



BANGLADESH FOOD SECURITY MONITORING QUARTERLY BULLETIN

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HIGHLIGHTS

Retail price of food: During the reporting quarter, the national average retail prices of rice and wholemeal wheat flour (*atta*) decreased slightly from the quarter of April-June 2015. The price of lentils (*masur*) started increasing in the previous quarter on the back of Ramadan (June-July 2015), whereas, it increased even further (9 percent) during the reporting quarter. However, the price of oil (palm oil) increased only a little (about 2 percent) during the period as compared to the price in the previous quarter.

Inflation: General inflation, measured by the point to point variation in the Consumer Price Index (CPI), showed a fluctuating trend for the reporting quarter. It went 19 basis points down from 6.36 percent in July to 6.17 percent in August, mainly because of a fall in consumer demand after Eid-ul-Fitr. It again raised by 7 basis points to 6.24 percent in September 2015 on the back of a price hike in non-food items before Eid-ul-Adha as stated by the Ministry of Planning. Non-food inflation showed a similar pattern for apparently alike reasons. Food inflation in September had a sharp decline by 0.14 percentage points as compared to August (6.06 percent) and reached 5.92 percent due to low rice prices in domestic markets and low edible oil and sugar prices in international markets.

Remittances: Month-on-month remittance inflow (in USD) showed an inconsistent trend during the reporting quarter. It declined by 3 percent in July 2015 from the previous month and again showed a huge fall by 14 percent in August. It, however, grew by 13 percent in September 2015. Nevertheless, average remittance inflow in the reporting quarter is 1 percent less than in the previous quarter and about 2 percent less than the same period a year ago.

Food production, import and stock: The Department of Agricultural Extension (DAE) has fixed the target for food grain production of 36.42 million MT for the FY 2015/16 of which 35.02 million MT for rice and 1.4 million MT for wheat (*FPMU, FSR 102*), up by almost 1 percent from the previous FY's actual production. The opening public stock of food grain for the reporting quarter as of July 2015 was 1.15 million MT; whereas, the ending stock was about 1.67 million MT as of September 2015. For the FY 2015/16, the Ministry of Food has set a target of foodgrain import at 4 million MT of which 0.6 million MT is rice. During the reporting quarter, total rice import was 63,000 MT, entirely by the private sector. Again, total wheat import was 0.75 million MT, of which 22 percent was imported by the public sector. (*FPMU, FSR 102*).

Public food procurement and distribution: The foodgrain procurement target for the current FY has been set at 1.7 million MT, 1.5 million MT of rice and 0.2 million MT of wheat. *Boro* procurement started from 1st April and continued up to 7th October 2015, with procurement target almost fulfilled. Cumulative distribution as of 30 November of the current FY was 0.5 million MT of which 0.35 million MT was rice and 0.14 million MT was wheat. The distributed amount is 83 percent of the amount distributed during the same period a year ago (*FPMU, FSR 102*).

Wage rate and purchasing capacity: In July, the average wage for a female labourer was only 226 Taka/day while for a male labourer it was 304 Taka/day – a difference of 79 Taka/day. The scenario got even worse during August-September when there were far less work opportunities for female agricultural labourers than for their male counterparts during the flood, thus the wage gap was also higher. The wage difference between male and female labourers was 92 Taka/day in August and 86 Taka/day in September 2015. Households depending on a female wage labourer are, therefore, highly disadvantaged and remain more impoverished.

Wage data collected by the Bangladesh Bureau of Statistics (BBS) till July 2015 and by WFP sub-offices for August and September 2015 show that the average Terms of Trade (ToT) of agricultural day labourers' wages for rice in the months of the reporting quarter were higher than during the same period in 2014, even though the year-on-year average agricultural daily wages tended to decline a bit.

ENVIRONMENTAL CONDITIONS

Rainfall is essential for the rain-fed Aman paddy which is planted from mid-May to mid-August according to the agricultural calendar. The actual rainfall was exceptionally high during monsoon this year, especially in July having about 65 percent deviation from normal, which caused floods in both northern and southern parts of the country. This led to huge damage to agricultural crops; seedbeds of *Aman* paddy were affected the most.

Month-Year	Average Rainfall (mm)			Average Temperature (Celsius)		
	Actual	Normal	Deviation (%)	Actual	Normal	Deviation (%)
Jul-15	861	523	64.7	28.8	28.4	0.02
Aug-15	448	420	6.6	29.4	28.5	0.03
Sep-15	328	318	3.2	29.3	28.5	0.03
Source: Bangladesh Meteorological Department						

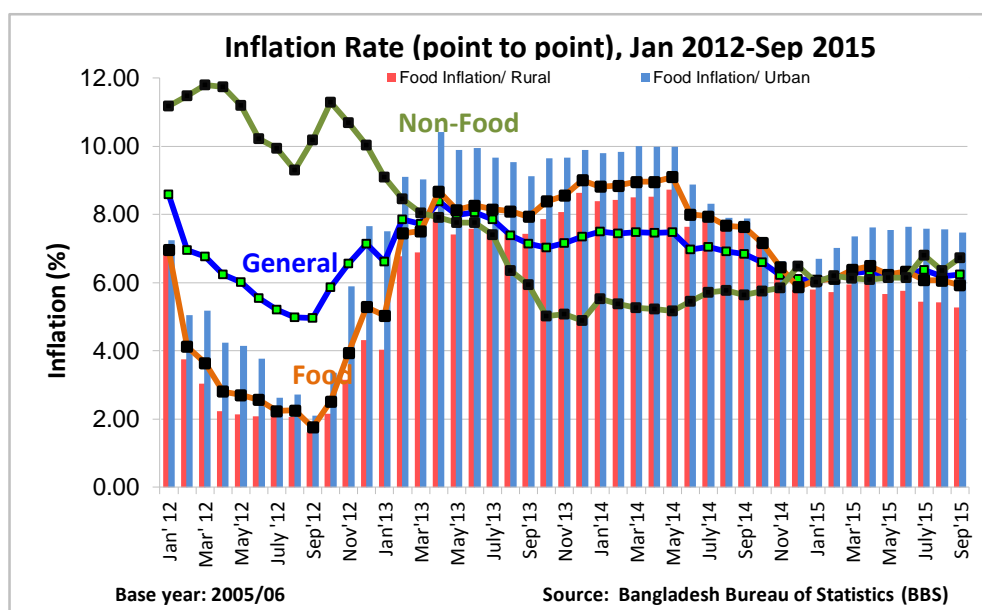
However, the average temperature during the reporting quarter was close to the normal temperature and was favourable for the planting of *Aman*.

ECONOMIC CONDITIONS

INFLATION AND REMITTANCES

Inflation

General inflation, measured by the point to point variation in the Consumer Price Index (CPI), showed a fluctuating trend for the reporting quarter. It went 19 basis points down from 6.36 percent in July to 6.17 percent in August, mainly because of a fall in consumer demand after Eid-ul-Fitr. It again raised by 7 basis points to 6.24 percent in September 2015 on



the back of a price hike in non-food items before Eid-ul-Adha as stated by the Ministry of Planning. Non-food inflation showed similar pattern with apparently alike reasons. Food inflation in September had a sharp decline by 0.14 percentage points as compared to August (6.06 percent) and reached at 5.92 percent due to low rice prices in domestic markets and low edible oil and sugar prices in international markets. As a whole, the first quarter of FY 2015/16 shows a decreasing trend in general as well as food inflation with an unstable trend in non-food inflation.

Food inflation has been showing a decreasing drift since the last quarter of FY 2014-15. It has started declining from 6.48 percent in April to 6.32 percent in June and 5.92 percent in September – a fall of 0.16 percentage point during previous quarter and 0.15 percentage point in the reporting quarter. On the contrary, non-food inflation increased from the first month of the previous quarter (6.08 percent in April 2015) till the first month of the reporting quarter (6.8 percent in July 2015). Afterward, it started fluctuating (decreased to 6.35 percent

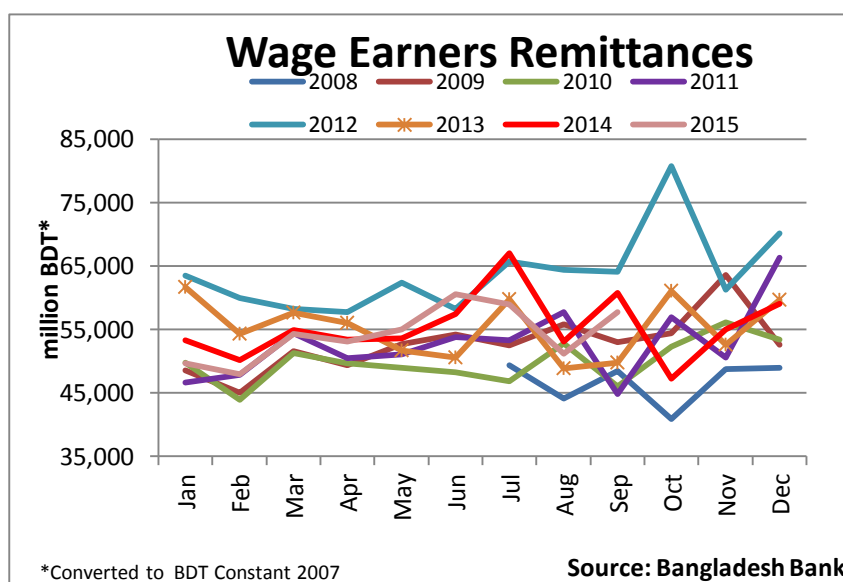
in August, again increased to 6.73 percent in September 2015) on the back of demand and spending driven by the Eid-ul-Adha religious festival.

Food inflation in September 2015 is around 5.92 percent which is 1.7 percentage point less than in September 2014 and 2 percentage points less than in September 2013- when it was 7.63 percent and 7.93 percent respectively. Food inflation showed a decreasing trend since April 2015 after *Boro* harvest started. The difference between food inflation in rural and urban areas has been widening. Urban food inflation in September was 2.2 percentage points higher than rural food inflation and this gap has been increasing since October 2014. Disruption in the supply chain due to long and intense rainfall all over the country with prolonged floods in some parts during June-July 2015 has a high likelihood to fuel up food prices. Nevertheless, the gap between food inflation in rural and urban areas has continued to widen till date even after the hazards are over.

The Government successfully managed to keep the average inflation in the just-concluded fiscal year within target, as it reached 6.41 percent, lowest in the past 11 years, against a target of 6.5 percent. The Ministry of Planning mentions depressed global commodity markets, lower oil prices and a stable local currency for achieving the inflation target. The Government has set the inflation target at 6.2 percent for the new FY 2015-16 (*newspaper source*).

Remittance inflow

Month-on-month remittance inflow (in USD) showed an inconsistent trend during the reporting quarter. It declined by 3 percent in July 2015 from the previous month and again showed a huge fall by 14 percent in August. It, however, grew by 13 percent in September 2015. Nevertheless, average remittance inflow in the reporting quarter is 1 percent less than in the previous quarter and about 2 percent less than the same period last year. According to the central bank, the Bangladesh Bank, migrant workers remitted in June for the preparation of Eid-ul-Fitr, which triggered a negative growth in July and August 2015. Again in September, the remittance inflow increased ahead of the Eid-ul-Adha religious festival (*newspaper source*).



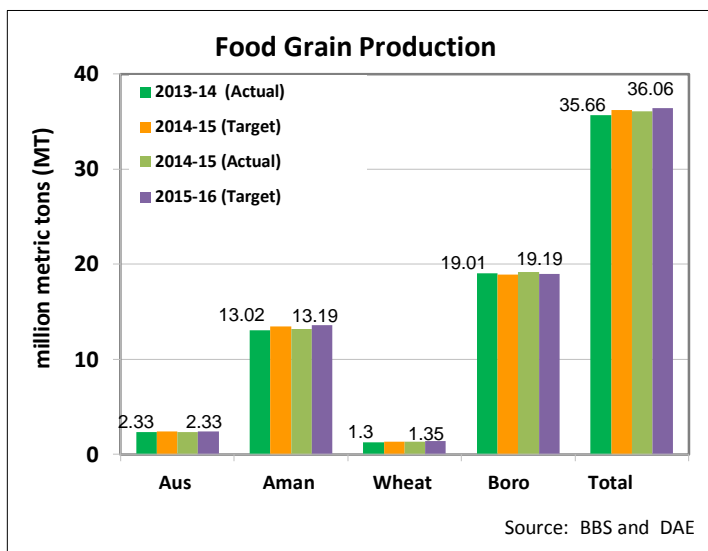
Remittance inflow for the just concluded FY 2014/15 reached USD 15.31 billion, the highest in the country's history. The year-on-year average rose about 8 percent this year compared to FY 2013/14 (USD 14.23 billion) as per Bangladesh Bank statistics. The main reasons behind the steady growth of remittance inflow, as articulated by the Bangladesh Bank, are increased manpower export; improved and easy mobile banking facilities; and stable exchange rate of BDT against USD. However, the upgrade in legal status of labour migrants in Gulf countries as well as re-opened labour markets in different labour-importing countries indicate future growth prospects for manpower export.

FOOD AVAILABILITY

CROP PRODUCTION, FOOD GRAIN IMPORT AND PUBLIC GRAIN STOCK

Food grain production

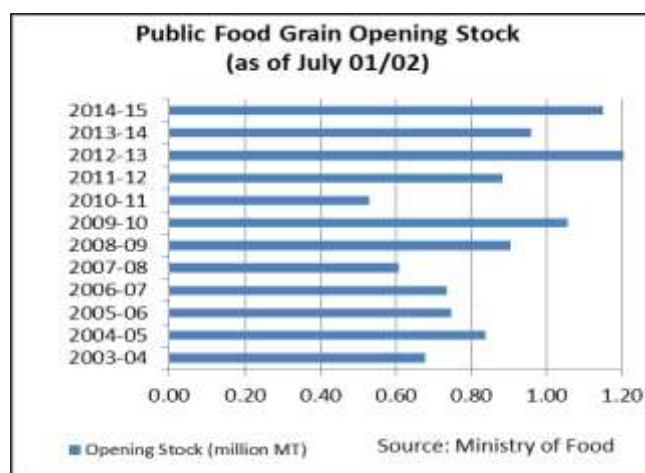
- The Department of Agricultural Extension (DAE) has fixed the target for food grain production at 36.42 million MT for the FY 2015/16 of which 35.02 million MT is for rice and 1.4 million MT for wheat (FPMU, FSR 102), up by almost 1 percent from the previous FY's actual production. 54 percent of the rice production is expected from the *Boro* season (cultivated December-February, harvested April-May).



- Total area coverage for both *Aus* and *Aman* almost reached the target. *Aus* production has been targeted to 2.48 million MT for the FY 2015/16 which is more than 6 percent higher than the actual production last year. The *Aman* production target has been fixed at 13.56 million MT which is about 3 percent more than for the previous *Aman* season. Although planting had been hampered by erratic rain and floods, this target for *Aman* is being expected to be achieved by DAE. BBS usually makes food grain production estimates every year which has not been circulated yet.

Food grain stocks

The public food grain closing stock in the just concluded FY 2014/15 was 1.29 million MT (which was 10 percent higher than a year ago). The opening public stock of food grain for the reporting quarter as of July 2015 was 1.15 million MT; whereas, the ending stock was about 1.67 million MT as of September 2015. Food grain closing stock showed a sharp increase (11 percent) during the reporting quarter and seems to be adequate to satisfy the food grain demand for public distribution during the coming months (Ministry of Food).



Food grain import

- The actual import of foodgrain during the just concluded FY was 5.27 million MT (1.49 million MT rice and 3.78 million MT wheat), mostly by the private sector. The Government did not import any rice in the FY 2014/15. Cumulative import of rice in the FY 2014/15 was almost four times higher than the cumulative import in FY 2013/14. For the FY 2015/16, the Ministry of Food has set a target of foodgrain import at 4 million MT of which 0.6 million MT is rice. During the reporting quarter which is also the first quarter of the FY 2015/16, total rice import was 63,000 MT, entirely by the private sector (FPMU, FSR 102).
- Cumulative wheat import for FY 2014/15 was 3.79 million MT, around one and a half times the import of wheat during FY 2013/14 (Ministry of Food). Of the total import, 96 percent was by the private sector.

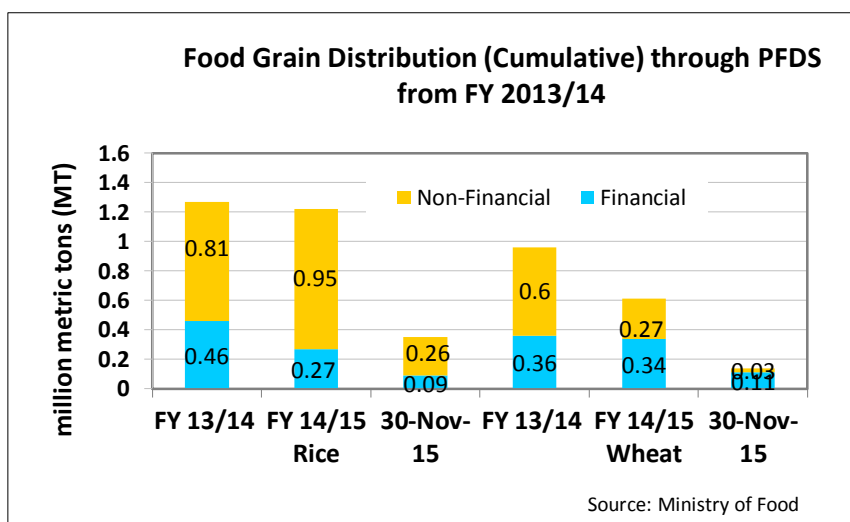
During the first quarter of the current FY, total wheat import was 0.75 million MT, of which 22 percent was imported by the public sector. The Ministry of Food has however, set a target of 3.4 million MT of wheat import for the FY 2015/16 which is about 10 percent less than the just concluded FY 2014/15 (FPMU, FSR 102).

Food grain procurement

- The FY 2015/16 budget allocated BDT 54.8 billion (USD 703 million) to grain procurement, which is about 3 percent higher than the revised budget in the just concluded FY (*Ministry of Food*). The foodgrain procurement target for the current FY has been set at 1.7 million MT, 1.5 million MT of rice and 0.2 million MT of wheat. The actual foodgrain procurement in FY 2014/15 could successfully fulfill the target by procuring 1.68 million MT of which 1.47 million MT was rice and 0.21 million MT was wheat. The actual procurement in the just concluded FY was about 14 percent higher than the actual procurement during the FY 2013-14, 1.29 million MT of which rice and wheat were 1.15 million MT and 0.14 million MT respectively (FPMU, FSR 102).
- Boro* procurement started from 1st April and continued up to 7th October 2015. The procurement target was fixed at 1.10 million MT which is almost fulfilled since 1.07 million MT *Boro* rice has already been procured (FPMU, FSR 102).

Food grain distribution through PFDS

- Ministry of Food has set the target for public foodgrain distribution for the current FY at 2.78 million MT. The cumulative distribution of rice and wheat during the just concluded FY 2014/15 was 1.84 million MT, 67 percent was rice and 33 percent was wheat. This is 17 percent less than the amount distributed during the same period a year ago. The Government distributed a higher amount of foodgrains in 2013/14 to ease



- the hardship of poor people since this period was marked by frequent strikes (*hartal*) and blockades which disrupted the supply chain of rice and led to price increases.
- Cumulative distribution as of 30 November of the current FY was 0.5 million MT of which 0.35 million MT was rice and 0.14 million MT was wheat. The distributed amount is 83 percent of the amount distributed during the same period a year ago (FPMU, FSR 102).
- 48 percent of the distribution in current FY as of 30 November 2015 was through financial channels with Open Market Sales (OMS) having the largest share. Among non-financial channels the Vulnerable Group Development (VGD) and Vulnerable Group Feeding (VGF) programmes dominated with higher shares of distribution.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1. Aus Rice												
2. Aman Rice												
3. Wheat												
4. Boro Rice												

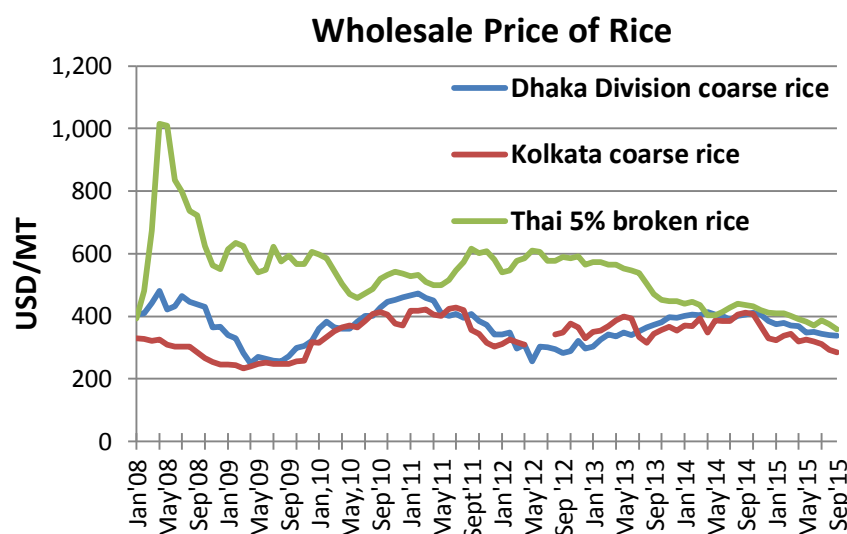
Planting

Harvesting

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 a decreasing trend throughout the just-concluded FY 2014/15 and the trend continued during the reporting quarter of the current FY as well. In the first month of the FY 2015/16 it was 211 points and dropped to 206 points in September 2015. Sluggish import demands and abundant export supplies are said to have pushed down the international rice prices.



Source: Bangladesh - DAM; Thailand - Index Mundi; Kolkata - Dept. of Consumer Affairs, India

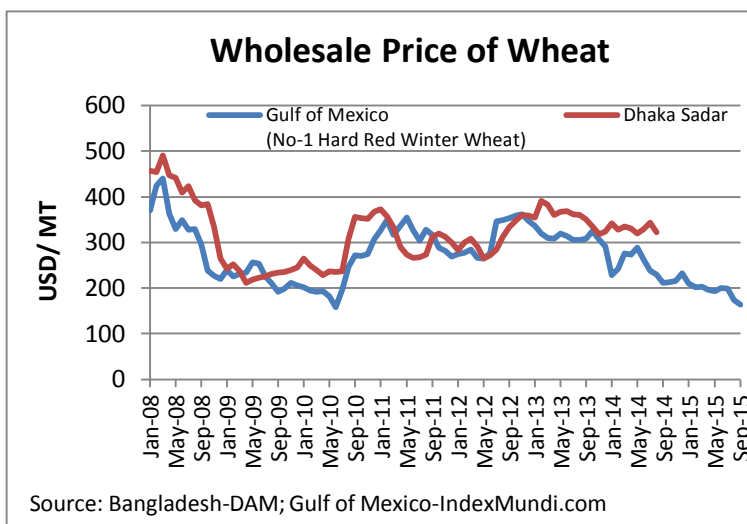
The wholesale rice price in Dhaka division showed a sharp (about 5 percent) fall from November to December 2014 and kept on decreasing till the reporting quarter. Coarse rice prices in Dhaka division and in Kolkata during the reporting quarter decreased by 4 and 8 percent respectively as compared to the average price in the previous quarter, while there was around 2 percent decrease for Thai 5% broken rice. Although the quarterly average of the coarse rice price in Kolkata was lower, the declining trend of coarse rice prices was steady within the quarter for Dhaka, Kolkata and Thai 5% broken rice. For the month of September, the average wholesale prices of Dhaka coarse rice, Kolkata coarse rice and Thai 5% broken rice was 338 USD/MT, 285 USD/MT and 359 USD/MT respectively.

The price of Thai 5% broken rice has been falling since August 2014 and hit 359 USD/MT in September 2015. In an effort to boost farmers' incomes, in 2011 the then Thai Government had started paying paddy farmers 15,000 baht (USD420) per ton - a 60 percent increase over 2010, under its rice pledging programme. With its higher price Thailand lost out to India (which took off a four year ban on the export of non-*basmati* rice) in 2012 as the world's largest rice exporter. One year after the start of the programme rice export prices for Thailand were on a decreasing trend as it tried to sell its huge stockpile of rice as a result of the intervention.

Bangladesh is a net importer of wheat and international prices heavily influence the price in the domestic market. After increasing steadily during October to December 2014, the wholesale price of wheat in the Gulf

of Mexico started showing a decreasing trend and slumped to 164 USD/MT in September 2015 which is lowest since August 2010.

In Dhaka *sadar* market the wholesale price of wheat was 322 USD/MT in August 2014- a difference of 59 USD/MT compared to the price in the Gulf of Mexico. Prices since then were not directly available from the Department of Agricultural Marketing website, however reports by FPMU suggest prices increased during the reporting quarter (FPMU, *Fortnightly Foodgrain Outlook 190*).



Retail prices for essential food commodities

During the reporting quarter, the national average retail prices of rice and wholemeal wheat flour (*atta*) decreased slightly from the quarter of April-June 2015. Prices of lentils (*masur*) started increasing in the previous quarter on the back of Ramadan (June-July 2015), whereas, it reached even higher (9 percent) during the reporting quarter. However, the price of oil (palm oil) increased a little (1.7 percent) during the period as compared to the price in the previous quarter.

% Change of Retail Prices (National Average) of April-June'15 compared to past			
Commodities	Last Quarter April-Jun'15	Last Year July-Sep'14	2008 (high food price peak periods)
Coarse Rice	-7.6	-18.4	-4.9
Wheat Flour (<i>atta</i>)	-3.1	-6.8	-19.2
Palm Oil	1.7	-14.9	-
Lentil (<i>masur</i>)	8.9	20.3	13.0

The national average retail price of coarse rice was around 33-34 Tk/kg throughout 2014 and started decreasing from the beginning of 2015 and hit 27 Tk/kg in September 2015. The national average for the reporting quarter is 8 percent

Retail prices of essential food commodities (Tk/kg); Dhaka Sadar Market					
	Jun'15	July'15	Aug'15	Sep'15	Peak 2008
Coarse Rice	30	30	31	29	35
Whole wheat flour	34	34	34	34	45
Palm Oil	62	63	73	67	100
Lentil (<i>masur</i>)	96	99	105	104	92

Source: Department of Agricultural Marketing

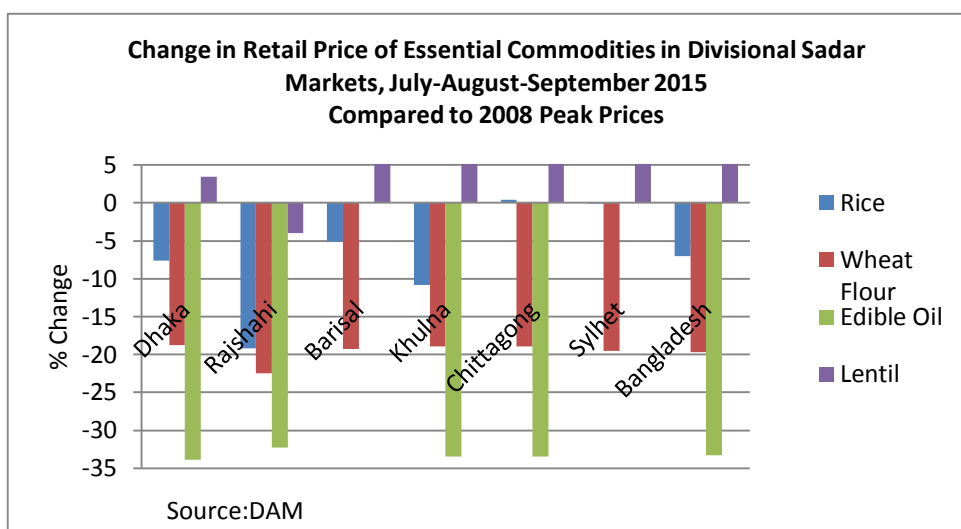
less than the average of the previous quarter and 18 percent less than in the same period in 2014. Among the divisional *sadar* markets, prices during the reporting quarter were recorded highest in Dhaka and Chittagong divisions (28.8 Tk/kg) and lowest in Rajshahi division (25 Tk/kg).

The average retail price of wholemeal wheat flour (*atta*) in the reporting quarter is around 34 Tk/kg which is 3 percent less than the average of the previous quarter. Prices in all the divisional *sadar* markets were reported to be stable during the first quarter of the current FY. The quarterly average price in Barisal *sadar* was found to be highest (35 Tk/kg), and that in Rajshahi *sadar* and Chittagong *sadar* to be lowest (32 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 national average price of palm oil in the reporting quarter is 68 Tk/litre which is about 2 percent higher than the previous quarter (66.7 Tk/litre). However, it was about 15 percent less

during the same period one year ago (July-September 2014). It showed an increasing trend in all the divisional *sadar* markets except for Sylhet and Chittagong during the reporting quarter.

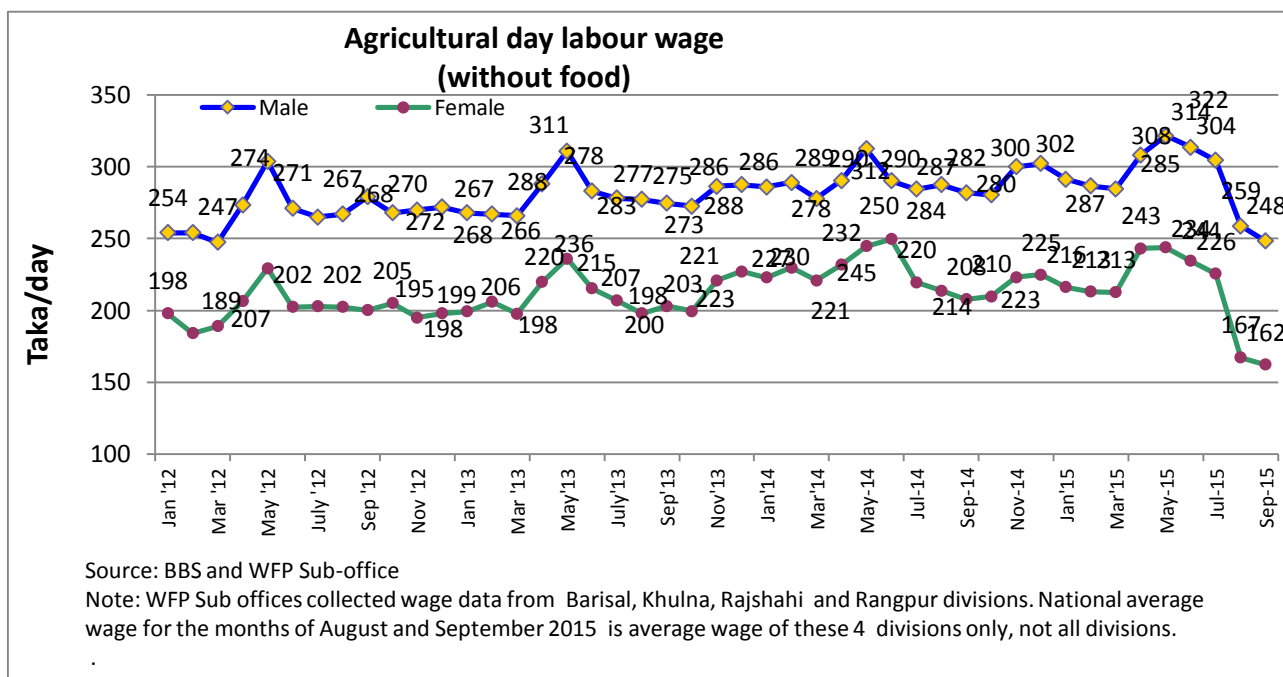
The average retail price of lentils (*masur*) for July - September 2015 increased by 9 percent compared to the average



of the previous quarter and by around 20 percent from July-September 2014 (83 Tk/kg). There was a sharp increase in retail prices from 96 Tk/kg in July to 102 Tk/kg in August 2015. Among divisional *sadar* markets in average, the highest price during the reporting quarter was recorded in Dhaka *sadar* market with 103 Tk/kg and the lowest in Rajshahi with 93 Tk/kg. The prices of lentils in the divisional *sadar* markets during the reporting quarter are in fact higher than during the peak of 2008 (high food price year). In the month of September, the price of lentils reached 113 Tk/kg in Chittagong *sadar* market which is the highest in the country's history ever. Most of the lentil requirement is met by imports. Nepal is the main source of imported lentils. Local production can meet the demand for only 2-3 months. Traders attributed the rising price of lentils to higher import costs which are expected to decline after the next harvest in Nepal (mid-January to mid-February 2016).

The overall trend demonstrated remarkable increases in the prices of palm oil and lentils during the reporting quarter, especially in the month of August 2015. After the flood caused by erratic and heavy rainfall during June-July 2015, the VAM rapid market assessment found that a price hike of basic food items such as, lentils (*masur*), edible oil, potatoes and vegetables occurred during the flood on the back of combined effects of supply chain disruption, higher prices at source and delay in restocking due to standing water.

Terms of Trade/Food purchasing capacity of agricultural day labourers

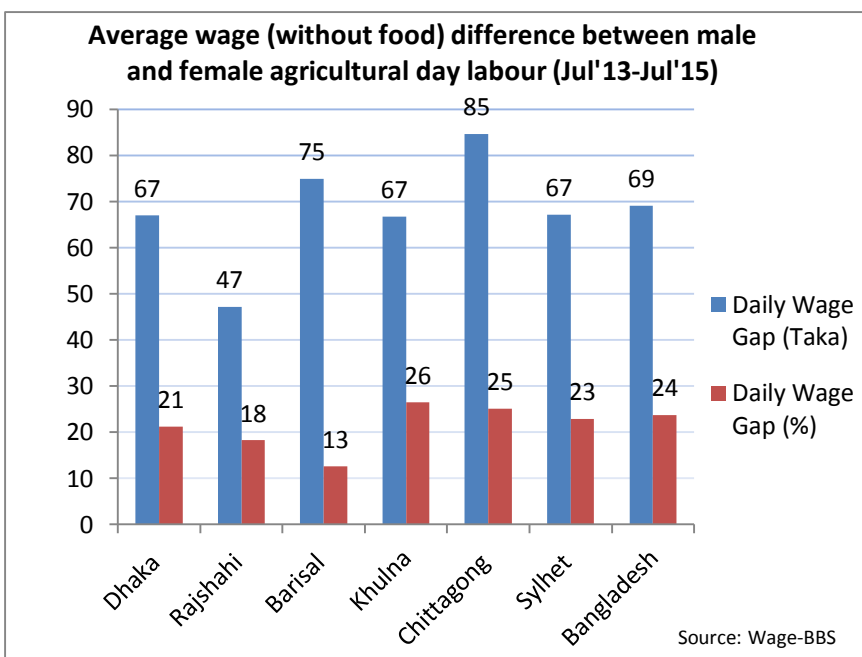


The latest available wage data from BBS is of July 2015. WFP collects wage data from a selection of farmers and labourers and interviews with upazila agricultural officers in Barisal, Khulna, Rajshahi and Rangpur divisions. To create a time series of national agricultural day labour (male and female) wage rates and the daily purchasing capacity up to September 2015, the wage data collected by WFP was used for the months of August and September 2015 and the wage data from BBS was used for the time period preceding August 2015. However, the estimated 'national average' based on wage data collected by WFP is an average of wage data from only 4 divisions - Barisal and Khulna in the south and Rajshahi and Rangpur in the north. It cannot be presented as statistically valid data, but provides an indication of the wage trend.

Year-on-year the average agricultural daily wages for male labourers followed a steadily growing trend in the just concluded FY and it continued till July 2015. However, the year-on-year wage rates started decreasing in August and by September it was 12 percent lower than in September 2014. The case was even worse for the female labourers. Heavy and erratic rainfall during late July to August caused floods which continued till September 2015, and resulted in huge damage to agricultural crops. The consequence was limited opportunities for agricultural work as reported by the WFP sub-offices. Moreover, the agricultural lean season started in September. These consecutive factors contributed to lower wage rates and average days of work per month during the reporting quarter, especially in the month of September. Less work opportunities during long-standing flood followed by the lean period instigated the migration of agricultural labourers who eventually engaged in non-farm activities such as rickshaw pulling in urban areas.

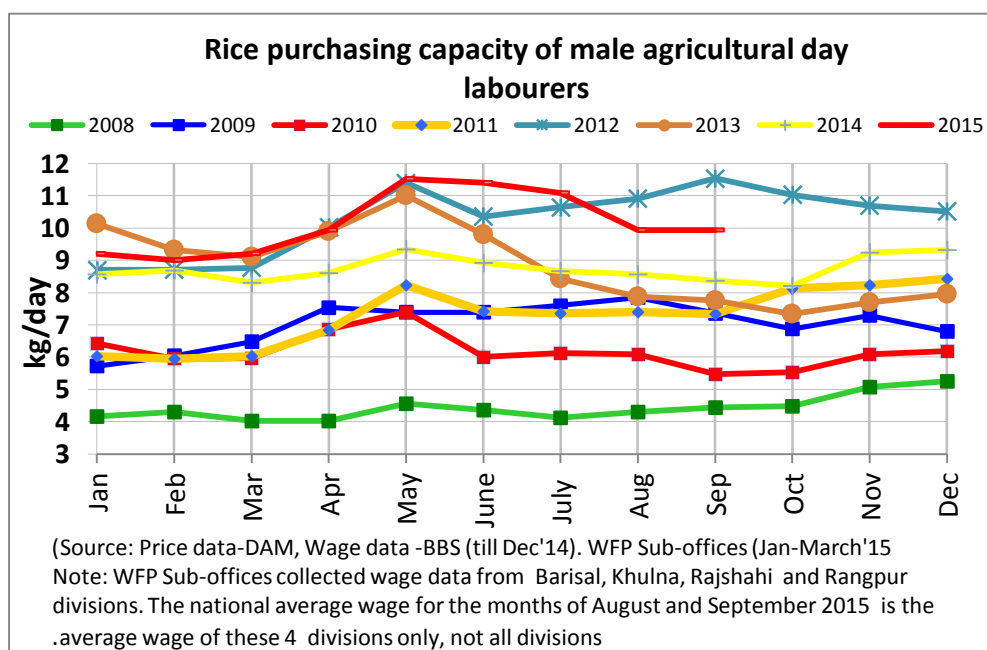
There continues to be a significant difference between the agricultural daily wages of male and female labourers. In July, the first month of the reporting quarter, the average wage for a female labourer was only 226 Taka/day whereas for a male labourer it was 304 Taka/day – a difference of 79 Taka/day. The scenario got even worse during the flood of August-September when there were far less work opportunities for female agricultural labourers than for their male counterparts during flood, thus the wage gap was also higher. The wage difference between male and female labourer was 92 Taka/day in August and 86 Taka/day in September 2015. Households depending on a female wage labourer 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 24 percent less than their male counterparts. The wage gap is higher in the southern divisions of Chittagong and Barisal. On average during July 2013 to July 2015, a female agricultural labourer in Chittagong division, which has the lowest poverty rate among all divisions, received 85 Taka/day less wage (25 percent less) than her male counterpart. Wage differences are lowest in Rajshahi division in the northern part of the country which has the second highest poverty rate.



The Terms of Trade (ToT) of agricultural day labourers' wages is an indicator of the quantity of essential food items that they can buy with his/her daily income. Since rice is the staple food and constitutes the major share in household food expenditure, rice purchasing capacity is an important indicator of the ToT.

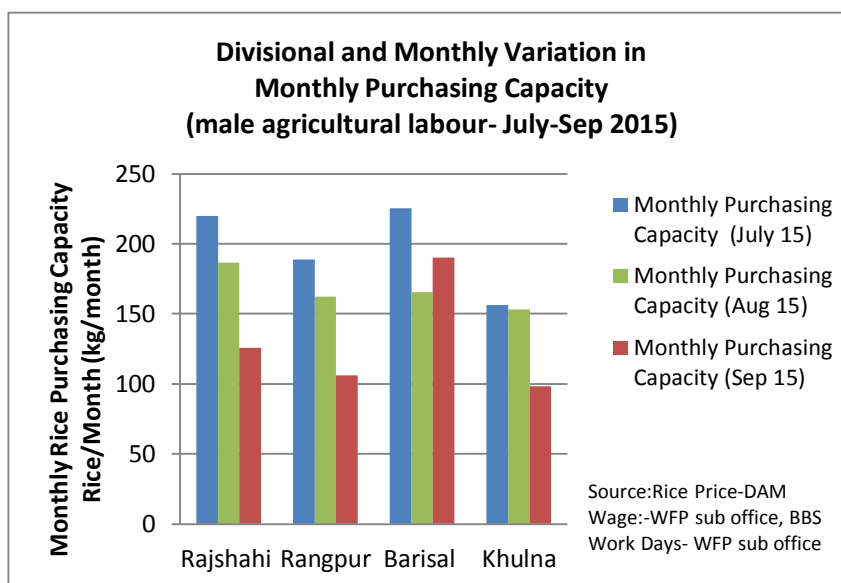
Wage data collected from BBS till July 2015 show that the average ToT in the just concluded FY and in the first month of the current FY were higher than during the same period in 2014, mainly due to both lower rice prices and higher wage rates - both for male and female agricultural day labourers. Wage data collected by WFP sub-offices for August and September for four divisions also



show an increasing ToT even though the year-on-year average agricultural daily wages tended to decline a bit.

The monthly rice purchasing capacity is measured by multiplying the daily ToT with the average number of work days in the respective months in the region. Differences in rice prices weigh little on the monthly ToT (ToT*average monthly work days). The significant difference in the monthly ToT is due to regional differences in wage rates and work opportunities. Wage rates are usually lowest in the northwestern division of Rangpur and the southwestern division of Khulna resulting in lowest ToT in these divisions.

The analysis on divisional and monthly variation in purchasing capacity for the reporting quarter was done using BBS wage data for July and WFP sub-office wage data for August and September 2015. September and October are considered agricultural lean season and the purchasing capacity generally diminishes unless the price of rice also decreases significantly. The agricultural lean season runs up to October until the harvesting of the *Aman* crop and planting of wheat starts in November. Following the usual trend, the purchasing



capacity went down in August compared to the previous month in all the four divisions. *Aman* planting being affected by flood in August, both the agricultural wage rates and work opportunities were low as reported by the WFP sub-offices. In September, available work opportunities (in days) were lower compared to other months for obvious reasons which resulted in poorer purchasing capacity in Rajshahi, Rangpur and Khulna divisions. Wage rates and work opportunities are usually low in Khulna during the May-September period every year. Particularly this year, *Aman* planting has been affected by waterlogging in Khulna, Jessore and Satkhira. Activities in shrimp farming, which is a major source of work in Khulna region, are also low after completion of shrimp *ghers* (ponds) in April. Agricultural day labourers are much needed in preparation of these shrimp *ghers* after which, during the feeding and growing period, labourers are not needed as much.

SHOCKS FACED BY HOUSEHOLDS

IMPACT OF NORTH-WEST FLOODING IN AUGUST 2015

Situation Overview

The North-West flooding in August 2015 affected over 1.2 million people in 8 districts; Bogra, Gaibandha, Jamalpur, Kurigram, Lalmonirhat, Rangpur, Sirajganj and Tangail. Kurigram, Sirajganj and Gaibandha were among the most concerned in terms of percentage of population affected. The floods left significant impact on standing crops which will eventually impact agricultural labour, potentially extend the lean season and have “knock on” effects on food security. Government response target included 55,000 and 119,000 people with rice and cash respectively as well as 7,000 bundles of corrugated iron sheets and 21 million BDT for shelter repair. The Government has also responded to rehabilitate water points, build temporary latrines and distribute water purification tablets and emergency drugs including basic health, hygiene and family kits. WFP, as part of a joint response programme by UN agencies (Unicef, FAO, UNDP, and WFP), is going to support extremely vulnerable households through unconditional cash transfer of BDT 3,000 per month to each household for a total of two months.

Impact of floods on food security:

A secondary data analysis, consolidated with a data verification survey, was undertaken as a joint effort of the inter-cluster and INGO representatives. The report summarizes an overview of the affected areas; identifies needs and responses from the Government as well as other development agencies; impact of flood on food security, shelter, health, sanitation and other priority sectors of the households etc.

The main findings of the analysis of household food security issues were:

- **Number of meals:** More than 85 percent of the respondents who could afford 3 meals a day before the flood, still cannot, even more than two months after the floods. This gives an indication of prolonged effects of floods on household food security.
- **Source of food:** The ratio of the respondents who used to depend on locally produced agriculture before the flood (29 percent) went down to only 5 percent afterward. Moreover, 49 percent respondents had to depend on other sources of food, from Government ration, relatives, NGO relief and gift/loan/charity.
- **Negative coping strategies:** Usual human instinct is to adopt some coping strategies (which also includes some negative strategies) after every shock to overcome the stress. The survey results found “reducing meal size” as the most common coping strategy among the affected people. The other strategies include “selling of livestock and poultry”, “borrow money at high interest rate”, “selling of advanced labour” and “eating less preferred food”.
- **Livelihood:** The flood caused severe damage to standing crops and vegetables. Small and marginal farmers and agricultural day labourers lost their income and employment. The study finding shows that people’s engagement in farming activities reduced by around 14 percent due to this flood. The scenario was also the same with agricultural labourers – reduced from 13 percent to 5.6 percent. As much as 23 percent of the people reported having no income opportunity.

Considering the lack of employment opportunities and reduced earning potential, the study recommends to support the most vulnerable flood affected households with cash transfer activities such as Cash For Work and Unconditional Cash Transfer. The early restoration of livelihoods and production assets are essential steps towards recovery of the disaster affected communities. This has been particularly important and urgent for the affected population who are heavily dependent on agriculture, farming and day labouring. Based on the findings and recommendations of the Secondary Data Analysis Report, a multi UN agency collaboration has been initiated to support the most affected districts which includes recovery and resilience programmes targeting approximately 19,000 most vulnerable households and covering the fields of shelter, WASH, food security, livelihood and nutrition. WFP will support 5,500 extremely vulnerable households that could not participate in the ‘Cash for Work (CFW)’ with unconditional cash transfer of the same amount (in total BDT 6,000).

FOOD SECURITY OUTLOOK

FOOD GRAIN PRODUCTION, IMPORT, EXPORT AND PRICE PROSPECT

Global

Global food prices have been declining consecutively since the beginning of FY 2014/15. 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) declined to 155 points in August 2015 which is 9.2 points (5.6 percent) down from the previous month and about 43 points (22 percent) down from August 2014. The price decline occurred mainly on the back of a significant downward drift in the prices of oil and sugar, while the prices of cereals and dairy products also decreased somewhat. However, the prices of sugar and dairy products increased a bit in the month of September after declining till August 2015. With the exception of prices being stable in October 2014, the overall food price index has declined every month since April 2014.

The FAO Cereal Price Index declined consistently all through the reporting quarter and hit 154.8 points in September which is 7 percent less than in July 2015, more than 23 points down from the same period a year

ago and the lowest since June 2010. Favourable harvesting conditions and settled supply outlook especially for maize and rice triggered this price fall especially for coarse grains.

FAO revised its world cereal production forecast for 2015 in November to 2.53 billion MT which is 36.5 million MT (1.4 percent) below the 2014 record. The downward forecast reflects a lowering of maize production in China, though production prospect improved in Brazil, Mexico and the US. Global wheat production forecast for 2015 was 736.2 million MT which is 3.1 million MT higher than the 2014 record.

Global cereal utilization in 2015/16 has been forecasted at 2.529 billion MT which is about 1.0 percent higher than in 2014/15. This indicates a sharp slowdown from the 3.2 percent and the 4.3 percent growth registered in 2014/15 and 2013/14 respectively on the back of less robust demand prospects for feed and industrial uses. Wheat is projected to be utilized upto 491 million MT for human consumption, increasing by almost 1 percent. Global rice utilization is anticipated to grow by 1.3 percent, to 499 million tons, of which around 402 million tons are expected to be consumed as food (*FAO Food Price Index, November 2015*).

Bangladesh

The rice prices during the just concluded FY 2014/15 were much lower than what was observed in the past few years. The rice price trend followed somewhat stable within the downward pattern during the reporting quarter as predicted beforehand by the Government's price monitoring model to forecast domestic foodgrain prices. Domestic production of rice almost fulfils the national rice requirement and there have even been minimal rice exports in recent years, mostly through private channels. The total rice production target for the FY 2014/15 fixed by the Department of Agricultural Extension (DAE) has been achieved for *Aus*, *Aman* and *Boro* rice (*FPMU, FSR 102*). Food inflation showed a decreasing trend throughout the FY 2014/15 (from 8 percent in July 2014 to 6.3 percent in June 2015) and continued to follow the same trend during the reporting quarter of the current FY (6.07 percent in July to 5.92 percent in September 2015). Since rice weighs 80 percent in the food inflation, a downward trend of the rice price hugely contributes to a decline in food inflation, which constitutes 56 percent of the weight in general inflation.

For the agricultural cycle of July 2015 to June 2016, the United States Department of Agriculture (USDA) in its 'Annual Update of Grain and Feed for Bangladesh' forecasted wheat production at 1.3 million MT and imports at 3.8 million MT on expectations of low international wheat prices and strong domestic demand. According to media reports, the Bangladesh Government plans to import 250,000 MT of wheat from Ukraine. Commercial wheat import is mostly done by the private sector; public sector contributes a very insignificant part. 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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