

**UTTARAN Experience
On
Food Grain (Rice) Bank for the Poor**

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Food Grain (Rice) Bank for the Poor

Context

Rice is the main staple food in Bangladesh and about 50 percent of all households in Bangladesh are involved in rice production. Food security in Bangladesh is to a large extent associated with rice consumption and production. Bangladesh managed to avoid shortages of rice during the food crisis but price increases were substantial. On average Bangladesh is nearly self-sufficient in rice. Between 1998-99 and 2007-08 the country imported an average of about 850,000 MT of rice per year, or less than 5 percent of total net availability. However, due to the geo-climatic situation of Bangladesh, which is prone to frequent natural disasters like cyclone, prolonged floods and others, Bangladesh faces serious losses in rice crop yield in some years/seasons.

And again, increases in the international price of rice cause panic in the Bangladeshi rice market. Market instability was aggravated by the export restrictions placed on rice by a number of countries, leading to steep price hikes in the world market.

In addition to above dynamics, Bangladesh agriculture market faces LEAN seasonal shocks which is characterized by price hike of rice and acute unemployment of agricultural/rural laborers. The basic explanation of the lean season phenomenon is widely known in Bangladesh: employment and income opportunities of the rural poor strongly decrease between transplantation and harvest of paddy. The lack of income reduces ability of the poor households to cover basic nutritional requirements. The lean season reduces the people's access to income, which is a shock on their livelihoods. People with low capacities, hit by this seasonal shock, have to reduce their nutritional intake and fall in to the trap of below poverty.

The definition of "Lean Season" is restricted to the lean season preceding the *Aman* harvest in the Bangla months of Ashwin and Kartik (End of August/mid September to mid November) although there is a second lean season before *Boro* is harvested. The price again starts to increase from mid December and this trend continues up to mid March, after which it remains stable up to April and early May. With a good *Boro* harvest the price again starts to fall from mid May and remains stable up to July and August. So that, in Bangladesh there are two rice dominant agricultural Lean Seasons (corresponding to pre-rice harvest periods).

Another problem in rice market in all over the Bangladesh accentuates the situation that is the gap between retail and wholesale price due to hoarding. The retail price of rice in the local market usually increases significantly in lean months and likely to increase further until the next harvest. Like during January to December 2010, the wholesale average price of rice increased by 25 percent. At the same time the retail prices of rice have gone up by 20 percent. One of the reasons of enormous gap between the wholesale prices and retail prices is liable to the hoarding of food grains by the wholesalers. This provides room for the wholesalers to maneuver the prices in favor of them. This maneuverability allows them (hoarders) to dictate retail price at the cost of the consumers.

↔	The retail price of rice in January 2010 was 24.75 taka per kilogram.
↔	In March 2010, the retail price of rice was 26.75 taka.
↔	In July 2010, the retail price of rice was 27.5 taka per kilogram.
↔	In September 2010, the retail price of rice was 28 taka per kilogram.
This shows that the rice price had increased during July to September 2010. During the period of January to March 2010, the retail price of rice has increased by 8.33 percent. Over the next couple of months from April to June 2010, the retail price of rice has risen up by 7.69 percent.	

In this year 2011, in last month the price of coarse rice at Karwan Bazar kitchen market ranged between Tk 35 and Tk 37 per kilogram, medium-grade rice between Tk 38 and Tk 42 per kg, and fine varieties of rice between Tk 42 and Tk 54 a kilo. It can be projected that another 8 or even 15% increase can be happened in price by the upcoming July – September.

Another dynamic of rice cultivation, which is again associated with lean season, is unemployment due to decrease in the need of agricultural labor in rice cultivation during lean season. Unemployment, losses of income, income erosions, and at the same time rice price hike make extreme poor households of rural Bangladesh destitute. In the process of paddy cultivation in Bangladesh, there are mainly two periods, when a big labor force is needed. Some thirty days after the seedlings have been sown on a very small field, they have to be transplanted to a big field. Within about one week lots of work has to be done for ploughing the field several times, for leveling and for the transplantation of the seedlings. The second labor-intensive step is the harvest, which gives work for cutting, transporting and husking. In between transplantation and harvest, intercrop activities can only provide limited labor. Fertilizer and possible pesticide application needs nearly no labor. One to two times weeding is the only step in-between, which can employ a significant number of people some 20 to 30 days after transplantation. Between transplantation and harvest many laborers cannot earn enough money from agricultural employment for covering their basic needs. During the Lean Season it is also very difficult for unskilled workers to find alternative employment opportunities, mainly because of the climatic conditions. As it is still raining and the floodwater has not removed completely, there is only very limited work available in the construction sector, for earth works and on the brickfields. Seasonal migration can be an opportunity to earn money for the capable men, but during Lean Season migration opportunities decrease also, as the agricultural lean season affects all Bangladesh. Some employment is available towards the end of Lean Season because harvest starts earlier in some districts. During lean season, non-agricultural sectors also offer less employment in most areas of Bangladesh because of rainfall.

Food inflation and Poverty :

Decreased access to employment and income at local level and national level rice price hike are the major reasons for lean seasonal shocks over extreme poor households of rural Bangladesh. Adverse market dynamics accelerate the problem.

The food price inflation and acute seasonal unemployment in Rural Bangladesh among agricultural laborers and marginal farmers has a profound nexus with poverty and inequality.

Food inflation hits hard the poor since their purchasing power decreases due to the erosion in real income. The Bangladesh empirical data indicates that the real wage effect on poverty outweighs the employment effect of inflation. As the food inflation increases, the additional number of people goes under the poverty line. The rising trend of food prices and unemployment make the problem even more complex. As the food prices are in the rising trend it may pave the way for more people to go under the poverty line while they were above the poverty line before the food price rises.

In Bangladesh 40 percent of 160 million people live on less than one dollar a day. A rapid population growth, rising food prices and unemployment as well as the threat of climate change turns Bangladesh into a more food insecure state. (*Bangladesh Economic Update, February 2011* *Bangladesh Economic Update, February 2011*)

The food price inflation had increased the poverty level. It has caused the poor families to reduce food intake and cut other expenditures. The share of food in household spending is very large among Bangladeshi poor and low-income groups.

In Bangladesh, food price shock has increased Bangladesh's poverty rate by around 3 percentage points. A World Bank survey finds nearly 8 percent of the surveyed households pulled their children out of schools to get jobs to assist their families cope with the crisis. Households most vulnerable to inadequate food intake include those depending on irregular income from daily wage labor and lacking productive assets. Occupational groups such as day laborers, fishermen, and beggars fall into this category. Within households, children, disabled, and pregnant and lactating women face the greatest nutritional risk.

And existing Poverty alleviation programs, techniques and approaches do not work.

Rationale behind the Idea:

It is praiseworthy that, Bangladesh government took and has taken several measures to tackle food price inflation; these helped to prevent a full-fledged food crisis. The government enacted a proactive policy to boost agricultural production and productivity and implement food security programs. In addition to national level intervention by Government a need exists which is to help extreme poor households to avoid the poverty trap due to excessive rises of retail prices of main staple rice during the lean period of employment and harvest through self-reliant program like establishing community level food grain bank by NGOs, CBOs or other Non-state Actors. These **Grain Banks** will be village-level institutions, which ensure availability of food grains to members during the lean period.

Food Grain Bank is the respond to food deficit during the two lean periods of rice cultivation and rural unemployment due to the pattern of the existing agricultural labor market, seasonal varieties in the harvest, irresponsible hoarding by the wholesalers, acute natural disasters in some years, international market hiccups, and exploitation by the local moneylenders.

About Uttaran

Uttaran is a people centered organization using a rights based approach to alleviate poverty, diversify livelihood opportunities and empower poor communities throughout the southwest region and gradually expanding to other parts of Bangladesh. The core focus of Uttaran programs are human rights, land rights and agrarian reform, community based river basin management, sustainable water management, adaptation to climate change, ecological agriculture and food security.

Uttaran and its Programs on Poverty Alleviation among EPH¹s

Uttaran, since its inception, targets and include ultra poor and distressed segments of the population in all of its programmatic interventions. Uttaran also is active to increase the coverage of beneficiaries from ultra poor strata from its programmatic intervention aiming at redistribution of natural productive assets and ensure food security. Moreover Uttaran through its two decade long experiences of working on cash transfer and human capacity enhancement programs creates innovative avenues for people from ultra poor families and socially excluded to be graduated from poverty and marginalization. Uttaran along with its targeted approach to create access of resource scarce extreme poor to productive natural

¹ EPH – Extreme Poor Households

resources Uttaran emphasizes extension of Income Generating Assistance (IGA) support as one important avenue for extreme poor to make themselves graduated. Over the last three years altogether 52,691 (35,933 females) poor people receive IGA training from Uttaran, and 41,477 poor people (88.25% of them are female) are reached through Uttaran's micro credit and IGA program. And 41,477 Households receive in last five years direct IGA support from Uttaran and among them 88% are female

Uttaran works with disadvantage and destitute people including, poor, women, disable, outcastes, and religio-ethnic minorities (REM); including absolutely and functionally landless peasants, land-poor marginal farmers, and small farmers, sharecroppers. Among the targeted beneficiaries of Uttaran and by its interventions, roughly 49% percent are women, 27% belongs to religio -ethnic minority communities, 0.5% disable, and 40% are poor (approximately). Indirect program participants of the different projects/programs of Uttaran include Union Parishad (UP) chairmen, UP members, journalists, political leaders, national experts and personnel belong to Upazila, district, and national level administrations of government. About 47% of program costs are being spent on addressing the needs of those in extreme poverty by Uttaran. Uttaran has implemented numerous projects in the field of education, health, water and sanitation, hygiene promotion, promotion of alternative livelihood as to climate change, civic awareness, transfer of assets, capacity building of local government institutions and empowerment of women. Through these programs, nearly 2.5 million of people have been benefited to date.

Uttaran is working for the transfer of *khasland*, state property to landless of Satkhira district. Government, because of Uttaran's advocacy initiatives, has recovered large amount of land from illegal occupants and has handover those to landless families both as permanent settlement and temporary settlement; Uttaran facilitates **Land Committee**, Land Committee, a citizen's group, supported by Uttaran for the transfer of *khasland*, state property, to landless of Satkhira and Khulna districts. Government, because of Uttaran's advocacy initiatives, has recovered 15,298 acres of khasland from illegal occupants and has handover to 33,581 landless families.

Uttaran provided training on income generating activities, social and economic skills to approximately 44,000 ultra poor individuals. Uttaran has been involved on disaster response and management (PRSP) for the past 25 years in the southwest region, has been implementing disaster awareness raising, capacity building, relief & rehabilitation works to "overcome the persistence deprivation". Uttaran assumes that in all of its initiatives, about 10 percent of beneficiary households have "graduated" from poverty over the past four years. Key components of poverty alleviation programs of Uttaran are primary organization formation, vertical network (for growth and capacity development of the primary organizations, Union Gono Unnayan Federation (to create access to UPs), centre Gono Unnayan Federation, savings and credit facilities, undertake advocacy work with local administration in collaboration with primary organizations and union federations of poor people. Uttaran also assists the landless to form Bhumi Committees so that they themselves can initiative demand mediation at local level with local administration. The landless are forming into primary organizations to collectively raise their voices on their rights and actively participate in various community mobilization activities. Involvement of political parties, union parishad members, government administration, NGOs, social workers and social actors from ward to Upazila level for the identification and recovery of khasland is ensured.

Basic Features of Food Grain Bank

Uttaran intends to open grain banks at its Centre Offices of Uttaran at different Upazilas of 4 (four) districts of Bangladesh to supply food grains to Extreme Poor Households (EPH). Uttaran aims to establish these Food Grain Banks where Uttaran has Federations of

Samitys/Groups who are from EPHs. These *Samity* members are targeted for social and economic empowerment with whom and for whom Uttaran implements capacity building programs, micro finance programs, asset transfer activities, health and education programs.

The food grain banks will be set up to preserve rice during low-price season and provide that rice to the poor families at same price during the high-price season.

- There will be two types in capacities. Each grain bank will have a capacity of 250 MT of rice grain in its stock.
- The granary will deposit 250 MT rice.
- However if the farmers require taking food grains free, then they will have to return the food grains to the bank after one year when they harvest good crops or before if they can.
- The federations of village women and men who are the members of Uttaran facilitated *Samitys* will run these grain banks.
- Grain banks will be run with the intention to lend out food to vulnerable people at easy terms, especially during the lean season.
- Uttaran will help self-help groups to set up these banks operating exclusively for people and households those who are the extreme poor.

Food Grain (Rice) Bank for the Poor – The Program

Goal

- To ensure food security during lean period as well as to meet the emergency need of the community and to help EPHs out of the trap of food insecurity and access to food and employment

Objectives

- to form & strengthen grain banks in Centre Offices of Uttaran
- to meet the food deficiency among EPHs in the lean period (lean in two terms unemployment, and non-harvesting period)

Management



Federation Meeting

Composition

- In a 250 MT Capacity Grain Bank, 3500 EPHs (1 Federation of 150 Samity/Groups) will partake
- Involving all EP Households of the community; Priority will be provided to extreme poor and needy with highest level of vulnerabilities
- Grain banks will be entirely managed by a group of individuals, one representing one *Samity* of approximately 22-25 EPHs.
- Among these 150 representatives of the General Council a 15-members Village Committees will be formed.
- Since Uttaran's Samitys are with 50% men and 50% women. Women representation in management will be ensured fully.
- Uttaran will provide the initial grain loan and entrusts management of the grain bank to the 150 members general council and 15 members executive council of Samity/Federation Leaders. Rotation of management will be revolved in every two years

Other Management

- Monthly meetings of the grain bank members.
- During the two lean periods when casual employment and food were difficult to come by, only then the bank will give the members grain. Members can get two times loan in a year.
- Whatever is received by loan by the members that will be back by the members during harvest and low-price seasons.

Strategy

Saving:

- Individual saving of food grain (rice) may vary. Mainly two types of rice will be saved; one is called *mota chal* (coarse rice) and another of BIRRI species.
- Saving quantity will be fixed by community/Samitys/Federations relating to the saving capacity of extreme poor HHs.

Loan and No Interest

- Loan can be disbursed at the time of need (even beyond the lean periods) & the community will decide for that if emergency occurs.
- Repayment will be made after harvesting. In case of any disasters/emergency group will decide what can be done.
- No recurring loan will be entertained.
- Priority will be given to non-loaners always.
- The beneficiaries of the respective villages/Grain Bank will return the support amount to the Grain Bank after the harvesting.



Waiting for Food



Food Distribution

Management Cost

Only five (5) percent of the grain received will be (at maximum) charged to manage depreciation of grain in the storage and also to run the Grain Bank. This will be calculated only through grain and no cash calculation will be followed. And the Grain Bank Members will contribute this seven percent by adjusting the grain received.

Matching Grant of GRAIN

It will be provided for minimum 3 (or 5) years as against members deposit.

Records

- Meeting book (Resolution)
- Saving record
- Loan disbursement record
- Grain bank member's details/Samity Details
- Matching grant record (contribution register)
- Loss & Benefit record
- A single register for all above the record

Storage

Proper storage of grain will be ensured quality control but within a concrete made properly insulated close structures with open space. It will be in a common place but within the premises of Uttaran and its Centre Offices, which will minimize much recurrent expenditure.



Food Warehouse

Utilization and Emergency

The stock can be used for any other emergency purposes of community/individual but based on the endorsement of every member through Samitys and every Samity through Federations.

Outcome Anticipated

- If a EPH receives loan twice in a year amounting to 6 mounds (2timesx3mounds), considering the present trend of increase between harvest time and lean time a EPH may save minimum 3600 BDT which is equivalent to existing Safety Net Allowance for the EPH by the Bangladesh Government (12m x 300 taka = 3600 BDT).
- These extra saving will help EPHs to maintain minimum level of Nutrition and Health for their HHs over the year.

- These may help EPHS to reduce dependency on selling household assets, sale inhuman/undignified labor and loan from moneylenders.
- Through One 250 MT Grain Banks 3500 EPHs and almost 21,000 individuals will reap benefit.

Impact Anticipated

- Grain Banks will promote food security amongst EPHs.
- Affects of price inflation of grain on extreme poor will be eased/ reduced.

Sustainability

Each grain bank will achieve self-reliance by repaying the grain loan to Uttaran over a period of three-four years. The grain bank is fully self-reliant from the fifth year onwards. And from the beginning the grain bank will be run by the members themselves. Management cost will be borne by the grain saved by the members from the beginning. Since this is a “credit plus” package for the EPHs, Federation and Samity of EPHs will own it as their program. Local Government involvement in implementation will help gain sustainability of Food Grain Bank program.

Replication/Upscale

Assume possible, after piloting, in a massive scale. EPHs, if understand the strength of Food Grain Bank as an instrument to control the food price inflation on their own lives, it can be up-scaled all over the country.

Programs Internal Threats

- Regular saving
- Proper management
- Loan repayment
- Natural Disasters
- Capacity building

Food Bank is a real seasonal friend for the poor- Case Study

Case Study 1



Asma Khatun, wife of Ibrahim Sardar is living in Shuvashini village of Tetulia union under Tala upazila of Satkhira district. Asma Khatun has two sons. Elder son Yasin (12 years) is studying in Class IV and the younger one Al-Mamun (9 years) is a student of Class III.

Asma is a member of Satata group of Uttaran. She is a member of MJF funded Land Rights project. The name of her group is Satata group. They are living in water logged area where every year 5 to 6 months people are facing water logging problem. There are very few employment opportunities during the time of water logging. Asma and her family faced tremendous problem for managing three times meals in a day. From last year, Asma started to receive food support from Uttaran Food Bank. Two times she received this support. This support ensured food security of her family. Last year, during the water logged time her husband went to Kushtia and Jessore and worked in brick fields. Her husband understood clearly that their family members were getting enough food, for that reason he easily went to other districts for getting a job.

This year, by spending Ibrahim's brick field's income, they purchased a rickshaw van using BDT. 8,500 and also bought one swing machine which cost BDT. 6,200. Ibrahim Sardar is now earning in an average BDT. 150 everyday through his rickshaw van and Asma earns BDT. 1000-1200 in every month by taking order of dresses. Now they can eat three times meal in a day, their children result in school in improving, They appointed a private tutor for their children. They are now very happy they are very much grateful to get support from Uttaran Food Bank.

Case Study 2



Amena Begum is living in Bhairabnagar village of Nogorghata union of Tala upazila under Satkhira district. She is 55 years old. Her husband Nowsher Ali Morol is 62 years old. Nowsher Ali Morol is not physically suitable for doing a job. Her two sons got married and staying at separate house. It is very difficult for Noasher to earn money. Beside this, they are living in waterlogged area where every year they are facing water logging problem. About 5 to 6 months. Every year they are living in this devastating situation. At that time they do not have any employment opportunity. From last two years Amena morol is receiving food support from Uttaran's food bank. This support is very much helpful for her family. Last year she bought a cow by using her savings money of BDT. 10,000. This year before Eid-ul-Azha she sold that cow and received an amount of BDT. 20,000.

Case Study 3



Farida is a struggling woman of “Shimul” group situated in Kulia village at Debhata Upazila. Her husband exists but he is good for nothing. Farida has taken responsibilities as the Household Head by her own. Farida has found shelter after immense struggles. She has kept the khasland in her control with the help of 50 landless members. Under Farida’s leadership, 50 landless families are residing in the khal char khasland. The administration has tried several ways several times to drive these people from here but had to surrender under the strong leadership of Farida. Through strong leadership, Farida has overcome all the obstacles and through Uttaran’s assistance has helped build residences for all with the grabbed khasland. Almost members received assistance from the Food Bank. Farida says, “Through ensuring paddy from the Food Bank, we are able to concentrate on other cultivations and fish farming.” She says with grief, “I struggled so much, endured so much hardship but still could not educate my children much. But presently I am happy that Uttaran has established Food Banks for the landless members of the Primary Organisations. I express my gratitude and appreciation on behalf of all members of “Shimul” Primary Organisation for making me the member of the Food Bank Operating Committee. When I earn less, I take paddy from the Food Bank and when I earn more, I repay the amount of the price of the paddy taken from the Food Bank. Since I am getting paddy from the Food Bank, as a result I do not have to worry about food for 4 months in a year. I am able to feed my children without any worries. Last time after receiving paddy, I bought a cow within 2 months with the saved money. I got hay after husking paddy which made food for my cow, duck and hen. Since there was food at home, my husband could work freely outside and I was also able to work without any worries. After receiving paddy for the second time, I was able to buy a tube well for drinking water, cooking and washing clothes,

In lieu of Conclusion

However, this Grain Bank program as outlined by Uttaran will be an innovative respond to food insecurity and extreme poverty due to the lean seasonal characteristics of the rice based agriculture market. Moreover Food Grain Banks can be the instrument for the poor households not to fall below poverty line and be the cruel prey of the chronic poverty. In addition, this Bank has the element of self-reliance for the EPHs within its conceptual framework. It is being anticipated that these Food Grain Banks will increase the access to food for the EPHs in a sustained manner within a community and federated approach. Control over price hike can be managed at local level by efficient management of Food Grain Banks. Choices and freedom of employment for the agricultural wage labor during crisis period will be augmented. And finally, this Food Grain Bank will create new thinking in poverty alleviation programs in Bangladesh. Uttaran strives to create a hunger-free society for Bangladesh. Food Grain Bank Program is one stepping-stone to make the rural Bangladesh hunger free gradually. And, Food Grain Banks with all other existing development programs with *Samity* members will create the ultimate dimension of self-reliance and empowerment of the Poor Households to fight against social and economic deprivation. Total cost for 1 food grain bank: BDT. 14,000,000 (One crore twenty lac taka only)
(Construction cost of food grain bank: BDT. 5,500,000, Food storage cost: BDT. 8,500,000,