



Final Submission

Review of Decision Process with Government as Provider of Essentials:

The case of government engagement in markets of cereals in Bangladesh

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1. Introduction: Background and Objectives of the Study

Since the surge in food prices during 2007-08, policymakers in food-deficit countries are yet to find a comfort zone with regards to uncertainty that surround food production, trade and prices. Yet, governments remain responsible to make decisions for its citizens, and often are vulnerable to the unpredictable market forces and more often to human errors – endogenously determined or not. Often failures to understand markets have led to policy errors; and in pursuit of hiding incompetence, there has been enhanced vigor in putting the blame on market actors demonized in the imaginary ‘syndicates’. In spite of all such trends, governments decide; and there are implicit criteria in such decision-making, not necessarily coherent, timely and unbiased. In the absence of a structured decision rule, there are often conflicting policies arising from the urge to pursue multiple (conflicting) objectives and serve clients with conflicting interests. It is therefore felt that a handy tool of decision-making at the disposal of the technical support groups within the government (assisting policymakers) will allow the government to act in a timely manner, think through policies that are consistent across objectives, and reduce the cost of managing foodgrain market. More importantly, undertaking such an exercise is expected to initiate a process of learning for continuous upgrading of an informed and transparent decision-process.

The Food Policy and Monitoring Unit (FPMU) is one such agency within the Ministry of Food which provides inputs to policymaking on grain markets in Bangladesh; and often acts as the secretariat/liaison between various agencies within and outside the government, to facilitate decision processes pertaining to government’s grain market policies. While the origin of FPMU dates back to late 1970’s and IFPRI’s Food Policy Project in Bangladesh during the early 1990’s had important contribution towards consolidating the institution-building, and while the latter continues to warehouse data for regular briefs; no structured decision tool is yet in use. Furthermore, in the absence of a concerted effort towards structured (and consistent) decision-making, there has hardly been an interest to review the correspondence between stated objectives and various policy interventions sought; nor an interest to document the institutional processes leading to such decisions.

The primary objective of the ERG undertaking with supports from IFPRI is to develop a decision support tool for grain market policies in Bangladesh. The framework should account for the current institutional arrangements within the Government of Bangladesh. The decision rules will also have to be consistent with the broad objectives of government interventions in the grain market; and the tool should be sufficiently user-friendly. The analytical framework underlying such a decision tool and the tool in the guise of an excel-based template are dealt with in subsequent submission. This paper has

* The author is a Research Director at Economic Research Group. He acknowledges the supports provided by Aparna Halder, ERG, in undertaking several reviews.

limited scope: it draws upon consultations with relevant stakeholders and review of documents, reports and government circulars to identify a consistent set of the three dimensions - objectives pertaining to the grain market; instruments/interventions that the government has at its disposal; and agencies involved in the decision process and in implementing those instruments. The set thus arrived at is expected to define the scope within which the analytics underlying the decision support tools will be developed in the exercise to follow.

The divergence in approaches between program level documents and academic journal articles is widely recognized. For the purpose of this exercise, we have emphasized more on the method of induction. Thus, both consultations with stakeholders and reviews of documents and reports led us to reconstruct the decision process within an institutional canvass with different actors. Since the institutions cannot be viewed in isolation from the actions they take, government interventions and the institutions involved in such interventions are discussed together in the following section. A review of (policy) objectives and conformity of the interventions with these objectives is discussed in Section 3. Given that the Food Policy and Monitoring Committee (FPMC) is at the helm of decision-making with regards to the foodgrain market, Section 4 presents a summary of decisions taken at the FPMC, drawing upon announcements disseminated through various local dailies and later cross-checked with people at FPMU. The concluding section reviews various variables on which information is needed and their potential sources.

2. Review of interventions and institutions – typology

One may influence outcomes in a given market by influencing (or shaping) the rules of engagements in the market in the role of a regulator, or by influencing either the demand or supply side of the market through policies or through direct participation. A complete list of government interventions (see Table 1) would therefore include, (i) cash transfers (such as, RMP and CFW) that are more likely to increase market demand for cereals; (ii) transfers in cereals; (iii) sales at less than market prices; and (iv) policies that influence production of cereals and thereby domestic supply. Within a broader perspective, all these options compete for scarce public resources channeled through MTBF (see Figure 1). However, the present exercise abstracts from policies as well as from impacts of cash transfers on food grain market – thus, the focus is on the two Interventions ((ii) and (iii)) where the government transacts in cereals.

At a practical level, there are two distinct tiers of decision-making with implications for government involvement in the foodgrain market in Bangladesh. The first involves allocations within the broad resource envelope designed within the Medium Term Budgetary Framework (MTBF) and the second involves decisions made for short-term actions largely remaining within the perimeter set by the resource envelope. Resources allocated to food are normally channeled through the Ministry of Finance. There are however instances where ADP allocations involving the Ministry of Planning relate to food market. These generally involve public investments (financial allocation) on food godowns and other related infrastructures (and do not involve direct interventions in the

food market). While some ADP projects have safety net components in the form of credit or other supports/transfers, those involving food are under revenue budget and fall under the jurisdiction of the Ministry of Finance. Figure 1 captures the ideal roles to be played by the Cabinet/NEC (or, ECNEC) in formulation of desired policies, ensuring their translation into Plan of Actions (PoA), ensure allocation of financial resources in budgets for implementing those and approving operational manuals for their implementations. The reality is however far from this idealized world; and selected observations on reality are made in the left-hand side of Figure 1.

While it is important to establish links between the two tiers of decision-making noted above, it is considered a work to be done in future. The primary emphasis of the current exercise is on the second tier where decisions are made on a regular basis (often weekly or more frequently during emergencies) involving public food management. The central decision-maker in this context is the Food Planning and Monitoring Committee (FPMC), an inter-ministerial committee constituting a sizeable and powerful subset of the cabinet. Its members include Ministers of five line ministries – Finance, Agriculture, Food & Disaster Management, Commerce and the Local Government & Rural Development (LGRD); Economic Adviser to the Prime Minister; Cabinet Secretary along with six other Secretaries, and the DG, FPMU acting as the Member Secretary.

Decisions of FPMC may be grouped into the following six types:

1. Resource envelope: assess food supply situation, including domestic production and food aid inflow.
2. Producers' price support – timing and modality of procurement, quantity and price – including assessment of production cost.
3. External procurement and modality of procurement (private)
4. Tax and tariff on food import – the categories resorted to historically include, customs duty, infrastructure & development surcharge, Advance Income Tax, regulatory duty and LC margins.
5. Foodgrain mobility and restricts on ports of entry.
6. Distribution of food off-take across various channels – target group (including geographic coverage), price, quantity; and at times, relative size of cash and kind.

While specific decisions of FPMC will be looked into in Section 4, several observations on allocation of foodgrain may be made drawing upon consultations with stakeholders:

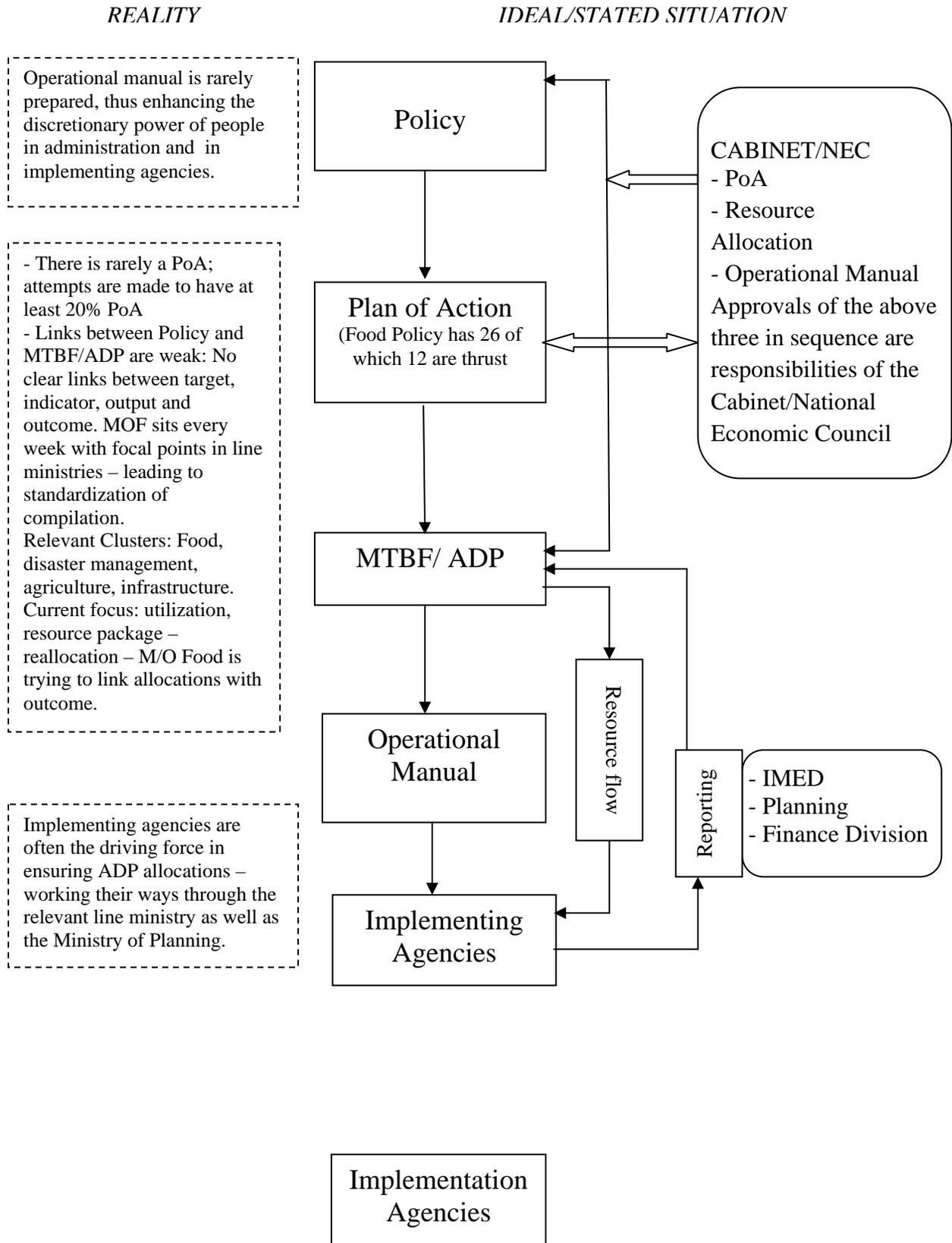
1. Historical trends and increments arrived at from those time series tend to have the most influence on current allocations – a policy of incremental adjustments that finds rationale in the argument that there must be reasons for things that have existed since the past.
2. Food market situation prevailing during March – May, a period that immediately precedes the finalization of budget allocations in normal years, tend to have significant influence on budgetary allocations. In abnormal situations with prolonged stress on food market, it is a round the year watch.
3. Political commitments, quite often than not, influence actions and outcomes.

Table 1: Interventions in Food Market and Implementing Agencies

Name of Program	Remark	Institution
Rural Employment and Rural/Road Maintenance Program (RMP), Cash	Generally cash with potential for food	Local Government Division, MO LGRD&C
Cash For Work (CFW)	Generally cash with potential for food	DRR, MOFDM
100 days Employment Scheme/Employment Opportunity for Hardcore Poor, Cash	Generally cash with potential for food	DRR, MOFDM
Rural employment opportunity for public asset , Cash	Generally cash with potential for food	BWDB, DO Fisheries, DRR, MOFDM
Test Relief (TR),, Food	PFDS	DRR, MOFDM
Gratuitous Relief (GR)-Food	PFDS	DRR, MOFDM
Food Assistance in CTG-Hill Tracts Area, Food	PFDS	DRR, MOFDM
Vulnerable Group Feeding (VGF), Food	PFDS	DRR, MOFDM
Vulnerable Group Development (VGD)	PFDS	Dept of Women Affairs, MO Women & Children Affairs
Food For Work (FFW)	PFDS	DRR, MOFDM
Food For Education (FFE)/Cash for Education (CFE)	PFDS	Dept of Primary Education, MO Primary & mass Education
School feeding program under FFE/CFE	PFDS	Dept of Primary Education, MO Primary & mass Education
Subsidy for Open Market Sales (OMS)	PFDS	DG Food, MOFDM
OMS-urban – truck sales in urban and per-urban areas – location of trucks based on prior choice of poor neighborhood; in all Municipalities (truck sales are through dealers under the supervision from DG Food)	PFDS	DG Food, MOFDM
OMS rural – through dealers – 3 in each unions - shops	PFDS	DG Food, MOFDM
Fair price card – dealers – cards allocated through thana-level committees (Ward Commissioners, MPs)	PFDS	DG Food, MOFDM
Village Police and all fourth class government employees – card distribution through DG Food; fair price shops under dealership	PFDS	DG Food, MOFDM
Garment employees, through fair price	PFDS	DG Food, MOFDM
Large employees (tea garden)	PFDS	MO Industries
Essential Priorities (Army, BDR, Police, Ansar, etc.)	PFDS	Defense, MO Home
Other Priorities (Jail mates, Fire brigade, Coast Guards, Public hospitals)	PFDS	Home, Health
Subsidize inputs to increase production	Numerous implementing agencies	Dept Agriculture Extension, MO Agriculture, MO Finance
Support to agriculture - small farmers (integrated programs)		Dept Agriculture Extension, MO Agriculture
Price support to farmers – procurement		DG Food
The National Nutrition Project (NNP)/National Nutrition Service (food under community feeding)		Undefined, MO Health
Integrated Food Security Program (IFSP) a component of which is UPVGD (food directly channeled through INGOs)		EC-Brac; USAID- Shauhardo, DRR, MOFDM

Note: PFDS = Public Food Distribution System, DG = Director General, MOFDM = Ministry of Food & Disaster Management.

Figure 1: Decision on Resource Allocation



4. In-house interests are often packaged with make-belief rationale. For example, internal interests may often push for new procurements compelling quick disposal (a case in hand is the disposal in 2009); argued in terms of the stored grain being perishable and alleged storage problems.
5. Strength of concerned line ministries in the overall power balance may also be relevant in the margin.
6. Ability of a line Ministry to prepare documents and develop project proposals is increasingly an important determinant of differential allocations to line ministries.

Review of decisions as well as discussion with stakeholders revealed that there is lot to be done in infusing rationality in the decision-making process. The role of the Ministry of Finance in keeping most agencies within the government happy and in balancing alternative (and often conflicting) demands is understandable. As noted in Figure 1, there are efforts to link allocations to outcomes and this would call for *ex ante* decision framework to justify resource allocations to be tied with the MTBF preparation. Several stakeholders also raised concerns regarding lack of adequately formulated decisions, a practice that kept room for arbitrariness. For example, procurements and storage decisions often ignore the need for planning such things over a period of 3 to 5 years (that go far beyond a budgetary cycle); need for fewer transactions/turnovers to reduce rent-seeking as well as unit cost (of procurement and storage); due acknowledgment of the fact that rice procured from external sources are 2 to 3 crops old and have lower shelf-life in the PFDS (once in Bangladesh) and the general quality issue during procurement. Furthermore, there is wide consensus on the need to set administered prices – for both procurement and monetized off-takes – that are in line with import parity and domestic prices.

3. Review of Objectives and their correspondence with interventions¹

An in-depth review of policy and program documents was undertaken to identify stated objectives of various interventions; these are summarized in the Annex. The Ministry of Food and Disaster Management, in general terms, mentions of the following purposes/objectives (among other things) of undertaking their programs: (a) overall food management of the country and establishment of dependable national food security, (b) monitoring and coordination of all matters relating to procurement, storage and distribution of food grains and ensuring fair price, (c) poverty reduction through formulation, implementation and evaluation of programs like Food for Work, Test Relief, KABITA etc., (d) coordinating matters relating to the distribution of external food aid and other relief assistance, and (e) other concerned matters relating to food, relief and disaster management.²

The main on-going programs of the Ministry and the attached departments are said to include: (a) procurement drive and distribution of food grains in order to ensure security

¹ The details are in Annex.

² Source: Ministry of Food & Disaster Management, Food Security & Disaster Management Programme of Bangladesh.

stock in government storages (b) internal procurement of food grains (c) import food grains through mobilizing own resources and foreign assistances (d) internal procurement of food grains (e) determine procurement price of food grains ensuring a fair price to the farmers (f) Food for Work Programme (FFW) (g) Test Relief (TR) (h) impart training to all concerned on Disaster management (i) establish a National Disaster Management Training Institute, (j) procure and maintain vehicles and equipments for Disaster rescue operation, (k) identify Disaster affected families and provide assistance, (l) operate Natural Disaster Risk Management Fund, (m) construct, repair and maintain flood and disaster centers, (n) publicity of cyclone warnings in coastal regions (o) Vulnerable Group Development (VGD) Programme, (p) distribution of food grains, CI sheets, money, biscuits etc., (q) construction, repairing and maintenance of roads, culverts and bridges, (r) distribution of food grains through Open Market Sale (OMS) program, (s) distribution of food grains through targeted program, (t) internal procurement of food grains, (u) determination of procurement price to provide farmers a fair price for food grains, (v) construction of food storages and other infrastructure, and (w) repairing and maintenance of food storages and other infrastructure.

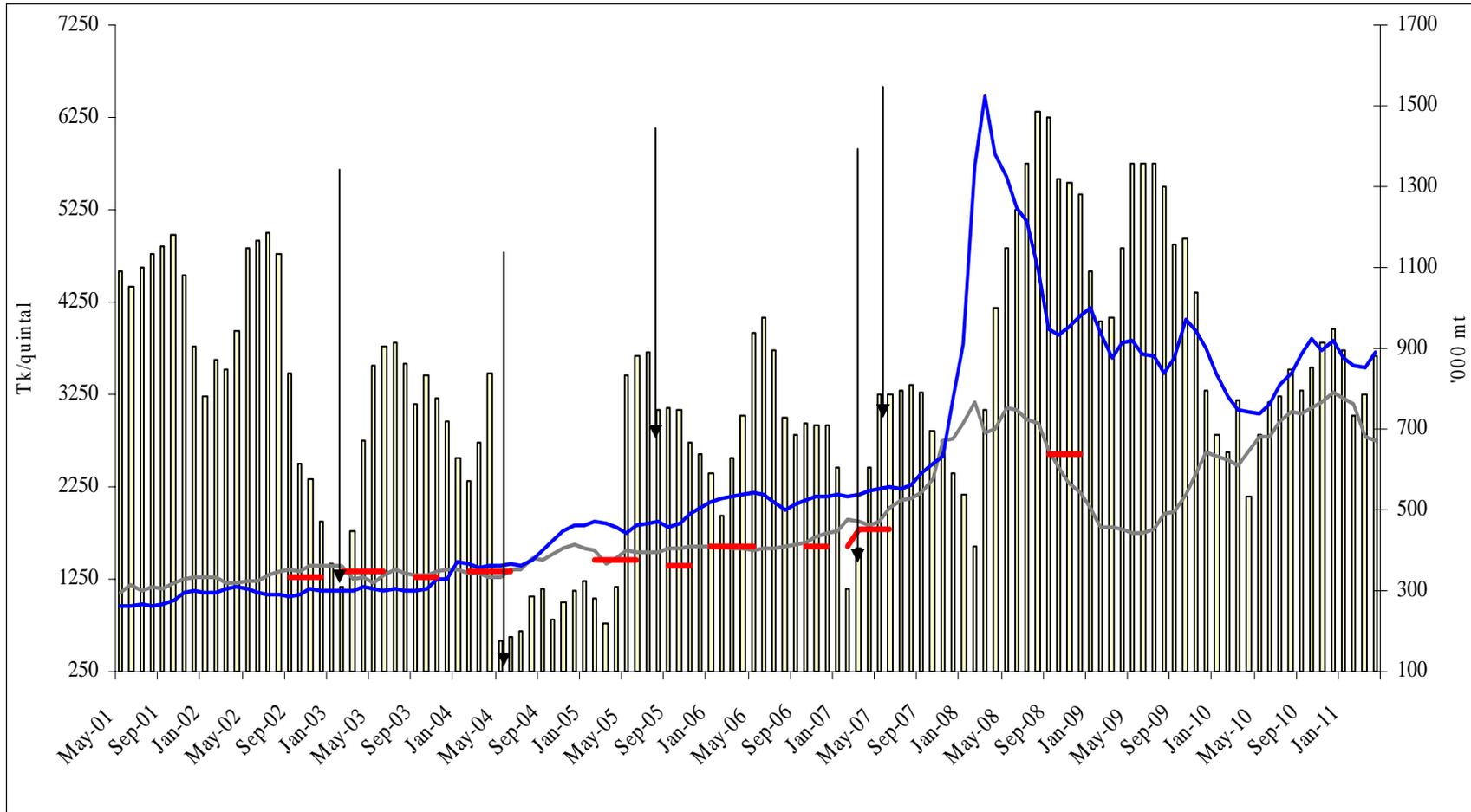
While the details are dealt with in the Annex, one may note that the dual roles of the government surface in policy documents as well as in PoAs. The current exercise however confines to the role of government as a provider only – though with a socially motivated objective function. Thus the concerns with food security during normal times as well as during periods of disaster, that are not otherwise addressed by markets with commercial (profit-seeking) players, remain overriding rationale for government involvement. At the margin, this concern is addressed by government's attempt to ensure access to food at reasonable prices. In addition, price stability along with adequate price incentives to producers remains an important objective.

4. Overview of Past decisions

An attempt was made to compile decisions made by the FPMC over the last 7 to 8 years. The exercise could not be exhaustive. Yet, those on procurements, particularly from external sources, were identified. These are plotted in Figure 2 against the public stock (cereal) and domestic and international (rice) price data to get a feel on the rationale. On the timing of such decisions, one observes the followings:

- other than in recent past, decisions were made when stocks went low;
- around January-February if the Aman harvest was disappointing;
- around May-June if Boro proved disappointing; and
- during September – partly a reaction to early loss of Aman due to flood and could partly be misuse of relatively higher September prices to obtain decisions on procurements.

Figure 2: FPMC Decisions in the context of Stock and Price Movements



Note: Column bars represent public stocks; blue and black lines are respectively prices of Thai 5% broken (Taka equivalent with no adjustments for tariffs and duties) and domestic coarse rice. The red lines represent procurement prices for rice effective for some months of the year. The vertically falling arrows indicate decisions made to procure rice from external sources.

There are several other observations one may find in FPMC decisions and as revealed in figures on external procurements. These are,

- There has been a gradual decline in the duties imposed on imports of foodgrain. From 37.5% total duty in November 2001 to only 0% as of now. The Advance Income Tax (AIT) remains and is now at 2.5%. The requirement on LC margin has been reduced to 0%; but the matter has been left to the discretion of the lending banks.
- India had once dominated the sources for Bangladesh's import of rice. Increasingly, the source has diversified under compulsion as well as by choice. Currently, Vietnam, Myanmar, Thailand and Pakistan have surfaced as important suppliers.
- Finally, in a phase of rising food prices, conflicts between interests of consumers and producers often surface in divergent positions upheld by the Ministry of Food (and Disaster Management) and the Ministry of Agriculture. Such conflicts may undermine the independent authority of the FPMC and may subsequently call for policy coordination at higher political authority.

5. Conclusion: Summary of Decision Variables

Pending an analytical framework to be presented in the subsequent undertaking, the decision variables at the disposal of the FPMC may be grouped into the followings:

- Stock: how much to keep at any point in time. Ideally, it ought to be a vector for a 12 months period rather than one single ('optimal') scalar.
- Procurement: how much to procure from domestic and from external sources and when to procure. What may be the modality of procurement³ and where and when to procure? What quality to buy/procure and at what prices?
- Off-take: allocations across monetized and non-monetized channels; time, location, target population and the setting prices are other important issues to be decided.
- Policies to facilitate or restrict trade: apply to both domestic and international trade. In case of the former, such policies may include restrictions on movements and storage as well as incentives on processing. In case of international trade, decisions may apply to choice of ports of entry, imposition of import duties and other restrictions (or, waivers), etc.

A separate review of literature was undertaken to identify various variables that are identified in the literature deserving attention while government decisions on several key areas are made. The findings are summarized in Table 2.

³ Modality may have any one or a mix of the following options: paddy procurements from farmers, rice procurement from millers, and rice procurement via traders. On a different dimension, procurement may be of two types: fixed price procurement and tender-based procurement (fixed quantity procurement)

Table 2: Review of Possible Explanatory Variables

Decision Area	Explanatory variables for Intervention	Reference
STORAGE RELATED VARIABLES	Stock carried over from the previous month	2, 3,1, 5
	Stock size of previous year same month	2,3,1, 13,5
	Policies in other countries, such as, export ban	3, 12,1, 20
	Chance of catastrophe	2,3, 15
	World production and supply in international market	2,3,1, 20,5
	Co-movement of price (wheat and rice, different quality)	2,3,7, 20 ,5
	Co movement of quantity (wheat and rice)	2,3,7 , 20 ,5
	Domestic Production Estimate	1,2,3,15
	Seasonally adjusted storage cost	2,5
	Flexibility to hold the combination of grain and financial reserves	2, 8
	Difference between additional storage cost (per unit) and per unit export price	2
PROCUREMENT MANAGEMENT	Domestic price	11, 15,1,5
	Domestic production	15,1,5
	International price	15,1, 20 ,5
	International production	15,1, 20,5
	Co-movement of price (R/W)	7 ,5
	Seasonal adjustment of Price, Storage cost	11,5
	Exporter's estimate of production	20,5
	Previous year same period procurement quantity	
	Domestic production estimate for the next period	11
	Last season procurement quantity	11,5
	Stock size last period	5
OFF-TAKE	Income means test	14, 17
	Geographic targeting	17
	Temporal targeting (sudden catastrophe)	14, 17
	Sex and age targeting	14, 17
	Roundabout carriers (to increase food consumption, giving subsidy to some other good)	17
	Commodity targeting	17
TARRIF RATE	Export-Import Parity price	3, 8 ,5,6
	International price movement for rice and wheat	3, 20,5
	Variable tariff (to track world prices in the long run)	1, 5
	Subsidizing import when availability is low	3,1, 8
	Taxing export when availability is abundant	3, 12,1,8
	Foreign exchange difference	3, 14, 17,1
	Import permit requirement	19
INTEREST RATE	Storage cost movement	3

Source: Own compilation.

Reference to Table 3:

- 1) Agricultural Outlook, OECD FAO; 2011-2020.
- 2) B. Derek, Jayne T.S., Myer J. R., “Managing food price risks and instability in a liberalizing market environment: Overview and policy options” (Food Policy, Food Policy 31 (2006) 275–287, 2006)
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- 7) Goletti F., Ahmed R., Farid N.; “Structural Determinants OF Market Integration: The Case of Rice Markets in Bangladesh” (The Developing Economies, XXXIII-2 (June 1995))
- 8) Headey D.,”Rethinking the global food crisis: The role of trade shocks” (International Food Policy Research Institute (IFPRI), 2011)
- 9) Meenakshi J., Banerji A.; “The unsupportable support price: an analysis of collusion and government intervention in paddy auction markets in North India” (Journal of Development Economics (2005))
- 10) Mahmud Khan, Jamal A. ; “Market based price support program: an alternative approach to large scale food procurement and distribution system” (Food Policy, Vol. 22, No. 6, pp. 475–486, 1997)
- 11) Ninno C., Dorosh P. and Subbarao K.; “Food Aid and Food Security in the Short- and Long Run: Country Experience from Asia and sub-Saharan Africa”
- 12) Nguyen Van Ngai; “Food Security and Economic Development in Vietnam” (Paper for the International Conference on Revisiting Agrarian Transformation in Southeast Asia, 13-15 May 2010, Chiang Mai, Thailand)
- 13) Poulton C. , J. Kydd, S. Wiggins, A. Dorward; “State intervention for food price stabilization in Africa: Can it work?” (Food Policy 31 (2006)
- 14) Ross J.; “Food Security in Cuba”
- 15) Shahabuddin Q. & P Dorosh; “Rice Markets in the 1997-98 Aman Season: A Rapid Appraisal Analysis” (June 1998); FMRSP Working Paper No. 1, Bangladesh.
- 16) Soeun Mark; “Country paper on Food Safety Overview in Cambodia” (Ministry of Agriculture Forestry and Fisheries, Cambodia , October 23, 2004)
- 17) Timmer C.; “Reflections on food crises past”; (Food Policy, 2010)
- 18) The World Bank Agriculture and Rural Development Department; “Managing Food Price Risks and Instability in an Environment of Market Liberalization” (November 2005, World Bank Institute)
- 19) “Variation in Staple food prices in Eastern and Southern Africa: A synthesis”; (Prepared for the COMESA policy seminar on “Variation in staple food prices: Causes, consequence, and policy options”, Maputo, Mozambique, 25-26 January 2010)
- 20) Agrimarket Weekly world and the CIS, (No. 18, May 9, 2011; APK- Inform Agency)

Annex

Interventions and Purposes/Objectives

The National Food Policy mentions of three key objectives⁴:

- 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

The Plan of Action (PoA) translates the provisions of the NFP towards achieving its three core objectives into 26 strategic areas of intervention, priority actions to be undertaken in the short term, medium term and long term over the period 2008-2015, identifies responsible actors (government and non-government) and suggests a set of policy targets and indicators for monitoring progress. The review of government documents presented in this Annex considers the interventions and summarizes the activities and stated rationale for those interventions.

Intervention 1: Procurement

Purpose 1.1: To ensure availability of food and access to food.

Purpose 1.2: To prevent price of grain from falling at the harvest time

Purpose 1.3: To have enough stock at the Disaster period.

Activity: Adequate procurement (one suggestion being 1 million mt) at the starting of the year and for the disaster period and at least three months grain should be in stock.

Reference: Food grain and Food Movement Policy 2008, Ministry of Food and Disaster Management.

Purpose 1.2: To help producers by giving price incentive.

Purpose 1.4: To stabilize the market price of grain.

Purpose 1.3: To make a safe food stock.

Purpose 1.1: To continue the supply of government food distribution management.

Activities:

The government collects paddy and wheat seasonally from farmers directly by following the farmer selection rules. Rice and flour should be collected from license holder millers.

The grain should be collected in Local supply depot/ Central Storage Depot under Ministry of Food. There should not be any temporary centre or private inventory place. If targeted grain can not be collected from any district, that district's target can be coordinated with other district which has extra stock.

Paddy collection: Paddy should be collected from farmers by the rule of "First come, first sell". No paddy will be collected from middle men. One farmer can sell one sack of

⁴ Reference: National Food policy, Plan of Action (2008 – 2015) , FPMU publication.

paddy (40/70 kg) at one time and can sell highest amount of 3 MT. This rule is maintained to serve as many farmers as possible.

Wheat Collection: Wheat will also be bought by the same rule “First come, first sell”. One farmer can sell minimum one sack of wheat (50/85 kg) and maximum three MT.

Rice Collection: In the case of purchasing rice from mills, the “Rice purchasing procedure” will be followed. Boiler and husking machine and others are essential criteria to get license.

Reference: Internal Procurement Policy 2010; Ministry of Food and Disaster Management.

Reference: pp. 5-8; National Food Policy 2006; Ministry of Food and Disaster Management.

Intervention 2: Open Market Sale (OMS)

Purpose 2.1: To stabilize rice market price

Activity: Government occasionally decides to sell rice in open market at (fair) prices lower than market prices.

Reference: Rice OMS in whole country, Memorandum 112 dated on 3/03/2011, Ministry of Food and Disaster Management

Reference: pp. 5-8; National Food Policy 2006; Ministry of Food and Disaster Management.

Intervention 3: Targeted (Open Market) Sales at Fair Price

Purpose 3.1: To stabilize market price

Reference: Wheat OMS in whole country, Memorandum 606, Ministry of Food and Disaster Management

Purpose 3.2: To give food assistance to lower income and limited income group

Activity : Those who have national ID card, those family who relies upon limited income but do not have any assistance from any safety net program of government or other institutions and do not have any fixed income source and any asset; they will be eligible for this activity. One family holding this card can get highest 20 kg rice per month. The x-retail price of rice per kg is 22.50 taka, selling price is 24.00 taka and commission of Dealer is 1.50 taka.

Purpose 3.3: To give food assistance to lower and limited income 4th class government employee.

Activity: One card holder family can get total 20 kg grain in a month. They can get 20 kg rice or 20 kg wheat or 10 kg rice and 10 kg wheat from a card. The x-retail price of rice per kg is 22.50 taka, selling price is 24.00 taka and commission of Dealer is 1.50 taka.

The x-retail price of wheat per kg is 18.50 taka, selling price to the consumer is 20.00 taka and commission of Dealer is 1.50 taka.

Reference: Fair Price food distribution to the Government employee, Ministry of Food and Disaster Management, p.2, 2010.

Reference: Page: 2, 3; Food Distribution Policy at the Fair price (Government regulated by card), Ministry of Food and Disaster Management, Year of publication: 2010.

Intervention 4: Food Assisted Safety Net Programs

Purpose 4.0: The intention of food assistance program is to provide safety net for the poor. Over time, food assisted programs have shifted from relief to development

There are several types of Food Assisted Safety Net Program⁵:

A. With Work Requirement

1. Food for Work (FFW)
2. Test Relief (TR)
3. Hill Tract Area Development (CHTAD)

B. With Training/Schooling Requirement

4. Food for Education (Cash for Education)
5. Vulnerable Group Development (VGD)

C. No Work Requirement (lean/distress period)

6. Vulnerable Group Feeding (VGF)
7. Gratuitous relief (GR)

Intervention 4.1: FFW

Purpose 4.1.1: Develop rural infrastructure. Food used as wage in public works program.

Purpose 4.1.2: Provide employment to the rural poor during the slack season

Reference: Rural Infrastructure Development Policy (KABIKHA) (updated till 2009); Ministry of Food and Disaster Management.

Intervention 4.2: TR

Activity: The fund will be allocated depending on the population, poverty and area of the Upazila. Then this will be distributed to the Union and eventually to the villages. In a specific program maximum 5 MT wheat/ rice and minimum 1 MT wheat/ rice can be allocated.

Purpose 4.2.1: To enhance welfare institution's activity for poor/ labor/ unemployed by many small programs.

⁵ Another social protection program maintains feeding Programs for refugees from Myanmar.

Purpose 4.2.2: To give food security.

Reference: Village Infrastructure Development Policy, upto August 2009 (গ্রামীণ অবকাঠামো রক্ষণাবেক্ষণ), Ministry of Food and Disaster Management.

Intervention 4.4: Food for Education

Purpose 4.4.1: To remove economic barriers to primary school enrollment by the poor. The stipend program linking monthly transfers to poor households is meant to encourage primary school enrollment of their children.

Intervention 4.5: VGD

Activity: Minimum 50 cards are distributed in every Union. The elective people get 30 kg grain in every month for 24 months. One card holder can get 30 kg wheat/ rice or 25 kg flour. Under FSVGD, women receive 30 kg of wheat monthly for 18-month period.

Purpose 4.5.1: To help the poor people and increase equity.

Purpose 4.5.2: (In case of FSVGD), to develop the socio-economic condition of extreme poor women, to give food assistance to them, to increase the life standard of them and to eradicate poverty from the country.

Reference: Wealth less Female Development Program, FSVGD, Ministry of Food and Disaster Management.

Interventions 4.6: VGF

Purpose and activity: Under the program, food is distributed only among upazilas that are affected by disaster or in periods when acquiring food becomes difficult for the beneficiaries. VGF criteria are similar and transfers are targeted to households affected by disasters, with priority given to those with low income. The latter includes households whose heads earn less than 300 taka in a normal month, lack agricultural land and productive assets, and these households are headed by women or day laborers.

Purpose 4.6.1: To provide one or more months of food rations to a selected number of household during a period of distress.

- To secure food access to poor and helpless people.
- To help poor children to get nutritious food
- Reduce poverty by helping in the development of social and economic position of the card holders.
- To help poor people in the lean period by giving food assistance
- To give food assistance to the poor people in the natural Disaster period.

Reference: VGF Program Policy, 2009 (ভিজিএফ কর্মসূচীর পরিপত্র), Ministry of Food and Disaster Management.

Intervention 4.7: GR

Activity: If anybody died in a poor family as a result of a natural disaster, 0.50 mt grain is given. Affected families will get 0.50 mt GR rice/grain. No institution can get more than 3 MT grain.

Purpose 4.7.1: To give food assistance to people in the area of disaster like cyclone, tornado, earthquake and river erosion.

Reference: নং- খাদ্যম/ প্রক-৩/ ৩৭ নীতিমালা/ ২০০৯ (অংশ ২)/ ৩৩৮, Ministry of Food and Disaster Management.

Reference: Social Protection of Bangladesh, Food assisted Safety Net Program; FPMU, Ministry of Food and Disaster Management, Government of Bangladesh.

Intervention 5: Food grain Stock

Activities:

- Ensure adequate security arrangement of stored food and when necessary ensure the transport of food suppliers.
- Take adequate protective measures for food supplies kept in stock in food and other godowns and arrange for their transfer to safer places, if required.
- Arrange to deliver food supplies immediately as per Delivery Order of Deputy Commissioner/Thana Nirbahi Officer on the directive of the Ministry of Disaster Management and Relief or National Disaster Management Council.
- Arrange to supply food grains in the affected areas.

Purpose 5.1: To promote food security as an important factor in ensuring the resilience of the communities to hazards.

Additional Reference

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3. Pages 2-3; Food Distribution Policy at the Fair price (Government regulated by card), Ministry of Food and Disaster Management, Year of publication: 2010. ন্যায় মূল্যে খাদ্য বিতরণ।
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6. Internal procurement Policy 2010; Ministry of Food and Disaster Management.
7. Pages 34-35; Standing Order 1998, Government of Bangladesh.
8. Social Protection of Bangladesh, Food assisted safety net program; FPMU, Ministry of Food and Disaster Management, Government of Bangladesh.
9. Circular on VGF Program, 2009 (ভিজিএফ কর্মসূচীর পরিপত্র), Ministry of Food and Disaster Management
10. Village Infrastructure Development Policy, up to August -2009 (রক্ষণাবেক্ষণ), Ministry of Food and Disaster Management. গ্রামীণ অবকাঠামো রক্ষণাবেক্ষণ নীতিমালা।
11. Pages 13-15; National Food policy, Plan of Action (2008 – 2015); FPMU, Ministry of Food and Disaster Management.
12. Pages 9-10, National Food Policy 2006, Ministry of Food and Disaster Management.