



# Making the SAARC Food Bank Work

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# Outline

1. Problems behind Food insecurity
2. SAARC Food Security Reserve (1987) and Food Bank (2007)
3. Objectives and Scope of the paper
4. Status of Food (In)security in South Asia
5. Potential role of the Food bank in food security
6. Status of the SAARC Food Bank
7. Country perspectives of non-operationalization of SFB
8. Conclusions

# Problems behind Food insecurity

- Population density
- Population growth
- Inadequate infrastructures
- Vulnerability to climate change and related natural disasters
- Low income of majority of people
- Weak and less integrated market.

# SAARC Food Security Reserve (1987)

- Not operationalized in 20 years
  - **design** flaw-- unpractical trigger, only for emergencies,
  - **procedural** difficulties--ambiguous modus operandi
- No **institution** to support the operation
- No provision to meeting the **costs** involved
- Low **political** attention in food security
- No mechanism to **monitor** and follow up

# SAARC Food Bank (2007)

- Endorsed by the 12th SAARC Summit, Islamabad in Jan 2004
- Signed at the 14th Summit, New Delhi in April 2007.
  - For emergency and food **shortage**
  - Simplified **procedures** for withdrawal and release of food grains
  - Provisions for **price negotiation**
  - A **Food Bank Board** to administer functioning of the Bank with authority to develop guidelines for price determination
  - **Designated Nodal Point** at national level
  - To provide **regional support** to national food security efforts
  - To foster inter-country **partnerships** and collective actions.

# Objectives of the Paper

- a. To bring out **issues** on regional food security related cooperation for wider discussions.
- b. Discusses current **status** of the food security in the region and SAARC Food Bank
- c. **Identify steps** that should be taken to make it operational

**ISSUES ON REGIONAL FOOD  
SECURITY RELATED COOPERATION**

# Issues

## on Regional Food Security Related Cooperation

1. Food **trade** vs food bank in the region?
2. Private **market** vs PDS to distribute food from the Bank?
3. Increasing the **size** of reserve (cost implications)?
4. Cooperation in food **safety**, biosecurity?
5. Cooperation in Agriculture **research** and technology transfer (domain across the border)?
6. Trade of **farm inputs** and machineries?
7. Sharing of **genetic** resources for food and agriculture (regional or multilateral transfer under ITPGRFA)?



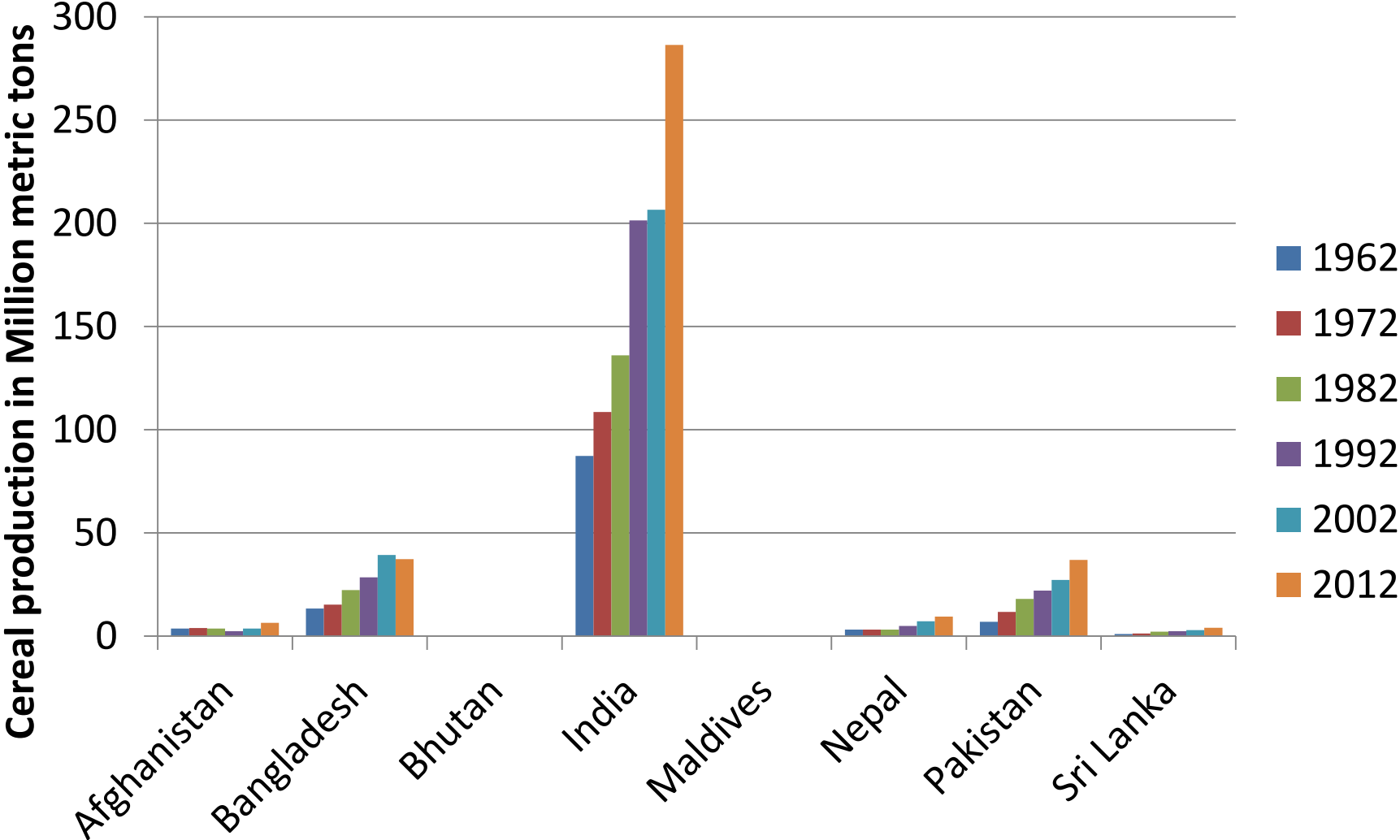
# **STATUS OF FOOD (IN)SECURITY IN SOUTH ASIA**

# Status of Food Production in South Asia

Country	Arable land (1000 ha) 2009	Arable land (%)	Average cereal production (mt) 2010-12	Cereal production %	Compound growth rate of cereal production (%)
Afghanistan	7,696	3.87	5.70	1.49	0.24
Bangladesh	8,344	4.20	47.26	12.32	2.50
Bhutan	123	0.06	0.17	0.04	0.62
India	157,876	79.41	280.73	73.17	2.46
Maldives	4	0.002	0	0.00	-1.80
Nepal	2,351	1.18	8.61	2.24	2.24
Pakistan	21,508	10.82	36.99	9.64	3.26
Sri Lanka	916	0.46	4.19	1.09	2.65
Total	198,817	100.00	383.65	100.00	2.49

Highest areas and food production: India, Highest growth: Pakistan  
 Highest yield: Bangladesh, Lowest yield: Afghanistan

# Cereal production trends in South Asian countries



Data source: FAOSTAT

# Food imports and stocks (1000 tons) 2012

Country	Commercial import	Food aid received	Total	Stock
Afghanistan	2,037	213	2,250	
Bangladesh	1,711	205	1,916	
Bhutan	64	0	64	
India	104	0.1	104	44,800
Maldives				
Nepal	477	24	502	25
Pakistan				3,500
Sri Lanka	1,139	30	1,169	

Source: FAO, 2013a

- Intraregional food imports have lower **transport costs** than from out of the region.
- Major importers of the food grain in South Asia are Afghanistan, Bangladesh and Sri Lanka. In addition, Afghanistan and Bangladesh also received about 10% of the food import as food aid in the year 2012.
- India has the greatest amount of public food stock in the region followed by Pakistan.

# Inadequate access to food, and undernourishment

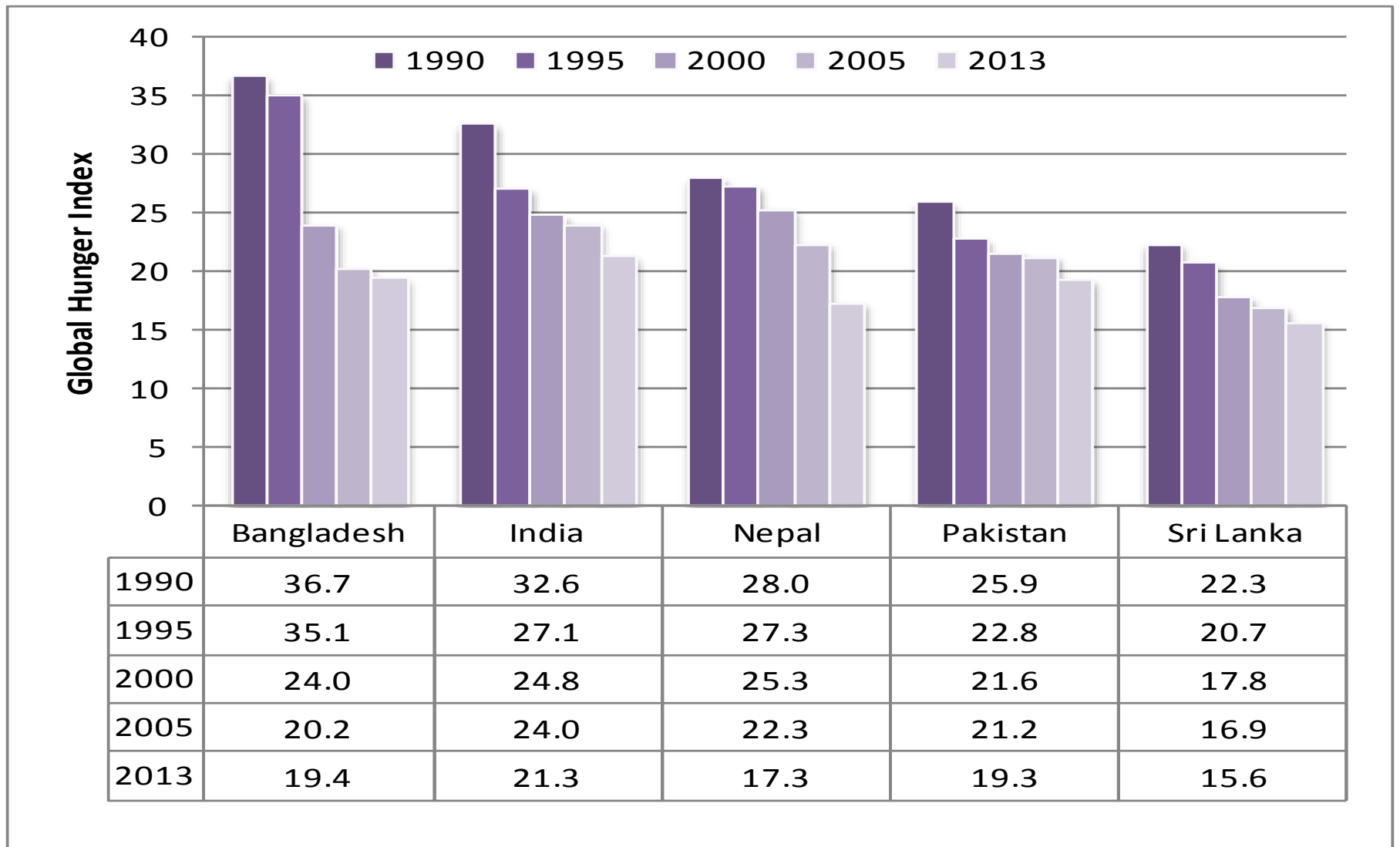
Country	Prevalence of undernourishment (%) 2010-12	Number of undernourished (million people) 2010-12	GNP per capita (US\$) 2010	% of food expenditure of the poor 2000-10	Depth of food deficit (kcal/cap/day) 2007-09	Prevalence of food inadequacy (%) 2010-12
Afghanistan		12	410			45.2
Bangladesh	16.8	25	700	65	115	26.8
Bhutan			1,870			
India	17.5	217	1,270	68	135	27.5
Maldives	5.6		5,750	35	48	11.4
Nepal	18.0	5	490	72	139	25.9
Pakistan	19.9	35	1,050	75	157	27.7
Sri Lanka	24.0	5	2,240		228	32.0
South Asia	17.6*	299			135*	25.0*

Note: \* Total in South Asia also includes Islamic Republic of Iran

Source: FAO, 2013b and Human Development in South Asia 2012

- Nearly 300 million people in this region live undernourished and its prevalence rate— an estimator of chronic food deprivation or hunger—is over 17% of the population
- The largest number of undernourished people resides in India followed by Pakistan.
- Public stockholding alone is not sufficient to overcome the undernourishment when there is rampant poverty.
- Poor are short of calorie consumption by 135 kcal/cap/day.

# Global Hunger Index in South Asian Countries



Source: IFPRI 2013

# Regional Attempts to Address Food Insecurity

- SAPTA followed by SAFTA
- SAARC Food Reserve followed by SAARC Food Bank
- SAFTA is necessary but not enough for food security
  - Cooperation in trade and border procedures important for operationalization of the SAARC Food Bank.
  - The Food Bank agreement has a hidden assumption that implementation of SAFTA agreement is not enough for regional cooperation in food security at the time of emergencies and shortages.
  - Thus, the SAFTA would not be enough to serve the purpose of alleviating food insecurity in South Asia.

# **ROLE OF A FUNCTIONAL FOOD BANK IN TACKLING FOOD INSECURITY**



## Stated Objectives of the SAARC Food Bank

- a. Act as a regional **food security reserve** for the SAARC countries during food shortages and emergencies;
- b. Provide **regional support** to national food security efforts;
- c. Foster inter-country **partnerships** and regional integration;
- d. Solve regional food shortages through **collective action**.

# Perspective of the Food Bank

- SAARC region is a **net cereal exporter**
  - Aggregate export 11.90 mt and import 9.06 mt (average of 2009 to 2011)
- India and Pakistan net food exporters whereas all other six countries net food importers.
- Regional cooperation has very **high potential** to make the South Asian countries food secure.
- Intraregional food **trade** under the SAFTA or bilateral agreement together with a functional food bank in the region can contribute to a food secure region.

# Trade of total cereals in South Asia (1000 tons)

## 2009-11 average

Country	Export	Import	Export-import ratio
Afghanistan	0.05	1,886.58	0.000
Bangladesh	3.42	4,197.58	0.001
Bhutan	0.68	75.15	0.009
India	6,590.91	145.42	45.323
Maldives	0	48.96	0.000
Nepal	21.68	265.92	0.082
Pakistan	4,958.65	1,186.81	4.178
Sri Lanka	320.10	1,252.86	0.255
South Asia	11,895.49	9,059.29	1.313

# Potential Role of the Food Bank

- **Distributes food** spatially and temporally
  - Reduces hunger-- food available, safe and nutritious food, reduce vulnerability,
- Stabilizes the **food price**: Access to food
- Promotes regional **collaboration** on food security issues
  - global warming and related extreme events
- Provides food of fair average quality increasing the **utilization**
  - Role of women is very high in food utilization as it is related to proper food handling, preparation, feeding, child care, hygiene and sanitation.
- **Reduces vulnerability** to food insecurity
  - Physiological vulnerability** - certain age groups and special conditions
  - Economic vulnerability** - poor, some areas, households with livelihood threats or high dependency ratio.
  - Social vulnerability** - unsupported old people, widows, orphans, physically challenged, socially excluded and people in female headed households.
  - Political vulnerability** -refugees, IDPs, communities exposed to violence, and disadvantaged ethnic groups.

# Food Bank, Food Security and Right to Food

- **Access to adequate food** - basic human rights, social justice, equalities and social inclusion, democracy, peace, health, poverty, environmental sustainability.
  - Food related democracy --food control system-- local market, government, regional trade, international trade or multinational companies
- Food Bank assists the government to **link the food supply** to the PDS easing the supply of food in the local market at relatively lower price.
- Food Bank helps for **right to food**.

# **STATUS OF THE SAARC FOOD BANK**

# Member's contributions to SAARC Food Bank

Country	Initial food reserve (1000 tons)	Doubled food reserve ( 1000 tons)	% Contribution
Afghanistan	1.42	2.84	0.58
Bangladesh	40.00	80.00	16.47
Bhutan	0.18	0.36	0.07
India	153.20	306.00	63.01
Maldives	0.20	0.40	0.08
Nepal	4.00	8.00	1.65
Pakistan	40.00	80.00	16.47
Sri Lanka	4.00	8.00	1.65
Total	243.00	485.60	100.00

Source: SAARC Secretariat 2012

- India made the highest contribution followed by Pakistan and Bangladesh
- Reserve of **rice and wheat** grains earmarked in respective countries
- Each Member needs to **inform** the Board about the quantity of reserve with locations of the godowns.
- Schedule-I of the Agreement on Establishing the SAARC Food Bank specifies the shares of food grains of each member for the reserve.

# Provisions for Withdrawal, Release and Replenishment of Food Grains

- **No experience** in withdrawing the food from the reserve so far.
- Food can be withdrawn in the event of a food emergency and/or shortage.
  - Emergency: a severe and unexpected natural or manmade **calamity**,
  - Shortage: production and/or storage shortfall by **8%** than 3 years' average.
  - Cannot benefit a member with gradual decline or **chronic** food deficiency.
- Designated Nodal Point is to notify to another member and the Board.
- The member receiving the notification is required to take **immediate steps** to make necessary arrangements to ensure immediate and speedy release of the required food grains.
- The food released from the Food Bank reserve needs to be **replaced as soon as practicable or within a year** in any event.



# Provisions for

## Withdrawal, Release and Replenishment of Food Grains .....

- Withdrawal of food grains from own reserve
  - In case of emergencies, a member can withdraw food grains from its reserve,
  - but in the case of shortage it needs to give **three months notice** (motive not clear).
  - If withdrawn, needs to replace the food grain within **two years**.
- Though there is provision for **voluntary reserve** in the Agreement, no a member earmarked a voluntary reserve (one month's **notice**).
- In spite of all these arrangements, the food reserve was no avail in the time of natural calamities or shortages

# Price Determination of the Food

- Prices and other terms and conditions of payment be subject of **direct negotiation**
  - based on guidelines to be approved by the Food Bank Board.
- In case of emergency, the **humanitarian aspects** would be given due importance while determining prices.
- The broad **principles** for price determination include
  - it should represent **domestic and international price**
  - be lower than the price quoted for beyond the region countries.
  - **calculating the costs** related to storage, internal freight, interests, insurance and overhead charges, margin of losses, the member shall apply national treatment.
  - Why we need cost calculations?

# Private Sector Involvement

- Cannot have direct access to the Food Bank, but through the **designated Nodal Point**
- The Nodal Point withdraws and transacts the food on behalf of private sector
  - increases the operational **costs** discouraging the private sector.
  - Private sector may get afraid of inefficiency of the Nodal Point.
- Fourth Board meeting in Dhaka developed **modalities** for determination of prices of food grains, including deferred payment as an acceptable condition.

# Institutional Arrangements

1. **Designated Nodal Point**-- responsible operational matters and serves as a single contact point.
2. **SAARC Food Bank Board** –
  - Addresses Food Security **challenges** in the Region.
  - **Reviews** periodically and assesses the food situation and prospects in the region,
  - **Recommends policy actions** necessary to ensure adequate supplies of food.
  - **Reviews** implementation and issue guidelines on maintenance of stocks, storage conditions, quality control and price for effective administration of the Food Bank.
  - **assesses the demands** of food grains
  - Resolves any **dispute**
- **Capacity** of the Board is however, inadequate to perform all these functions.
  - The Board members get changed over time.
  - Five meetings of the SAARC Food Bank Board have been convened

# Institutional Arrangements.....

## 3. SAARC Secretariat,

- **Coordinates** the works of the Board and monitors all matters relating to the release of food grains.

## 4. Technical Committee on Agriculture and Rural Development (TCARD)

- takes decision on: Production **technology**, irrigation, food production and knowledge gaps

## 5. Foreign Secretary level SAARC Standing Committee,

- provides overall **monitoring and coordination**, determines priorities, mobilizes resources, and approves projects and financing.

## 6. Council of Ministers (Foreign Ministers of Member States)

- Supreme body for the operation of the SAARC Food Bank.
- It has authority to **amend the Agreement**
- Can establish a **Permanent Headquarters** of the Food Bank with dedicated staff upon recommendation of the Board.

# **COUNTRY PERSPECTIVES OF NON- OPERATIONALIZATION OF FOOD BANK**

# Obligations of the members

- **Earmark** designated amount of rice or/and wheat
- **Quality control**
- **Replace** food grains
- Bear the **costs** (interests, handling and storage loss, Food Bank)
- Upon a request, take immediate steps to **release** the food grain
- **designate a Nodal Point**
- Nominate a **representative** to the SAARC Food Bank Board

# Problems in operationalization

- **Design fault**: impractical triggers, unclear price setting mechanism, lack of clear linkages to PDS,
- No **8% shortfall** during past two decades
- The Bank (0.48 mt) cannot redress the shortfall
  - for India 8% decrease means **17 mt**, Pakistan and Bangladesh **2 mt**
  - the SAARC Food Bank has little role to play for the large countries
  - not clear, however, from the agreement that how the **storage shortfall** would be measured.
- No provision on food **transportation** mechanism, border formalities and institutional mechanisms
- Lengthy process of **price negotiation** and withdrawal
- Lack of **motivation** to withdraw food from the Bank



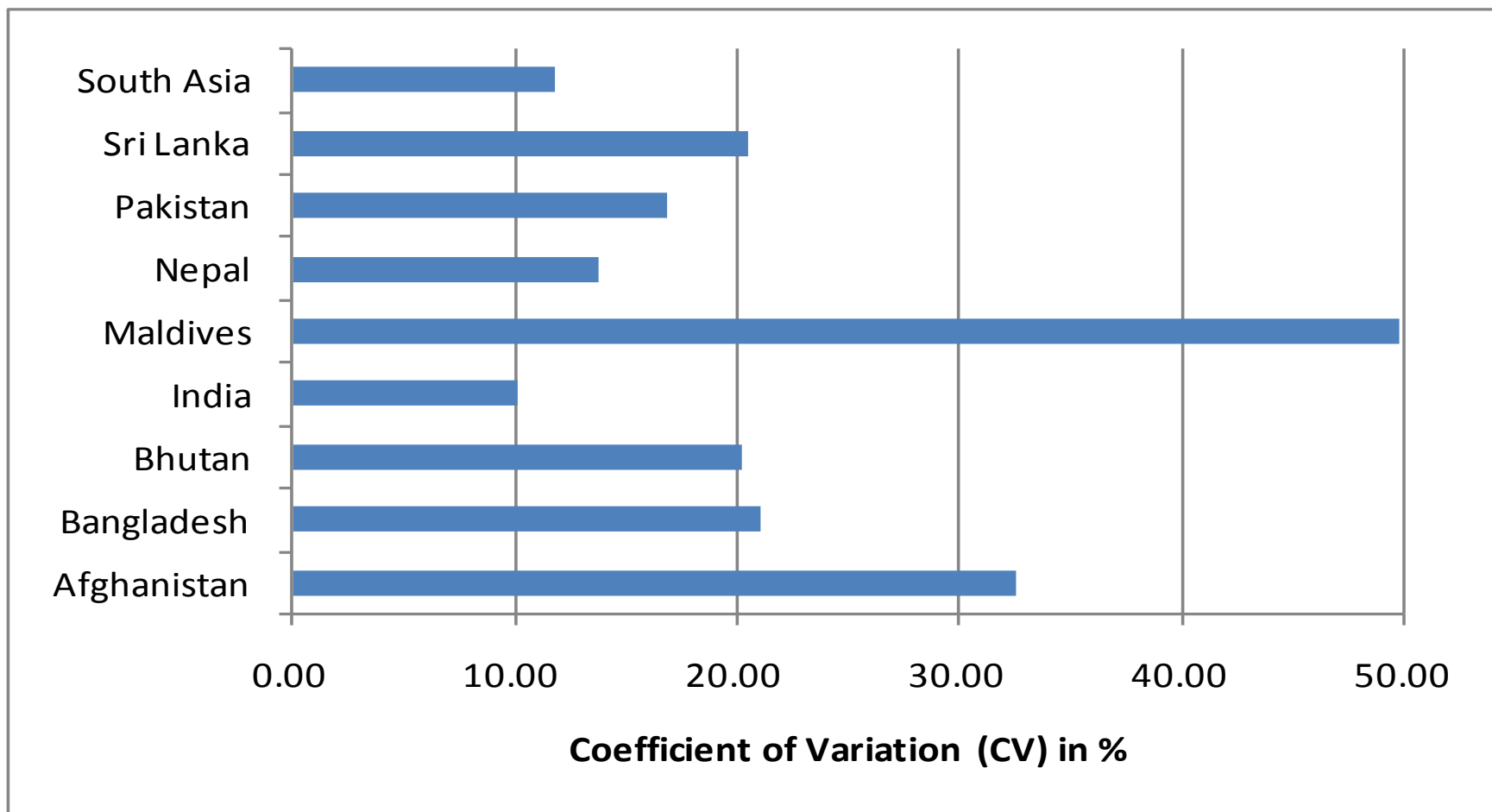
# Country Perspectives

- South Asia is a highly heterogeneous region
- Population 1.60 billion, India, Pakistan and Bangladesh contribute 95%
- The size of the **Food Bank 0.13%** of the total food production in South Asia.
- SAARC Food Bank has different meaning for different countries
  - more meaningful for **smaller countries**
  - very small for India with 0.17% of the production and 1% of food stock
  - For Bangladesh and Pakistan higher than 1%
  - For Maldives and Bhutan the size of Food Bank is tremendously large.

# Relative strength of the SAARC Food Bank to the member countries

Country	Population (million)	% population	Double d food reserve (1000 tons)	Cereal production (1000 tons) 2012	In country food reserve		SAARC Food Bank	
					% of cereal production	kg/capita	% of domestic cereal production	kg/capita
Afghanistan	29.12	1.82	2.84	6,469	0.04	0.10	7.51	16.68
Bangladesh	164.43	10.28	80.00	37,283	0.21	0.49	1.30	2.95
Bhutan	0.71	0.04	0.36	183	0.20	0.51	265.57	683.94
India	1184.64	74.05	306.00	286,500	0.11	0.26	0.17	0.41
Maldives	0.31	0.02	0.40	0.00	222.22	1.29	285,882.35	1,566.45
Nepal	29.85	1.87	8.00	9,448	0.08	0.27	5.14	16.27
Pakistan	170.26	10.64	80.00	36,981	0.22	0.47	1.31	2.85
Sri Lanka	20.41	1.28	8.00	4,076	0.20	0.39	11.92	23.79
Total	1599.73	100.00	485.60	380,940	0.13	0.30	0.13	0.30

# Coefficient of variations of cereal production (in 20 years) among the members



Data source: Production data from FAOSTAT

# Conclusions

- **Food market integration is necessary** for achieving social and economic stabilities in the region
- The Bank is vital for **net food-importing** high risk members
- Though name changed to SAARC Food Bank and terms for operations improved, it has **no swift process to withdraw food**.
  - Structural flaws: **unpractical triggers** and ambiguous governance
  - **Inadequate** volume to hedge the food shortfall.
  - The **procedural difficulties** in pricing, transportation, distribution, information.
- **Capacity strengthening** of Designated Nodal Point, Food Bank Board and a secretariat for the Board can help in operationalization.

Thank You  
for Your Kind Patience