



World Food Programme

Monthly Price and Food Security Update Kyrgyz Republic, May 2013

HIGHLIGHTS

- ◆ In May 2013, the retail price of wheat flour decreased by 4% on a month-on-month basis. However, the national average price remains 38% higher than in the same month of last year. The increase in price was higher in rural area (41%) compared to urban area (35%).
- ◆ The price of milk decreased by 8% nation-wide in May 2013. Milk prices in Batken remained significantly higher than the national average.
- ◆ Findings of the bi-annual Household Food Security Assessments conducted by WFP in September 2012 and March 2013 show a gradual increase in the proportion of the households who were unable to acquire adequate quantity and quality of food, after significant improvements during the harvest season in 2011.
- ◆ More in-depth analyses of food prices in the Kyrgyz Republic are available in the final report of a recent market assessment conducted by WFP (Market Assessment - Secondary Data Analysis April 2013, available at <http://www.wfp.org/content/kyrgyzstan-market-assessment-secondary-data-analysis-april-2013>)

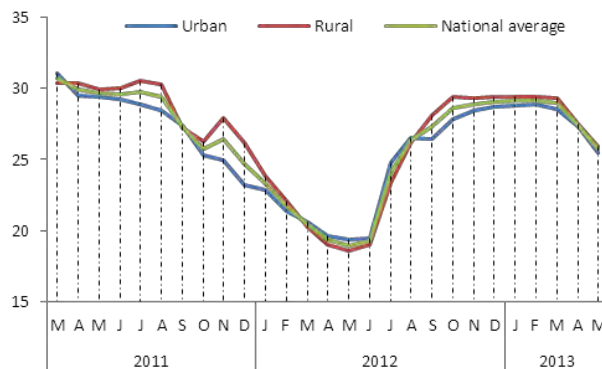
WHEAT FLOUR PRICES (May 2013)

- ◆ After a two-month consecutive decrease, the retail price of wheat flour further decreased by 4% in May 2013 (Figure 1). This is a normal seasonal change as historical analysis shows lower prices between April and July than between September and December. A positive forecast for the 2013 global wheat production and associated market forces are considered potential factors that contributed to decreased prices.
- ◆ However, the national average price of wheat flour remains 38% higher than in the same month of last year. The increase in price was higher in rural areas (41%) compared to urban areas (35%).

INFLATION (April 2013)

- ◆ Inflation in the Kyrgyz Republic has steadily increased since 2007, driven both by food and non-food items as indicated by the Consumer Price Index (Figure 2). The pace of growth has been steady for non-food prices, while it has been more variable for food items. In April 2013, the CPI and food CPI decreased by 0.1% and 0.4%.

Figure 1. Retail prices of wheat flour (Kyrgyz som per kilogram)



Source: WFP Monthly Market Monitoring

Figure 2: Consumer Price Index (food and non-food) (base year = 2005)



Source: WFP's elaboration based on the NSC data

PRICES OF OTHER BASIC COMMODITIES

◆ On average, milk prices decreased by 8% on a month-on-month basis. This is considered a normal change resulting from seasonal increases in production. However, the prices in Batken were higher than national average by more than 30% (Figure 3).

Milk and sugar prices in Batken

As Figure 3 shows, milk prices in Batken have been consistently higher than the national average by 20-30%, and have fluctuated more. Similarly, sugar prices in Batken were higher than the national average by 11% in May 2013 (Figure 4). Since milk and sugar are the second and third most important items in terms of caloric contribution (Figure 5) among average household in the Kyrgyz Republic, high and volatile prices of these items may affect food consumption.

Figure 5: Food consumption share, in caloric contribution (%)

Food Item	Cal.C.
Wheat	38%
Milk (excluding butter)	12%
Sugar (raw equivalent)	8%
Potatoes	8%
Maize	7%
Bovine meat	4%
Rice (milled equivalent)	3%
Other vegetables	3%
Sunflowerseed oil	2%
Mutton & goat meat	2%
Cottonseed oil	2%
Other	11%

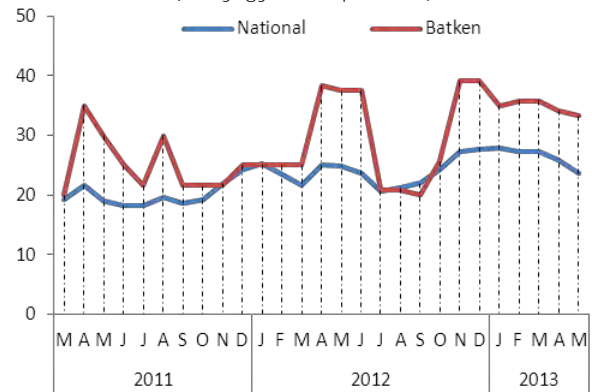
Source: FAO, *Food Consumption Patterns of main food items, 2009*

INSIGHTS ON EFFECTS AT HOUSEHOLD LEVEL

◆ Findings of the bi-annual Household Food Security Assessment conducted by WFP in September 2012 and March 2013 shows gradual increase in the proportion of households unable to acquire adequate quality and quality of food, after significant improvements during the harvest season in 2011 (Figure 6).

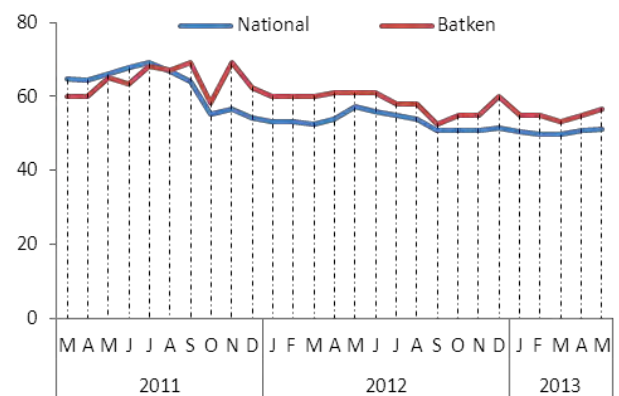
◆ Figure 7 shows the changes in the cost of the basic food basket (wheat flour, milk and potatoes in the Kyrgyz Republic) during the fourth quarter of 2012 compared to the third quarter of 2012 in 69 countries. The Kyrgyz Republic was among the seven countries where the increase was high (more than 5%) along with South Sudan, Syria, Honduras, Zimbabwe, Democratic Republic of Congo and Sudan.

Figure 3: Retail prices of milk (national average and Batken) (in Kyrgyz som per liter)



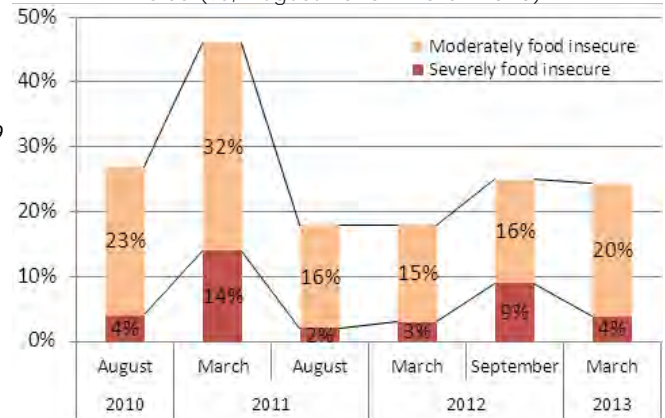
Source: WFP Monthly Market Monitoring

Figure 4: Retail prices of sugar (national average and Batken) (in Kyrgyz som per kg)



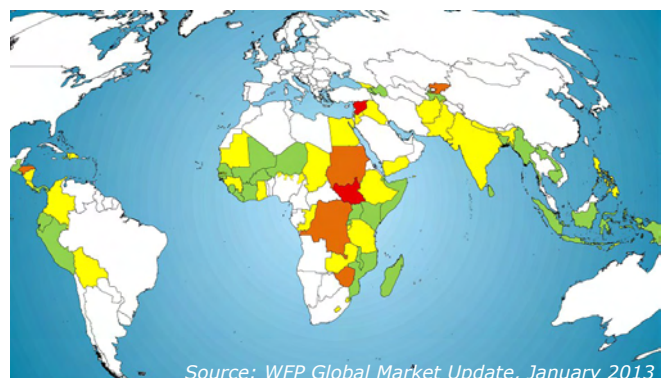
Source: WFP Monthly Market Monitoring

Figure 6: Estimated proportion of food insecure households (% , August 2010 - March 2013)



Source: WFP Household Food Security Assessment

Figure 7: Changes in the cost of the basic food baskets (Fourth quarter of 2012 compared to the third quarter of 2012)



Source: WFP Global Market Update, January 2013

OUTLOOK FOR THE NEXT FEW MONTHS








- ◆ The results of WFP's regular food security assessments show household food consumption and purchasing power tend to deteriorate during the winter and spring and improve during the summer and autumn. In 2013, the situation is expected to improve towards the summer as the production outlook for winter crops is generally good, generally as a result of favourable weather in March and April. Sowing of summer crops started earlier than an average year, and a positive forecast has been made for domestic harvest of wheat.
- ◆ However, the high prices of wheat flour remain a risk to food insecurity. The export price of wheat flour in Kazakhstan has shown a downward trend since March 2013, but remains at near-record level. This will keep domestic prices of wheat flour at a high level. It is unlikely that the prices of basic foods will go down significantly to pre-2007/8 crisis levels during the next few months. Attention should also be given to higher prices of some basic food items in remote areas.

WFP IN THE KYRGYZ REPUBLIC

- ◆ WFP supports the country in strengthening the national system for monitoring food security in order to better predict and respond to food insecurity in an efficient, and timely manner. WFP is also executing "Real-Time Monitoring of Social Impacts of Food Crisis" in the Kyrgyz Republic and Tajikistan, a qualitative monitoring project funded by the World Bank. This project will provide qualitative information on the social impacts of rising food prices, and complement current food security assessments and monitoring activities.
- ◆ WFP's Vulnerable Group Feeding (VGF) programme supports the most vulnerable people in the country by providing fortified staple foods to meet calorific needs and by helping ease the burden of increasing expenditures for basic foods. In April-June 2013, WFP will support 123,000 people in the most food-insecure rural areas with food assistance. Selection criteria includes being a low income household (earning less than 450 soms (US\$10) per person per month) with three or more children below the age of 14, having no productive assets and livestock, and limited land plots.
- ◆ In 2012, 17,484 people participated (94,345 project beneficiaries) in Food-for-Assets/Training (FFA/T) projects. Activities included rehabilitation of more than 326km of irrigation networks that now deliver water to more than 42,000 hectares of cropland. That brings the total length of restored irrigation canals in the country under FFA/T to more than 1,133 km since 2010 and the total land area put back to cultivation to more than 95,124 hectares. WFP in partnership with the Ministry of Emergency Situations also supported riverbank reinforcement works across the country to prevent losses and damages as a result of recurring flooding and mudslides. Approximately **2,000 gabions were installed in 2012 which now protect 800 houses. WFP's green initiatives** implemented jointly with the State Agency for Environment Protection and Forestry created tree nurseries and protected and expanded existing forests across the country. In 2012, more than 2.4 million trees and seedlings were planted over a combined area of 1,432 hectares. This brings the **total area reforested under FFA/T schemes to nearly 7,800 hectare since 2010. As WFP's FFA/T** activities have proved to be an effective instrument in building a foundation for lasting improvements in food security, WFP plans to further expand its FFA/T activities in 2013 with a particular focus on initiatives to empower rural women, disaster mitigation projects and rural infrastructure rehabilitation.
- ◆ In 2013, WFP will also focus on its Optimising Primary School Meals Programme in the Kyrgyz Republic aimed at providing technical assistance to the government to improve the quality, efficiency and sustainability of the existing school meals programme while building government capacity. WFP will assist the government in developing a national framework for school meals and implementation strategy. As a secondary component, WFP will implement a pilot to improve meals in selected schools, renovate school canteens and water and sanitation facilities, and introduce more nutritious meals in selected food-insecure areas of the country. The pilot will be used to demonstrate optimised implementation modalities that are effective, accountable, sustainable and cost-efficient.

PRICES OF BASIC COMMODITIES IN RURAL AND URBAN MARKETS (MAY 2013)

Retail prices of basic commodities are monitored on a monthly basis in selected urban and rural markets in all oblasts (provinces) in the country. The latest retail prices are compared against prices in the previous month, three months ago, and one year ago.

Area	Commodity	Current Price (KGS)	Change in Price (%)			Level of Fluctuation			Commodity	Current Price (KGS)	Change in Price (%)			Level of Fluctuation		
			1 m	3 m	1 yr	1 m	3 m	1 yr			1 m	3 m	1 yr	1 m	3 m	1 yr
CHUY																
Urban								Rural								
	Wheat flour (1st quality)	28	0%	-2%	27%	▶	▶	▲	Wheat flour (1st quality)	25	-9%	-18%	15%	▼	▼	▲
	Meat (mutton)	297	1%	-1%	-1%	▶	▶	▶	Meat (mutton)	290	0%	4%		▶	▶	▶
	Meat (beef)	287	-1%	1%	3%	▶	▶	▶	Meat (beef)	290	0%	4%	-3%	▶	▶	▶
	Milk	30	0%	0%	0%	▶	▶	▶	Milk	27	0%	8%		▶	▶	▶
	Potato	18	-22%	-18%	-40%	▼	▼	▼	Potato	25	0%	25%	25%	▶	▲	▲
	Cooking oil	92	0%	0%	5%	▶	▶	▶	Cooking oil	95	0%	2%	6%	▶	▶	▶
	Sugar	48	-4%	-4%	-13%	▶	▶	▶	Sugar	46	0%	-2%	-16%	▶	▶	▼
	Petrol (Octane rating 92)	36	-1%	-6%	1%	▶	▶	▶	Petrol (Octane rating 92)	36	-1%	-7%	-1%	▶	▶	▶
	Diesel	40	0%	1%	2%	▶	▶	▶	Diesel	40	0%	1%	2%	▶	▶	▶
TALAS																
Urban								Rural								
	Wheat flour (1st quality)	25	-2%	-9%	60%	▶	▶	▲	Wheat flour (1st quality)	26						
	Meat (mutton)	265	-2%	4%	-7%	▶	▶	▶	Meat (mutton)	285	0%	10%	2%	▶	▶	▶
	Meat (beef)	275	1%	6%	-4%	▶	▶	▶	Meat (beef)	-						
	Milk	20	-8%	0%	0%	▼	▶	▶	Milk	20	0%	0%	0%	▶	▶	▶
	Potato	25	56%	67%	400%	▲	▲	▲	Potato	25	79%	56%	178%	▲	▲	▲
	Cooking oil	97	-3%	-1%	-5%	▶	▶	▶	Cooking oil	100	0%	2%	-2%	▶	▶	▶
	Sugar	48	3%	2%	-11%	▶	▶	▶	Sugar	48	0%	0%	-14%	▶	▶	▶
	Petrol (Octane rating 92)	35	-1%	-9%	1%	▶	▶	▶	Petrol (Octane rating 92)	36	-2%	-4%	0%	▶	▶	▶
	Diesel	38	0%	4%	-1%	▶	▶	▶	Diesel	39	1%	7%	-1%	▶	▶	▶
ISSYK-KUL																
Urban								Rural								
	Wheat flour (1st quality)	27	-10%	-10%	35%	▼	▶	▲	Wheat flour (1st quality)	27	-10%	-10%	35%	▼	▶	▲
	Meat (mutton)	297	12%	16%	4%	▲	▲	▶	Meat (mutton)	300	13%	15%		▲	▲	▶
	Meat (beef)	313	10%	10%	7%	▲	▶	▶	Meat (beef)	320	10%	10%		▲	▲	▶
	Milk	20	0%	-20%	33%	▶	▼	▶	Milk	20	0%	0%	33%	▶	▶	▲
	Potato	22	81%	67%	333%	▲	▲	▲	Potato	20	71%	71%	400%	▲	▲	▲
	Cooking oil	102	-3%	-3%	-3%	▶	▶	▶	Cooking oil	105	-5%	-5%	-5%	▶	▶	▶
	Sugar	50	0%	0%	-11%	▶	▶	▶	Sugar	55	0%	0%	-5%	▶	▶	▶
	Petrol (Octane rating 92)	38	3%	3%	2%	▶	▶	▶	Petrol (Octane rating 92)	-						
	Diesel	41	4%	4%	5%	▶	▶	▶	Diesel	-						
NARYN																
Urban								Rural								
	Wheat flour (1st quality)	28	-3%	-7%	40%	▶	▶	▲	Wheat flour (1st quality)	29	1%	-5%	96%	▶	▶	▲
	Meat (mutton)	323	-8%	11%	1%	▼	▲	▶	Meat (mutton)	-						
	Meat (beef)	317	-7%	13%	-1%	▼	▲	▶	Meat (beef)	-						
	Milk	25	0%	0%	25%	▶	▶	▶	Milk	20	-20%	-22%		▼	▼	▶
	Potato	30	20%	36%	275%	▲	▲	▲	Potato	30	20%	22%		▲	▲	▶
	Cooking oil	95	6%	0%	9%	▲	▶	▶	Cooking oil	118	8%	9%	18%	▲	▶	▲
	Sugar	45	-9%	0%	-9%	▼	▶	▶	Sugar	60	13%	28%	9%	▲	▲	▶
	Petrol (Octane rating 92)	36	-2%	-5%	0%	▶	▶	▶	Petrol (Octane rating 92)	-						
	Diesel	40	2%	-1%	0%	▶	▶	▶	Diesel	-						
OSH																
Urban								Rural								
	Wheat flour (1st quality)	26	-3%	-13%	20%	▶	▼	▲	Wheat flour (1st quality)	25	-5%	-15%	27%	▼	▼	▲
	Meat (mutton)	300	0%	0%	-1%	▶	▶	▶	Meat (mutton)	307	2%	-1%	-3%	▶	▶	▶
	Meat (beef)	280	0%	0%	0%	▶	▶	▶	Meat (beef)	290	0%	0%	0%	▶	▶	▶
	Milk	23	-7%	-22%	0%	▼	▼	▶	Milk	17	-33%	-44%	-33%	▼	▼	▼
	Potato	28	21%	-6%	21%	▲	▶	▶	Potato	29	31%	-2%	17%	▲	▶	▲
	Cooking oil	100	5%	0%	11%	▲	▶	▶	Cooking oil	98	5%	-2%	5%	▲	▶	▶
	Sugar	53	6%	6%	-4%	▲	▶	▶	Sugar	50	-6%	0%	-17%	▼	▶	▼
	Petrol (Octane rating 92)	39	0%	-3%	2%	▶	▶	▶	Petrol (Octane rating 92)	39	-2%	-6%	1%	▶	▶	▶
	Diesel	42	1%	1%	1%	▶	▶	▶	Diesel	42	0%	1%	2%	▶	▶	▶
JALALABAD																
Urban								Rural								
	Wheat flour (1st quality)	25	-4%	-11%	41%	▶	▼	▲	Wheat flour (1st quality)	25	-5%	-11%	41%	▼	▼	▲
	Meat (mutton)	300	0%	0%	0%	▶	▶	▶	Meat (mutton)	300	0%	7%	3%	▶	▶	▶
	Meat (beef)	290	0%	4%	0%	▶	▶	▶	Meat (beef)	270	0%	8%	4%	▶	▶	▶
	Milk	30	0%	0%	0%	▶	▶	▶	Milk	25	0%	-17%	-6%	▶	▼	▶
	Potato	30	0%	7%	50%	▶	▶	▶	Potato	30	6%	17%	50%	▲	▲	▲
	Cooking oil	90	0%	-7%	-10%	▶	▶	▶	Cooking oil	93	0%	-7%	-7%	▶	▶	▶
	Sugar	49	-1%	-2%	-24%	▶	▶	▼	Sugar	50	-1%	-1%	-24%	▶	▶	▼
	Petrol (Octane rating 92)	39	-1%	-5%	1%	▶	▶	▶	Petrol (Octane rating 92)	39	-1%	-5%	1%	▶	▶	▶
	Diesel	43	2%	2%	1%	▶	▶	▶	Diesel	42	2%	1%	1%	▶	▶	▶
BATKEN																
Urban								Rural								
	Wheat flour (1st quality)	26	-4%	-13%	32%	▶	▼	▲	Wheat flour (1st quality)	26	-1%	-12%	34%	▶	▼	▲
	Meat (mutton)	350	0%	0%	0%	▶	▶	▶	Meat (mutton)	350	0%	0%	0%	▶	▶	▶
	Meat (beef)	280	0%	0%	0%	▶	▶	▶	Meat (beef)	280	0%	0%	0%	▶	▶	▶
	Milk	33	0%	0%	-13%	▶	▶	▶	Milk	-						
	Potato	28	13%	13%	47%	▲	▲	▲	Potato	28	18%	16%	42%	▲	▲	▲
	Cooking oil	98	-5%	-5%	31%	▶	▶	▶	Cooking oil	97	-6%	-9%	26%	▼	▶	▲
	Sugar	55	0%	0%	-11%	▶	▶	▶	Sugar	58	6%	6%	-3%	▲	▶	▶
	Petrol (Octane rating 92)	39	-5%	-5%	8%	▼	▶	▶	Petrol (Octane rating 92)	43	1%	1%	-4%	▶	▶	▶
	Diesel	44	0%	0%	0%	▶	▶	▶	Diesel	45	1%	1%	-2%	▶	▶	▶

▲ Price increase above normal price fluctuation
▶ Normal price fluctuation
▼ Price decrease below normal fluctuation

Price fluctuation is considered normal if change within:
5% for 1 month, 10% for 3 months, 15% for 1 year