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Decentralised strategic grain reserves are needed to combat hunger crises

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Bonn, 11 October 2010. Just as households have food stocks to carry them over hungry seasons, communities, provinces and national governments in Africa should have food stocks to carry their units over lean periods. Multiple external and internal factors increasingly make food shortages more difficult to anticipate. Strategic grain reserves are thus crucial for avoiding food emergencies in Africa and earn much more attention and development policy support than it has hitherto received.

The multiple causes of food emergencies

The World Food Day on 16 October 2010 reminds us of our failure to reduce food emergencies. Compared to the past, when mostly local conditions were responsible for food shortages, global and regional factors have become more decisive. Many African countries depend on food imports. For example between 1998 to 2007 Benin, Burundi, Ethiopia, Mozambique, Niger, Rwanda, and Sudan spent more than 10% of their export earnings on food imports while Burkina Faso spent 20% and Guinea-Bissau as much as 40%. This exposes them to global food price volatility such as in the 2008 food crisis. Exposure to production risks in the exporting country such as the recent droughts and wild fires in Russia are nowadays connected to events such as the hike in bread prices in Mozambique. This could be in addition to currency shocks in the food importing country. This multiple exposure therefore requires various instruments. No doubt, Sub-Saharan African countries need to increase their agricultural production and productivity, but one important instrument to manage food scarcity is to hold a strategic grain reserve.

The case for strategic grain reserves

The UN Food and Agricultural Organisation recognises the primary function of a strategic grain reserve in helping to cope with food emergencies. However, grain reserves are also used to stabilise grain prices and sometimes, for providing grain-loans to organisations or countries. Such reserves can be in physical grain or financial reserves. Physical reserves aim to meet national food short-

falls, whereas financial reserves are set aside to meet the purchase of a pre-defined amount of food should the need arise. Some countries hold both types of reserves. Yet, reliance on imports presupposes that a country has enough foreign currency reserves to purchase food, that food is available at that particular moment in the world market, that a loan request can be granted and that the ordered food arrives in time.

However, grain reserves are controversial and highly politicised. This is partly due to their rather poor performances in guaranteeing fast and adequate response during food crises and due to their potential to distort market prices. Yet, several African countries hold grain reserves as a way to buffer food supply shortfalls. Despite this benefit, donors have given strategic grain reserves little attention. This reflects the divergences in the understandings of international development policy and national policies on the importance of holding a physical grain reserve. However, the UN World Food Programme is exploring setting up regional reserves as a form of prepositioning food stocks.

A good policy with a poor performance

Governance problems including mismanagement and corruption have beset many grain reserves. The question is whether the poor performances should be argument enough to discard the good instrument. Solutions should rather be sought to ensure that the instrument delivers its promises of buffering hunger. Joint commercial ventures with the private sector or complete privatisation of reserves may be viable options, as they exist e.g. in Zambia in the framework of warehouse systems. Continuous monitoring can ensure that policy guidelines are followed. The management could be decentralised so that each local government area can decide over its own food reserves. The national level could then do the coordination.

The case for decentralised grain reserves

A decentralised strategic grain reserve ensures food availability within a short distance of the affected. Those at the local level are more informed about the evolving situation on the

ground. This reduces over-dependence on the national early warning systems.

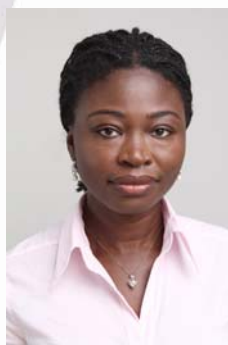
Decentralisation reduces the lump risk facing single national reserves from corruption and mismanagement, fire, theft and pest infestation. As a transparent system it includes peer-monitoring and makes each unit answerable when food stocks disappear, are prematurely sold or due procedure is not followed. It thus becomes easier to control for the concentration of power in a few hands and to penalise those who mismanage their stocks. Thus, the inclusion of the major media into the monitoring team is desirable as this will increase transparency. Publicising the food balance sheets of each local grain reserve can be an effective check against corruption.

Decentralised reserves also allow for storing cheaper and more locally appropriate food. Most food-aid donated is "tied" to a donor agenda. Certain donor-countries also tend to give food aid when they have food production surplus, and when global grain prices are low. Decentralising can thus weaken this linkage and give food-deficit African countries the freedom to choose where and when to get their reserves – food aid then becomes demand driven rather than supply driven. It therefore has potentials to reduce the misuse of food aid for politics.

More development policy support needed

Decentralising reserves redirects attention to the challenge of post-harvest processing which is an important aspect of food security. Even countries that have production deficit sometimes do have surpluses, which waste due to inadequate storage structures. Often farmers also produce surpluses, which they are forced to sell cheap because they need cash. Holding such farmer stocks in communal grain reserves which may also be integrated in crop index insurance packages will go a long way to improving food security.

If well managed, grain reserves increase the sphere of action of the government and increase buffer capacities. While the grain reserve scandals in Africa frustrate donors and reinforce their negative attitude, this discouraging record should not be an argument for ignoring this tool. Ensuring good governance is crucial and as we control for poor governance by central governments, there should also be a control for rural elites in decentralised reserves. Development cooperation should support national governments to deal with the mismanagement issues reported; to decentralise reserves to sub-national levels, and introduce measures that ensure that the food gets to the intended targets.



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