

Food Policy in Bangladesh

Issues and Perspectives

Summary of the Dhaka Seminar, Bangladesh, March 13, 2005

Organized by the International Food Policy Research Institute, the Bangladesh Institute of Development Studies, and the Bangladesh Rice Foundation.

Background

Recent economic reforms in South Asian countries have improved the living standards of the population in the region and have further integrated the region into the global economy. Yet the challenges of eliminating poverty, hunger, and malnutrition remain. South Asia is the home of 39 percent of the world's poor who earn less than a dollar a day.

In March 2005 the International Food Policy Research Institute (IFPRI) launched a series of programs to intensify its research and outreach efforts aimed at addressing the challenges of poverty and hunger in South Asia. March 7 marked the opening of the South Asia regional office of IFPRI in New Delhi, India. The office will give IFPRI a stronger presence on the ground, closer to its clients in the region and the issues that confront them. The opening of the new South Asia office was followed by country seminars in Bangladesh, India, and Pakistan on topics of particular interest in those countries.

The Seminar in Bangladesh

Bangladesh has made commendable progress in several development areas, including reducing population growth and child mortality rates, coping with natural disasters, achieving gender and urban-rural parity in primary and secondary education, and mainstreaming women into the development process.

In the decades since the 1974 famine, Bangladesh has moved from being chronically food-deficit to the brink of food self-sufficiency. Foodgrain production has almost doubled, while marketed quantities have increased by more than sixfold. The focus of food policy has shifted perceptibly in recent years. A complete picture of food security is now provided by adopting the framework of food availability, access, and utilization, while recognizing explicitly that Bangladesh's success in reaching the goal of

achieving national self-sufficiency in foodgrains is only one part of solving the problem of food insecurity.

The government has liberalized grain trade and dismantled the public food rationing system. Instead of using public distribution as an outlet for public food procurement and price support, the emphasis has shifted toward strengthening social safety nets and disaster mitigation programs, and procurement and stocking are now being carried out up to the level necessary to sustain those programs.

Despite these positive changes in food policy and progress in economic growth, pervasive poverty and undernutrition persist. The most disturbing consequence of widespread poverty is that over 40 percent of the country's 140 million people cannot afford an adequate diet. Furthermore, one-fifth of the population is ultra poor and remains seriously underfed due to inadequate purchasing power. Chronically food insecure and highly vulnerable, these people remain largely without assets (other than their own labor power) to cushion lean-season hunger or the crushing blows of illness, flooding, and other calamities.

Information generated through policy research strengthens the empirical basis upon which governments can make informed policy choices. In Bangladesh, research and outreach have played important roles in shaping the policymaking process. To further help reinforce the links between research and policymaking, a seminar entitled "Food Policy in Bangladesh: Issues and Perspectives" brought together more than 90 participants to consider strategies for reducing hunger and poverty in the country. Bangladeshi and IFPRI researchers (from both inside and outside the country); key ministers and senior government officials concerned with food policy issues; and experts from government, nongovernmental organizations, universities, research institutions, and international organizations participated in the seminar. Held on March 13, 2005, in Dhaka, the seminar was sponsored by IFPRI, the Bangladesh

Institute of Development Studies (BIDS), and the Bangladesh Rice Foundation (BRF).

Saifur Rahman, M.P., minister for finance and planning, addressed the inaugural session of the seminar. “Only economic development will eventually be able to give [food] security, and economic development is a total development process—not a directed one,” said Rahman. He told the audience that the government is pursuing policies consistent with the Millennium Development Goals (MDGs) and a market-led regime to generate employment and raise purchasing power so that people can have access to the food available on the market. “Because of such policies,” he said, “there is no starvation and death from food shortages despite three recurring floods.” Rahman stated that government intervention and decentralization are not solutions to achieve food security in Bangladesh. “Without a pro-poor and stable institutional framework, decentralization is chaos and a waste of resources,” Rahman added. He emphasized the importance of investments in rural development and infrastructure for agricultural growth and income generation.

The seminar was structured in three sessions. Highlights from each session and some conclusions follow.

Session 1. Food Security: Emerging Issues and Challenges

Rahman was chief guest for the first session. M. Syeduzzaman, chair of BRF, chaired the session. IFPRI director general Joachim von Braun presented the keynote paper. The two discussants of the keynote presentation were economist Wahiduddin Mahmud, professor at the University of Dhaka, and Shenggen Fan, IFPRI senior researcher.

Syeduzzaman noted that this was the first seminar of its kind. He said that a new agriculture strategy is in development that includes privatization, the support of public resources, public-private partnerships, and constant commitment from all those involved. He commented that there had been a noticeable slowdown in agricultural progress in the 1990s. However, new technologies have been developed and there is a renewed emphasis on the environment and sustainable development.

In his keynote speech, von Braun sketched a global policy perspective of food security and then put forward the relevant policy parameters that might apply to Bangladesh. Finally, he highlighted some promising national and global actions.

“Not only ask: how many are hungry, who, and where are they? But also ask: why?” von Braun suggested to researchers who make food and nutrition security assessments. He noted that it is of strategic importance for national policy to address hunger and food and nutrition problems, and suggested that attention should be paid not just to instances of “open hunger” but also to “hidden hunger” due to micronutrient deficiency. To achieve the MDGs, it is the responsibility of governments and interna-

tional communities to change the food security situation in the world. He cautioned against too much decentralization, and supported partnerships among government agencies, nongovernmental organizations (NGOs), the private sector, and research institutes. He suggested that Bangladesh adapt the UN-sponsored “Hunger Task Force” recommendations to its circumstances: (1) move from political rhetoric to action, (2) reform policies and create an enabling environment, (3) increase the agricultural productivity of food-insecure farmers, (4) improve nutrition for the chronically hungry and vulnerable, (5) reduce the vulnerability of the acutely hungry through productive safety nets, (6) make markets work for the poor, and (7) restore and conserve natural resources essential for food security.

Von Braun emphasized that incremental investments are needed in targeted interventions that maintain a balance between growth and rural development. Finally, he underlined the fact that IFPRI’s new South Asia office in New Delhi serves the entire region, and that IFPRI will continue to work in Bangladesh, building on its three decades of collaboration with the country.

Mahmud noted that IFPRI has had a record of performing collaborative research in Bangladesh that has helped shape the country’s food and agricultural policies. “This is all the more praiseworthy because the influence on policy has been achieved by the strength of analytical work rather than through the leverage of aid conditionality,” said Mahmud. He commented on von Braun’s point that there is a need to strengthen governance in order to eliminate hunger and noted the positive trend in developing countries toward holding elections. “I am sure he [von Braun] will agree that the quality of democratic governance he has in mind is not automatically ensured by merely having an elected government,” said Mahmud. “...The issue of governance should not be treated as a black box; we need to unbundle it and look for innovative institutional arrangements.” Mahmud maintained that Bangladesh has pursued market-oriented reforms in agriculture, privatizing tubewell irrigation and input markets and liberalizing foodgrain imports, leading to positive results. However, the country spends very little on agricultural research and development. Mahmud further stated that while allowing private rice imports from India has helped Bangladesh stabilize domestic rice prices in the recent years of food scarcity, domestic rice producers may often need to be protected from cheap imports through a flexible import tax policy.

Fan emphasized the importance of public investment in poverty reduction. He observed the downward trend in government spending on agriculture in recent years, stagnating infrastructure investments in Bangladesh, and the low priority given to social security and welfare spending. In contrast, spending on health and education has increased. He noted that the returns on public investments in developing countries vary drastically across different types of investments and across regions, even within the

same country. “This implies that there is a great potential for more growth and poverty reduction, even with the same amount of investment, if public resources are allocated optimally,” said Fan. “Agricultural research, education, and rural infrastructure are the three most effective public spending items in promoting agricultural growth and poverty reduction.” He suggested four areas for future research: (1) interactions, complementarities, and synergies among different types of investments; (2) financing issues; (3) governance and effectiveness of public provisions; and (4) trade-offs between investment and subsidies, and between targeted programs and investment.

Key points raised in open discussion

Policy reversal for agricultural spending was called for in view of the decreasing funding for agriculture and resulting decline in agricultural growth. The terms *poverty*, *food insecurity*, and *hunger* are used interchangeably—clear definitions of all three terms are needed. There is a lack of attention to the quality of civil service that often leads to policy failure. In order to realize the MDGs, there is a need for corresponding commitment from the donor community. If new technologies are to be introduced, the government and donors should take into account risk-management scenarios. Making markets work for the poor is a challenging task.

Session 2. Bangladesh’s Agricultural Strategy: New Perspectives

M.K. Anwar, M.P., minister of agriculture, was chief guest, and Mandivamba Rukuni, a member of the IFPRI Board of Trustees, chaired the second session. The keynote speaker was BIDS director general Quazi Shahabuddin. IFPRI emeritus research fellow Raisuddin Ahmed and former secretary of agriculture A.M.M. Shawkat Ali were discussants.

Scholars in the 1970s and 1980s argued that the preponderance of small and marginal farmers and the widespread prevalence of sharecropping tenancy that characterized Bangladesh’s agrarian structure would impede technological progress and constrain agricultural growth. “These apprehensions have proved to be wrong,” said Shahabuddin in his keynote speech. “In fact, the diffusion of new technology has led to institutional changes. Sharecropping has given way to fixed-rent tenancy in the cultivation of modern varieties, and the tightening of the labor market during the busy agricultural seasons has led to a change in the labor contractual arrangements from daily-wage to piece-rate contracts.” The areas that have yet to benefit from modern technology are those where irrigation development is uneconomical at the input-output price configuration. Agricultural policy should target factor productivity, investments, and risks by (1) rationalizing public expenditure allocation with enhanced public investment in rural infrastructure, (2) inducing a shift in the relative prices of inputs and outputs to correct market distortions, (3) putting in place an appropriate legal and regulatory framework, and (4) carrying out institutional

reforms that make both the public and private sectors more transparent, accountable, and efficient. Such policy changes would help conserve both public and private resources and encourage investment in the agricultural sector. Shahabuddin further stated that the World Trade Organization (WTO) rules provide several opportunities upon which Bangladeshi agriculture can capitalize through policy actions. As a least-developed country, Bangladesh is exempt from WTO rules on tariff reductions, export subsidies, and domestic support for agriculture. Bangladesh should avail itself of emerging opportunities in fast-growing import markets by increasing the spread and value-added of export commodities.

Ahmed commented that, in order to be competitive on the global market, Bangladesh will have to look for suitable high-value crops and agricultural products, and place more emphasis on fisheries, livestock, and forestry. He called for an overall increase in research expenditures, and not simply reallocation of funds among subsectors. He also noted that microcredit does not work for medium-size farmers, who are the real producers. Attention must be paid to environmental issues as well, he argued, including land and water contamination and natural resource management.

Ali highlighted the issue of the contract farming system and called for more research to assess how it is working. On the issue of diversification to high-value noncereal crops, he noted that the private sector is increasingly involved in producing vegetables and other horticulture crops. However, institutional issues do cause impediments—for example, national institutes of biotechnology and agriculture are disconnected. “Attention needs to be paid to the linkage between the farm and rural nonfarm economy,” said Ali.

“How should we respond to strategic challenges such as climate change?” asked Rukuni, the chair of the session. He expressed concern that Bangladesh might lose a large area of fertile delta land to the rise of the sea, and this might worsen difficulties in sharing water resources among neighboring countries.

The session’s chief guest, Anwar, reported that the government has initiated action on issues identified by the recently completed Agricultural Sector Review. For example, a new “seed law” to strengthen the regulatory mechanism for the quality control of all seeds is awaiting approval. Some support for chemical fertilizers has been introduced recently, and programs have been initiated to promote organic fertilizers. The government has exempted all agricultural equipment from import duties. Cash incentives are given to enhance exports of agricultural products. The interest rate on agricultural credit has been lowered. Rebates on electricity are given for irrigation and agro-based industries. “We are constantly reviewing our actions and strategies relating to the emerging challenges of agriculture and looking for advice from those who are more knowledgeable and learning from those who are more experienced,” said Anwar.

Key points raised in open discussion

Biotechnology will have the greatest impact in backward regions of the country. Research is needed on how international markets will change over time and whether Bangladesh will have a strategic advantage as a result. There has been little structural change in labor employment, and agriculture is still absorbing about 50 percent of the labor force. The focus should be to look at strategic challenges and how to respond to emerging new issues.

Session 3. Disaster Management, Safety Nets, and Nutrition Interventions

Kamal Ibne Yusuf, M.P., minister for food and disaster management, was chief guest for the third session. BRAC (formerly known as Bangladesh Rural Advancement Committee) executive director Abdul-Muyeed Chowdhury chaired. IFPRI senior research fellow Akhter Ahmed presented the keynote paper. Naser Farid, director of the Food Planning and Monitoring Unit of the Ministry of Food, and Sajjad Zohir, senior researcher at BIDS, were discussants.

In his keynote presentation, Ahmed highlighted three types of food insecurity: (1) serious undernutrition among the ultra poor, who are about one-fifth of Bangladesh's 140 million people; (2) acute food insecurity among low-income people as a result of shocks such as floods, cyclones, and droughts; and (3) "hidden hunger" among a large percentage of the population owing to a poor-quality, micronutrient-deficient diet. Whereas the price of rice has been falling in Bangladesh, the prices of other, nutrient-rich foods are on the rise. "If policies are not undertaken to increase the supply of noncereal, nutrient-rich foods such as pulses, fruits, vegetables, and fish," said Ahmed, "the prices of these foods will continue to increase in the face of income and population growth. Consequently, the diet quality and nutritional status of the poor are likely to deteriorate further." Ahmed told the audience that Bangladesh has made significant progress in strengthening social safety nets to assist the poor. The government has shown a remarkable willingness to evaluate program effectiveness, confront shortcomings, and cancel or modify programs as a result. However, income seasonality remains unaddressed by the existing safety nets. Ahmed proposed a consumption credit program for the poor to mitigate transitory food insecurity during the lean season. To improve diet quality, he called for increased agricultural investments in high-nutrition nonstaples, and for support of the biofortification of staple crops with micronutrients.

Farid commented that, despite various government and NGO initiatives to improve the food security of the poor, about 6 million ultra poor in Bangladesh still remain beyond any kind of food safety nets. "We have about 40 food safety-net programs to address the ultra poor and vulnerable," Farid said, adding that there has been a decline in the availability of food-based safety nets in recent years.

Zohir emphasized the need to verify whether programs actually cover the group initially targeted and to assess the extent of failure in targeting. He also called for the estimation of the size of leakage across safety-net programs.

Session chair Chowdhury commented that relief is needed immediately after a disaster, but credit is needed soon thereafter to restart the development process. "BRAC is targeting the ultra poor with various development-oriented safety-net programs," he added.

Yusuf, chief guest for the third session, stated that Bangladesh is highly prone to natural disasters such as floods, cyclones, and occasional droughts. Coping with disasters diverts many of the government's efforts and resources away from long-term development priorities and into short-term crisis management. He reported that the government has adopted a holistic framework embracing all aspects of vulnerability and risk management. "We have developed specific codes to address cyclones, floods, drought, and famine, and now we are preparing codes for earthquakes and tsunamis," said Yusuf.

Key points raised in open discussion

While raising social awareness about micronutrients in the diet is important, legislation is also required at the appropriate levels. Research needs to be carried out on intra-household food distribution during shocks. The government uses open-market sales of rice at a subsidized price to address seasonal food insecurity.

Conclusions

Participants noted that IFPRI can play an important role in Bangladesh in researching the policy angles of social safety nets, agricultural research, education, rural infrastructure, and public investments.

IFPRI research fellow emeritus Nurul Islam made the closing remarks. He highlighted a number of current and emerging food policy issues in Bangladesh addressed in the seminar, and identified gaps in research.

Future research must address regional issues, he argued. Regional disparities in Bangladesh exist not only in agricultural productivity and growth, but also in nutritional status and poverty. Are poverty and child malnutrition indicators related to agricultural growth and productivity?

On the issue of high-value agricultural products, what are the driving forces for producing these products? The issues of sanitary and phytosanitary standards, the integration of small farmers into the marketing chain of exports of high-value products, contract farming, and diversification of exports need to be explored.

On the question of agricultural subsidies, the WTO allows least-developed countries such as Bangladesh to maintain much higher levels of subsidy than the country has today. Should Bangladesh increase its subsidies to the limit set by the WTO?

Bangladesh has achieved great success in reducing infant mortality, but the success in reducing child under-nutrition is modest. Why is this so? The determinants of infant mortality and child undernutrition must be identified in Bangladesh's socioeconomic context.

Bangladesh has become a leading developing country in providing access to safe water to its entire population. Are

the poor now more vulnerable to water-borne diseases due to the closing down of hand pumps in areas with high levels of arsenic contamination of the groundwater? The current and emerging problems related to arsenic contamination of water should be analyzed in the context of agricultural productivity (nature of irrigation techniques, use of chemical fertilizers, etc.) and poverty.