



National Food Policy Capacity Strengthening Program



Soaring Food Prices: beyond emergency interventions

by **Ciro Fiorillo**, CTA - NFPCSP

26 May 2008

Food availability: encouraging news

❖ Importers

- ❖ Dynamic response to the post flood & cyclone gap

❖ Farmers

- ❖ Strong response to prices despite constraints, e.g. fertilizer
- ❖ Bumper production: Rice, Potato, Wheat, Maize

❖ Government

- ❖ Procurement: high price (28 Tk) to preserve farmers' incentives
- ❖ Diesel subsidy: to small farmers irrespective of diesel use
- ❖ Public import: very dynamic despite tight market
- ❖ Fertilizers: minimal availability ensured; to improve further, liberalization is needed (difficult in current market situation)

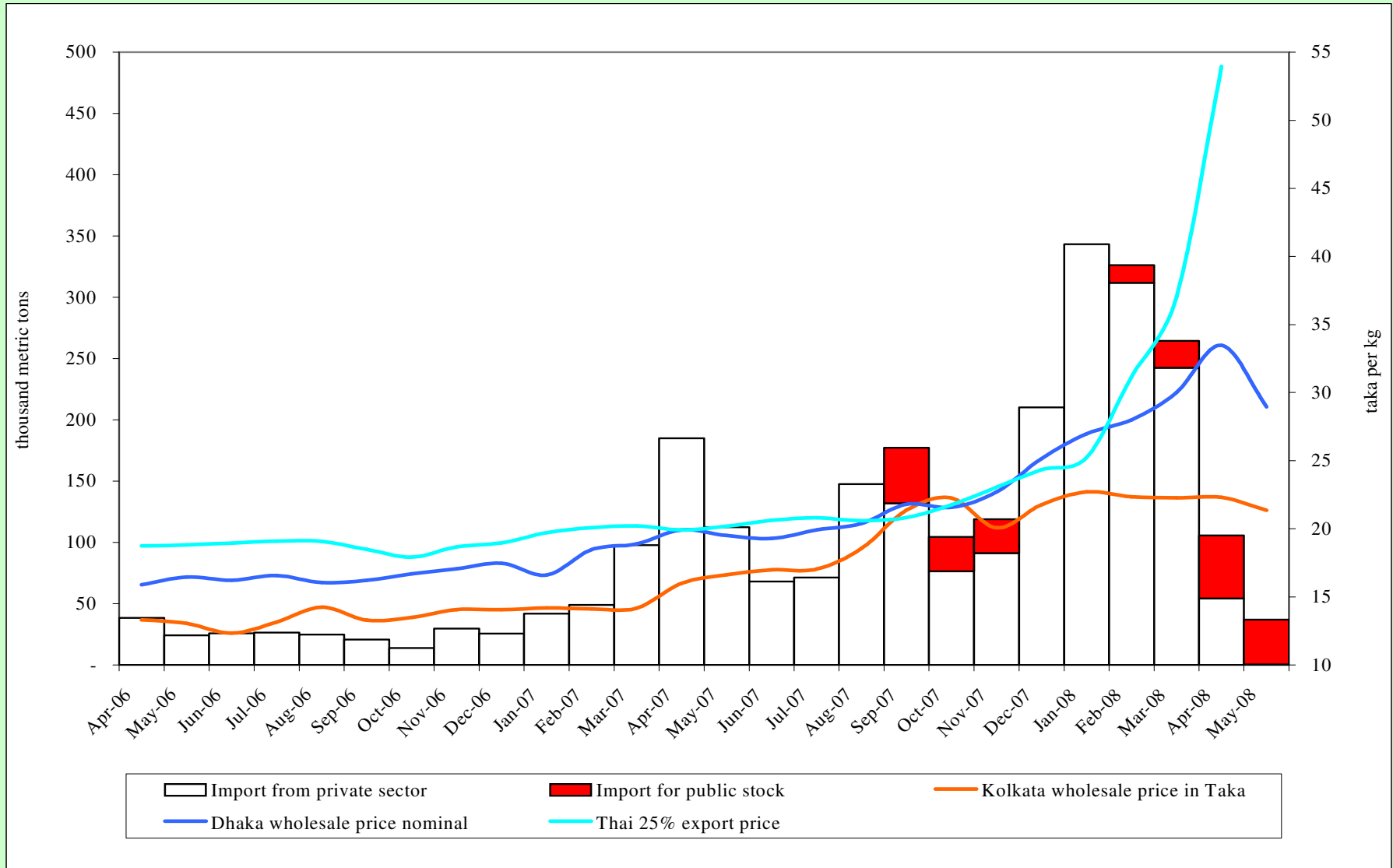
Rice balance 2007-08

- ❖ Despite flood and cyclone, positive balance expected
- ❖ Stock increase of over 2 Million tons likely

| | |
|--|---------------|
| SUPPLY excluding stocks (in <i>Thousand tons</i>) | 30,438 |
| <u>Production</u> | 28,028 |
| Aus | 1,506 |
| Amon | 9,662 |
| Boro (<i>DAE estimates is 18,200, FSCAM awaited soon</i>) | 16,860 |
| <u>Total imports</u> , including food aid and 0.5Mt from India | 2,410 |
| UTILIZATION | 30,438 |
| <u>Annual Food Use</u> | 24,696 |
| <i>per capita apparent daily consumption (grams)</i> | 464 |
| <i>population (thousands)</i> | 145,930 |
| <u>Other uses</u> (12% of production) | 3,363 |
| <u>Stock increase</u> , <i>expected as of June 30, 2008</i> | 2,379 |

NFPCSP estimates based on BBS data

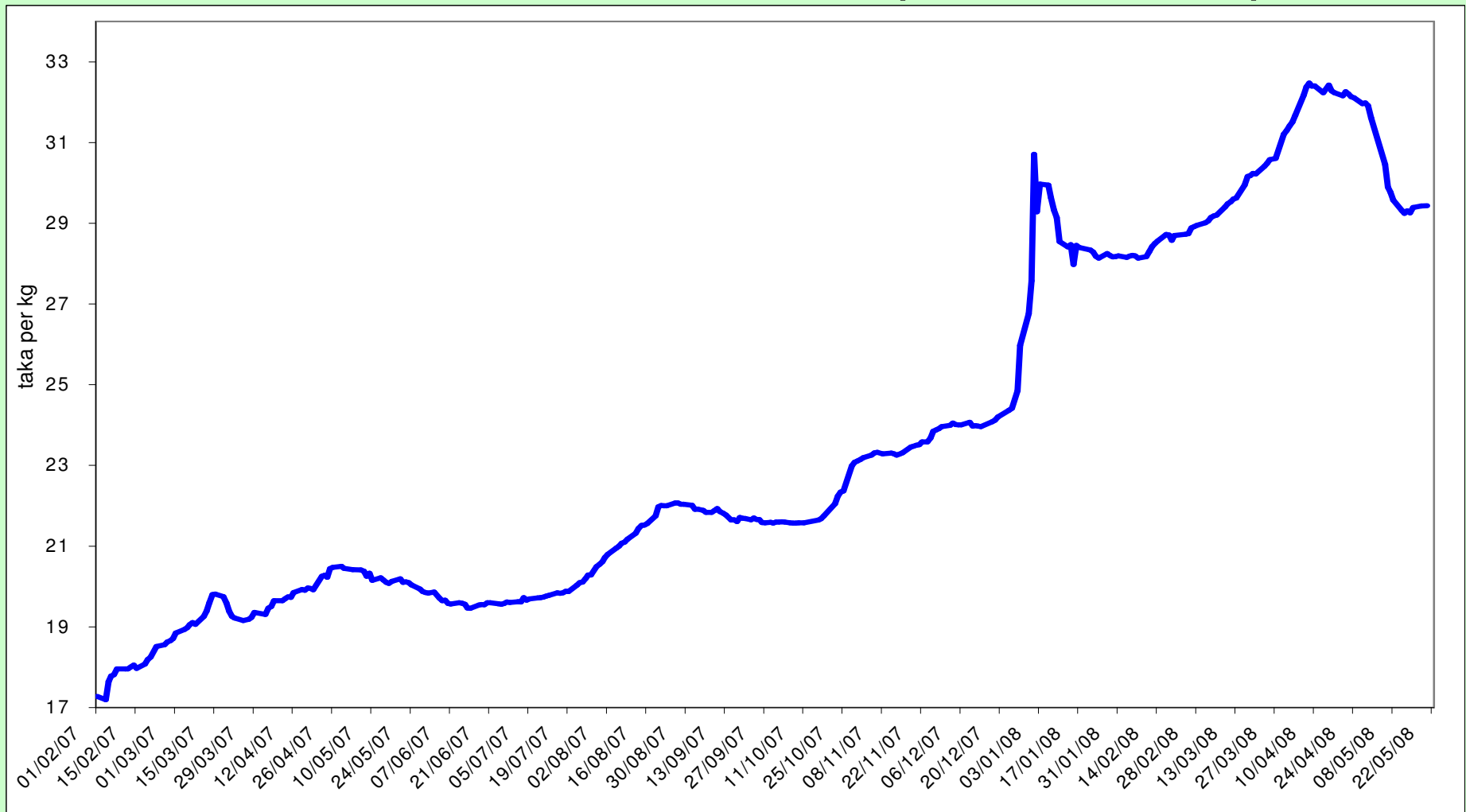
Rice trade and prices



Sources: Dhaka wholesale price: DAM (3 weeks of May); Imports: DG Food (up to 20-May-08); Thai 25% price: FAO (20-May-08); Kolkata price: Ministry of Consumer Affairs (2 weeks of May)

RICE PRICE: persistently high

- ❖ Daily national average retail price seems to have reached a minimum in line with procurement price



Source: MISM

The way ahead

- Positive developments for main staples
- For rice, Bangladesh is achieving **self sufficiency**
- Rice **export ban needed** to prevent domestic price increases in line with international ones
- Domestic rice **price has declined** and can show **high variability** especially in absence of trade
- Larger **public stocks** needed for stabilization interventions
- Given the persistently high prices, **up-scaling safety nets** and promoting **income growth** needed to promote access
- **Policies:**
 - should flexibly **adjust to the market situation**
 - should sustain **availability**, but also ensure adequate focus on **access** and **nutrition**: comprehensive food security approach

The National Food Policy:

a comprehensive framework for food security interventions

- Approved in 2006 after almost a decade of gestation
- **3 core objectives:**
 - Adequate and stable supply of safe and nutritious food
 - Increased purchasing power and access to food of the people
 - Adequate nutrition for all individuals, especially women and children
- Plan of Action for NFP implementation and monitoring in final stage of review for approval

The NFP Plan of Action

26 areas of intervention and 314 actions

Fully consistent with the PRSP and other relevant policies (e.g., agricultural policy), the PoA provides:

- a framework to coordinate government interventions
- a reference for development support to food security to be in line with the Paris Declaration on aid effectiveness (alignment, ownership, etc.)

Developed by 12 government agencies lead by the FPMU through a wide consultation process involving main Government actors and stakeholders

The PoA : Highlights

- **Improving productivity and efficiency of domestic food production**

- ⇒ **Research and extension, inputs, water management, credit & insurance, market infrastructure, marketing, etc.**

- **Reduce vulnerability to price and other shocks and protect vulnerable people people's access to food**

- ⇒ **Early Warning, price support and stabilization, public stock management, etc.**

- ⇒ **Disaster Management, PFD, safety nets, income generation, MSMEs development, skills development, etc.**

- **Sustain programs for reducing malnutrition**

- ⇒ **balanced food, nutrition education, supplementation and fortification, food safety, women and children health**

THANKS !!