



Supporting the Safety Net Programs for Food Security in Bangladesh

With a per capita gross domestic product (GDP) of \$559 in FY2008, Bangladesh is considered as a developing country. Nonetheless, over the past 3 decades, the country was able to achieve near self-sufficiency in rice production, overcoming its food deficiency. However, during the second half of 2007, twin floods and a destructive cyclone in Bangladesh severely affected the food security of about 25 million people. The condition was further aggravated by the escalation of food grain prices brought about by rising international prices. Being a net food importing country, Bangladesh had to deal with soaring international prices, which eventually caused a significant increase in domestic prices.

Considering that about 40% of the population is under the upper poverty line and 25% is below the lower poverty line,¹ a 50% price increase in rice can significantly reduce the intake of the poor. The surge in food prices severely affected the purchasing power of poor and vulnerable people, exposing them to hunger and malnutrition. Consequently, an additional 2.5 million households or 12 million people have fallen below the poverty line in 2008, according to a study by the Center for Policy Dialogue.² The study likewise confirmed that from January 2007 to March 2008, people below the poverty line experienced an income erosion of 36.7% because of higher food prices.

The government is therefore faced with the challenge of strengthening its safety net programs to enable the poor and its vulnerable population to cope with increases in food prices and to ensure adequate food supply.

Government's Social Safety Net for Food Security

Food security in Bangladesh is challenged by the series of natural disasters that hit the country and soaring food grain prices. The government has since recognized the need to address food security concerns. In 2006, the government approved the national food policy³ which incorporates the key elements of national food security initiatives through (i) adequate and stable supply of food; (ii) people's increased purchasing power and access to food; and (iii) adequate nutrition for all, including women and children. The national food policy puts emphasis on short-term solutions to cope with unexpected domestic and external shocks after the occurrence of natural disasters, and medium and longer-term measures to ensure food security through increased agricultural productivity.

Short-term responses to the natural disasters in 2007 and to rising international prices were urgently needed and were provided immediately to meet food security needs. Food security for the poor and the vulnerable was given priority. The safety net programs relating to food

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security included open market sales, vulnerable group development, vulnerable group feeding, test relief (food), food assistance, and food for work. These programs targeted low-income groups and poverty concentration areas. Total budget for social safety net programs was \$687.6 million in FY2008 and \$1,292.7 million in FY2009. To protect the poor and vulnerable from the surge in food prices, the government plans to further strengthen these safety net programs with an emphasis on targeting efficiency, increasing spending and expanding coverage. Private sector involvement is also encouraged to strengthen food stock management.

Because of resources constraints, the government needed external financing in addressing its food security concerns. Hence, it requested financial assistance from development partners to meet financing requirements for its social safety net programs.

ADB's Support to Safety Net Programs for Food Security

In response to the request of the Government of Bangladesh, Asian Development Bank (ADB) provided the Emergency Assistance for Food Security Project in July 2008 amounting to \$170 million.⁴ The project will assist the government expand the targeted safety net programs for the poor and vulnerable and augmenting its inadequate budgetary resources to finance these

programs. The food security project will focus on improving access by the poor to food, income, and livelihood support. It will contribute to the efforts of the government in providing better access to food for 5 million poor and vulnerable people.

Through the project, a reduction in poverty levels of low-income groups is also expected. In particular, the food security project aims to achieve the following major outputs:

- Strengthened open market sales of food grains, with wider coverage to ensure food security of targeted poor and vulnerable people. Expanded coverage and improved efficiency under open market sales will mitigate the hardship of those affected by higher food prices.
- Enhanced food entitlements for the poor and vulnerable to survive short-term food deficits. Job opportunities for the poor and vulnerable, disadvantaged groups, and functionally landless and low-income earners will help improve rural infrastructure development through the participation of low-income communities.
- Improved purchasing power of the poor and vulnerable by generating rural employment. Employment guarantee schemes will create employment opportunities in poverty-stricken areas where unemployment is at its peak.

Endnotes

¹ The poverty lines represent per capita consumption expenditure at which the members of a household can be expected to meet their basic needs (food and nonfood consumption). A household with per capita consumption expenditure falling below a given poverty line is considered poor.

² Center for Policy Dialogue. 2008. Bangladesh Economy in FY2008, An Interim Review of Macroeconomic Performance. Dhaka. The survey takes the 2005 data of the household income and expenditure survey as a reference point. The World Bank is currently preparing a poverty assessment for Bangladesh, which will include comprehensive analysis of impact of recent rise in food prices on poverty.

³ Ministry of Food and Disaster Management. 2006. National Food Policy. Dhaka, 14 August.

⁴ ADB. 2008. Report and Recommendation of the President (RRP: BAN 42166) on the Proposed Loan and Technical Assistance Grant Emergency Assistance for Food Security Project (Bangladesh). Manila.

About the Asian Development Bank

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Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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