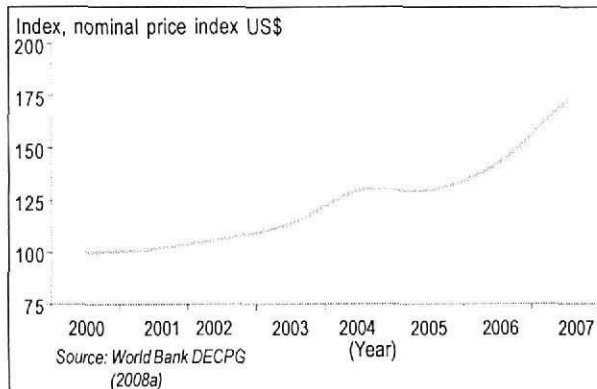


Outcomes of the SAARC towards Solving the Food Crisis in the Region

Introduction

The world economy has started facing many problems, but nothing can beat or more pressing than the food crisis as well as food price crisis that it faces at the moment, which is spiralling out of control. Governments in the Asia and Pacific region are under enormous pressure due to rising global food prices (up by 75% from 2000-2007; Figure 1) and dwindling global stocks, as they strive hard to provide the food required for the most vulnerable and poor in their respective countries. Recent statistics (Kuroda, 2008) indicate that over a billion people in the Asia Pacific region are seriously affected by the food price surge, as food expenditure accounts for 60% of the average total expenditure basket (ADB 2008a), and food and energy together account for more than 75% of total spending of the poor in the region.

Figure 1
Increase in overall Food Prices

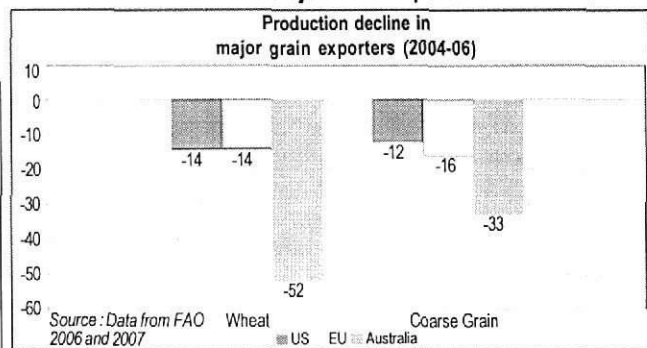


World population has been estimated to increase from 6.3 billion in 2008 to 9.3 billion in 2050 (FAO 2003), where about 90% of the population growth will be observed in developing countries. With the rising population, food consumption demand (crop-based food) is estimated to increase globally by 50%, and with rising income levels, meat and animal products demand will also increase globally by 50%. Therefore, total food demand is expected to be doubled in the next 40 years, which is an enormous challenge to meet. Switching on to more meat consumption results in greater demand for grain too, since rearing cattle and poultry are grain-intensive activities. FAO's latest estimates (FAO 2008a) indicate that 36 countries around the globe including south Asian countries such as Afghanistan, Bangladesh,

Nepal and Sri Lanka are in need of external assistance to support their cereal requirement, due to crop failures, conflict or insecurity, and high domestic prices.

Climate change has contributed significantly to poor agricultural production at a global scale (von Braun 2008). In 2007, drought affected the Australian Crop and Animal Production (Australia is the world's largest dairy products exporter and second largest wheat exporter). Together with this, the shortfall in the production of staples in Ukraine and Kazakhstan heavily contributed to the global food shortages experienced in the past year (Basu 2008). The production decline in major grain exporters in the world is given in Figure 2. The extreme weather conditions have affected the cereal production in China, India, Indonesia, Cambodia, Sri Lanka, etc.

Figure 2
Production decline in Major Grain Exporters in the world



The world cereal demand has exceeded its cereal production from 2000-2007

(von Braun *et al* 2008) and the cereal stocks have continued to decline. Fuel prices have increased dramatically from 2007 to mid 2008 (also due to the weakening US\$ against Euro) affecting the world's cereal stocks, which are expected to decline a further 5% from their already reduced level at the start of the season, reaching their lowest levels in 25 years (FAO 2008b). By April 2008, the available global cereal stocks were about 4-5 million tonnes, which was adequate to feed the world only for 2-3 months. Use of arable land for biofuel has also affected the agricultural production worldwide, where 75% of the increase in global maize production over the past three years has been used to produce ethanol in the USA (World Bank 2008b). This makes food aid, which is 0.4% of the world's food production, increasingly expensive. Increased biofuel demand in 2000-2007 is estimated to have contributed to 30% of

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the weighted average increase of cereal prices (Von Braun *et al.* 2008).

Food riots have taken place in some countries (FAO2008b; World Bank 2008a; Basu 2008). Recently in Argentina; farmers blocked transportation of food to the cities, and twenty thousand desperate textile workers in Bangladesh went on a rampage giving rise to fears of wider instability in the garment industry. In Afghanistan and Pakistan, people have protested to the exorbitant wheat prices where

many cannot afford to buy flour to make bread. In Mexico City, mass protests were held about the cost of tortillas, in West Bengal, disputes arose over food-rationing, in Senegal, Mauritania, and other parts of Africa, riots were reported over grain prices, and in Yemen, children marched in public to call attention to child hunger.

All these developments have led to food insecurity in most parts of the developing world. South Asia is no exception. Food security has become an issue close to the hearts of many people in the developing world than any other social issue. This is especially true as the countries have not experienced such a food-price surge like this in three decades.

The Crisis

The global-level concerns with food security can be traced back to the world food crisis

experienced during the period 1972-1974, resulting in "Food Security" emerging as a concept at the World Food Conference in 1974, organised by the Food and Agriculture Organisation (FAO). However, the Universal Declaration of Human Rights in 1948 also recognised the right to food as a core element of an adequate level of living. The FAO conference

production in South Asian Association for Regional Cooperation (SAARC) countries is shown in Table 1. In general, the growth of yields of food crops has been stagnant around the world. The yields have declined from 2.1% a year between 1950 and 1990 during the height of the "green revolution" to 1.2% a year since then (World Bank 2008c).

Table 1
Growth rates of Agricultural Production (1996-2006) in SAARC countries

Country	Year					
	Cereals (%)	Pulses (%)	Root and Tuber (%)	Fruits (%)	Vegetables (%)	Sugarcane (%)
Afghanistan	5.2	- 4.3	0.2	0.8	2.0	- 0.8
Bangladesh	4.2	- 4.3	8.8	3.0	5.2	- 1.1
Bhutan	- 2.5	6.1	0.2	- 4.6	- 6.2	0.2
India	0.9	0.8	2.5	1.2	4.2	0.0
Maldives	- 1.2	2.4	- 0.6	0.8	- 32.1	-
Nepal	1.8	1.7	7.6	3.8	5.3	4.6
Pakistan	2.6	- 3.1	3.2	2.8	2.5	- 0.1
Sri Lanka	4.9	- 6.0	- 2.1	- 2.5	0.7	- 2.4

Source: www.fao.org

in 1974 was centred around food availability (supply of food available at local, national or international levels) and food entitlements (capability of individuals and households to obtain food). Sen (1981) stated that people do not usually starve because of an insufficient supply of food, but because they have insufficient resources, including finances to acquire it.

Lack of access to enough food would lead to food insecurity. There are two kinds of food insecurity: chronic and transitory (Saad 2000), where the chronic food insecurity is the continuously inadequate diet caused by the inability to acquire food, and the transitory food insecurity is a temporary decline in a household's access to enough food. Poverty is considered the root cause of chronic food insecurity and famines are the worst form of transitory food insecurity that would lead to subsistence crises by threatening a population's access to food.

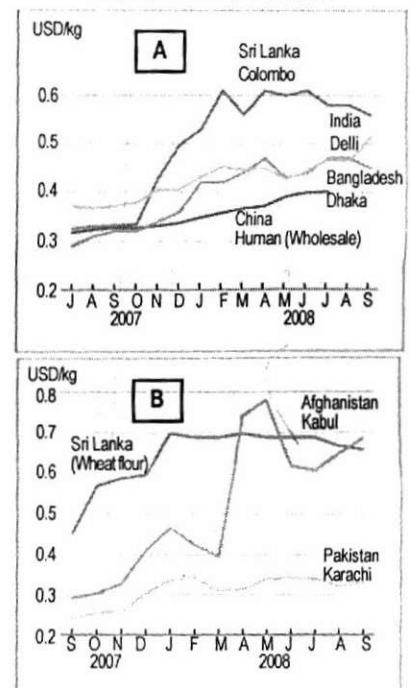
The basic staples that feed the world wheat, rice and corn continue their inexorable rise in cost and scarcity. Between 2006 and 2008, the average world price for rice has risen by 217%, wheat by 136%, and corn by 125% (www.globalresearch.ca). FAO (2008b) reported that rice, wheat and maize provides 81% of the dietary energy supply of people in Bangladesh, 54% in Sri Lanka and 53% in India. Rice and wheat, the important staples, are in short supply. The growth rate of food

The United Nations reported in June 2008 that Nepal, which imports much of its rice, has 2.5 million people in immediate need of assistance and 3.9 million more whose welfare may be compromised by rising prices (www.america.gov). Recent reports also indicated that India has failed to deliver sufficient to several hundred million of its people despite its 8% annual growth in its economy. World Bank (2008a) estimates that about 100 million people in low income countries could potentially be pushed deeper into poverty as a result of doubling of food prices over the last three years. The Director General of FAO, addressing the Conference at the European Parliament in Brussels, has stated that the number of hungry people increased by about 50 million in 2007 as a result of high food prices.

Rising fuel costs, lower agricultural production, weather shocks, more meat consumption, and shifts to bio-fuel crops are some of the possible reasons that have been identified for the recently-experienced food price hikes. High prices threaten to increase malnutrition, already an underlying cause of death for over 3.5 million children a year. The world prices of the basic food for human and animal feed have increased dramatically over the past years. Rice and wheat flour prices in June 2008 in Colombo city increased by 67% and 75%, respectively, compared to the same period in 2007 (Figure 3). According to FAO (2008a) although the rice prices in Sri Lanka declined with the good paddy harvest in March 2008, the prices

reached almost twice their level of a year earlier. Similarly, in Nepal, the rice price declined from its peak in March following the harvesting of the main season paddy crop, but subsequently increased from May and by September it was 85 % above the same period last year. In Pakistan prices have risen sharply and were very volatile since February 2008 (Figure 3). In Bangladesh, the rice price declined from its peak in May 2008, following a record main season paddy crop, but subsequently increased.

Figure 3
Retail prices of Rice (A) and wheat (B) in selected SAARC countries



Source: FAO 2008a

In 2008, mirroring price developments of the major agricultural commodities, dairy product prices remain approximately 58 % above historical levels (FAO 2008b). The sudden dairy prices in 2006 took the market by surprise as it started rising faster and sooner than those of any other commodity. Globally, the price of whole milk powder has increased by 100 % and that of skimmed milk has increased by 150% in the past year. Concentrated animal feed price has increased by 50%. Prices are expected to stay high through 2015. FAO (2008c) stated that, from October to December 2007, the prices of whole milk powder increase by 49% in Sri Lanka and 22 % in Nepal, while during the same period, the fluid milk price increase by 25% in Sri Lanka, 27% in Pakistan, and 17% in Nepal. This increases the vulnerability of populations in the least

developed countries with high levels of poverty and food insecurity and the large masses that spend 70-80 % of their household income on food.

The magnitude of the crisis faced by some SAARC countries, on humanitarian point of view, was compared and explained recently, as given below:

(a) *Afghanistan*: The inflation has reached 17%, mostly on the basis of food price rises. Wheat is the staple, and the country is a net importer of wheat. The country's balance of payments will worsen dramatically as their food import bill becomes significantly more expensive. Pakistan, which banned wheat exports due to domestic price hikes and shortages last winter, is its principal supplier. The country has no strategic grain reserves, and has been advised not to create reserves as this will compete with consumers. The winter emergency this year magnified the existing food insecurity. Despite ample snowfall during this winter, reservoirs are low and irrigation water could be scarce, limiting domestic wheat production.

(b) *Bangladesh*: Growing food insecurity in Bangladesh may reach crisis levels soon, particularly in flood and cyclone-affected areas. Successive rice crops were damaged by the floods of 2007, and then by cyclone "Sidr", which struck as the main rice crop was almost ready for harvest. In the cyclone-affected areas, the prevalence of moderate malnutrition at 14.6%, while the prevalence of severe malnutrition was found to be 6.9 %, providing an overall figure of 21.5%, above the internationally accepted emergency level of 15% (for combined prevalence). The country's Caretaker Government has been negotiating for imports from neighbouring countries to replenish national stocks, which are severely depleted, but lacks capacity for this. As in Afghanistan, price increases will result in a worsening of their balance of

payments by more than 1% of their GDP

(c) *India*: The Indian economy has been growing rapidly at an average of 8.5 % over the last five years, where the agriculture sector has grown by barely 2.5 % over the same period. Consequently, per capita output of cereals (wheat and rice) at present is more or less at the level that prevailed in the 1970s. Despite this fall in food grain availability per person, India is a net exporter of food grain, both rice and wheat. However, India has recently banned the export of all but basmati (the highest quality) rice; expectations for a good winter wheat crop could be foiled by unusually high rainfall in recent weeks, which could significantly damage crops. Inflation has hit 7%, driven by rises in food prices: milk costs 11% more than last year; cooking oil prices have climbed by a 40%; rice prices have risen by 20%, and prices of certain lentils by 18%. Food security in our geographic focal area in India is a chronic problem; a minority of our targeted beneficiaries would be significantly dependent on the markets for their food access.

(d) *Maldives*: Heavy import dependency, limited food storage, ad-hoc distribution, and limited agriculture pose severe food security risk to the population. The Maldives imports almost all food items except fresh tuna and coconut. Every year, more than 17 million kilograms of rice and flour and 10 million kilograms of sugar are imported. Long-term and emergency food storage is a requirement for many of the islands. Food distribution system is by boat from Male' to islands and the quantity that can be transported across on one trip is very small. Islands face food security problems during high winds and storms on a regular basis.

(e) *Bhutan*: About 1/3rd of the population of Bhutan suffers from food insecurity as the country depends on imports for 34% of its cereal requirements. Bhutan is also prone to natural disasters especially during the rainy seasons and access roads to remote areas may be closed for up to half the year. Since almost all the food imports are from India, the food crisis hitting the Indian

economy would have an adverse effect on the Bhutanese economy. Due to the recent food crisis, the price of rice has already gone up by 16% in the last 12 months.

(f) *Nepal*: The country is not a major producer of food items but it exports some wheat and Basmati rice to China and Bangladesh. With the world food crisis, Nepal banned the export of rice and other grains to try to control food costs and prevent shortages. The World Food Programme has stated that Nepal has been affected by rising food prices and destroyed harvests.

(g) *Pakistan*: Price hikes came to a peak in January 2008. Small-scale rioting and looting occurred in response to rationing and lack of availability of wheat and cooking oil. Due to increases in the price of rice, displacement consumption of that grain was not an option, and many consumers had to cut back. Prices have come down slightly since then, on hopes of a good winter wheat crop, but inflation hovers around 10%. Capacity for management of strategic grain reserves is considered poor.

(h) *Sri Lanka*: In recent years, the prevailing conflict and the frequency of droughts, floods and landslides have further reduced people's access to food. Inflation is currently 34% contributing to increasing rice prices which are controlled to some extent by a rice oligopoly supported by the Sri Lankan government. In March 2008, the Government removed the customs duty imposed on imported rice in order to control the artificial rice price-hike caused by traders. Myanmar, India and Pakistan have all promised rice to Sri Lanka.

[Note: Statements identified for (a), (b), (c) above, are extracts from www.reliefweb.int. Statement (d) is an extract from (MoEEE, 2006). Statement (e) is an extract from www.wfp.org and www.bhutanobserver.bt. Statement (f) is an extract from www.bbc.com]

Efforts taken by SAARC to Combat Food Crisis

In most of the SAARC member countries, food insecurity is a challenging issue, with widened disparities across regions. Thus, a focus on addressing the root causes of food insecurity is important at the policy and institutional levels. Although food security and poverty alleviation are the major focus of development policy of individual member countries of SAARC, the need for a well-chartered regional strategy to complement national policies and strategies at combating the two problems of poverty alleviation and food insecurity has been high in the agenda since establishment of the SAARC in 1985.

The great diversity and wide disparity in ecological and socio-economic conditions and wide spread poverty and malnutrition has highlighted the need to meet food security at the regional level in South Asia. Food security-related issues have been an area of priority concern at the SAARC agenda right from the early days of its inception but largely the burden has been on the national governments. The idea of a SAARC Food Security Reserve was first conceived way back in 1987 with a reserve of 2,41,580 tonnes of wheat and rice (www.saarc-sec.org), however, the reserve was not utilized despite the SAARC Member States suffered food emergencies at later years due to operational difficulties.

The poverty eradication was addressed as a major goal at the sixth SAARC summit held in Colombo in 1991, however, nothing significant resulted in by the deadline set at the Colombo summit deadline for poverty alleviation, which was 2002. It is rather recent that a regional perspective is being developed on the operational aspects. Enthused by the continuous decline in population affected by food insecurity and the global emphasis on MDGs (www.mdgasiapacific.org), the SAARC Secretariat has revitalised the poverty alleviation and food security-related programmes in the region through the implementation of SAARC Development Goals (SDGs; www.saarc-sec.org). South Asia emerging as the second fastest-growing region in the world has added momentum. The relevant policy measures adopted by the different countries in the SAARC region to tackle food crisis are given in Table 2.

Table 2
Policy responses by SAARC countries to tackle food crisis

Country	Economy-wide Policies				Existing Social Protection Programmes			
	Reduce taxes on food grains	Increase supply using food grain stocks	Export restrictions	Price controls/ Consumer subsidies	Cash transfer	Food for work	Food ration/ Stamp	School feeding
Afghanistan	✓					✓		
Bangladesh	✓	✓	✓	✓	✓	✓	✓	✓
Bhutan	✓	✓		✓	✓			✓
India	✓	✓	✓			✓	✓	✓
Maldives	✓	✓		✓	✓			✓
Nepal			✓			✓		✓
Pakistan		✓	✓	✓	✓			✓
Sri Lanka	✓		✓	✓	✓		✓	✓

Source: World Bank (2008b)

At the 12th SAARC summit in Islamabad in 2004, a 'SAARC Food Bank' was proposed and discussed. Many issues related to agriculture and food security in the region have been discussed at the SAARC Agricultural/Food Ministers' meeting, held in Islamabad in 2005, where an endorsement was made on the creation of a SAARC Regional Food Bank based on the experience of the SAARC Food Security Reserve (SFSR) that existed on paper from 1987. As such, the question of non-operationalisation of the reserve remained a subject of concern for the Association. The establishment of the Regional Food Bank was endorsed by the SAARC leaders at the 14th summit held in New Delhi in 2007, the modalities of which were finalised at the 15th SAARC Summit in Colombo in 2008.

At the international level, SAARC collectively supported the Rome Declaration on World Food Security and the World Food Summit Plan of Action 6. This has been further supported by the social charter adopted at the 12th SAARC Summit in Islamabad. The wider goal is to ensure the adequate and sustained production and distribution of food so that adequate food is available for all at reasonable prices at all times with special provision for the chronically undernourished, underprivileged and other vulnerable groups of society. The SAARC Summit 2002 called on the donor countries, international financial institutions, as well as UN Specialised Agencies, including FAO, to support, facilitate and encourage transfer to and access by developing countries of new farming technologies through preferential terms and concessions.

Despite growing attention in the world media and expanding aid efforts by many organisations, the world hunger crisis continues to worsen as many of the communities in which we work struggle with daily hunger and starvation. Hunger is closely

tied to poverty, and countries with high levels of hunger are overwhelmingly low- or low-middle-income countries. Sub-Saharan Africa and South Asia are the regions with the highest Global Hunger Index (GHI) scores and the highest poverty rates (IFPRI 2008). Table 3 shows the ranking for south Asian countries based on GHI from among 88 countries listed

(Note: Higher the ranking, less severe the problem is).

Table 3: Global Hunger Index (GHI)

Country	GHI	
	2008	Rank
Afghanistan	n.a	-
Bangladesh	25.2	70
Bhutan	n.a	-
India	23.7	66
Maldives	n.a	-
Nepal	20.6	57
Pakistan	21.7	61
Sri Lanka	15	39

Source: IFPRI (2008), n.a – not available

15th SAARC Summit in Colombo

The SAARC region, with a population of about 1.5 billion, is considered to be among the worst affected by food crises and the high cost of living due to soaring oil prices (www.kuenselonline.com). Increasing food prices are causing severe hardship, social unrest and suffering to millions all over the world, particularly among poor and vulnerable sections of the region. During the 15th SAARC summit, which was held in Colombo on 2-3 August 2008, the leaders of the SAARC nations confirmed their tenacity make South Asia, once again, the granary of the world thus ensuring regional food security.

The two-day 15th SAARC Summit adopted a 41-point Colombo Declaration (www.saarc-sec.org) articulating commitments of the South Asian leaders to implement the South Asian Free Trade Area (SAFTA). The need to continue to address the major barriers hindering effective trade liberalisation in the region, which include sensitive lists of items and Non-Trade Barriers (NTBs), and to revise the sensitive lists by the SAFTA Ministerial Council (SMC); with special consideration on the SAARC least developing countries (LDCs), are some of the key decisions arrived at. The issue of non-tariff and para-tariff measures to facilitate and enhance trade under the free-trading regime stipulated in the now-dormant SAFTA was resolved. The declaration focused on collective regional efforts in core areas such as food, energy security, trade, combating terrorism, climate change, etc. Collective regional efforts to accelerate economic growth, social progress and cultural development which would promote the welfare of the people of South Asia and improving their quality of life thus, contributing to peace, stability, amity and progress in the region, have been resolved. The Colombo statement on Food Security issues as a result of the 15th SAARC summit is given below in Box 1 :

In view of the emerging global situation of reduced food availability and rise in food prices, the SAARC leaders have directed an extraordinary meeting of the agriculture ministers of member states to convene in New Delhi in November 2008 to evolve and implement a people-centred, short- to medium-term, regional strategy and collaborative projects. The Chairman of the 15th summit and the President of Democratic Socialist Republic of Sri Lanka stated at the concluding ceremony that "Given the seriousness of the subject of food security, we felt that it deserves to be addressed through a special statement released along with the Colombo Declaration."

Leaders at the 15th summit also emphasised an early drawing up of a SAARC agriculture perspective 2020 and further directed that the SAARC region should forge greater cooperation with the international community to ensure availability and nutrition security in South Asia. The member countries can seek assistance from the food bank or maintain food stocks in their countries in case of an emergency by giving three months notice to the member countries and the food bank.

The continuing increase in world food prices has brought agriculture into focus in many South Asian countries. About 75% of South Asia's poor live in

rural areas, and the agriculture sector employs about 60% of the labour force and contributes to 22% of the regions Gross Domestic Production (GDP) (World Bank 2007a). However, a mere 4% of official development assistance goes to agriculture in developing countries (World Bank, 2007b).

The region has made enormous strides during and after green revolution in improving agricultural productivity. In recent years, however, agricultural growth in South Asia has been less than 3% (World Bank 2007a), far below the growth rates of other economic sectors. Recent food crisis, on one hand has created fears on food insecurity, on the other hand is a blessing in disguise that many abandoned farmlands have been put back to production due to higher prices and is expected to tackle the food crisis at least partly. The high food price provides an incentive for farmers to increase their production in order to meet the demand. Agriculture also contributes significantly to underground water depletion, fertiliser overuses, loss of topsoil, and global greenhouse gases. Addressing these issues requires a combination of policy reforms and technological innovations. The 15th SAARC summit has already set the stage for more investment in agriculture research leading to solving these problems.

Growth in the agricultural sector depends on the investments in rural infrastructure such as irrigation, roads, transport and power. In addition, investments in rural finance and access to markets and technology are also critical to revive and sustain agriculture productivity. The program "Api Wawamu Rata Nagamu" (Let us cultivate and build up our nation) implemented by the government of Sri Lanka with a view to become self sufficient in the year 2010 in 23 crops that are currently imported food items is a classic example of such an investment made by a SAARC nation to tackle the food crisis. Similarly, the outcome of the 15th SAARC summit is expected to apply more pressure on the respective governments to ensure the land productivity is increased and adequate food is produced in order to feed the ever growing population in the region.

The post-Green Revolution agriculture production scenario seems to pose several challenges for food security in developing countries. It is high time that agricultural research and development plans prioritise investment on new technologies so as to rightly balance or rather supplement the traditional techniques with new technologies. In this regard, regional and

Box 1

Colombo Statement on Food Security (www.saarc-sec.org)

Colombo Statement on Food Security

We, the Heads of State or Government, participating in the Fifteenth SAARC Summit held in Colombo on 2-3 August 2008, affirm our resolve to ensure region-wide food security and make South Asia, once again, the granary of the world.

In view of the emerging global situation of reduced food availability and worldwide rise in food prices, we direct that an Extra-ordinary Meeting of the Agriculture Ministers of the SAARC Member States be convened in New Delhi, India in November 2008, to evolve and implement people-centred short to medium term regional strategy and collaborative projects that would, among others, lead to:

- ◆ *Increase in food production;*
- ◆ *Investment in agriculture and agro-based industries;*
- ◆ *Agriculture research and prevention of soil health degradation;*
- ◆ *Development and sharing of agricultural technologies;*
- ◆ *Sharing of best practices in procurement and distribution; and*
- ◆ *Management of the climatic and disease-related risks in agriculture.*

We direct that the SAARC Food Bank be urgently operationalised. We also emphasise early drawing up of the SAARC Agriculture Perspective 2020.

We further direct that SAARC region should forge greater cooperation with the international community to ensure the food availability and nutrition security in South Asia.

sub-regional programme would have to take note of possibilities of cooperation in the areas such as establishing gene banks, promoting sustainable aquaculture and ensuring integrated pest management. Technological advances also emerge especially in context of South Asia. The e-governance would be the key issue in rural areas for providing right information at the right time for marketing of agriculture produce in the days to come.

Setting up of a food bank in the region is expected to increase food security, encourage investment in agriculture and agro-based industries, agricultural research and prevention of soil health degradation, development and sharing of agriculture technologies, and management of climatic and disease-related risks in agriculture. The 15th SAARC summit has directed that the SAARC Food Bank, which is to be established in Bangladesh (www.lankabusinessonline.com), be urgently operationalised. The SAARC region should forge greater cooperation with the international community to ensure food availability and nutrition security in South Asia. Unfortunately, the Colombo Declaration on Food Security focuses on the quantity of food but has no reference to the nutritious quality of the food.

At the 15th SAARC summit, the Leaders of the SAARC countries agreed to carry out a series of inter-connected and specific regional collaborative projects. The joint projects would augment food production, invest in agriculture and related industries, conduct agricultural research, share technology, assist in procurement and distribution, as well as manage climatic and disease-related risks. Under the terms of the 15th SAARC agreement, the food bank would act as a regional food security reserve for SAARC member countries during food shortages and emergencies, as well as provide regional support to national food security efforts, foster inter-country partnerships and regional integration, and solve regional food shortages through collective action. The agreement signed by the foreign ministers of the eight SAARC countries on 4th April 2007 (www.saarc-sec.org) states that on the SAARC Food Bank would hold 241,580 tonnes of rice and wheat reserves, contributed by each SAARC member including Bangladesh (40,000 tonnes), Bhutan (180 tonnes), India (153,200 tonnes), the Maldives (200 tonnes), Nepal (4,000 tonnes), Pakistan (40,000 tonnes), and Sri Lanka (4,000 tonnes). Afghanistan's share was not decided at the time of signing the agreement, however later the contribution has been estimated to be 1420 tonnes

(www.financialexpress.com). The agreement also has taken measures to provide a fair and average quality of the food grains by defining quality parameters (www.saarc-sec.org).

These reserves would remain the property of the individual member country and would be in addition to any national reserves. However, this involves the construction of new food warehouses in member countries, local procurement and international purchase of extra food grains, and developing an administrative system and a distribution network. Although the proposal for a SAARC Food Bank comes at a time when most food-deficit developing nations are worried of spreading economic crisis, the countries are still to work out the mechanism for the borrowings from the food bank. The SAARC Food Bank's board met for the first time in Colombo in October 15-16, 2008 and finalised the modalities for determination of price on FoB basis, arranging deferred payments by the requesting country, exemption from regulatory duties by the releasing country and release of food stock from facilities closest to the requesting country. Member countries can ask for release of stock if their annual food grain production falls by 8% over the three-year average. However, exceptions can be made for seasonal shortfall. The bank has provisions for involvement of the private sector at nodal points of transactions. Hence, it is likely that the much awaited SAARC Food Bank will be operational soon. The SAARC Agriculture Ministers are expected to meet in November 2008 in New Delhi, India to discuss these issues further and to formulate the Regional Agriculture Perspective and Vision - 2020.

In addition to directly addressing the food security issues, the 15th SAARC summit also concentrated on several key issues affecting the region (www.saarc-sec.org), which are inter-linked with food security. In this regard, on the energy front, the 15th SAARC summit stressed the urgent need for developing the regional hydro potential, grid connectivity and gas pipelines. The possibilities of evolving an appropriate regional inter-governmental framework to facilitate such efforts may be explored in the future. The Colombo Declaration emphasized undertaking sustained efforts towards the attainment of the SDGs in alleviating poverty. An inter-governmental midterm review of the attainment of the SDGs is expected to be completed by 2009. The SAARC Development Fund (SDF) was signed, and the secretariat will be established in Bhutan. Identification of projects on women empowerment, maternal and child health and teacher training has also been done under the social window of SDF. The Heads of States have resolved to combat poverty by all available

means, especially through people's empowerment. On the transport sector, a gradual and phased implementation of the proposals on SAARC Regional Multimodal Transport Study (SRMTS) is expected to take place soon, in order to integrate and sustain the region's economic growth and competitiveness. The Colombo Declaration carries concern at the human loss suffered through natural disaster in the region and stress on the need for the timely provision of relief in humanitarian emergencies. Emphasizing on the need for assessing and managing its risks and impacts and especially called for an in-depth study on "Climate Justice". Directives have been given to create Natural Disaster Rapid Response Mechanism to adopt a coordinated and planned approach to meet such emergencies under the aegis of the SAARC Disaster Management Centre. Deep concern was expressed on the global climate change and its impact on the lives and livelihoods in the region, while expressing satisfaction at the adoption of SAARC Action Plan and Dhaka Declaration on Climate Change by the SAARC Environment Ministers. On water resources, directives have been given to initiate the process of capacity building and encouragement of research, combining conservation practices such as rainwater harvesting, and river-basin management to ensure sustainability of water resources in South Asia. The looming global water crisis was also considered seriously at the 15th SAARC summit, recognizing that south Asia must be at the forefront of bringing a new focus to the conservation of water resources. All these approaches made through the Colombo Declaration will have a positive impact on overcoming, at least partly, any future food crisis situations faced by the region.

Technology will play an important role in the SAARC region to bring about an important improvement in agricultural productivity and competitiveness. A highly regulated market discourages private investments in rural areas. Liberalisation of trade and investment regime at the regional level should facilitate restructuring of the enterprises by making them more efficient. Since the agricultural sector is becoming more responsive to market demands, public-private partnership in sharing good practices have an opportunity to play a larger role, thus improving agriculture productivity, competitiveness and supply response, and will be critical in responding to the new challenges of the agriculture sector. Promoting joint research and development through private public sector partnership programs for Food Security and Poverty Alleviation such as advanced research

for productivity, and yield nutritional enhancement, establishing regional gene banks, promoting environmentally friendly technologies for long term sustainability, bridging the digital divide, cooperation for joint marketing, encouraging exchange of experiences and expertise, ensuring stability in commodity prices, and exploring new traits in crops and animals through biotechnology will be supported by the SAARC countries in the future in order to tackle the food crisis issue in the region.

Changing Global Scenario

The claims for food shortages have been reported all over the world, including developed countries. However, many countries including India have been reported to adequate or surplus grain stocks (www.india-server.com) by April 2008. The most recent statistics shows a changing scenario in the world food production and prices that was experienced in the whole of 2007 to mid 2008. FAO (2008d) has forecasted the world cereal production in 2008 to increase by 4.9% to reach a record level of 2232 million tonnes. Both rice and wheat production in the year 2008 are expected to be the highest in global history. The Lanka Business Online (www.lankabusinessonline.com), on 4th August 2008, reported that the wheat harvest in Australia is expected to be about 23.7 million tonnes when compared to that of 13 million tonnes in 2007.

The international prices of most cereals have continued to fall in the recent past, largely in response to favourable prospects for 2008 harvests indicating an improvement in the supply outlook for 2008/09. This also reflects the influence of falling crude oil prices and financial turmoil in world economies (FAO 2008b). The FAO Food Price Indices (FFPI) released on 8th October 2008 (FAO 2008d) stated that the FPI has decreased to a 9-month low at 188 points, reflecting a rapid decrease in prices of food and feed commodities. However, this value is still 51% higher than that observed in the same period during 2006. In September 2008, the FAO cereal price index dropped by 5%, meat price index by 4%, and dairy price index by 12% when compared to that observed in August 2008.

The World Bank (2008b) states that a bumper rice harvest has started arriving in 2008 on the market in Bangladesh, which is 3-4% higher than the previous year, bringing down the retail price of coarse rice by nearly 15%, where India, the world's second-largest rice producer

after China, expects a record 143 million tonnes of paddy rice production. The IRRI (2008) states that the demand for rice will increase as the economic slowdown will force poor people to eat more in place of meat. Increasing consumption may push the prices up. In the international rice trade, interestingly, the Minister of Commerce in Thailand have stated that the country would sell rice from state reserves at a loss in order to empty warehouses before the next crop arrives, indicating that Thailand who is the world's largest rice exporter has stockpiled rice earlier this year to secure supplies as prices reached record high levels (www.bloomberg.com). Falling in line, Vietnam has proposed slashing of export duties to zero, while Indonesia may export as much as 2 million tonnes of rice in 2009.

India's wheat production is expected to hit 78 million tonnes in 2008, which is a 4% increase from that of the previous year (FAO 2008a), which is adequate to provide the domestic requirement in 2008/2009. However, the wheat output in Pakistan is expected to be 1.5 million tonnes lower than the previous year due to reduced sowing area, lack of irrigations water and quality seeds, and high fertilizer prices. Nepal has faced a precarious food situation as a result of crop failure due to drought and recent floods in parts of the country. Despite a bumper crop this season expected in Sri Lanka, the country's food security situation continues to be affected by the resurgence of civil conflict, as well as rising cereal prices

With all these changes taking place in the global food situation, the demand for food still continue to outstrip supply (ADB 2008b). The Asian Development Bank Outlook 2008-Update clearly states that the crisis is not yet over, and that Asia is just one supply shock away from another grain price hike. The developing Asian countries must undertake the structural changes to adjust to the new environment with scarce resources. ADB (2008b) also stated that the food prices will never reach the levels seen prior to 2008, and even if the governments invest in the agriculture sector, it will take several years of good harvests to rebuild the dwindling grain stocks.

In such changing global scenarios, the SAARC Food Bank, once operational, would help the regions member countries during food shortages and emergencies, as well as provide regional support to national food security efforts, foster inter-country partnerships and regional integration, and solve regional food shortages through collective action.

Conclusion

At the national level, increased investment in research, extension, rural infrastructure, input subsidies and other financial incentives are required as policy measures, in order to realise the goals set by the 15th SAARC summit in terms of long-term food security. Policy planners must take appropriate measures to avoid food security being adversely affected by price movements. In this regard, regional trade may play an important role. Carefully designed safety net programmes are required to be implemented by the respective governments to protect those who are most vulnerable to food price shocks from nutritional deprivation and reductions in purchasing power.

Livelihood and food security will face enormous challenges in the future. The global food crisis is also a result of the absence of peace and stability across the world, where political conflicts and instabilities have paralysed agricultural production and other economic activities of many countries. The meltdown of financial institutions in many developed countries as witnessed in the recent past has sent shock waves around the globe. In addition this financial crisis should send signals around the globe to at least ensure livelihood and food security as an antidote against other misfortunes in the immediate future.

Since late 1980s several initiatives in the south Asian region have been launched to overcome poverty and malnutrition. The success achieved to-date through the interventions made, place the countries at a position very far to get into any level of complacency. The proposed SAARC Food Bank would be the region's second experiment with institutional food security after the failure of the SAARC Food Security Reserve due to its complicated process and hard conditions. The SAARC Food Bank has put in place simplified procedures and proposed release of stocks for meeting the production or buffer shortages in member countries, apart from meeting the emergencies arising out of severe and unexpected calamities.

The 15th SAARC summit has taken urgent and appropriate measures to tackle global food crisis and food security issues pertaining to the region, among which the SAARC Food Bank is on verge of becoming operational with the involvement of all member countries. No doubt, that there is a great need for regional cooperation for long-term forecasting, including early warning and vulnerability assessment for food security.

In this regard, the outcome of the 15th SAARC summit will be the driving force to achieve the long term cherished goal of food security in region. The vision of the SAARC, expressed clearly at the 15th SAARC summit held in Colombo in August 2008, to make south Asia once again the "Granary of the World" must be proactively and energetically supported in the best interest of the development and economic integration in the region.

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