

Emergency Food Reserves

Lesson-Learned from other Regions

Key Success Factors

- Clear Purpose
- Reliable food stock
- Timely and Transparent Trigger
- Financially Viable

EAERR: East Asian Emergency Rice Reserve

Governance

- Board is composed of one representative from each Member Country in ASEAN PLUS Japan, China and South Korea.
- Board is supported by a Secretariat and a coordinating body called the Management Team (MT).

Size and Composition:

- Reserve itself does not currently hold physical stock.
- Participating countries have earmarked rice stocks equal to 787,000 tons from national reserves.

Release Terms:

- When encountering a food shortage, a Member Country reports to the MT the extent of its rice shortage and the amount of rice they require
- The country purchases the rice from the reserve, and pays transportation and operational costs
- If the Member Country requires more than the earmarked quantity, it requests the MT to provide additional amounts from other countries' earmarked reserve stock



EAERR: Key Considerations

- 1) Clear Purpose
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SADC

Governance:

- Regional Food Reserve Committee serves as Governing Board
- Regional Food Reserve Management Unit for day to day management.

Size and Composition:

- Will hold an equivalent of 3 months of food import requirements
- Maize, wheat, rice, sorghum and millets, as well as pulses and possibly seed

Release terms:

- A Member State directly notifies in writing the Food Reserve Management Unit of the emergency it is facing and the type and quantity of food required;
- The Board will approve the prices, terms and conditions of payment and duration of the assistance in respect of the stocks released
- The Management Unit would provide Member States with up to date information on prices of the stocks

Draw down criteria:

- A Member State will be able to draw on stocks in the event of an emergency or shortfall situation upon the recommendation of the food reserve committee.
- An emergency or shortfall situation is when a country, after a severe or unexpected natural disaster, is unable to cope with food consumption needs using its national reserves or production.



SADC: Key Considerations

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SAARC Food Bank: South Asian Association for Regional Cooperation

Governance:

- Board is composed of one representative from each member country.
- Decisions and recommendations of the Board would be taken on the basis of unanimity.

Size and Location:

- Food Bank will not hold physical stock
- Each member country earmarks stock in national Reserves but maintains ownership.
- Reserve Size is approximately 486,000 MT

Release Terms:

- Participating eligible countries may access the reserve when they have suffered a production shortfall such that cereals production is more than a certain percentage lower than the average production.
- The Board makes decisions on release and is to periodically review prices according to agreed principles
- Member Countries negotiate prices, terms, and conditions of payment based on guidelines for price determination



SAARC Food Bank: Key Considerations

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Ethiopia: Emergency Food Security Reserve

Governance:

- Managed by autonomous Emergency Food Security Reserve Administration (EFSRA) and supported by Technical Committee (that includes donors).

Stock Size:

- The target stock level is currently set at 407,000 MT. (4 months supply)
- The stock is entirely physical (wheat, maize and sorghum)

Procurement Strategy:

- The reserve was originally stocked through contributions of food from donor organizations, governments, and the Government of Ethiopia.
- The system does not procure food and instead relies on in-kind repayments from eligible organizations.



Ethiopia: Emergency Food Security Reserve

Triggers:

Eligible organizations can request food for:

- i) established emergency relief, productive safety net, food for work or Development programs; and for
- ii) new interventions in the event of a declared disaster.

Draw Down Criteria :

- Loan requests can only be made once a confirmed source of repayment is identified (normally a donor contribution)



Ethiopia: Key Considerations

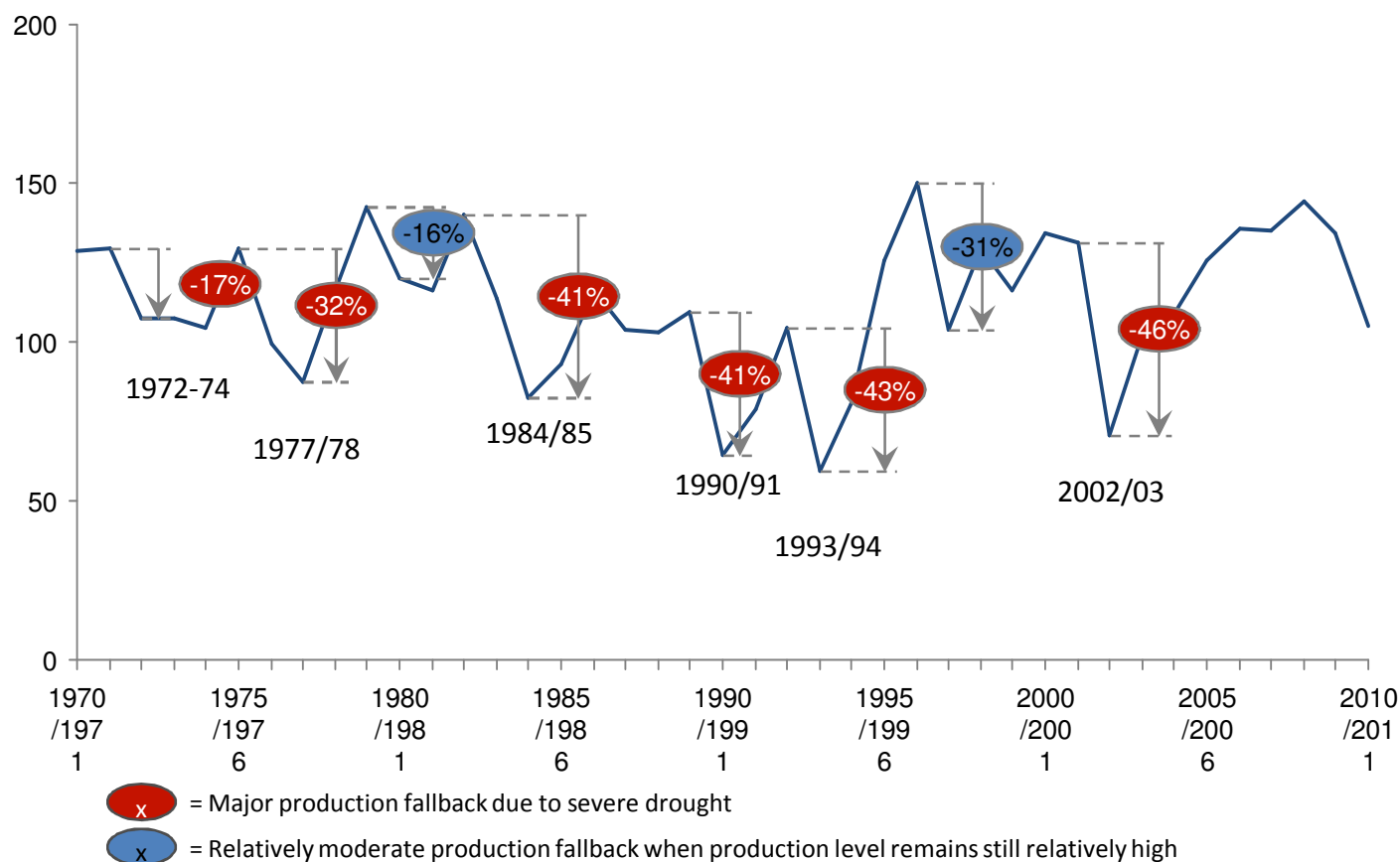
- 1) Clear Purpose
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6 severe droughts in Ethiopia in last 40 years

Droughts significantly hit available food from own production

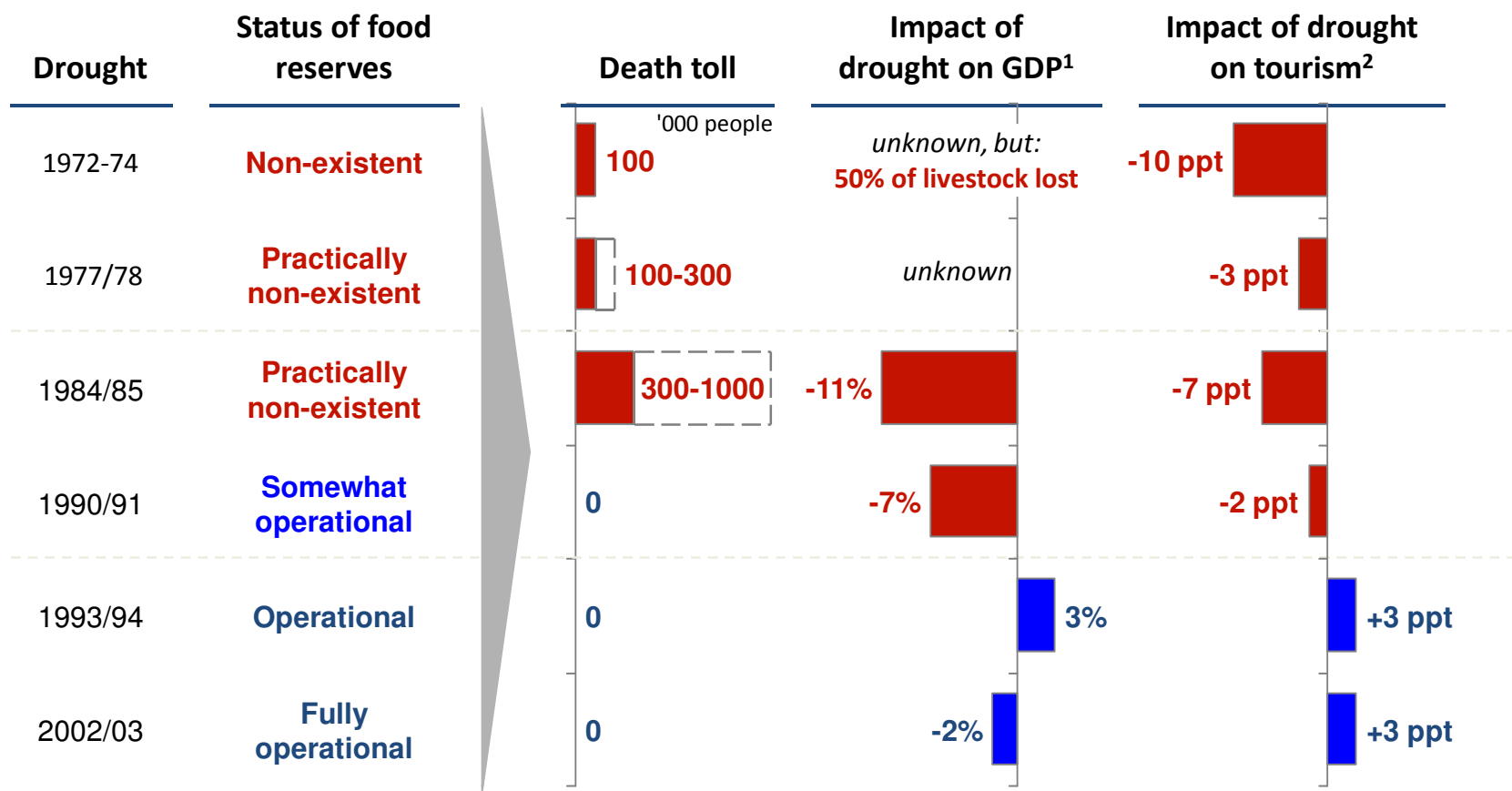
Ethiopia's grain production very volatile – major fallbacks seen in droughts

Ethiopian grain production per capita (kg/person/year)



After drought of 72-74 food reserves were founded in Ethiopia

No deaths reported from droughts since reserves scaled up in early 90s

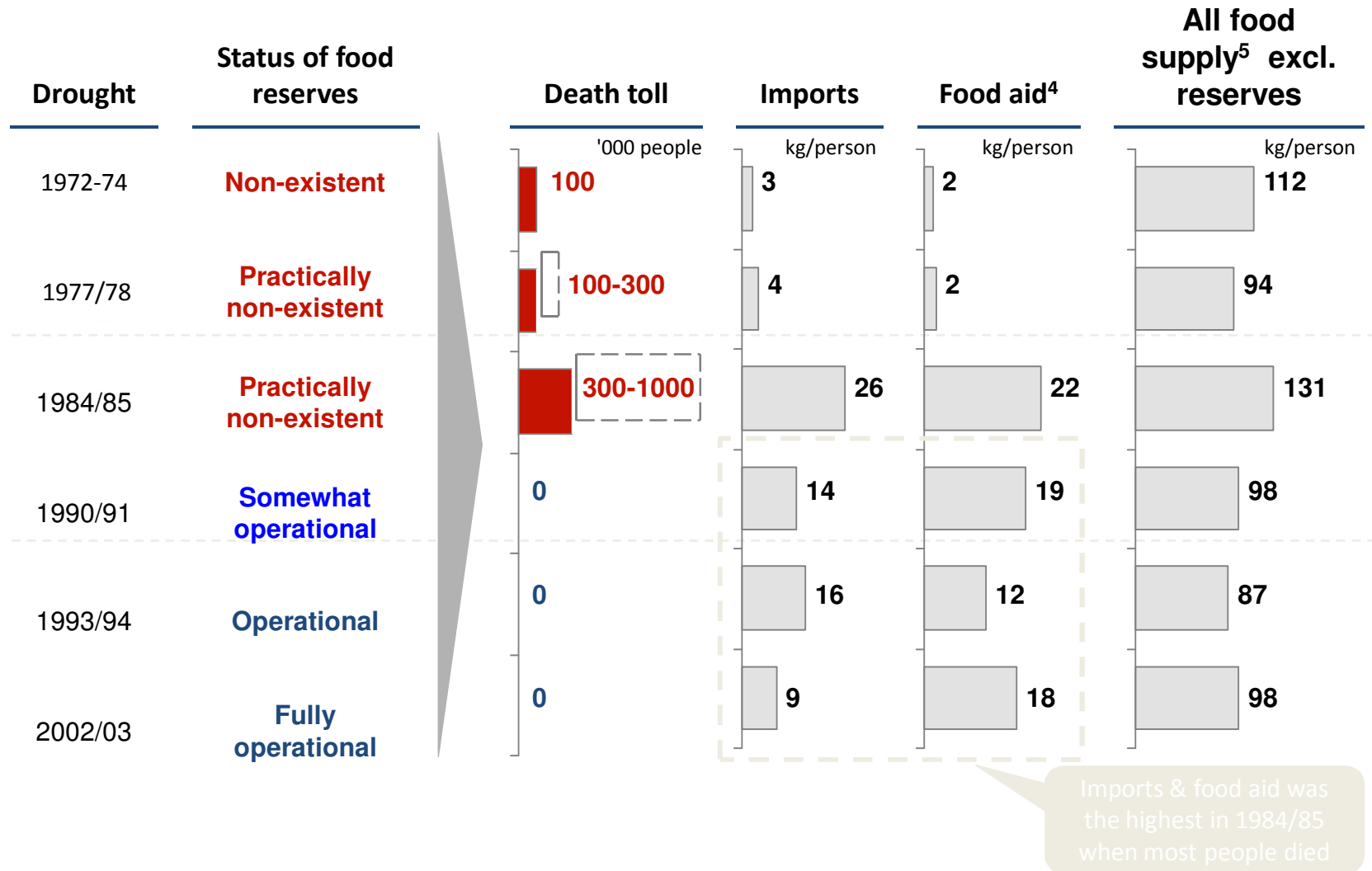


Since food reserves became truly operational, impacts of droughts seem to be more moderate

1. Lowest GDP of the drought years. 2. Difference between avg tourism growth of 3 years since beginning of drought and the 35-year avg growth. 3. Emergency Food Security Reserve Administration
Source: CRED; WFP; IFPRI; World Bank; EFSRA; Ethiopian Ministry of Culture and Tourism; Ethiopian Development Research Institute

Neither imports nor food aid explain the drop in death toll

Both import and food aid volumes scaled up already in 1984

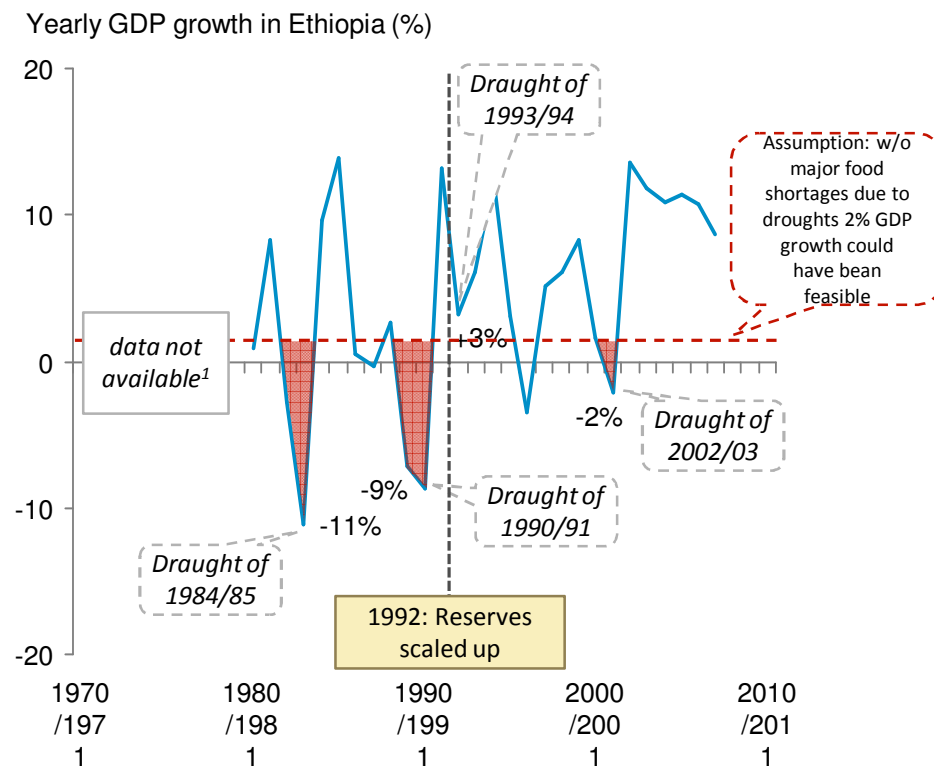


1. Lowest GDP of the drought years. 2. Difference between avg tourism growth of 3 years since beginning of drought and the 35-year avg growth. 3. Emergency Food Security Reserve Administration
 4. Food aid shipments (WFP) according to FAOSTAT. 5. Includes production, imports and food aid shipments
 Source: CRED; WFP; IFPRI; World Bank; EFSRA; Ethiopian Ministry of Culture and Tourism; Ethiopian Development Research Institute; FAO

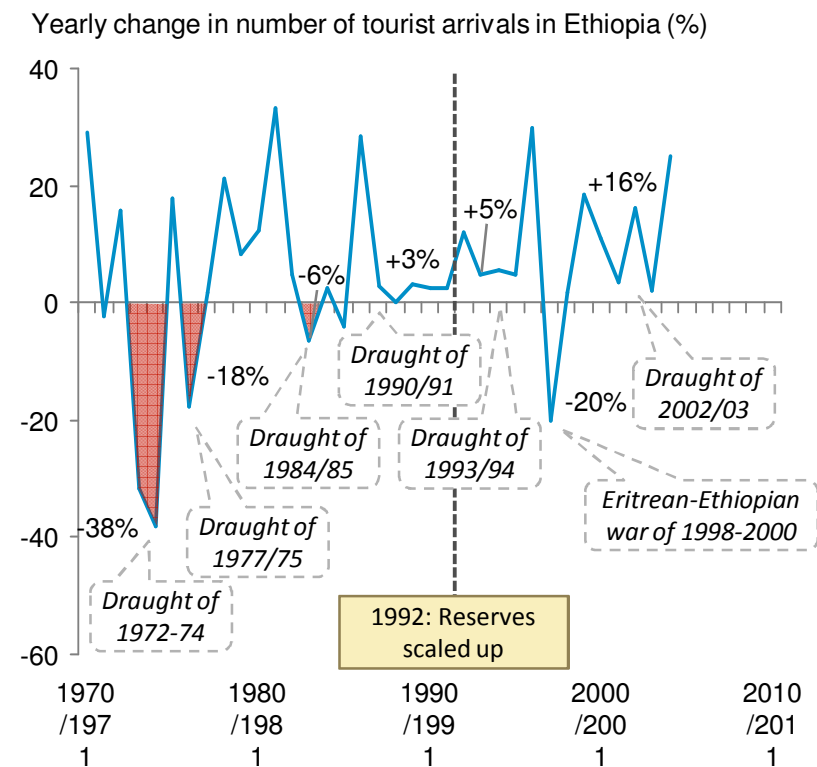
Before '92 droughts had major impacts on the economy

Effects of droughts seen both in GDP and tourist arrivals in Ethiopia

Major GDP falls after droughts in 84/84 and 90/91



Tourism similarly hit until the scale up



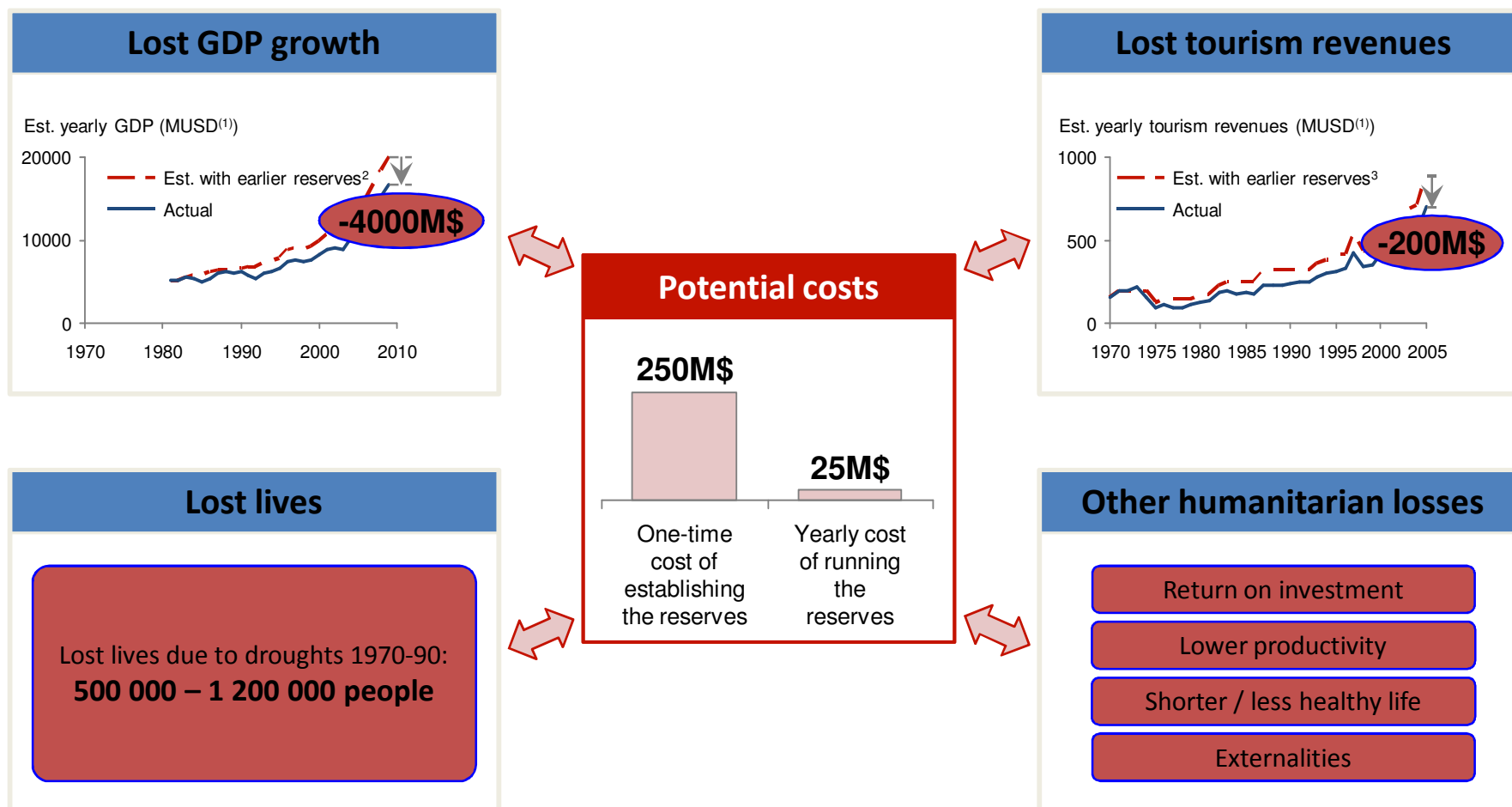
Scale-up of reserves around 1992 seems to have significantly reduced the negative impacts of droughts

1. GDP figures for Ethiopia prior to 1980 not listed by the World Bank

Source: CRED; WFP; IFPRI; World Bank; EFSRA; Ethiopian Ministry of Culture and Tourism; Ethiopian Development Research Institute

Earlier set up of reserves seems to have had a great impact

Potential costs clearly outweighed by estimated losses from not having the reserves 20 years earlier



1. Constant 2005 USD. 2. Basis of estimation: in the drought years prior to 1992, GDP growth estimated at post-1992 drought year average of 2.2%, while growth after the drought scaled down to long-term average of 4.5%. 3. Basis of estimation: in the drought years prior to 1992 and one year immediately after the drought, tourism growth estimated at 0%. Thus the underlying assumption is that if reserves are operational, drought years can be overcome without a major fallback in tourism. This seems to be supported by the tourism data from drought years after 1992.

Source: CRED; WFP; IFPRI; World Bank; EFSRA; Ethiopian Ministry of Culture and Tourism; Ethiopian Development Research Institute; press