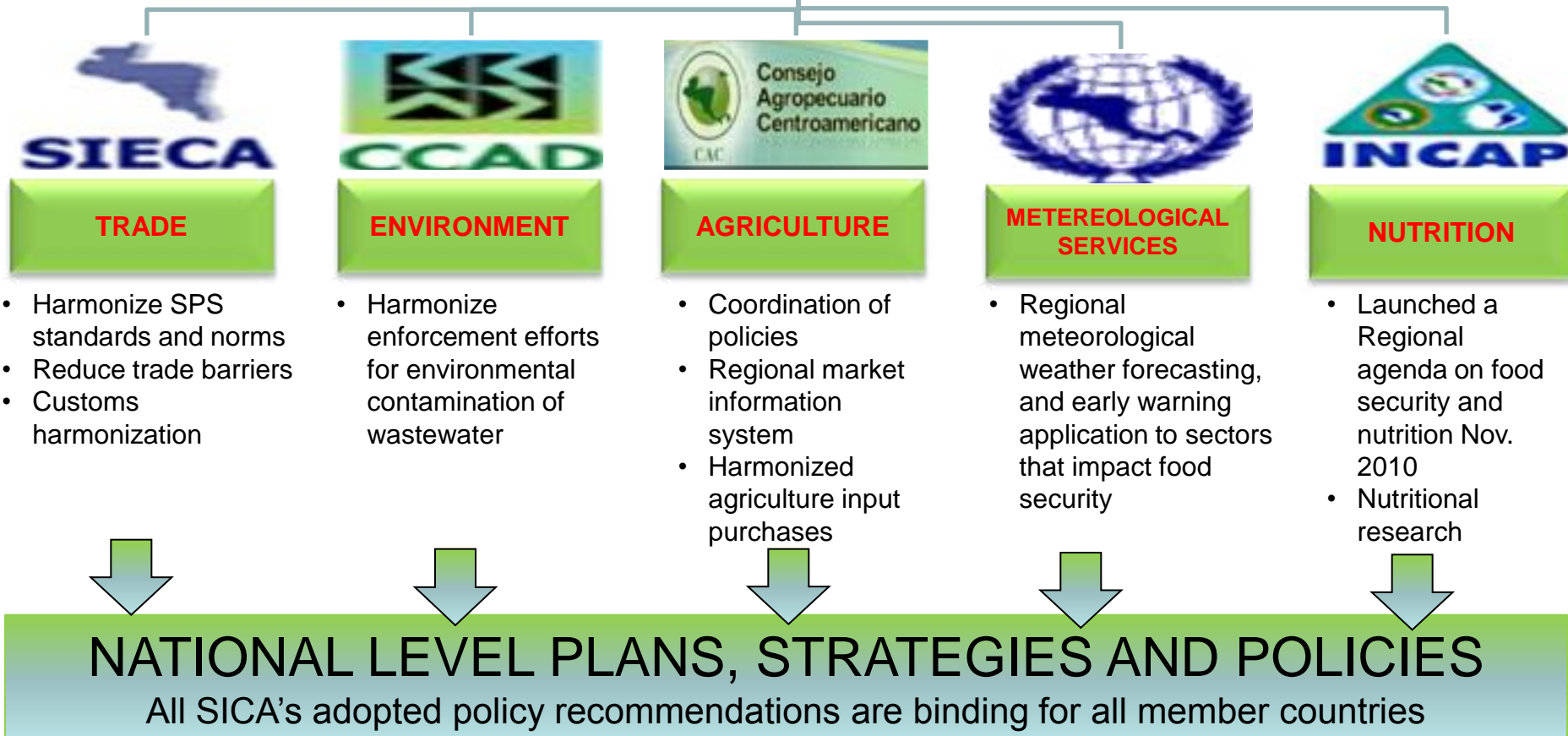
FAO recognizes food price volatility as a major threat to food security

Work needed on market information to improve income generation in rural areas

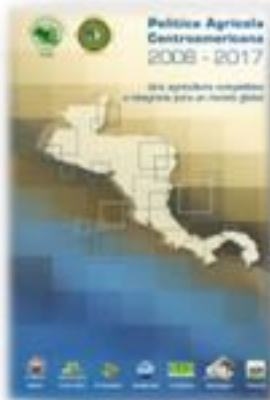
Members: Guatemala, Honduras, El Salvador, Nicaragua, Panama, Belize and the Dominican Republic



Goal: SICA is to realize the integration of Central America in order for the isthmus to become a region of peace, freedom, democracy and development



Sectoral Policies, Strategies and Institutional Framework already Developed...



CA Agriculture Policy
December 2007



Agro-Environment Health
Strategy
May 2008

	NIC	GUAT	HON	ECAM
Law on Food Security	✓	✓		
Food Security Policy/Strategy	✓	✓	✓	✓
Ministerial Body in Place	✓	✓	✓	✓



CA Strategy
Rural Territorial
Development
June 2010



**A Regional Food Security
Framework Re-vitalized as part of
a broader rural development
master plan**



HEADS OF STATE MANDATES

- Central American Heads of State instructed the Central American Agricultural Council (CAC) to strengthen the regional integration process, establish long-term public policies and processes, especially for rural areas so as to strengthen food security actions focused on vulnerable and poor Central American population



REGIONAL INSTITUTIONS

- In June 2010 CAC published the Central American Strategy for Rural Area-based Development (ECADERT) as the comprehensive guiding strategy to be followed by national countries to achieve food security regional goals.



NATIONAL GOVERNMENTS

- Ministries of Food Security (and/or Social Inclusion), Planning, and Agriculture will take the lead of implementing ECADERT mandates as part of their own national level efforts

Implementation, monitoring progress, tracking results and impacts – Central America's Holistic Process

Consultative process with:

- USAID/Bilateral
- Donors, UN, IOs, NGOs
- Regional and National Governments
- USG partners

Past experience :

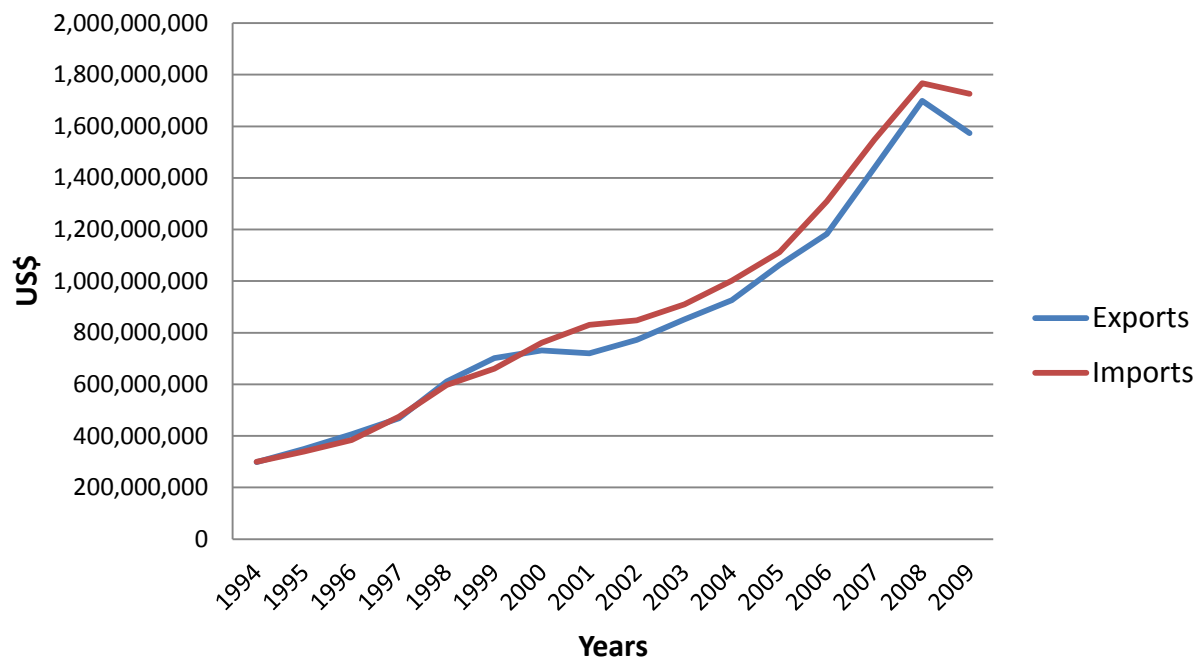
- CAFTA-DR
Environment and Trade
Programs



Rural children work in fields to contribute to household income.

- Intra-regional trade is growing
- Helps to mitigate price volatility
- Lessen impacts of import food price inflation
- Stepping stone to larger market opportunities
- Potential to stimulate labor market with non-farm economic growth

Intra-Regional Food Trade

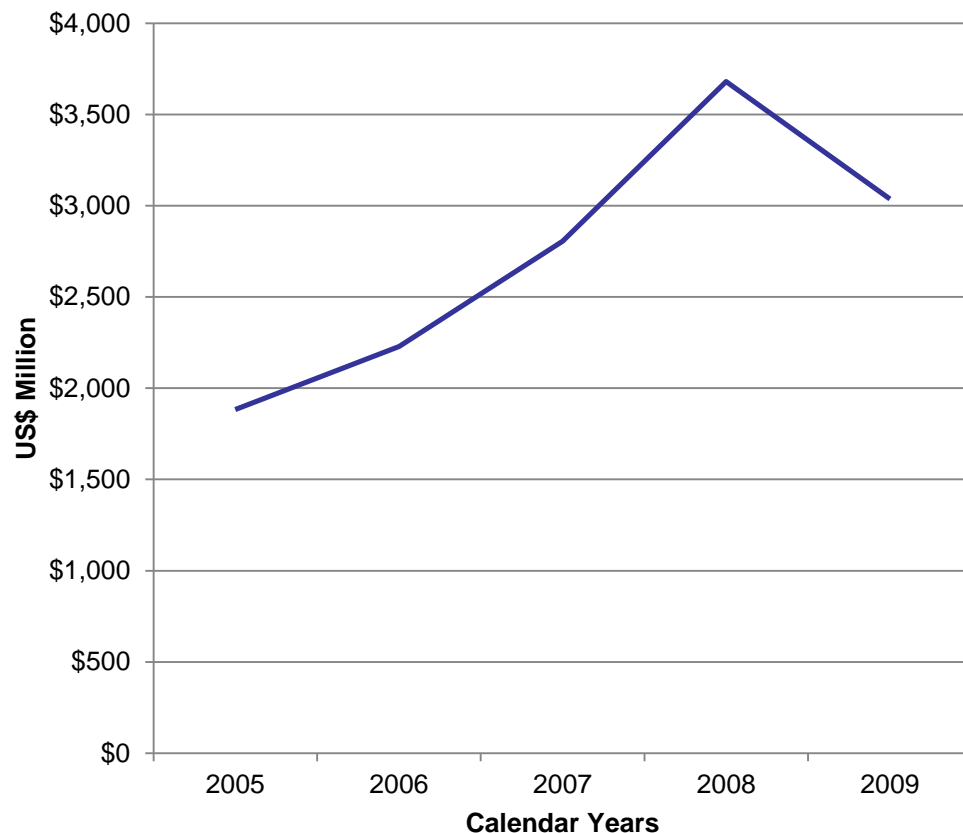


This graph illustrates growth in Intra-regional trade. Source: SIECA

“There is a high absorptive capacity in the Region and in the U.S. for the supply of fresh fruits and vegetables” Association of Supermarkets of Central America and GDA partners with USAID/EI Salvador, MCC/EI Salvador, and a Northern Zone Farmers Cooperative

Greatest Potential – Expand Market Access...

CAFTA-DR AGRICULTURAL PRODUCTS EXPORTS TO THE US

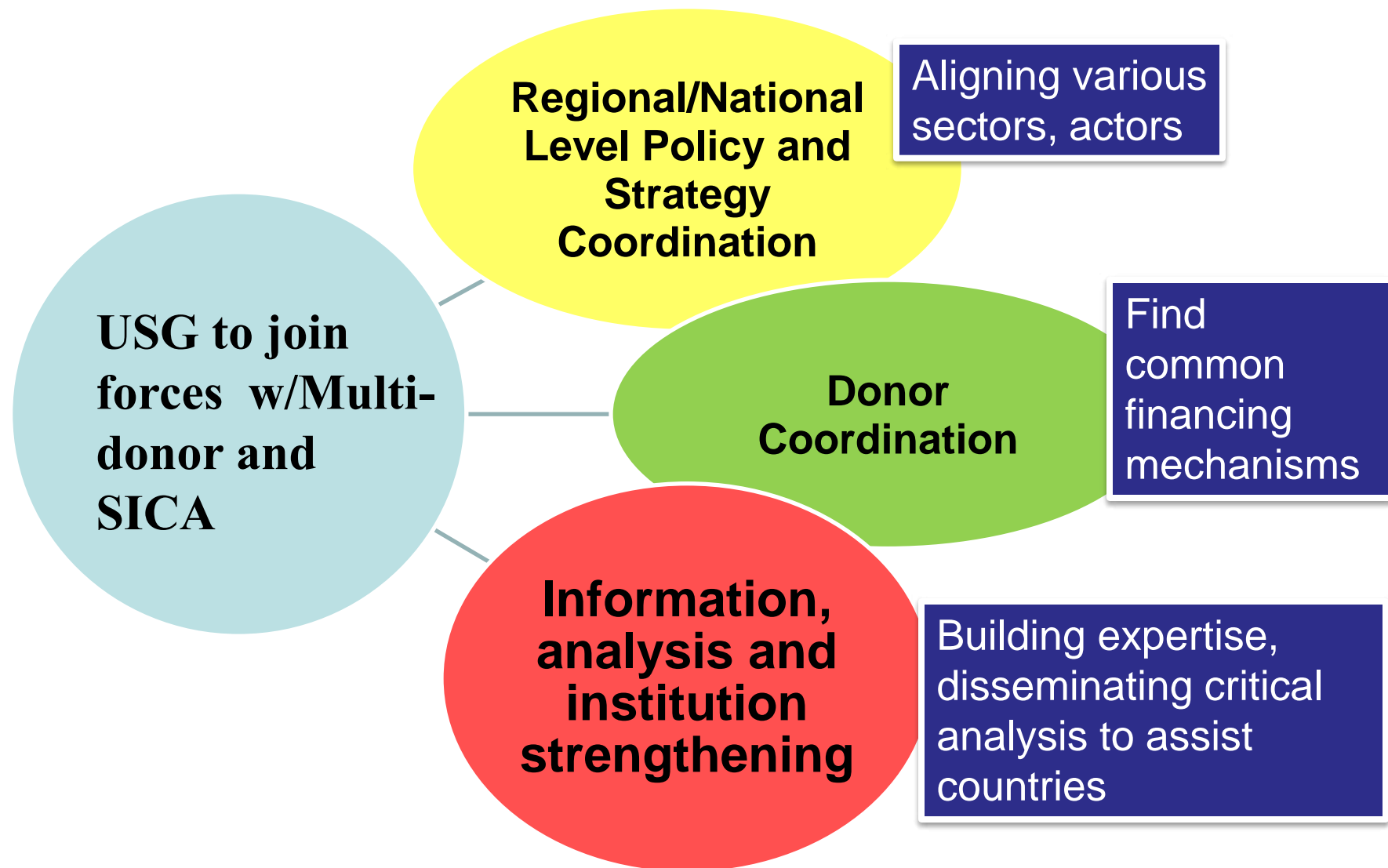


This graph shows the increase of Agricultural Exports through 2008.
Source: U.S. Census Bureau, Foreign Trade Statistics.

“Keeping the export doors open contribute to food security through the creation of employment in rural areas”

Guillermo Alvarado, Executive Director of the Regional SPS Organization (OIRSA)

- Take greater advantage of CAFTA-DR
- U.S. horticultural imports are projected to grow annually by 3.7% from FY2010 to 2019



Change theory:

ECAM will improve regional food security and nutrition by reducing barriers to trade and providing more opportunities for smallholder farmers to gain greater access to Regional and International markets, therefore, increasing incomes

Focus Area 1:

Create Regional alliances based on product distinction and quality standards



Woman collecting green Chile peppers in El Salvador.

Focus Area 2:

Harmonize Regional/National Policies, Strategies, and Information

Proposed Engagement: Regional Private Sector Alliances

Focus Area 1: Regional Private Sector Alliances

Indicators:

1. Percent change in value of intra-regional exports
2. Value of incremental sales
3. Number of public-private partnerships formed
4. Number of policy reforms, regulations, drafted/presented

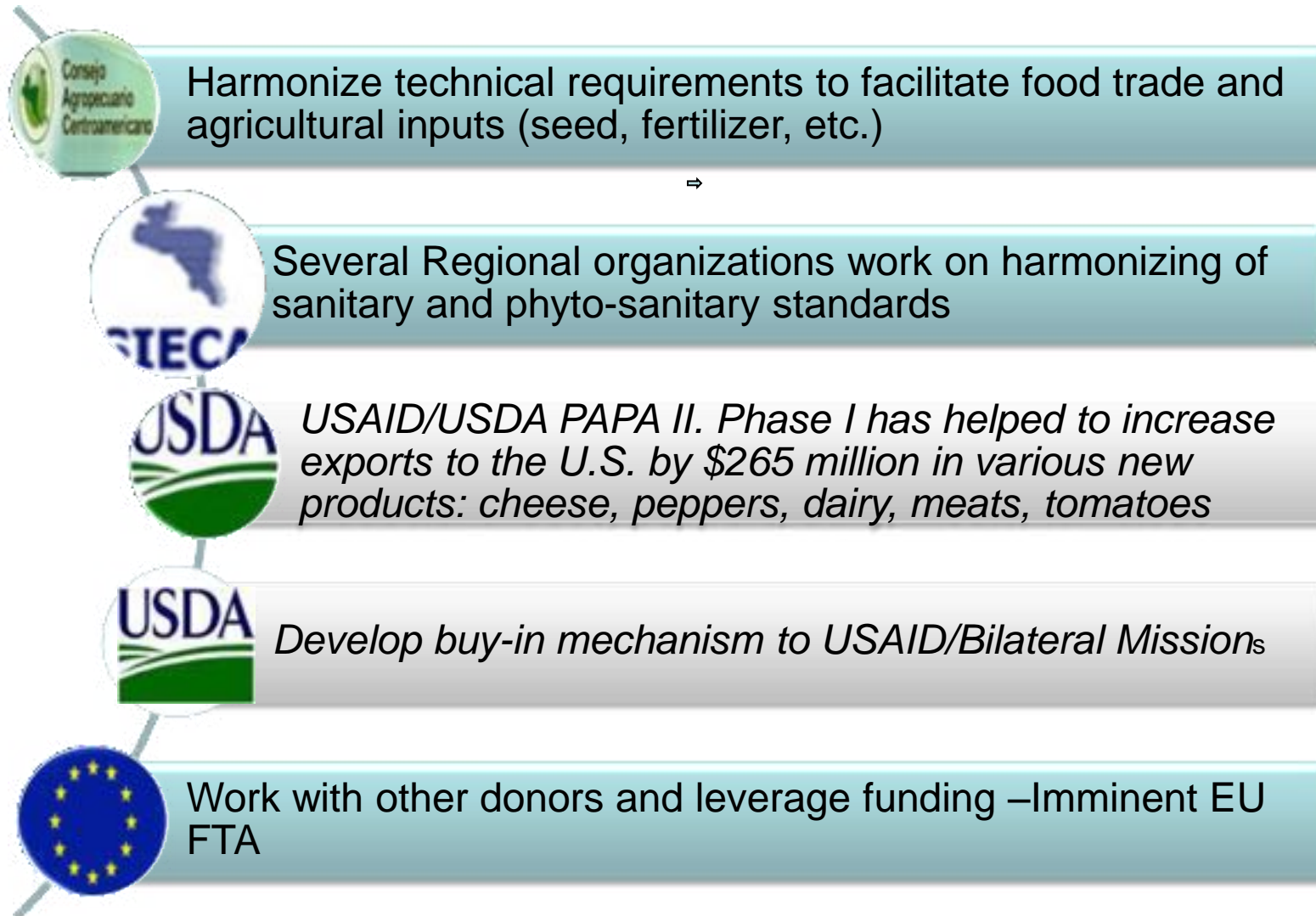
Expected outcome:

Increase intra and extra regional trade

Improve market access for women and small farmers

How:

- *Link to Regional and international buyers, wholesalers, and processors*
- *Link to farmer and firm level bilateral activities and others to establish sustainable practices and product distinction*
- *Improve public and private sector capacity to comply with International standards (sanitary and phyto-sanitary)*
- *Improve market information*



ECAM:

Regional
Alliances will
offer marketing
opportunities for
small holder
farmers
affecting
incomes and
food security

Guatemala:

- Reach Smallholders, Through New Change Agent Models
- Agriculture Value Chains (coffee, horticulture, beans)

Honduras:

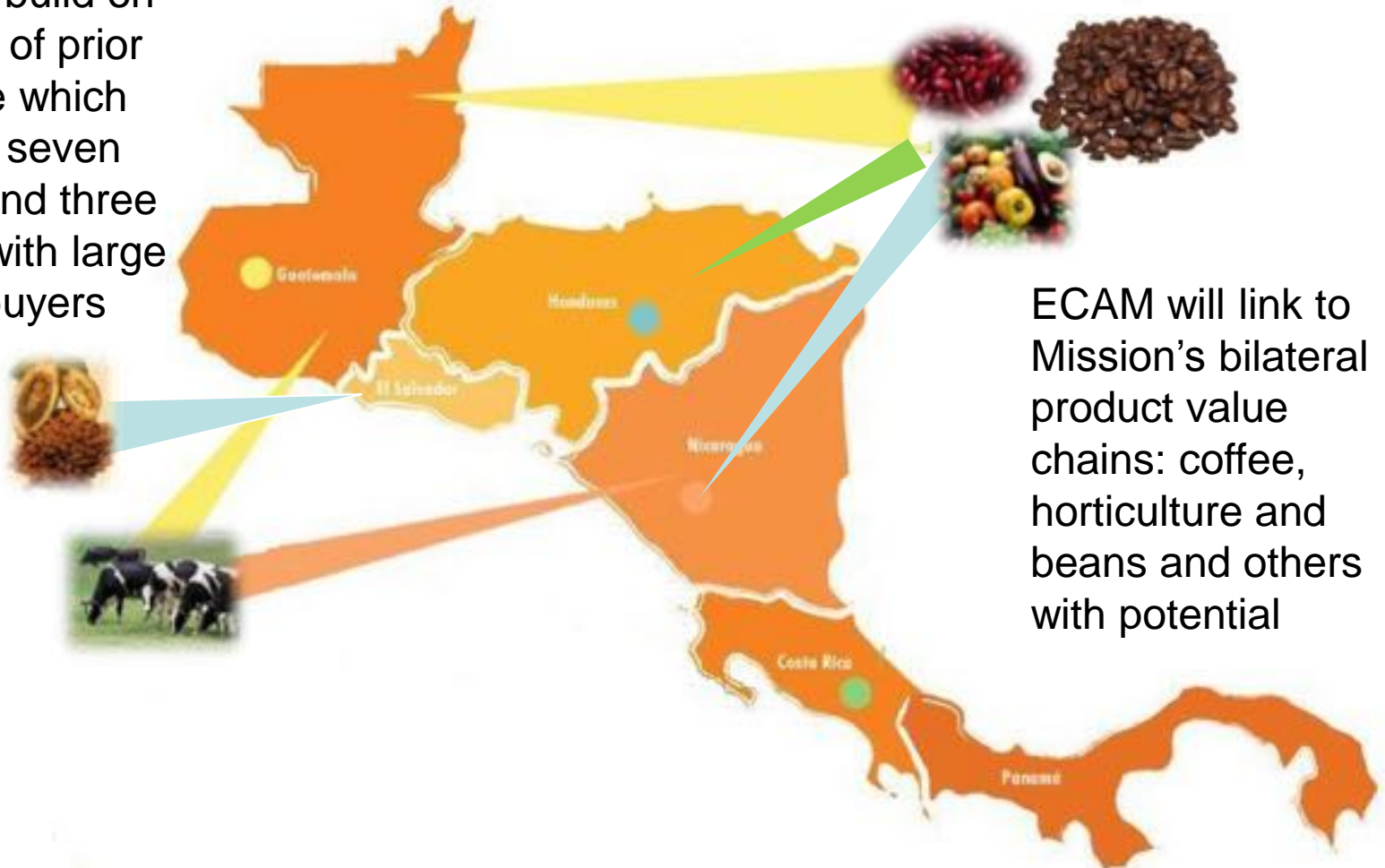
- Apply Market-Driven Approach
- Select Highest Potential Value Chains
- Pursue Private sector-Based Change Model
- Create Economic Opportunities for Women

Nicaragua:

- Market-based Agriculture (beans, coffee, horticulture)
- Economic Resilience in Vulnerable Rural Communities

Proposed Engagement: Regional Private Sector Alliances

ECAM will build on foundation of prior experience which resulted in seven alliances and three contracts with large Regional buyers



ECAM will link to Mission's bilateral product value chains: coffee, horticulture and beans and others with potential

How will we help develop markets and complement bilateral efforts?

- Develop and foster the adoption of environmental, labor, and quality standards through alliances with major regional and international buyers in selected value chains (e.g. fresh vegetables)
- Work with the private sector in CAFTA-DR countries to assist with compliance of these voluntary standards, leading to new regional and international markets
- Strengthen the promotion, marketing, and market transparency of agro-ecological production and standard compliant product to specific market niches



Grower implementing GAPs for planning



GAP's for storage of inputs at intermediary warehouse



Produce shelf at Central American Supermarket



Facilities and produce packing plant in Guatemala

Focus Area 2: Harmonize Regional Policies, Strategies, and Information

Expected outcome:

***Harmonize Regional/National
Policy and Strategy
Coordination***

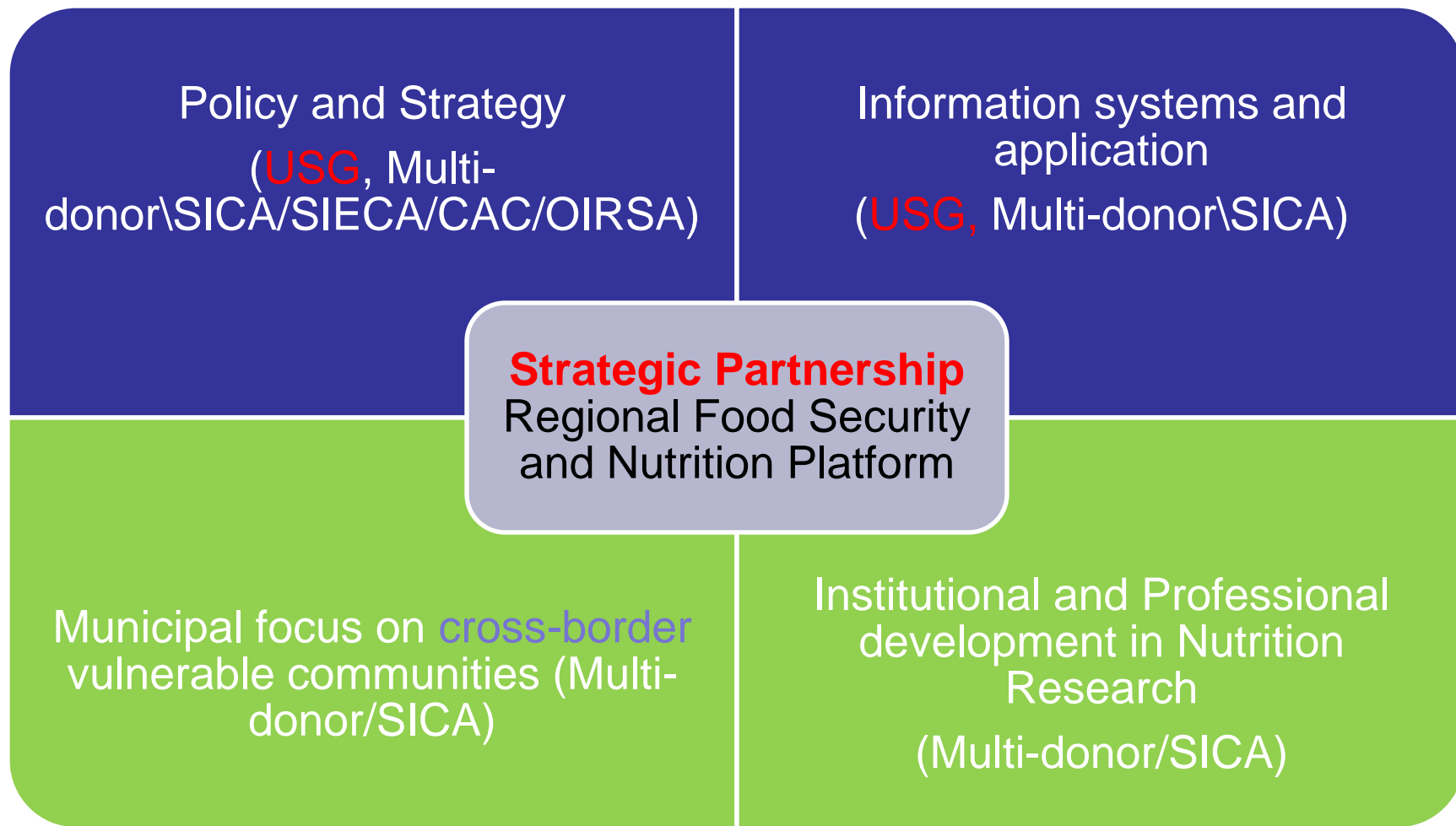
***Harmonize Regional/National
Information and Analysis***

Indicators:

1. Institutional capacity of national governments to generate accurate and timely information improved.
2. Number of institutions undertaking capacity strengthening as a results of USG assistance

How:

- *Partner with Multi-donor funded regional organizations: SICA-SIECA-CAC-OIRSA*
- *Support efforts to develop donor coordination and financing mechanisms*
- *Strengthen capacity to apply information to sector specific analysis and impacts on food security*





ECAM will support multi-donor funded efforts:

- Policy and strategy development and coordination
- Donor coordination
- Information management and dissemination

i.e. National level participation in Regional climate forums allow all countries to collaboratively obtain accurate data that otherwise countries could not obtain alone - development of application tools that analyze impacts in nutrition, agriculture, economy, etc. to mitigate adverse effects

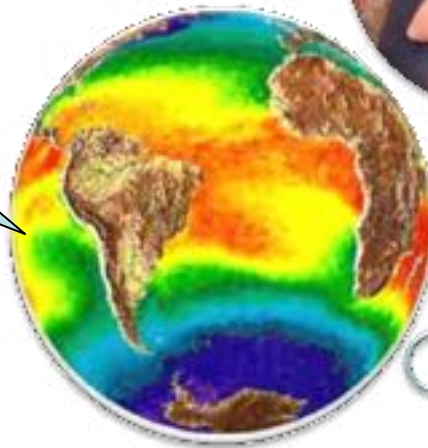
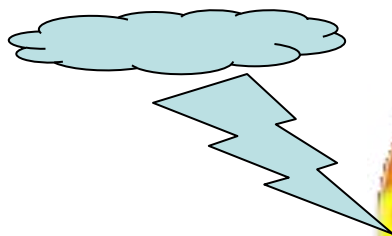
Support to the Ag. Ministry in planting and harvesting of sensitive crops (i.e. beans, maize, coffee)

Analyze the effects of “La Niña” on specific sectors impacting food security and disseminate information to sector Ministries

Major financier of Regional Food Security Program “PRESANCA II” made up of EU/SICA with support from Spain, Italy, UNDP in its second phase (sixth year).

Global Climate Change

The poorest people often live in zones most affected by climate change—watersheds, as part of mountainous landscapes, are important features to consider



Gender and Youth

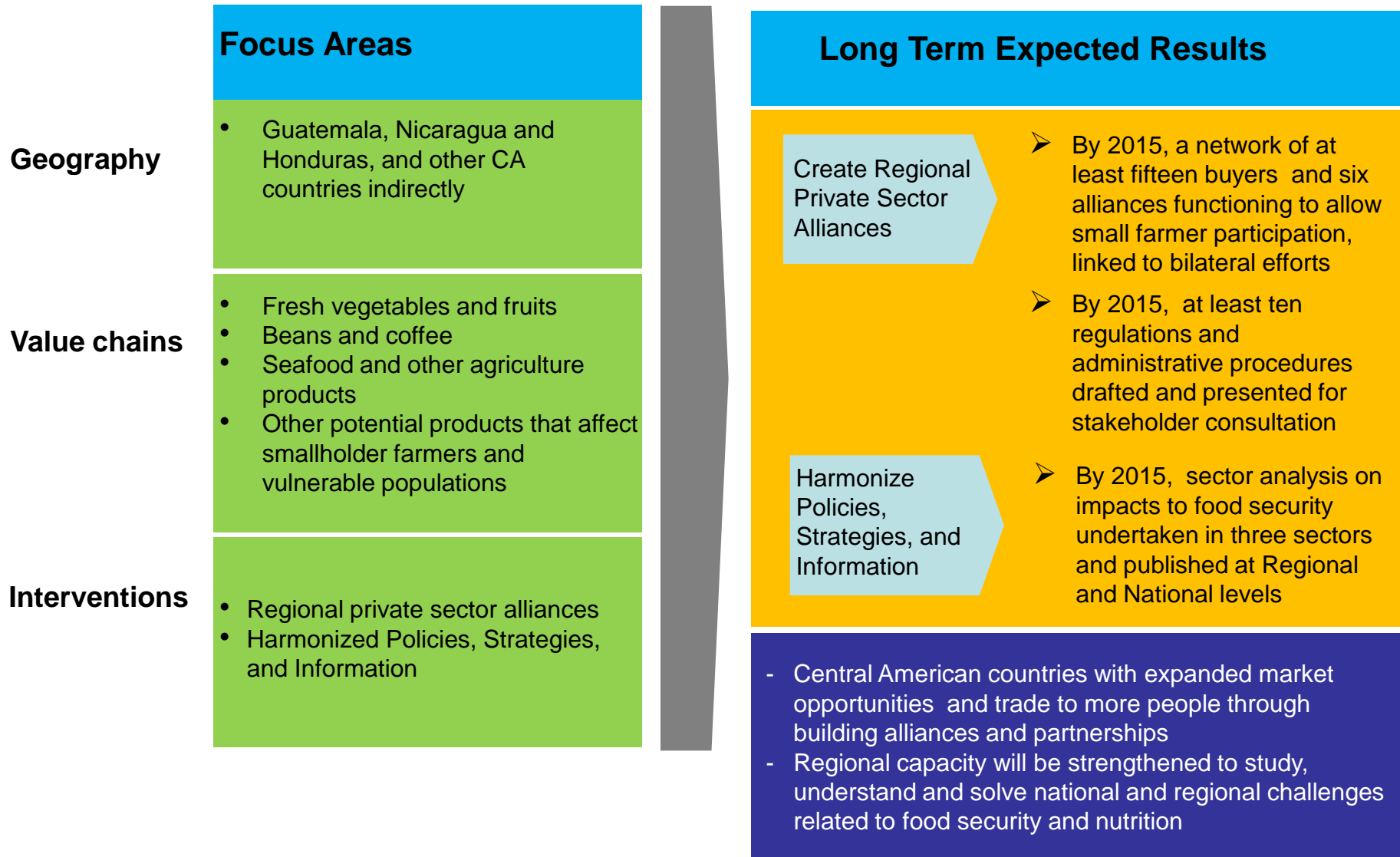
Women and youth are often very vulnerable - many households are headed by women and do not have jobs and/or earn much less than men

Nutrition

There is evidence that women spend more household income on health, education, and nutrition

HIGHEST IMPACT WHEN A GENDER APPROACH IS APPLIED

Estimated Impacts and expected results...





Farmer works on horticulture field in Western Guatemala Highlands.



Photo by S-dmit

¡Gracias!