Making the SAARC Food Bank Work

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Outline

1. Problems behind Food insecurity
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

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

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

Sources: Arable land from Human Development in South Asia 2012, pages 280-81, and production from FAOSTAT
Cereal production trends in South Asian countries

Data source: FAOSTAT
### Food imports and stocks (1000 tons) 2012

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

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

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Bangladesh</th>
<th>India</th>
<th>Nepal</th>
<th>Pakistan</th>
<th>Sri Lanka</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>36.7</td>
<td>32.6</td>
<td>28.0</td>
<td>25.9</td>
<td>22.3</td>
</tr>
<tr>
<td>1995</td>
<td>35.1</td>
<td>27.1</td>
<td>27.3</td>
<td>22.8</td>
<td>20.7</td>
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<tr>
<td>2000</td>
<td>24.0</td>
<td>24.8</td>
<td>25.3</td>
<td>21.6</td>
<td>17.8</td>
</tr>
<tr>
<td>2005</td>
<td>20.2</td>
<td>24.0</td>
<td>22.3</td>
<td>21.2</td>
<td>16.9</td>
</tr>
<tr>
<td>2013</td>
<td>19.4</td>
<td>21.3</td>
<td>17.3</td>
<td>19.3</td>
<td>15.6</td>
</tr>
</tbody>
</table>

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

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

Source: FAOSTAT
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

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

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

Source: SAARC Secretariat 2012
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