

# Review of Food Sector and Policy Options for Food Security

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## I. CURRENT FOODGRAIN SITUATION

Bangladesh witnessed bumper *boro* harvest in 1998-99. This is reflected in the declining "food gap" (defined as the shortfall of foodgrain requirements not met from domestic production) estimated for the year. The "food gap" in 1998-99 was 1.92 million tons as compared to an average of 2.86 million tons during the previous three years. In fact, the estimated "food gap" has been approaching close to the levels attained during the early nineties (Table 1).

What is, however, more striking is the sharp increase in the availability of foodgrains (both total as well as per capita) in 1998-99. Total availability of foodgrains in 1998-99 is estimated to be 24.10 million tons which exceeded the level attained in the previous year by 3.41 million tons. As a result, per capita foodgrain available for consumption stood at an all-time high figure of 520 gm/day and for the first time, the availability exceeded requirements (based on 465 gm/person/day) by a considerable margin (Figure 1). This was made possible largely through an increase in foodgrain imports, specially by the private sector. The private sector imported 3.38 million tons of foodgrains, mostly rice from India, as compared to only 1.10 million tons in the previous year. Public sector imports, mostly wheat also increased from only 0.77 million ton in 1997-98 to 1.94 million tons in 1998-99. This was largely used to support the massive relief efforts, specially the vastly expanded VGF programme both during and after the flood.<sup>1</sup>

It may sound somewhat paradoxical that such a large scale private imports of rice took place in a year when total rice production exceeded the previous year's production by more than one million ton and which experienced a bumper *boro* harvest of 10.55 million tons. The explanation is not far to seek. The flood caused massive losses in *aman* production which significantly reduced market supplies and exerted considerable upward pressure in rice prices (pushing them to the import parity levels). This along with the fiscal incentives provided earlier by the government encouraged the private sector to import rice from India until the *boro* harvest started in April, 1999. In fact, between July 1998 and March 1999, the private sector imported 2.20 million tons of rice which contributed significantly towards stabilizing market supplies and prices (approximately at the import parity levels).

The successive bumper *aman* and *boro* harvests in 1999/00 is expected to eliminate the "food gap" completely — a feat never accomplished before in the food sector of Bangladesh (Figure 2). In fact, the "food gap" fluctuated between 1.3 to 3.3 million tons during the 1990s. The availability of foodgrains has also increased but not by as much (compared to the level attained in 1998-99). Although the foodgrains available for consumption is projected to exceed the estimated requirements (based on 465

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<sup>1</sup> For an elaborate discussion of the government relief efforts during the 1998 flood, see Shahabuddin (1999).

gm/person/day), the margin is expected to be somewhat reduced due to a much lower level of imports (specially rice) in 1999-00. With adequate supplies of rice in the market, the imports of rice are estimated to be only 0.40 million ton as compared to about 3 million tons in the previous year (Table 1). In fact, the share of rice in total foodgrain imports is expected to be reduced from 56 per cent in 1998-99 to only 20 per cent in 1999-00. No public sector commercial imports are envisaged for the current fiscal year. The public sector imports are to be funded entirely by food aid and would consist almost exclusively of wheat for distribution in the targeted programmes.

Despite significant increase in availability in 1998-99, rice prices (wholesale, coarse variety) registered an increase of 18.6 per cent over the previous year — from Tk. 11.68/kg. in 1997/98 to Tk. 13.85/kg. in 1998-99 (Table II). This can be attributed to the fact that the bumper *boro* harvest was not available before April, 1999. What is more significant, during the preceding months, the shortfall in *aus*, and more importantly, in *aman* production due to flood was met largely through imports from India. Hence both the market supplies of rice and its price was dictated by import parity price (ex-India) which was roughly estimated around Tk. 14/kg. (wholesale, coarse variety) during the period. Prices, however, began to decline following the harvest of *boro* and this trend continued, barring some seasonal movements, following the bumper harvest of *aman* in 1999/00. The average annual price (average of 10 months) is estimated to be Tk. 11.97/kg. — a decline of 13.6 per cent over 1998/99. In fact, the prices are expected fall further following the *boro* harvest during April - June, 2000 thereby leading to a further decline in the (average annual) price of rice in the 1999/00.<sup>2</sup>

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<sup>2</sup> It may be emphasized here that although the national average price of rice fell to Tk. 11.67/kg at the start of May, it remains too early and somewhat difficult to predict movement in market prices. In 1998-99, rice prices began to fall in the fourth week of April, dropping sharply from Tk. 14.5/kg in mid-April to Tk. 11.7/kg in mid-May. But this steep drop is not typical of other years when a good *boro* harvest follows a good *aman* harvest. For example, the price decline was less steep in 1992/93 when prices gradually began to fall in the second week of May. Moreover, in 1996/97 there was essentially no trend in rice market prices despite a good *boro* harvest. Generally, the average seasonal pattern of rice prices over the 1993-99 period has been a 7.33 per cent drop between April and May, with a further 6.71 per cent decline in June (FMRSP/FPMU Memo, 22 May, 2000).

**Figure 1**

**Figure 2**

**Table I: Foodgrain Balance Sheet: 1990/91 - 1999/00 Period***(All quantities are in 000 tons)*

	1990-91 Total	1991-92 Total	1992-93 Total	1993-94 Total	1994-95 Total	1995-96 Total	1996-97 Total	1997-98 Total	1998-1999 (Actual)			1999-00 (Projections)		
									Rice	Wheat	Total	Rice	Wheat	Total
1. Net Production of Foodgrains	16971	17385	17565	17262	16270	17150	18303	18599	17914	1717	19631	20367	1530	21897
2. Population (000)	111000	113000	115000	117000	119000	121000	123000	125000	127000	127000	127000	129000	129000	129000
3. Total Foodgrain Requirements	18836	19176	19516	19855	20194	20534	20876	21216	-	-	21555	-	-	21895
4. Food Gap (3-1)	1885	1791	1951	2593	3924	3384	2573	2617	-	-	1924	-	-	-2
5. Imports	1530	1517	1149	937	2492	2361	1001	1874	2964	2350	5314	405	1590	1995
(a) Public	1530	1517	804	634	1508	1536	771	773	384	1555	1939	5	890	895
(b) Private	-	-	345	303	984	825	230	1101	2580	795	3375	400	700	1100
6. Opening Stock	5832	5728	6022	5891	5287	5207	5603	5839	5253	368	5621	5866	598	6464
(a) Public	1148	1040	1277	1067	541	772	939	861	352	278	630	695	503	1198
(b) Private	4684	4688	4745	4824	4746	4435	4664	4978	4901	90	4991	5171	95	5266
7. Closing Stock	5728	6022	5891	5287	5207	5603	5839	5621	5866	598	6464	5940	705	6645
(a) Public	1040	1227	1067	541	772	939	861	630	695	503	1198	590	610	1200
(b) Private	4688	4795	4824	4746	4435	4664	4978	4991	5171	95	5266	5350	95	5445
8. Total Foodgrains Available for Consumption (1+5+6-7)	18605	18608	18845	18803	18842	19115	19068	20691	20265	3837	24102	20698	3013	23711
9. Per Capita Foodgrains Available for Consumption (gm/day)	459	451	449	440	434	433	425	454	437	83	520	440	64	504
10. Shortfall in Availability (3-8)	231	568	671	1052	1352	1419	1808	525	-	-	-2547	-	-	-1816

**Note:** 1. Total foodgrain requirements are estimated on the basis of 465 gm (16.4 oz) per person per day.  
2. Food gap represents the amount of foodgrain requirements which are not met from domestic production.

**Source:** Bangladesh Foodgrain Digest, WFP (Various Issues) and FPMU.

**Table II: Monthly National Average Wholesale Price of Coarse Rice (1990/91 to 1999/00)***(in Tk./Qtl.)*

Month	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00
July	934	1054	1086	810	1085	1280	1117	986	1251	1194
August	977	1064	1070	814	1122	1323	1085	983	1338	1222
September	980	1071	1043	859	1167	1284	1040	984	1453	1230
October	1003	1094	961	873	1203	1250	939	1034	1485	1230
November	1020	1055	872	877	1218	1180	938	1033	1419	1183
December	990	1021	854	875	1173	1179	932	1077	1449	1137
January	1019	1054	870	940	1264	1222	944	1276	1453	1157
February	1030	1077	867	1036	1272	1232	968	1370	1463	1181
March	1071	1102	864	1115	1374	1277	1001	1384	1453	1218
April	1067	1148	860	1155	1358	1257	1024	1426	1435	1214
May	1013	1071	857	1090	1271	1145	1079	1281	1226	n.a.
June	1011	1054	830	1072	1222	1124	1005	1185	1199	n.a.
Average	1010	1072	920	960	1227	1229	1006	1168	1385	1197

Source: MIS, DG, Food.

n.a. = Not Available.

## II. POLICY OPTIONS TO ENHANCE FOOD SECURITY: PRICE STABILIZATION

Ironically, within less than one year from the massive floods of 1998 and the concerns of imminent food shortages, excessively low prices and surplus rather than high prices dominate the current food policy debate. Bumper wheat and *boro* rice in the first half of 1999, followed by bumper *aman* harvest during the second half of 1999 and early 2000 resulted in large market supplies and surpluses, leading the government to increase procurement targets, and resulting in a large build-up of public stocks. This rapid changes in production environment, market conditions and public perception illustrate both the natural instability of foodgrain production and markets in the country. This also highlights the need for public intervention in foodgrain management and operation in Bangladesh.

The overall objective of food policy in Bangladesh is to ensure food security for all households in the country. In order to achieve this objective, the government undertakes several activities: it intervenes in foodgrain markets to stabilize prices, targets food distribution to poor households who are nutritionally vulnerable and provides emergency relief after natural disasters. Thus, the food policy has both price (stabilization) and quantity (public foodgrain distribution) aspects, and given fiscal as well as stock constraints, it may not always be possible to achieve all objectives (Dorosh and Shahabuddin, 1999).<sup>3</sup> In this context, it may be worthwhile to examine the mix of government and private sector participation in food markets in recent years, and explore the policy options related to price stabilization and targeted distribution in order to enhance food security in the country.

<sup>3</sup> To illustrate, procurement price and OMS prices are not true floor and ceiling prices since there is no attempt to buy all the grains offered at the procurement price nor sell unlimited quantities of foodgrain at the OMS price. Likewise, programmes designed to alleviate poverty and household food insecurity such as FFW and VGD are limited by the extent of resources available, particularly in the form of food aid.

As mentioned earlier, stabilizing foodgrain prices is a major goal of Bangladesh food policy. Foodgrain prices are crucial for both producers and consumers, specially the poor. Sharp increase in foodgrain prices significantly lower real income of the poor households, a large proportion of whose budget is spent on foodgrains. At the same time, instability in producer prices increases farmers' uncertainty and discourage private investment in agriculture. This classic conflict of interests is best addressed in the medium term through liberalization of trade and creating conditions for efficient production and marketing. Since rice is a staple food, some price band may be established — in other words, rice prices should be allowed to fluctuate between a floor and a ceiling price. This is a complex issue and there are no definitive answers as yet on whether to support rice prices at all and if so, what is the appropriate price band and whether the natural band of import and export parity prices, which would be the outcome of a liberalized trade, would not be enough. If in addition to trade liberalization, public sector intervention is desired, there is a critical question as how the price is to be supported given the fiscal constraints and inherent problems of public sector operations (The World Bank, 1999).

Recent evidence suggests that private foodgrain trade can contribute significantly to price stability. In fact, with trade liberalization, private sector imports have effectively provided a price ceiling at import parity levels following poor rice harvests in 1994/95, 1997/98 and more recently, in the aftermath of the flood in 1998. This positive experience with private sector import, however, does not completely eliminate the need for rice stocks. Import parity prices in years of tight world markets may be unacceptably high. In such cases, subsidized sales of government imports and rice stocks may be needed. Thus, some security rice stocks are required, equal to at least about three months of planned distribution, because of delays in import arrivals. However, rice price stability remains a concern, since export parity does not provide an effective floor price. Three successive good rice harvests in Bangladesh (*boro* 1996, *aman* 1996/97 and *boro* 1997) brought rice prices below export parity. Exports did not occur, partly because market links were not established, and also because of the lack of uniform grades and standards for Bangladesh rice. Investments in mechanical graders and the establishment of grades and standards consistent with current international trade could thus help prevent large price decline by making exports possible following bumper harvests.

The alternative to making the investments required and encourage private sector exports to support producer prices following bumper harvest is, of course, government procurement. The performance of domestic rice procurement from 1987/88 to 1998/99 are summarized in Table III. *Boro* procurement has been much more reliable than *aman* procurement. Procurement of *boro* exceeded 80 per cent of the target in 9 out of 13 years and failed to reach at least 60 per cent of the target in only one year (1993). *Aman* procurement, on the other hand, exceeded 80 per cent of the target in only 2 out of 12 years (1989/90 and 1996/97), and failed to reach 60 per cent of the target in 8 out of 12 years. In these eight years, *aman* procurement averaged only 18.5 per cent of the target. This difference in procurement performance reflects the difficulty in forecasting the *aman* harvest and future *aman* rice market prices. Moreover, the procurement price set in *boro* season has been excessively high in 3 out of 4 years in recent period, resulting in extra costs to the government and windfall profits to those who are fortunate enough to sell at the procurement centres. Moreover, procurement prices substantially above market prices encourages rent-seeking behaviour and also corruption of public officials involved in public procurement system. The determination of procurement price at the level of price support is thus a critically important task in order to ensure adequate production incentives to the farmers, while at the same time minimize costs to the public exchequer.

A number of factors contributed to the unsatisfactory performance of the domestic procurement programme in the past. Excessive commercial imports in the public sector, particularly in good harvest years (even in some flood years) used up effective storage capacity leading to a failure in the procurement programme in the next harvest. Also, there are shortcomings in the procurement system which tend to limit the access of the farmers so that they are obliged to sell to the private traders at a lower price. These limitations are well known and have been widely documented. An inadequate number of procurement centres for a comprehensive coverage of the production areas, limited financial resources of the government, institutional impediments to speedy purchase from and payments to small sellers, and finally, collusion between the traders and the officials, which enable the traders to capture the margins between the market price and the procurement price.

**Table III: Domestic Procurement of Rice and Procurement Prices, 1987/88 - 1998/99**

Season	Category of Procured Rice	Procurement Target (000 MT)	Actual Procurement (000 MT)	% of Actual to Targeted Procurement	Procurement Price (Tk./Kg..)	Procurement Zone <sup>a</sup> Wholesale Price (Tk./Kg..)
April 1987 - October 1987	<i>Boro</i>	200	141	70.5	8.25	9.67
November 1987 - March 1988	<i>Aman</i>	120	49	40.8	8.25	8.83
April 1988 - October 1988	<i>Boro</i>	200	357	178.5	8.25	8.80
November 1988 - March 1989	<i>Aman</i>	250	61	24.4	8.66	9.27
April 1989 - October 1989	<i>Boro</i>	525	336	64.0	8.66	9.22
November 1989 - March 1990	<i>Aman</i>	250	421	168.4	9.07	9.12
April 1990 - October 1990	<i>Boro</i>	400	470	117.5	9.71	9.54
November 1990 - March 1991	<i>Aman</i>	425	162	38.1	9.71	9.91
April 1991 - October 1991	<i>Boro</i>	500	568	113.6	9.90	10.49
November 1991 - March 1992	<i>Aman</i>	550	363	66.0	10.10	10.51
April 1992 - October 1992	<i>Boro</i>	500	503	100.6	10.10	10.48
November 1992 - March 1993	<i>Aman</i>	200	142	71.0	8.66	7.89
April 1993 - October 1993	<i>Boro</i>	133	2	1.5	9.55	7.59
November 1993 - March 1994	<i>Aman</i>	200	14	7.0	8.51	9.23
April 1994 - October 1994	<i>Boro</i>	250	165	66.0	9.19	10.66
November 1994 - March 1995	<i>Aman</i>	-	42	-	9.11	11.86
April 1995 - October 1995	<i>Boro</i>	300	244	81.3	11.25	12.14
November 1995 - March 1996	<i>Aman</i>	200	51	25.5	11.00	11.60
April 1996 - October 1996	<i>Boro</i>	420	416	99.0	11.00	10.07
November 1996 - March 1997	<i>Aman</i>	250	201	80.4	10.50	8.85
April 1997 - October 1997	<i>Boro</i>	250	243	97.2	11.00	9.19
November 1997 - March 1998	<i>Aman</i>	300	6	2.0	10.70	11.31
April 1998 - October 1998	<i>Boro</i>	400	355	88.8	12.00	12.68
November 1998 - March 1999	<i>Aman</i>	250	25	10.0	12.00	14.05
April 1999 - October 1999	<i>Boro</i>	400	621	155.3	12.00	12.37

**Note:** <sup>a</sup> Includes Rangpur, Dinajpur and Bogra districts.

**Source:** Dorosh and Shahabuddin (1999).

A recent study (Shahabuddin and Islam, 1999) has also shown that the participation of farmers, specially small and medium farmers in the domestic procurement programme is disappointingly low (only 10 per cent). Policy recommendations made by the study for increased farmers' participation in the programme include: (a) reorganization of the

procurement system at LSD's so that the "unofficial payments" to both officials/staff as well as to labourers were kept to a minimum if complete elimination is not feasible; (b) to create chatal (drying) facilities for farmers through provision of appropriate credits; (c) to create temporary storage at LSD premises so that the paddy brought by the farmers were not damaged due to inclement weather; (d) to minimize harrasments and the loss of time at LSDs since the loss of person days during the harvest and post-harvest period was critical for the farmers; (e) to initiate the procurement programme soon after harvests; (f) to minimize irrugarities in weighing, if not eliminated completely and (g) to control excessive imports and make provision of increased effective storage for smooth operation of the procurement programmes.

It may be mentioned here that the changes in production pattern have reduced the need for government interventions to stabilize rice prices. The increase in the size of the *boro* harvest has largely reduced the seasonality of production and prices in Bangladesh and along with it, the susceptibility of total production to adverse weather conditions. For example, a poor *aman* harvest is usually followed by bumper harvests in the subsequent *boro* and *aus* seasons. This increased stability of production has translated into increased price stability as well.<sup>4</sup>

Thus, a careful consideration of the above factors is warranted before devising appropriate domestic procurement programme to support producer prices in the country. As mentioned earlier, the government has in recent years purchased rice at procurement prices far above the market price levels. The limited government procurement at these prices benefited only the fortunate few who could sell to the government but had little impact on prices thereby bypassing the majority of farmers who sold in the market.

It may be emphasized here that although stabilization of prices constitutes an important element of production incentives and consumer welfare, price stabilization specially containing upswing in prices, is also important politically. High rice prices in Bangladesh are treated as a crisis situation and are often interpreted by critics as a failure of the government to ensure food security. As such, high rice prices point to the need of the government to intervene, even though this intervention can be sometimes very costly and ineffective. Typically, in Bangladesh, high rice prices set in motion a pressure for high public rice stocks, without attention to the fact that high stocks are not guarantee that food security of the poor is properly addressed.

### III. TARGETED DISTRIBUTION, FOOD AID AND HOUSEHOLD FOOD SECURITY

Short term stabilization and relief efforts can assume critical importance during emergencies due to natural disasters, but the chronic problem of food insecurity of roughly half of the population living below the poverty line remain perhaps the major challenge of food policy in Bangladesh. Targeted distribution programme such as Food-for-Work and Vulnerable Group Development attempt to address this problem through direct distribution of

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<sup>4</sup> In recent years, the standard deviation of production from its long term trend has been reduced from 5.2 per cent during 1974-84 period to 3.3 per cent during 1984-94 period (Del Ninno and Dorosh, 1998). Similarly, the coefficient of variation of the wholesale price of rice fell from 10.2 per cent during 1975/76 - 1980/81 period to 5.3 per cent during 1981/82 - 1987/88 period and further to 4.9 per cent during 1988/89 - 1992/93 period (Shahabuddin, 1996).

foodgrains, mainly wheat, combined with training and infrastructure development. Unlike rice stabilization efforts, most of these programmes are donor-funded, with foodgrains supplied by food aid.

As mentioned earlier, Bangladesh has made substantial progress in terms of ensuring availability of food, in the face of growing population, specially in recent years.<sup>5</sup> Increase in domestic production supplemented by additional imports in recent years of poor harvests has significantly contributed to adequate availability of food (specially foodgrains) at the national level. However, poor households in Bangladesh do not have food security because they lack access to food i.e. they lack sufficient food from own production, cash incomes and other resources to acquire enough food. Direct food transfers of foodgrains provided through food aid are one mechanism used to increase access of poor households in Bangladesh. However, there has been a long-term decline in the trend of food aid flows in the country. Food aid levels have fallen along with reductions in donor stocks, increases in Bangladesh foodgrain production and a persistent food gap, but the needs for food security and poverty alleviation have not decreased. Indeed the declining trend in food aid simply implies fewer resources available for targeting to poor households.

Yet food aid is an important component of food security to the poor, since various programmes targeted to food-insecure households are funded by food aid. Needless to emphasize here that the poor households cannot buy adequate food from the market even if the foodgrains are available in sufficient quantity at reasonable prices. These households need additional entitlements (income-earning opportunities or direct transfer of food or cash) to augment their capacity to acquire food. In other words, poverty and food insecurity caused by inadequate access to food are chronic problems that exist even in the absence of flood and other natural disasters. Thus, there is a need for steady and increasing flow of resources from donors and the government's own resources to tackle the food insecurity problem in Bangladesh. These resources need not necessarily come through food aid. Lower levels of food aid, however, are likely to result in less total resources for the government's poverty alleviation and other programme, unless donors make a long-term commitment to food security. In any case, given that food aid plays a major role in increasing access to food by poor households, food aid decisions should not be made solely on estimates of national foodgrain availability which may give misleading picture of food insecurity at the household level (Dorosh and Shahabuddin, 1999).

The critics of food aid often raise concern about the possible disincentive effects on domestic production, specially production of wheat. True, very high levels of food aid and government commercial imports can lower domestic prices below world price levels. This was particularly relevant in the early 1990s (1990/91, 1991/92) when wheat food aid and commercial imports averaged 1544 thousand MTs per year.<sup>6</sup>

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<sup>5</sup> Per capita availability of foodgrains has been fairly stable over the past two decades, averaging 162.7 kg/capita during 1981-90 and increasing slightly to an average of 163.6 kg/capita during 1991-98. Rice availability per capita, however, actually increased from 137.1 kg/capita to 142.2 kg/capita largely due to expanded rice production, specially in the boro season. This increase in per capita rice availability did not lead to an increase in total per capita foodgrain availability, however, largely because of declining levels of food aid. Wheat availability per capita actually fell from 25.6 kg/capita in the 1980s to 21.5 kg/capita in the 1990s (Dorosh and Shahabuddin, 1999).

<sup>6</sup> Dorosh and Haggblade (1997) showed that food aid distribution in-kind during the harvest season of Bangladesh had significant price disincentive effects during these years.

But over time, private sector demand for wheat has increased, and at current world wheat prices, domestic rice prices, and levels of food aid, there is an overall excess market demand for wheat. Private sector imports have steadily increased in the last three years, from 142 thousand MTs in 1997/98 to 805 thousand MTs in 1998/99 (despite the sizeable increase in food aid and wheat distribution following the 1998 floods) and 533 thousand MTs in 1999/00. Throughout this time though, domestic wheat prices have been only slightly below import parity levels (calculated using U.S. hard red winter wheat). National wholesale wheat prices during the period averaged 9.18 Tk/kg., 8.7 per cent below the estimated import parity (Tk. 10.05/kg. at Dhaka). However, private sector imports in recent years have mainly come from other sources, including Turkey, Central Asia and Australia. Because of transport cost advantages (and possibly quality differences), this wheat has lower cost than U.S. hard red winter wheat. The large volume of private sector trade thus suggests that domestic wheat prices have been near import parity for wheat from these alternative sources, so that there appears to have been little disincentive effect on producers (Dorosh, 1999).

Whether food aid will lead to any disincentive effect in the future depends on the level of international prices, as well as shifts in demand and supply in Bangladesh. Nonetheless, at current world wheat prices, domestic rice prices, domestic production technology, increasing population and changing food habit it appears that moderate amounts of food aid (between 600 to 800 thousand MTs) are unlikely to reduce prices below import parity levels. Thus, moderate levels of food aid, distributed throughout the year in the PFDS, are unlikely to affect domestic wheat producer incentives adversely.

As mentioned earlier, food security at the household level depends on both availability in the markets as well as access to food by the households. Even if adequate food is available in the markets at reasonable prices, millions of people still remain food insecure due to lack of entitlements (i.e. adequate purchasing power even to meet the minimum nutritional requirements). The problem becomes accentuated, as we have observed, in the event of natural disasters such as flood. The targeted programmes largely funded by food aid attempts to address this problem. Several issues deserve consideration here.

First, of the 55 million food-insecure rural people, only about 5 million are currently programme recipients. Given the big gap between the total number of programme beneficiaries and the number of food-insecure people, and the prospects of continued decline in food aid levels, it becomes essential to explore how a social safety net can be delivered more cost-effectively than the current system. In this context, monetization of food aid and better targeting of food and non-food interventions to food-insecure households need to be closely examined.

Second, the development benefits of some programmes such as Vulnerable Group Development (VGD) are substantial but the benefits of other programme such as Food-for-Education (FFE) and Food-for-Works (FFW) are questionable. FFE increases school attendance among the poor children but the quality of education is low. FFW builds an extensive network of rural roads but their quality is largely unsatisfactory (although the nature of FFW has recently changed from simple earthen infrastructure to compact earthen roads or black-topped feeder roads). In other words, these programmes meet their consumption support objectives but not development objectives. Their development orientation can be improved by linking food aid to quality of services and through establishing a strong local government system to administer these programmes in a manner that ensures quality and responsiveness to the needs of the people (The World Bank, 1999).

To conclude, the experience of the flood highlights the fact that achieving food security for the poor in Bangladesh depends not only on market supply of foodgrains but on their ability to acquire food. Even in years when food availability is relatively high, millions of households in Bangladesh lack effective access to food. The floodwaters of 1998 have receded and a possible food crisis have been successfully averted, but the challenge of achieving food security for all in Bangladesh remains.

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