



## No. 6.1 Food Aid: Cereal Banks

### What are cereal banks?

Cereal (or grain) banks are community-based institutions (or village/group of village cooperatives) that buy, store and sell basic food grains. When properly run, cereal banks can smooth seasonal price variations and assure accessible grain supplies.

There are various forms of cereal banks, determined by to their way of functioning and the objectives of their creation. They all involve a warehouse, a financial/credit system, and a sharing of resources.

Most cereal banks aim to offer farmers access to credit through a deposit scheme, that allows them to store their harvest in a community warehouse during surplus, and wait until prices increase before selling their goods on the market. Thus, farmers do not have to sell their harvest right away, when prices may be at their lowest.

Cereal banks may also aim to offer vulnerable households affordable cereals during a hunger gap by storing grains locally at the harvest time and avoiding inflation caused by speculators.

Other cereal banks systems aim to put in common grain resources and to make them available for members of the community hit by a shock. As such they function as a mutual benefits/insurance society. Each person who has contributed to it can receive grains when they are most needed.

Table 1 outlines some of the advantages and disadvantages or challenges associated with cereal banks.



Fig. 1: Oxfam funded grain supply as a start-up for this grain store in Tanzania (Credit: Geoff Sayer/OXFAM)

### When is it appropriate to do set up a cereal bank?

If cereal banks are set up in hunger-prone areas *before* a disaster, they can serve as a tool for disaster risk reduction and preparedness by ensuring that people have access to food at affordable rates. If the cereal bank is sustainable, it can over the long term can help mitigate chronic and acute food insecurity in the region.

Criteria that must be present for programme to be viable include:

- Strong community cohesion and motivation with a business-like approach to establishing and managing the bank;
- Presence of literate and honest community representatives able to follow-up registers and ensure project maintenance;
- Sufficient local cereal production to ensure bank re-stocking;
- Availability of technical knowledge to sort and grade cereals by quality and type;
- Availability of a community building with sufficient storage capacity and quality standards (airing, wooden range, pest control, etc.);

#### Box 1: Setting up cereal banks – a rough checklist of requirements

- ✓ Identification of needs, objectives and opportunities of the potential cereal bank system
- ✓ Study of sustainability of the potential cereal bank (community willingness and capacity to support it, availability of grains, market trends, etc.)
- ✓ Identification or creation of storage buildings – they should be in an area that is easily accessible by the affected community
- ✓ Election of cereal bank representatives and management committee
- ✓ Development of book-keeping methods, including registration books and follow-up documents
- ✓ Training of those responsible for bank's management and registration methods
- ✓ Identification of methods to meet bank's maintenance and finance costs
- ✓ Identification of cereal sources for stocking the bank and mode of de- and restocking
- ✓ Determination of purchasing and selling prices
- ✓ Monitoring and evaluation system to avoid fraud and encourage sustainable community management of the bank

**Table 1: Advantages and disadvantages or challenges of cereal banks**

Advantages	Disadvantages/challenges
<ul style="list-style-type: none"> <li>Prevents sale of cereals at harvest time (lower value) to opportunist traders or loan sharks</li> <li>May allow farmers to benefit more from their harvest</li> <li>May help vulnerable households meet their food needs in times of crisis</li> <li>Keeps cereals locally-available and hence limits risks of shortage at hunger gap and sowing period</li> <li>Can stimulate local economy if money is provided to farmers at deposit, generating additional income and employment</li> <li>Creates/strengthens community structures and organisation</li> </ul>	<ul style="list-style-type: none"> <li>Rarely sustainable when sponsored by an NGO—needs regular support (e.g. by local administration) to re-fill bank and train community in follow-up procedures</li> <li>By selling/lending below-market rates, banks aiming to improve cereal access to the most vulnerable tend to lose money and bankrupt (loans often left unpaid)</li> <li>Requires skilled people in community and close follow-up by implementing agency to ensure sustainability</li> <li>A year's bad harvest or chronic farmer vulnerability can jeopardise bank re-stocking and hence its continuation (i.e., unsuitable for poorest/chronically deficit areas)</li> <li>Possibility of corruption and ineffective management</li> <li>Unsuitable for surplus areas (difficult to find buyers)</li> </ul>

- Storage administration and management costs (e.g., losses and protection measures against rot, rodents, perforation of bags) are covered through a commission taken on deposit or in sale; and,
- Banks are economically sustainable i.e., should not lose money between stocking and restocking.

### What are the outputs or outcomes of cereal banks?

The kinds of outputs or outcomes we could expect from a cereal bank include:

- Farmers and consumers are provided with better marketing services at community-level during critical periods of the year;
- Farmers and consumers are protected against market fluctuations, limits speculation and hoarding;
- Cereal availability within the community is improved (a locally-available emergency food stock may also be created); and,
- Community-level organisation, cohesion and planning capacities are strengthened.

### Are there any programme examples of cereal banks?

Oxfam GB programme examples using cereal banks in its emergency response include:

- Niger 2006. In the Tillaberi region, where a locust invasion exacerbated chronic food insecurity, Oxfam GB implemented a response aimed at strengthening local initiatives to make the community better able to cope with shocks. This response was part of a wider food security and livelihoods programme, and included cash-for-work projects and training of local committees in cereal bank management; and,
- Afghanistan 2008. Drought and spiralling global food grain prices led to widespread food insecurity. As part of a broader sustainable livelihoods and governance programme, Oxfam GB implemented an emergency response that involved establishing 31 community-level grain banks in Daikindi province to help vulnerable families meet their food needs in winter.

### Where can I find further reading and more detailed information?

<p>Fall A. et al. 1991. <i>Community Cereal banks – at your service? The story of Toundeu-Patar: a village somewhere in the Sahel</i>. Oxfam: Oxford</p> <p>This manual presents, in the form of a story, some of the main questions and issues in setting up and operating a cereal bank.</p>	<p>Tearfund 2007. <i>Prepare to live: strengthening the resilience of communities to manage food insecurity in the Sahel region</i>. <a href="http://tilz.tearfund.org">http://tilz.tearfund.org</a></p>
<p>Oxfam EFSL Rough Guides</p> <p>– 4.1 Agricultural Support Programmes</p>	<p>Practical Action Technical Brief: Community Cereal Banks</p> <p><a href="http://practicalaction.org">http://practicalaction.org</a></p>

### Who can I contact for more information and guidance?

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