

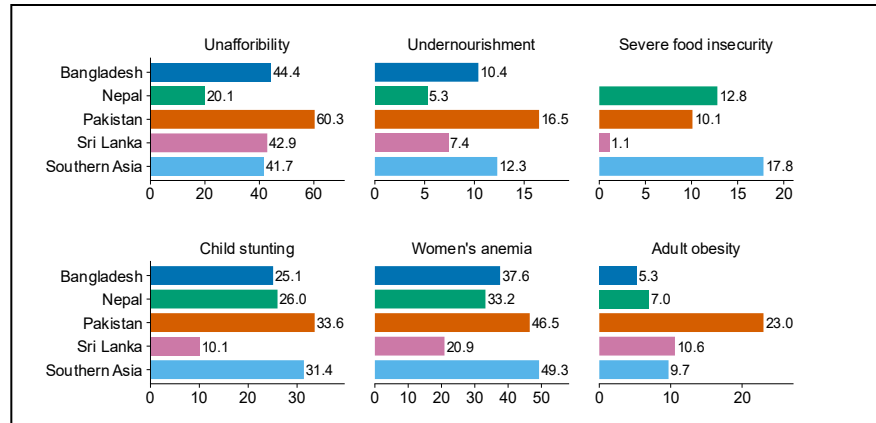
Regional Policy Brief

South Asian Coalition for Improved Nutrition (SACIN): Transforming Food Systems through Fiscal and Trade Policies Reforms



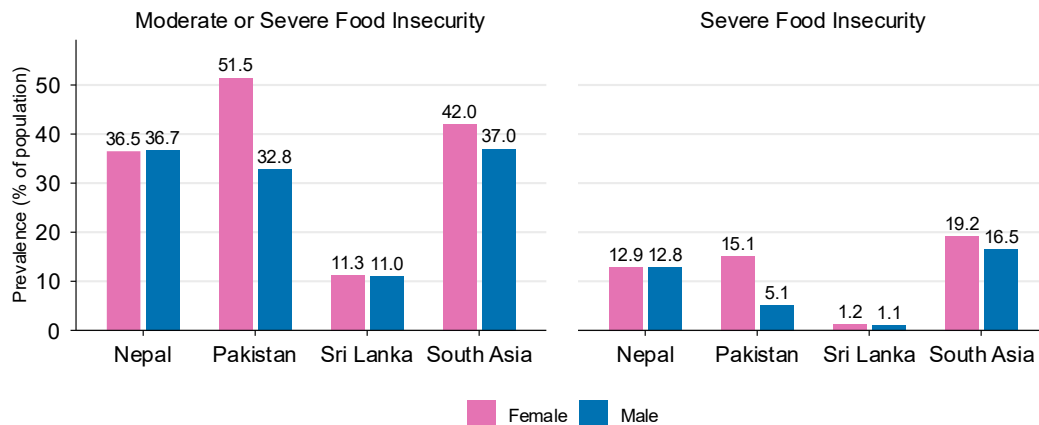
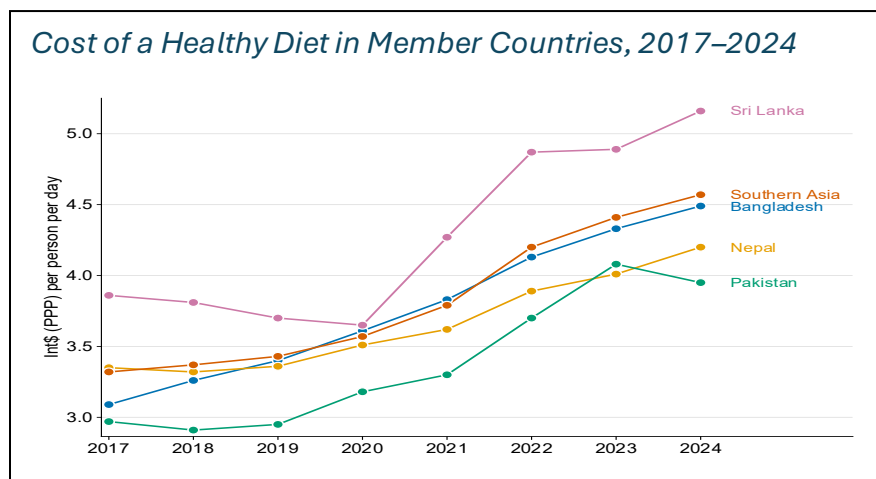
Background:

South Asia remains one of the world's most food-insecure regions. Home to nearly **2.1 billion** people, the region continues to face high levels of undernourishment, child stunting, and micronutrient deficiencies, alongside a rising burden of diet-related non-communicable diseases.



Note: Data refer to the most recent year available for each indicator, including 2024 (child stunting and unaffordability), 2023 (women's anemia), 2022–2024 averages (undernourishment and severe food

Over the last decade, South Asian countries have undergone a phenomenon termed the 'nutrition transition'. This transition is away from traditional diets to processed and packaged foods. This coupled with the rising cost of a healthy diet in Southern Asia exacerbated triple burden of malnutrition. However this burden was not experienced homogenously within South Asia. Gender and socio-economic differences created disparities which further shape the food security landscape.



Our Findings:

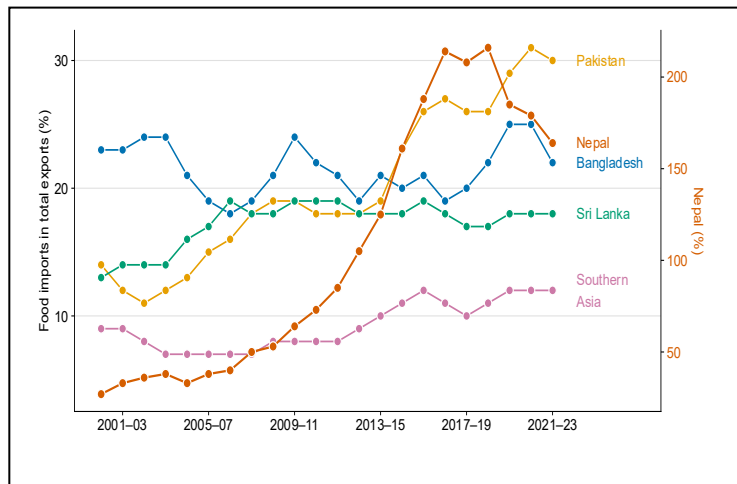
The burden of the triple burden is exacerbated due to fiscal and trade measures. Our research revealed that consortium countries' fiscal policies are not compatible to deal with food and nutrition insecurity crisis in these countries. In the case of Pakistan, we see a disconnect between allocated and required nutrition-specific expenditure. The percentage of the country's population categorized by FAO as being moderately or severely food-insecure is 44.9%, or around 103 million people. With nutrition-specific expenditure budgeted at Rs 80.5 billion in the federal budget for 2025-26, per capita spending for the cohort translates to a paltry Rs 783 per annum. Even with provincial budgetary allocations included, it is clear that the per capita allocation for the cohort of moderately or severely food-insecure people is woefully inadequate. Moreover, the design of fiscal policies in Sri Lanka has tended to favor price stability of staples primarily energy-dense carbohydrates rather than boosting affordability of nutrient-dense foods such as pulses, dairy, fruits and vegetables. Even though nutrition is a national priority, the allocation and targeting of budgetary resources remains fragmented across sectors and lacks sufficient integration with fiscal instruments affecting food prices.

The consortium countries also provide huge subsidies to the agriculture sector, e.g., Pakistan is providing roughly 450 billion rupees in subsidies to the agriculture sector. Some of these subsidies, which are detrimental to the environment (fertilizer or water subsidies), can be diverted safely to enhance food security and nutrition.

	Agriculture Sector Subsidies-Recent Trends
Bangladesh	In the last 13 years, around Tk 97,873 crore worth of subsidies have been provided to the agriculture sector in Bangladesh, of which Tk 15,168.15 crore was provided in the financial year 2021-22.
Nepal	The Government of Nepal allocated NPR 55.97 billion in subsidies to the agricultural sector in the fiscal year 2022-23. Likewise, these subsidies will reach NPR 58.98 billion in the 2023-24 fiscal year. The state supports farming through fertilizer subsidies, seed programs, and irrigation. In addition, to providing electricity at NPR2 per unit tariff for irrigation purpose compared to NPR 9 per unit rates applied to households
Pakistan	A package worth Rs1,800 billion was announced for the agriculture sector under the Kisan Package in the flood-affected areas of Pakistan. Furthermore, subsidies worth Rs. 64 billion were allocated in the 2023-24 budget (Federal Budget) for the agriculture sector in Pakistan. However, the government later withdrew subsidies worth around Rs 12 billion under

	<p>the agreement with the IMF.</p> <p>Federal government expenditure on food security-related and nutrition-linked subsidies and transfers for fiscal year 2025-26 is budgeted at Rs 1,006 billion, or slightly less than 0.8 per cent of GDP</p>
Sri Lanka	<p>In 2023, the Sri Lankan government provided Rs. 10 billion (Sri Lanka Rupee) for fertilizer-related subsidies by providing special vouchers to farmers.</p>

Additionally, trade measures are also not aligned with the food and nutrition security agenda. Overall, within the consortium countries, tariff rates are generally lower on primary agricultural products and higher on processed food items, indicating a pattern of tariff escalation along the value chain, where greater protection is afforded to more value-added products. For instance, Nepal's trade policy prioritizes domestic production and fiscal gains, even though such policies can have unintended nutritional effects.



Moreover, processed food products (HS16–HS21) generally face higher tariffs across all four countries compared to unprocessed agricultural goods. Furthermore, external food dependence and vulnerability reveal that at the regional level, there is a modest but steady increase in structural dependence on imported food relative to export capacity.

Proposed Framework of Trade and Fiscal Policies

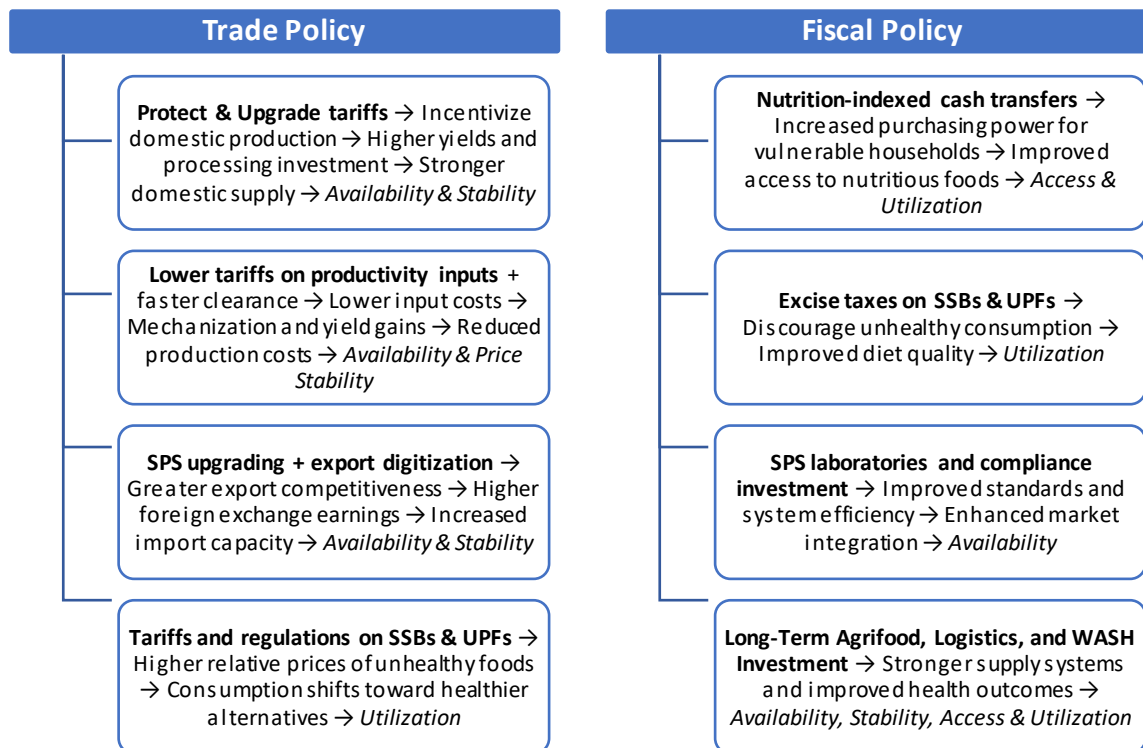


Figure 1. Trade and Fiscal Policy Transmission Channels to Improve Food Security

Country-Specific Policy Recommendations:

However, each country’s ground realities dictate how the framework will be implemented. Hence, this section will look at country-specific policy recommendations:

Sri Lanka:

- Sri Lanka faces persistent nutrition gaps, heavy import dependence, weak policy coordination and growing climate-related production risks.
- Reforms in fiscal and trade policies such as targeted subsidies, rationalized tariffs and strategic import management are vital to enhance food affordability, stabilize markets and support domestic production.
- Institutional Strengthening by establishing multi-sectoral coordination bodies linking ministries, academia and civil society for nutrition-sensitive policy integration.
- A unified monitoring framework with nutrition, gender and climate indicators is needed to track policy impacts and guide evidence-based decisions.
- Enhanced SACIN collaboration through harmonized data, joint research and coordinated trade strategies will promote shared resilience and nutrition security across South Asia.

Nepal:

- Strengthen domestic food production and invest in climate-smart, nutrition-sensitive agriculture.
- Reform agriculture support and market systems.
- Consistent prioritization to food security and nutrition programmes.
- Revisit the plans and programmes to assess their impacts and address the shortcomings.
- Reform subsidies and tariff policies (for e.g; ¾ of the subsidies are in chemical fertilizers and tariff policies should encourage healthy choices).
- Align trade and food policies (trade policies do not consider health outcomes of imported food products neither does it consider any dimensions while exporting nutritious food products).

Bangladesh:

- Impose increased taxes on processed and sugar-sweetened foods to discourage unhealthy consumption patterns.

- Increase investment in nutrition education and awareness campaigns to promote healthy eating using local and traditional foods.
- Provide tax or VAT incentives to encourage private sector participation in fortifying staple foods such as rice and wheat.
- Expand investment in diversified, nutrition-sensitive agriculture through SEZs, low-interest loans, and infrastructural support.
- Establish stable international trade partnerships to ensure consistent and affordable supply of nutritious foods.
- Facilitate import and transfer of agri-nutrition technologies via tax exemptions and bilateral agreements to build local capacity including promotions of local AI and other technologies.
- Reform fruit import taxes to create a fair and affordable pricing structure that improves access to healthy fruits.

Pakistan:

- Adopt a “Protect and Upgrade” tariff regime with higher tariffs on selected import-competing staples (cereals, pulses), phased down as domestic productivity improves.
- Discourage SSBs and UPFs imports through higher tariff bands and stricter import controls, including front-of-pack labeling, ingredient disclosure, and limits on trans fats and added sugars.
- Rebalance imports toward productivity by lowering tariffs on essential agrifood inputs, productivity-enhancing equipment, and intermediate goods (seeds, fertilizer raw materials, machinery, cold-chain, vaccines/feed additives).
- Support agrifood exports by digitizing border clearance procedures through green channels, time-bound targets for perishables (fruits/vegetables), and strengthened SPS accreditation, testing labs, and e-certification exchange.
- Expand, nutrition-sensitive cash transfers for high-risk groups (children <5, pregnant/lactating and anemic women) and geographic prioritization in districts with high undernutrition and food unaffordability to protect purchasing power amid rising food prices.

- Increase health excise taxes on SSBs and UPFs to curb unhealthy diets, encourage substitution toward healthier foods, and reduce diet-related risks, including rising obesity.
- Launch Agrifood Productivity and Food Security Investment Plan

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