



## BANGLADESH FOOD SECURITY MONITORING QUARTERLY BULLETIN

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### HIGHLIGHTS

**Retail price of food:** The national average retail prices of coarse rice continued to increase during the reporting quarter, whereas, that of wholemeal wheat flour (*atta*) reduced slightly by 1 percent as compared to the previous quarter. The prices of coarse rice were 31 percent higher and those of wheat 5 percent lower than in the same period a year ago. The price of palm oil increased and that of lentils (*masur*) decreased during the reporting period, and hit 75 Tk/litre and 90 Tk/kg respectively in March 2017.

**Inflation:** General inflation, measured by the point to point variation in the Consumer Price Index (CPI), stood at 5 percent in December 2016 which is the lowest in the past four and a half years, mainly on the back of steady decline in non-food inflation since June 2016. Food inflation was more than 21 percent higher in January 2017 (6.5 percent) as compared to the previous month (5.4 percent) and continued increasing till March 2017 (6.9 percent) mainly due to a rise in the prices of food commodities like rice, beef and edible oil. Non-food inflation declined by 31 percent in January 2017 largely on the back of weakening demand and purchasing power due to reduced remittance inflow in the recent past.

**Remittances:** The month-on-month remittance inflow (in USD) started declining in the beginning of the ongoing FY and were as low as USD 0.96 billion in December 2016. Inward remittances in the 2016 calendar year stood at USD 13.61 billion, the lowest in the past five years, despite a 35 percent increase in migrant outflow during the period. With an unstable pattern during the reporting quarter, remittance inflow continued its downward course and hit USD 1.1 billion in March 2017, lower by 16 percent year-on-year. The Central Bank considers low global oil prices as the cause of this decline which strongly hit the incomes of Bangladeshi migrant workers in the Middle East.

**Food production, import and stock:** The Department of Agricultural Extension (DAE) has fixed the target for food grain production at 36.50 million MT for the FY 2016-17 of which 35.15 million MT is for rice and 1.35 million MT for wheat. The Bangladesh Bureau of Statistics (BBS) had finalized *Aus* and *Aman* production at 2.14 and 13.66 million MT, about 7 percent lower and 1.3 percent higher than the previous year's production respectively. Public food grain stocks were 0.77 million MT in March 2017 which was 40 percent lower than at the same time a year ago. The food grain import target for the current FY 2016-17 is 5.5 million MT of which rice and wheat would be 0.1 and 5.4 million MT respectively.

**Public food procurement and distribution:** The target for foodgrain procurement in the FY 2016-17 was 2.05 million MT of which 1.85 million MT would be rice and 0.20 million MT wheat. The Government has set the target for total foodgrain distribution during the current FY 2016-17 at 2.37 million MT, against the actual distribution of 2.06 million MT in the previous FY. The actual distribution up to March 2017 meets 66 percent of the total distribution target.

**Wage rate and purchasing capacity:** In March 2017, the average wage for a female labourer was 273 Taka/day whereas for a male labourer it was 349 Taka/day – a difference of 76 Taka/day. There were better work opportunities for agricultural labourers during the reporting quarter due to cultivation of *Boro* rice and wheat; and post-harvest processing of *Aman* rice. Thus the agricultural wages also followed a reasonable trend through the period. However, the gap between male and female labourers remained.

Wage data collected from the Bangladesh Bureau of Statistics (BBS) showed that the average Terms of Trade (ToT: kg of rice per daily wage) in the reporting quarter went down in January 2017 as compared to the previous month, continued decreasing during the reporting quarter, and hit 9 kg/day in March 2017. The average ToT during this period was also lower than in the same period last year. Considerably higher rice prices and lower public stocks during the reporting quarter contributed to the downward ToT in this period -- for both male and female agricultural day labourers.

## ENVIRONMENTAL CONDITIONS

*Boro* paddy and wheat are two major winter (*rabi*) crops according to the agricultural calendar. *Boro* paddy is an irrigation dependent *rabi* crop planted during December to mid-February. The cultivation period for wheat is from November to mid-April

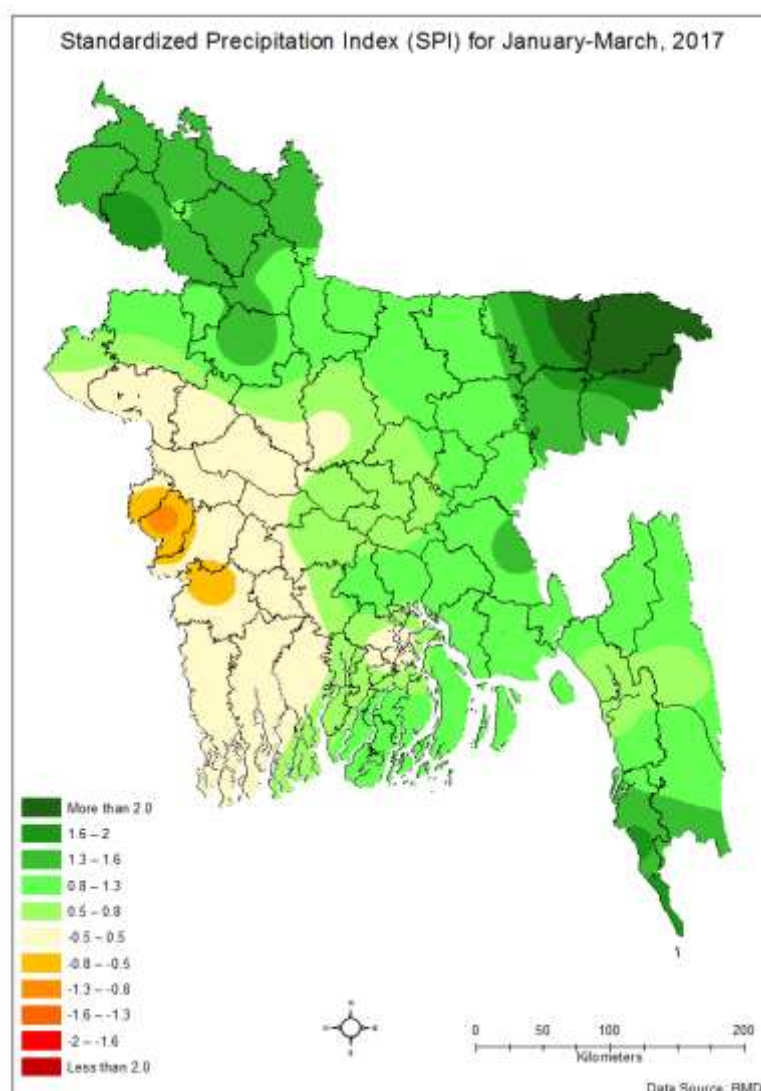
as it suits better in dry and cold weather. The actual rainfall during the reporting quarter was quite unstable, being about 93 and 83 percent lower than normal in January and February respectively, and 135 percent higher in March 2017. However, the deviations in rainfall during this period did not cause any remarkable damage to the standing crops.

The average temperature during the reporting quarter was close to the normal temperature and was favourable for the planting of *Boro* paddy and wheat.

The Bangladesh Meteorological Department (BMD) regularly monitors the precipitation status of the country. Most of the country experienced moderate to extreme wet condition (SPI<sup>1</sup> 1.6 to 2) during the reporting quarter, except for Khulna division and some areas of the southern part of Rajshahi division. A state of extreme dryness/drought had been reported in Chuadanga district in western Bangladesh (SPI -2 to -1.6) over this period.

Month-Year	Average Rainfall (mm)			Average Temperature (Celsius)		
	Actual	Normal	Deviation (%)	Actual	Normal	Deviation (%)
Jan'17	0.6	9.07	-92.9	19.7	18.9	4.6
Feb'17	4.5	25.54	-82.5	22.7	21.4	6.0
Mar'17	123.0	52.35	135.0	24.9	25.6	-2.8

Source: Bangladesh Meteorological Department



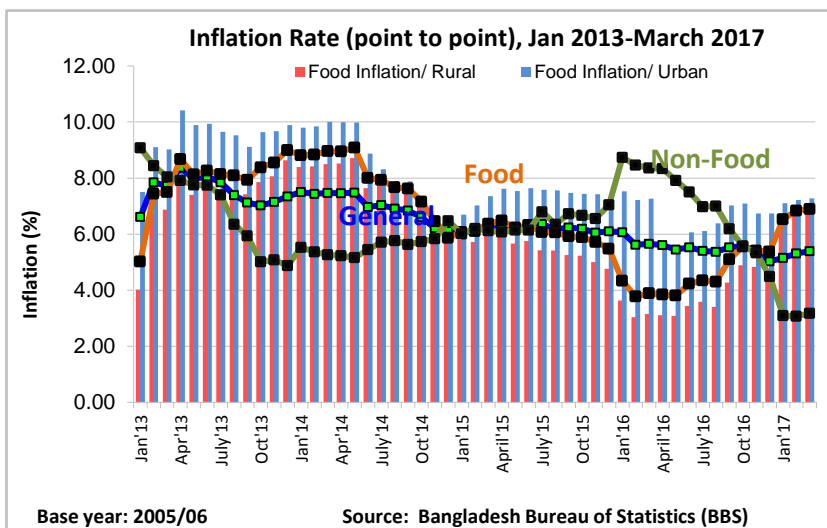
<sup>1</sup> Standardized Precipitation Index (SPI) refers to the probability of precipitation for any time scale to define drought intensity. The SPI ranges from +2.0 and more referring to extremely wet conditions, to -2.0 and less referring to extremely dry conditions/drought.

## ECONOMIC CONDITIONS

### INFLATION AND REMITTANCES

#### Inflation

General inflation, measured by the point to point variation in the Consumer Price Index (CPI), stood at 5 percent in December 2016 which was the lowest in the past four and a half years, mainly on the back of a steady decline in non-food inflation since June 2016. The declining trend continued during the reporting quarter; the average non-food inflation was around 3 percent. However, food inflation increased considerably during this period compared to the previous quarter. It was more than 21 percent higher in



January 2017 (6.5 percent) as compared to the previous month (5.4 percent) and continued increasing till March 2017 (6.9 percent) mainly due to a rise in the global prices of food commodities such as rice, beef and edible oil. This contributed to a gradual upsurge in general inflation which stood at 5.4 percent in March 2017. Non-food inflation, on the other hand, declined from 4.5 percent in December 2016 to 3.1 percent in January 2017 (by 31 percent), largely on the back of weakening demand and purchasing power due to reduced remittance inflow in the recent past. However, it started increasing later in the quarter and hit 3.2 percent in March 2017.

The Ministry of Finance has set the inflation target for the current FY at 5.8 percent. Although having a declining trend over the years, inflation in Bangladesh remains stubbornly high at 5-6 percent compared to the global rate range of 2-3 percent. According to a World Bank statement, inflation in Bangladesh is among the highest in the South and South-East Asia region, and significantly higher than for its major trading partners in Europe and America. A substantial fall in global commodity prices opened opportunities to reduce domestic inflation through proper conduct of fiscal and monetary policies. The Bangladesh Bank announced a cautious monetary policy instead of an expansionary one anticipating a rise in inflation in the coming months.

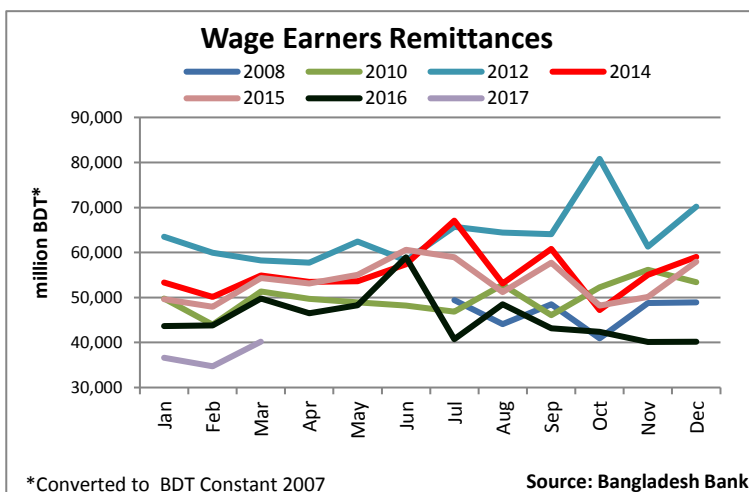
Even though food inflation had been following a decreasing trend during the past few years until December 2016, there continued to be a significant difference between food inflation in rural and urban areas. However, the gap between urban and rural food inflation decreased throughout the reporting quarter, as compared to the previous FY as well as the 1<sup>st</sup> quarter of the current FY, on the back of a sharp increase in rice prices.

## Remittance inflow

The month-on-month remittance inflow (in USD) started declining since the beginning of the ongoing FY and hit USD 0.96 billion in December 2016. Inward remittances in the 2016 calendar year stood at USD 13.61 billion, the lowest in the past five years, despite a 35 percent increase in migrant outflow during the period. With an unstable pattern during the reporting quarter, remittance inflow continued its downward course and hit USD 1.1 billion in March 2017, lower by 16 percent year-on-year. The Central Bank considers low global oil prices as the cause

of this decline which strongly hit the incomes of Bangladeshi migrant workers in the Middle East. Their bonus and overtime payment decreased while living costs went up, which affected the savings of the remitters. Remittance inflow from Middle Eastern countries declined by 5.2 percent year-on-year in the last FY. The Central Bank has taken the enduring downward trajectory as a new challenge and initiated research to identify the reasons behind such fall in remittance. The research team visited Saudi Arabia, the United Arab Emirates, Singapore and Malaysia; and found that sending money in through illegal channels (*Hundi*) which cannot be tracked has reportedly increased. As stated by the Ministry of Planning, the Government would take the initiative to stimulate remittance inflows by extending incentives to Bangladeshi migrants and encouraging them to send money through official channels (*newspaper sources*).

Remittances are expected to play a vital role in achieving the country's 7<sup>th</sup> Five-year Plan 2016-2020 and the Sustainable Development Goals (SDGs). Every year a substantial number of Bangladeshi workers go abroad for work. According to the Bureau of Manpower, Employment and Training (BMET), manpower export rose by more than 62 percent in the FY 2015-16 compared to a year ago. But it could not demonstrate positive effect on the remittance inflow as workers are mostly little trained and lowly educated and therefore, have to face unemployment and/or lower wages. About 88 percent of migrant workers move abroad without receiving any formal training (*newspaper source*). However, a sign of hope is the increased female migration in the international labour market; the number from Bangladesh has been exceeding 100,000 women in the last FY for the first time since 1991-92. But the safety and security for the migrant women workers are yet to be ensured. Human trafficking remains a challenge.



## FOOD AVAILABILITY

### CROP PRODUCTION, FOOD GRAIN IMPORT AND PUBLIC GRAIN STOCK

#### Food grain production

- The Department of Agricultural Extension (DAE) has fixed the target for food grain production at 36.50 million MT for the FY 2016-17 of which 35.15 million MT is for rice and 1.35 million MT for wheat. Meanwhile, total foodgrain production in the last FY was 36.06 million MT against the target of 36.42 million MT which was just equal to the production of the preceding year (*FPMU, FSR 108*).
- The BBS had finalized *Aus* and *Aman* production at 2.14 and 13.66 million MT, about 7 percent lower and 1.3 percent higher than the previous year's production respectively (2.29 and 13.48 million MT respectively). On the other hand, the DAE anticipated that the wheat production target might not be achieved as wheat plantation fell short of targeted area. The targeted area for *Boro* plantation has almost



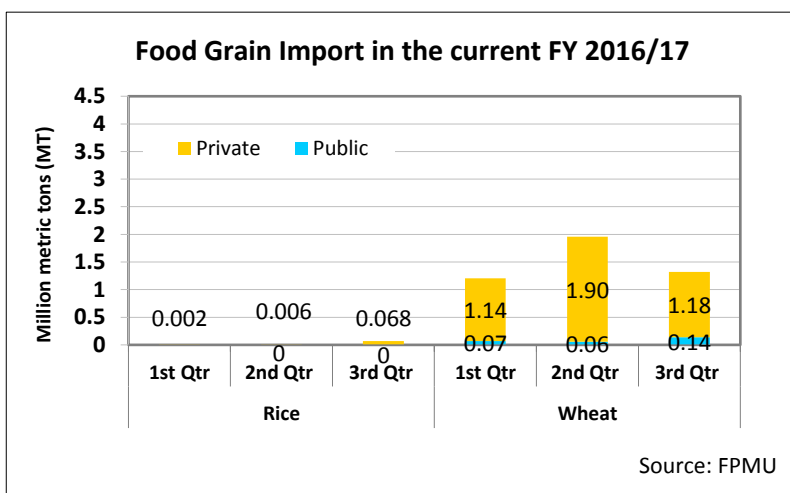
been achieved, but the production might be affected to a certain extent by the onset of early flash-floods in the *haor* regions of Sylhet and Mymensingh.

### Food grain stocks

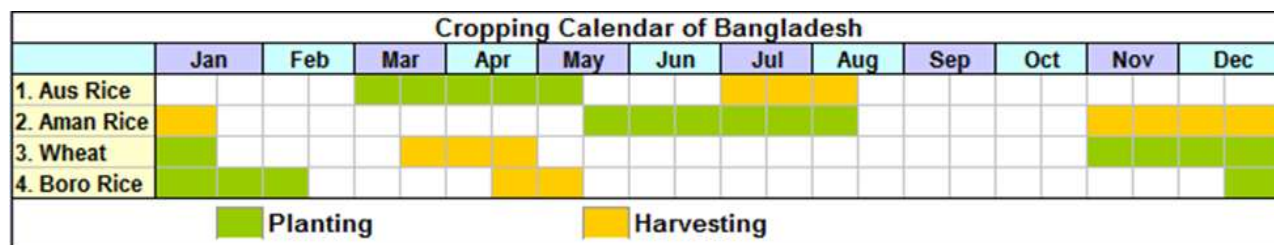
- The public stock of food grain was much lower during the ongoing FY as compared to the previous FY. A similar downward trend continued during the reporting quarter as well. The total food grain stock was 0.77 million MT in March 2017 which was 40 percent lower than in the same period a year ago (1.27 million MT). The stocks for rice were 0.6 and 0.5 million MT in January and March 2017 respectively, down by about 43 and 44 percent year-on-year. The gradual fall in rice stock might have an impact on the market prices of rice. The Ministry of Food anticipated the stock replenishment to be stabilized and be adequate to satisfy the food grain demand for public distribution during the coming months (*Ministry of Food*).

### Food grain import

- The Government budgeted for a total food grain import for the current FY 2016-17 at 5.5 million MT of which rice and wheat would be 0.1 and 5.4 million MT respectively. No public and only a small amount of private commercial import of rice has been anticipated. The Government had imposed 25 percent duty on rice import with an intent to discourage import and protect the interest of the local rice growers (*newspaper sources*).



- Total rice import for the reporting quarter was 0.07 million MT as of March 2017, entirely undertaken by the private sector. The Government did not import any rice (*FPMU, FSR 108*).
- Total wheat import for the reporting quarter was about 1.32 million MT as of March 2017 which was about 33 percent lower than in the same period a year ago (2 million MT). Almost 90 percent of the total wheat import was undertaken by the private sector with negligible public commercial import and a little food aid (*FPMU, FSR 108*).

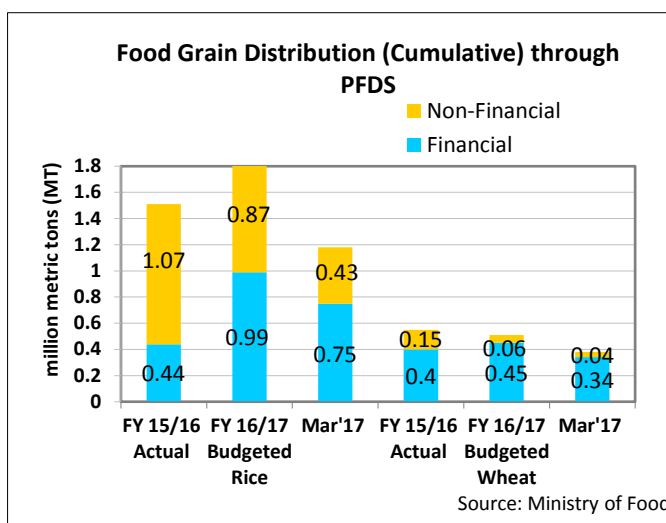


### Food grain procurement

- The target for foodgrain procurement in the FY 2016-17 was 2.05 million MT of which 1.85 million MT would be rice and 0.20 million MT wheat. The current *Aman* procurement target was revised upward and set at 0.50 million MT of rice. *Aman* procurement started from 1<sup>st</sup> December 2016 and continued till 30<sup>th</sup> March 2017. About 0.44 million MT of *Aman* rice had been procured as of 30 March 2017 (*FPMU, FSR 108*).

## Food grain distribution through PFDS

- The Government has revised the target for total foodgrain distribution for the current FY 2016/17 at 2.37 million MT, against the actual distribution of 2.06 million MT in the previous FY which was about 7 percent less than the target of 2.21 million MT (*Ministry of Food*).
- The total distribution up to the 3<sup>rd</sup> quarter of the current FY was 1.55 million MT of which 1.17 million MT was rice and 0.38 million MT was wheat. The actual distribution up to March 2017 meets 66 percent of the total distribution target.
- About 70 percent of the distribution during the ongoing FY was through financial channels with 'Khadda Bandhob Karmosuchi' (rice at Tk 10/kg for the poor) having the largest share, about 49 percent. Among non-financial channels the Vulnerable Group Development (VGD) and the Vulnerable Group Feeding (VGF) programmes dominated with higher shares of distribution.



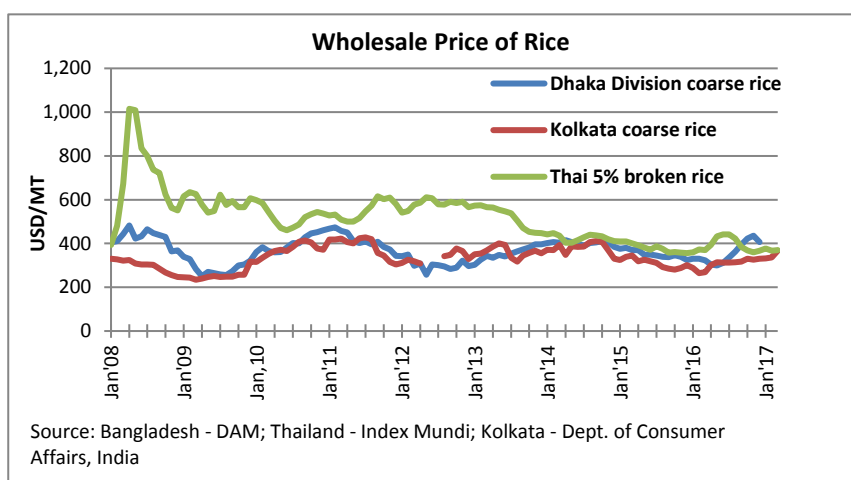
## FOOD PRICE MONITORING

### WHOLESALE AND RETAIL PRICES AND TERMS OF TRADE

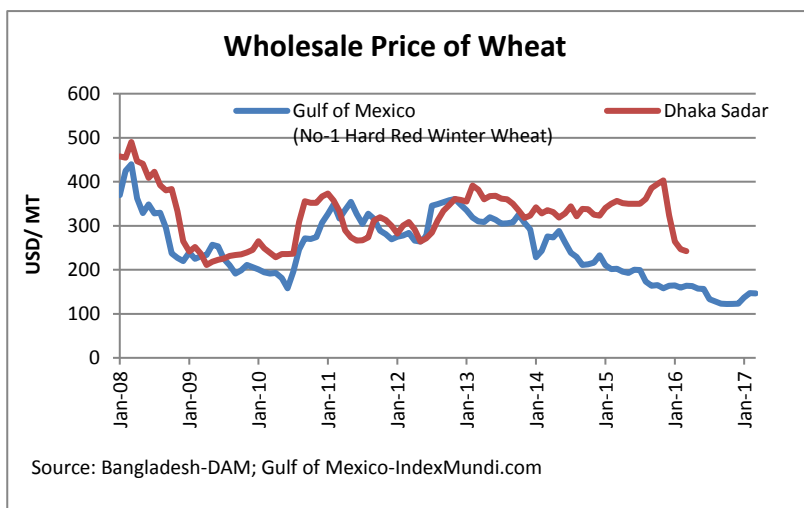
International rice prices, as per FAO rice price index which is based on 16 rice export quotations, showed an increasing trend during the reporting quarter. The price index was 190 points in January 2017, up by 2 percent from the previous month, and continued rising up to 195 points in March 2017. The average rice price for the reporting quarter was about 4 percent higher than in the previous quarter, but 1.5 percent lower year-on-year. The

average coarse rice price in Kolkata also showed a similar increasing pattern, whereas, that of Thai 5% broken rice decreased during the reporting quarter. Satisfactory production and sustained adequate stock are said to have pushed up the international rice prices.

The coarse rice price in Dhaka division continued to increase since the beginning of the ongoing FY. It rose sharply during the previous quarter, almost 25 percent higher year-on-year. Reduced supply and higher prices of paddy led to the rise in coarse rice price in the local markets (*newspaper sources*). However, divisional course rice prices during the reporting quarter were not available from the Department of Agricultural Marketing.



Bangladesh is a net importer of wheat and international prices heavily influence the price in the domestic market. The wholesale price of hard red winter wheat in the Gulf of Mexico followed an increasing pattern during the reporting quarter. It rose sharply (about 12 percent) to 137 USD/MT in January 2017 as compared to the previous month. The average price for the reporting quarter was 17 percent higher than for the previous one, but about 12 percent less year-on-year. Reduced production around the globe in the last season contributed to the recent upward trend in international wheat prices.



In Dhaka *sadar* market the wholesale price of imported red wheat was 322 USD/MT in August 2014, 93 USD/MT higher than the price in the Gulf of Mexico. Prices for the imported red wheat since then were not directly available from the Department of Agricultural Marketing website; therefore, that of imported white wheat was used from September 2014. The price was 242 USD/MT in March 2016, the lowest in the country's history. The fall in price was mainly on the back of reduced import and the Government's decision to slightly reduce the cereal price for OMS in order to clear stock (*newspaper sources*). However, wheat prices for Dhaka *sadar* during the reporting quarter were not available.

### Retail prices for essential food commodities

The national average retail prices of coarse rice continued to increase during the reporting quarter, whereas, that of wholemeal wheat flour (*atta*) reduced slightly by 1 percent as compared to the previous quarter. The prices of coarse rice were 31 percent higher and those of wheat 5 percent lower than in the same period a year ago. The Government had been procuring paddy directly from farmers which was said to cause falling short of rice stock in local markets, thus prices ultimately rose (*newspaper sources*). The prices of palm oil increased and that of lentils (*masur*) decreased during the reporting period, and hit 75 Tk/litre and 90 Tk/kg respectively in March 2017. The quarterly average price of lentils decreased by 7 percent compared to the previous quarter. Similarly, the national average oil price increased by more than 2 percent during the reporting quarter as compared to the previous quarter and was about 18 percent higher than in the same period a year ago.

% Change of Retail Prices (National Average) of Jan-Mar'17 compared to past			
Commodities	Last Quarter Oct-Dec'16	Last Year Jan-Mar'16	2008 (high food price peak periods)
Coarse Rice	1.6	30.9	-22.2
Wheat Flour ( <i>atta</i> )	-1.1	-4.9	-27.5
Palm Oil	2.3	17.5	-
Lentil ( <i>masur</i> )	-6.7	-6.9	18.7

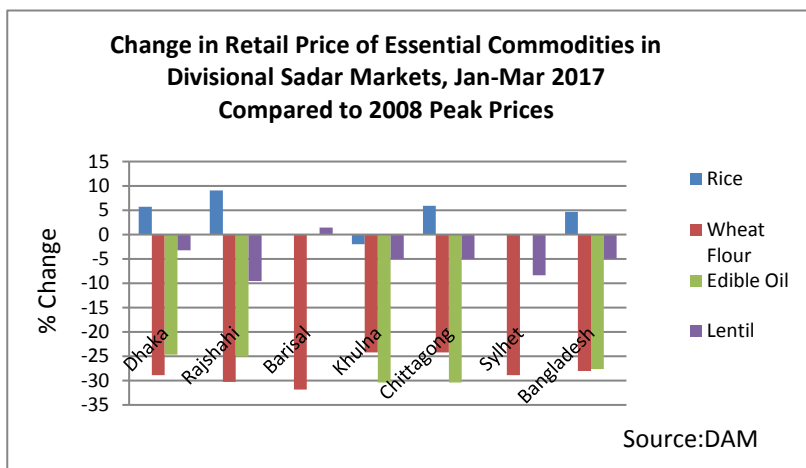
The national average retail prices of coarse rice in the reporting quarter increased from 34.5 Tk/kg in January to 36 Tk/kg in March 2017. Among the divisional *sadar* markets, coarse rice prices during the reporting quarter were recorded highest in Barisal division (39 Tk/kg) and lowest in Khulna division (about 33 Tk/kg).

Retail prices of essential food commodities (Tk/kg); Dhaka Sadar Market					
	Dec'16	Jan'17	Feb'17	Mar'17	Peak 2008
Coarse Rice	34	35	37	39	35
Whole wheat flour	32	32	32	32	45
Palm Oil	72	73	77	76	100
Lentil ( <i>masur</i> )	96	95	90	85	92

Source: Department of Agricultural Marketing

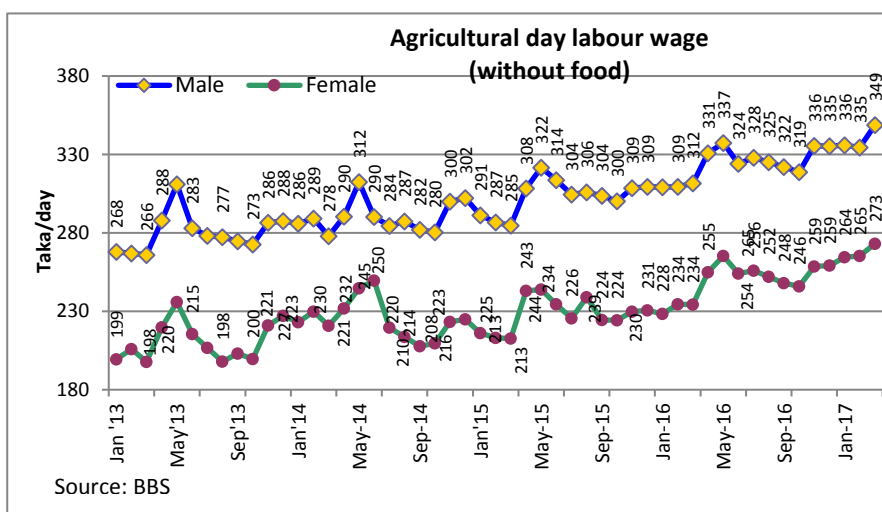
However, the prices of wheat in all the divisional *sadar* markets fluctuated between 30 to 33 Tk/kg during the reporting quarter. The quarterly average price in Khulna *sadar* was found to be the highest (33 Tk/kg), and that in Rajshahi *sadar* to be the lowest (30 Tk/kg) among the divisional *sadar* markets.

Palm oil is the dominating edible oil in the country, accounting for around 64 percent of the market share among the three major edible oils (the other two being soybean oil and mustard oil). 90 percent of the edible oil requirement is imported. The quarterly average prices of palm oil in all the divisional *sadar* markets varied between 71 Tk/litre in Khulna *sadar* and 80 Tk/litre in Sylhet *sadar* during the reporting period. For the average lentil prices in the divisional *sadar* markets, the highest price during the reporting quarter was recorded in Barisal *sadar* market with 93 Tk/kg and the lowest in Rajshahi *sadar* with 79 Tk/kg. About 80 percent of the lentil requirement is met by imports. Local production can meet the demand for only 2-3 months/year.



### Terms of Trade/Food purchasing capacity of agricultural day labourers

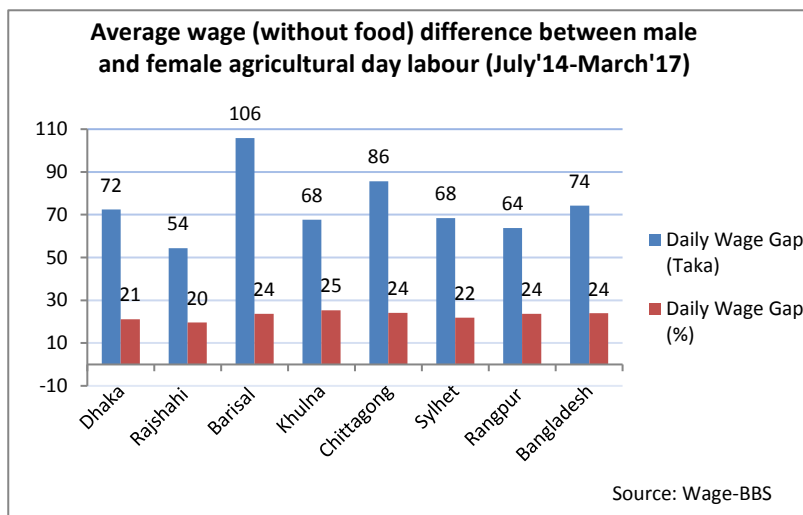
The average agricultural wages for male labourers followed quite a stable and relatively high rate during the reporting quarter since it is the agricultural peak season for the cultivation of *Boro* rice and wheat. Post-harvest processing of *Aman* crops and vegetable cultivation were also major agricultural activities during the reporting quarter. The year-on-year average daily wage for male labourers during the ongoing FY grew positively, the growth was about 12 percent in March 2017. The scenario was fairly similar for female labourers over the months. Although the wage rate of female labourers was lower than that of their male counterparts, the year-on-year average increased during this period and was about 17 percent in March 2017. Being the peak period for agricultural activities, wages during the reporting quarter were higher than in the previous one, for both male and female labourers.



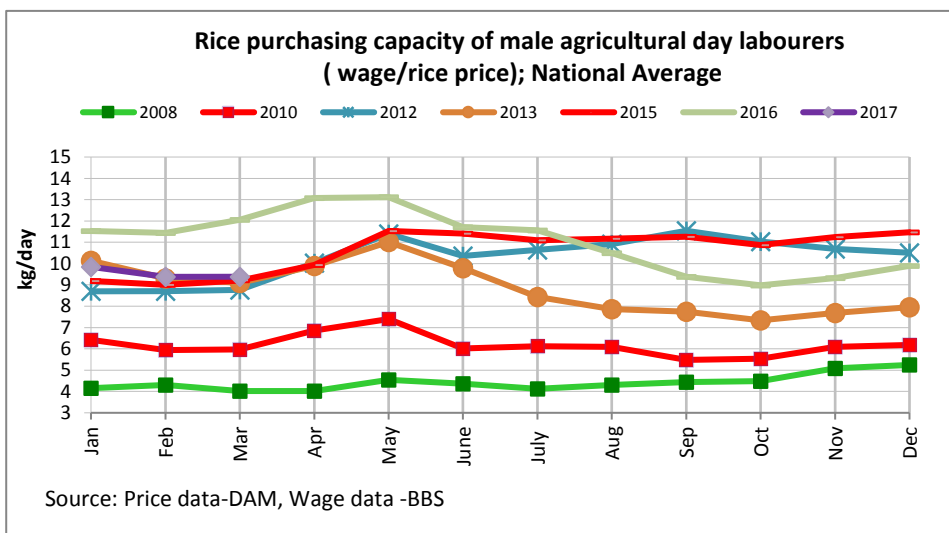
There continues to be a significant difference between the agricultural daily wages of male and female labourers. In March 2017, the average wage for a female labourer was 273 Taka/day whereas for a male labourer it was 349 Taka/day – a difference of 76 Taka/day. There were better work opportunities for agricultural labourers during the reporting quarter due to cultivation of *Boro* rice and wheat; and post-harvest processing of *Aman* rice. Thus the agricultural wages also followed a reasonable trend through the period. However, the gap between male and female labourers remained the same, which indicates that an increase in work opportunity/availability does not have any positive impact on the wage gap. After the *Aman* harvesting period ends, there are far less work opportunities for female agricultural labourers than for their male counterparts. *Boro* transplanting (December-February) is predominantly performed by male labourers. Households depending on the income of female wage labourers are, therefore, highly disadvantaged and remain more impoverished.



Trend analysis of the agricultural wage data of male and female labourers in the past two years shows that on average, female labourers receive a wage that is 24 percent less than that of their male counterparts, resulting in a purchasing capacity difference of about 2.6 kg of rice per day. This has significant implications on the food security status of households dependent largely on the wage labour income of female members. The wage gap is higher in the southern divisions of Chittagong and Barisal. The average male-female wage gap since July 2014 was 106 Taka/day in Barisal division, the second poorest division in the country. Again, a female agricultural labourer in Chittagong division, which has the second lowest poverty rate among all divisions, received 86 Taka/day less wage (24 percent less) than her male counterpart during this period. Chittagong is one of the divisions where agricultural activities are less concentrated and female labourers are of less demand, partly due to the conservative nature of the society. Wage differences during the reporting quarter were lowest with 54 Taka/day in Rajshahi division in the north-western part of the country.



The Terms of Trade (ToT) of an agricultural day labourer's wage is an indicator of the quantity of essential food items that the household can buy with his/her daily income. Since rice is the staple food and constitutes the major share in the household food expenditure, rice purchasing capacity is an important indicator of the ToT. Wage data collected from BBS



showed that the average ToT in the reporting quarter went down in January 2017 as compared to the previous month, continued decreasing during the reporting quarter, and hit 9 kg/day in March 2017. The average ToT during this period was also lower than in the same period last year. As mentioned earlier considerably higher rice prices and lower public stock during the reporting quarter contributed to the downward ToT in this period -- for both male and female agricultural day labourers.

## **EVIDENCE ON SAFETY NET SYSTEMS IN WATER LOGGING AFFECTED AREAS**

### **A Study on Vulnerabilities and Safety Net Systems in Water Logging Affected Areas in Satkhira District**

Water logging has been a persistent environmental issue in the south-western coastal districts of Bangladesh namely Jessore, Khulna and Satkhira for the past 25 years, mostly due to the perpetual siltation of the rivers along with their geographical location which makes it vulnerable to disasters. The situation worsened during 2011 on the back of extreme rainfall that inundated the region as high as 5-7 feet (1.5-2 meters) and took 6 months to retrieve. The water logging led to a massive impact on the lives and livelihoods of people, mainly through the detrimental impact on agriculture, fisheries, land resources and access to basic services such as health care, education, infrastructure and public services. The situation also led to an increased tendency of migration due to loss of income mostly in the form of intra-district rural-urban migration. Social safety net systems are very crucial for the affected people to fight back and cope with the adverse impacts.

WFP commissioned a study to assess the present state of such vulnerabilities of the poor and the effectiveness of the existing social safety net programmes (SSNP) to combat these vulnerabilities. The study focused on the safety net arrangements: needs and adequacy within the context in the two most affected upazilas of Satkhira district. A mixed method was followed to gather information-- quantitative data from a household survey and qualitative data from interviews and group discussions.

#### **Defining vulnerability and social safety net:**

In the domain of social sciences, vulnerability often lacks a clear definition. As Moser (1998) pointed out, poverty and vulnerability are often used interchangeably. Such characterization does not bring conceptual clarity because, "...although poor people are usually among the most vulnerable, not all vulnerable people are poor". Adger's (2006) further clarified the definition and argued that, "...vulnerability is the degree to which a system is susceptible to and unable to cope with adverse effects. ...In all formulations, the key parameters of vulnerability are the stress to which a system is exposed, its sensitivity, and its adaptive capacity".

Subbarao et al (2002) defined safety net in an appropriate way, "Safety nets are programs which protect a person or household against adverse outcomes in welfare: chronic incapacity to work and earn; and a decline in this capacity from a marginal situation that provides minimal livelihood for survival with few reserves". The Government of Bangladesh unveiled the National Social Security Strategy (NSSS) in 2015 which aims at reshaping the entire social safety net system by adapting a life-cycle based approach and consolidating different SSNPs with a view to assist more vulnerable people at every stage of their lives.

#### **Research findings:**

The analysis showed that, all the SSNPs currently functional in the study areas are "regular" programmes and none of them actually focuses on dealing with water logging. Education stipends and school feeding are the most available and widely covered programmes for the people living in the study areas. These programmes mainly aim at encouraging students to attend schools and do not necessarily provide any help to deal with disaster or climate change related risks. The programmes that may help the households to deal with disaster related vulnerabilities such as Vulnerable Group Development (VGD) and other allowance programmes for the vulnerable, provide access to a very limited number of people. The programme coverage and transfer size are not adequate considering the requirement. Furthermore, these programmes are mostly protective in nature having no preventive or promotive component like training or awareness raising to reduce overall vulnerability. The regular SSNPs can simply provide temporary relief and do not allow any long-term solution. The study revealed that some NGO-led SSNPs provided preventive and promotive assistance (building/rebuilding infrastructure, training and awareness raising) which were extremely relevant to address the issue. However, the scope and coverage of the NGO-led SSNPs were very limited compared to the Government supported SSNPs and these programmes did not continue for a long time. The respondents in the study areas also mentioned about significant leakage and targeting error in the SSNPs which hinders achieving the overall objective of the programmes.

**Conclusion and Recommendations:**

The study concluded that the Government SSNPs are not adequate enough to support the affected people in addressing the water logging vulnerability. Significant reform in the design of the SSNPs is required to allow these to consider the context of the locality and assist accordingly. The study recommended a number of focus areas to design support mechanisms to address water logging:

- Support to offset the loss faced by the households due to change in income and expenditure pattern, which can be ensured through providing economic support;
- Due to changes in the agricultural landscape, the food security and nutrition of the people living in these areas have been threatened and as such, the SSNPs should focus on addressing them;
- The water logging affected people often fail to get involved with new economic activities due to lack of capacity and skills. Thus, the SSNPs should try to provide adequate training along with the necessary food and cash support. While doing so, special emphasis should be placed on addressing the needs of women;
- Infrastructural development is a crucial area where immediate support is required. The study found that without increasing the height of the homesteads and roads and building bridges, survival would become extremely difficult and this is an area where government support is required;
- Focus should also be placed on ensuring access to clean water and sanitation.

The Government could also partner with NGOs that have already been working in this field and learn from their experiences in developing and implementing effective and adequate context-specific SSNPs.

**FOOD SECURITY OUTLOOK****FOOD GRAIN PRODUCTION, IMPORT, UTILIZATION AND PRICE****Global**

The Food Price Index (consisting of average food price indices of five commodity groups - cereals, dairy products, oil, sugar and meat) reported by the Food and Agriculture Organization (FAO) continued to increase during the reporting quarter and hit 176 points in February 2017. However, it declined in March 2017 on the back of a sharp fall in the global prices of sugar and vegetable oil. The average price index of major food commodities in 2016 was 161.6 points for the year as a whole, some 1.5 percent below the 2015 levels. The average index was 174 points during the reporting period which was still 1.4 percent up from the previous quarter.

The FAO Cereal Price Index rose by more than 3 percent in the beginning of the reporting quarter in January 2017 and hit 147 points. It continued to rise in February (150.6 points), but fell by 2 percent to 147.8 points in March 2017. The quarterly average was 4.5 percent higher as compared to the previous quarter. 2016 calendar year was marked by a steady decline in cereal prices, which fell 9.6 percent from 2015 and were down 39 percent from their 2011 peak. Among the major cereals, rice prices went up and wheat and maize prices fell down mostly on the back of large supplies from recently harvested crops in South America, which intensified export competition in March 2017 with ample export supplies and no major upturn in import demand.

FAO forecasted the world cereal production for 2016/17 at 2.6 billion MT which is only 0.3 percent below the 2016 record, yet above the five-year average. The revised forecast for world wheat production was 2.7 percent lower than the 2016 record level due to a decrease in world cereal production from last year. Smaller projected outputs in Australia, Canada and the United States, due to a price-induced planting cuts, accounted for most of this decline. FAO's first forecast of world rice production in 2017 was set at 0.5 billion MT assuming normal weather conditions during the northern hemisphere summer.

Global cereal utilization (both food and feed) in 2016/17 has been forecasted at 2.6 billion MT, 1.9 percent higher than the 2015/16 estimates, on the back of increased forecasts of rice, wheat and maize utilization. Global food consumption of cereals in 2016/17 was forecast at around 1.1 billion MT, up by 1.2 percent from the 2015/16 level.

## Bangladesh

The rice prices during the months of the ongoing FY followed a different pattern from what was observed in the past few years. Market prices declined in December 2016 and rose thereafter through the reporting quarter. However, the wholesale rice prices showed a steady increasing trend during the months of the current FY. The Government, through its price monitoring model to forecast domestic foodgrain prices, has estimated the wholesale prices of coarse rice for the upcoming quarter to move downward. Domestic production of foodgrain fell marginally short of the target for *Aus*, while *Aman* rice production slightly increased compared to the actual production of the preceding year. Production of *Boro* rice for the current season might be affected due to early flash flood in *haor* regions, (FPMU, FSR 108).

Wheat prices followed a somewhat similar pattern as was observed over the last four years except in February 2017 when prices dropped instead of rising. The wholesale wheat prices continued to follow a stable trend until the end of the reporting quarter and were forecast by the Government to remain stable during the upcoming quarter. For the agricultural cycle of July 2016 to June 2017, the United States Department of Agriculture (USDA) in its 'Annual Update of Grain and Feed for Bangladesh' raised the forecast for wheat imports at 4.7 million MT on expectations of low international wheat prices and new demands. Imports constitute 70 percent of Bangladesh's total wheat consumption and strong global production and high global exportable supplies keep international prices low.

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