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PRICES AND FOOD SECURITY

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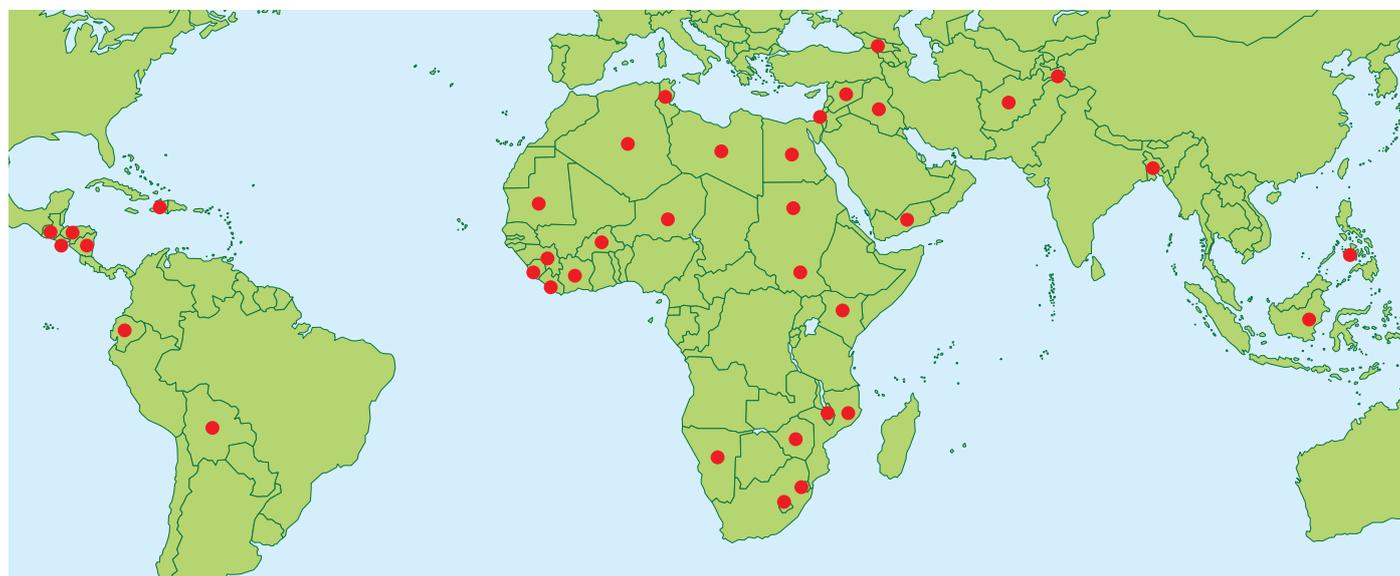
This update provides a synopsis of the rapidly changing prices and food security situation in selected countries of concern. It is based on regular WFP internal field updates and its findings may not be statistically significant.

Highlights

- **Political and social unrest particularly in Libya, Egypt and Côte d'Ivoire** is having a serious and protracted economic and humanitarian impact. As of 30 March, **nearly 400,000 people fled Libya**, mainly to neighbouring Egypt and Tunisia. Furthermore, hoarding of food stocks in western Libya is likely to impact negatively on general food availability and prices, though verification is limited due to lack of access. Similarly in **Egypt**, the unrest has affected domestic and foreign investments, tourism and construction, with serious repercussions on employment and food security, especially for casual workers. The protracted violence in **Côte d'Ivoire** has displaced over one million people internally and over 120,000 to neighbouring Liberia.
- **Food prices have increased sharply in some countries compared to the 2010 levels** – in **Honduras** (red beans), **Haiti** (imported rice), **Mauritania** (wheat) and **Southern Sudan** (white sorghum), affecting **purchasing power of households**. In Haiti, food price (imported rice) increases since October 2010 have potentially reduced **the purchasing power of the most vulnerable households in the range of 20 to 33 percent**. **Pastoralists in northern Kenya** have also seen a sharp decline in terms of trade.
- **Households in Kenya are resorting to high risk coping strategies**. About six million poor communities in pastoral and high density urban livelihoods have seen their food intake decline below the minimum kilocaloric requirement primarily due to successive seasons of below average rainfall and decline in purchasing power.
- A number of **Governments are taking policy measures** to counter the threat of rising food insecurity. **Egypt, Jordan, Bolivia, and Ecuador have increased salaries ranging from 5-15 percent**, while **Indonesia** has lifted import tariffs and increased Government imports.

● Countries in focus

● Burkina Faso, Côte d'Ivoire, Guinea, Liberia, Mauritania, Niger, Sierra Leone • Kenya, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zimbabwe • Sudan and Southern Sudan • Algeria, Egypt, Iraq, Georgia, Libya, occupied Palestinian territory (oPt), Syria, Tajikistan, Tunisia, Yemen • Bolivia, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua • Afghanistan, Bangladesh, Indonesia, Philippines



Africa

WEST AFRICA

FOCUS: Burkina Faso, Côte d'Ivoire, Guinea, Liberia, Mauritania, Niger, Sierra Leone

- **Prices of key staples are rising in Mauritania, Guinea, Liberia and southern Côte d'Ivoire.**

- In **Mauritania**, wheat prices have almost doubled compared to their 2010 level (+90% increase). In **Guinea**, prices of key staples are well above the 5-year average for imported rice (+46%, and +41% since January), maize (+23%) and palm oil (+41%). A 16% increase in the retail price of local rice in late February shows a rising trend which may be due to trade restrictions adopted in neighbouring Sierra Leone. In **Côte d'Ivoire**, price of maize in Abidjan is 39% above the 5-year average. In eastern **Liberia**, prices of local rice and fish have doubled and tripled respectively since November 2010, due to the increased influx of Ivorian refugees.

- **Generally, coarse grain prices in the Sahel are stable**, remaining at levels below 2010.

- In **Niger**, coarse grain prices have remained stable since January, although the price of rice has risen by 13% since 2010.

- In **Burkina Faso**, prices of millet, sorghum and maize have been relatively stable and are lower than the same time last year.

- **Social unrest in Côte d'Ivoire continues to affect household food security.** Protracted political violence has led to about **one million IDPs** as well as the displacement of over **120,000 people into Liberia**. The number of Ivorian refugees in Liberia has more than doubled since mid-March. Additionally, fuel shortages have been reported in Abidjan due to the embargo and conflict.

- Notably, the **country has strategic importance for the food economies of several nations in the region, particularly Sahelian countries like Mauritania, Mali, Burkina Faso, and Niger**. Hence, this crisis is hampering the free movement of persons and goods and cutting off supplies of rice, oil, and wheat from neighbouring countries like Mali and Burkina Faso.

- **Social unrest** was also reported in **Mauritania and Senegal**. On 1st March, protests and riots occurred in Aioun (Mauritania) due to high price of bread.

- Thousands of Nigeriens living in Libya have returned to **Niger** as a result of the unrest.

EAST & SOUTHERN AFRICA

FOCUS: Kenya, Lesotho, Malawi Mozambique, Namibia, Swaziland, Zimbabwe

- **Food security conditions have remained favourable in most of Southern Africa** where staple food commodities are available in local markets and farms. These conditions are expected to further improve as the availability of early maize harvests and other seasonal crops increases access to food.

- Conditions are also stable for traditional net importers (**Botswana, Lesotho, Namibia, and Swaziland**) due to large regional maize stocks following bumper harvest in 2010 and favourable production of 2011.

- However, localized pockets of food insecurity remain in the southern districts of **Malawi**, central and southern districts in **Mozambique**, and northeastern and southwestern **Zimbabwe**.

- **Prices of maize and other cereals are at generally low levels** across southern Africa due to significant carry-over stocks from last year's harvest, early 2011 harvest, and abundant cross-border trade.

- **In East Africa there are concerns over the current drought as it might lead to regional price hikes.** In **Kenya**, prices are likely to rise more significantly in the pastoral and marginal agricultural livelihoods due to projected below average rainfall in 2011. Localised price spikes in northern Kenya, and increased

occurrence of conflicts and livestock raiding have reduced access to markets and pastures, negatively impacting terms of trade for pastoralists.

- **Purchasing power for pastoralists in northern Kenya has deteriorated.** Reductions in cattle prices and wages coupled with localised maize price increases have resulted in a sharp decline in terms of trade for pastoralists who now exchange almost twice as many goats for the same quantity of cereals as they did in 2010.

- The aforementioned factors, coupled with the **cumulative effects of two exceptionally poor rainy seasons**, have precipitated a rapid decline in household food security particularly in the northern and north-eastern pastoral areas, the south-eastern areas and the coastal lowlands. **About six million poor from pastoral and high density urban livelihoods in Kenya have seen their food intake decline below the minimum kilocaloric requirement.** Early warning reports show that increased numbers of households in urban slums are resorting to reduced frequency and diversity of meals, which could lead to a precipitous rise in endemic malnutrition and to an increased proneness to diseases.

SUDAN AND SOUTHERN SUDAN

- In **Southern Sudan**, two distinct price patterns are noted:
 - In Malakal, Juba and Rumbek, **the prices of white sorghum have risen by more than 70%** compared to 2010.
- In Aweil, Bor and Wau, prices are more stable (with a variation of 5-10%) compared to 2010.
- In the northern states of **Sudan**, sorghum prices remain stable in

the main markets. **Civil unrest and conflict in Abyei** has forced thousands of people to flee southwards. The effect of this unrest on markets is seen as fairly localized and regionally insignificant.

- In Southern Sudan, shortfall in agricultural production is anticipated, following the forecast of a below average rainfall season (March to June) in Uganda, which southern states depend on.

MENA, Eastern Europe and Central Asia

MIDDLE EAST AND NORTH AFRICA

FOCUS: Algeria, Egypt, Iraq, Libya, occupied Palestinian territory (oPt), Syria, Tunisia, Yemen

- **Prices of main staple commodities are on the rise in Algeria, Morocco, oPt and stable in Egypt.**
 - In **Egypt**, price of local wheat, which increased by 45% during the unrest, has now begun to stabilize.
 - In the **Gaza Strip** (oPt), wheat, rice and sugar prices are respectively 21%, 7% and 31% higher than prices reported in December 2010.
 - In the **West bank** (oPt), wheat and sugar prices are respectively 9%, and 7% higher than prices reported in December 2010.
- **Social unrest and conflict in the Middle East and North Africa.**
 - In **Libya**, the civil conflict ongoing since mid-February will likely have a serious economic and humanitarian impact. IOM and UNHCR* report that as of 30 March, about **405,000 people had fled mainly to neighbouring Egypt and Tunisia**. Of these, 210,000 are reported by IOM as third country nationals, making it one of the largest migration crises since the 1st Gulf War in 1990. Food availability is likely to be compromised as a result of hoarding of food stocks in western Libya. Furthermore, global oil prices are at their highest since 2008, exacerbated by disruption in supplies from Middle East, including Libya which is the 15th largest producer of oil in the world.
 - In **Egypt**, the unrest has had a negative impact on domestic and foreign investments, tourism and construction, with serious

consequences on employment, income losses and increased indebtedness, especially for casual workers. Unemployment is reportedly at 20% up from 9.5% in 2010.

- In **Yemen**, demonstrations against the government escalated towards the end of February and have continued since. The country is already torn by protracted conflicts with the northern rebel group, the Southern secessionist movement, and Al Qaeda.
- In **Egypt**, the Government has announced an increase in salaries by 15% in response to the socio-political unrest. In **Jordan**, the newly appointed government announced a monthly salary increase of JOD 20 (USD 28) for all civil servants and military, effective February.
- **Favourable agricultural prospects are expected in Algeria, Iraq, Morocco, Syria, Tunisia and Yemen.**
 - In **Algeria**, a good wheat crop is expected in 2011 if weather conditions continue to cooperate.
 - In **Yemen**, the rainy season is expected to boost prospects for the agricultural production.
 - In **Iraq**, the output of the 2010 winter crops is estimated to be well above average due to almost ideal weather conditions in key growing areas.
 - By contrast, **Lebanon** experienced a poor winter wheat crop due to the outbreak of a new and virulent strain of yellow rust.

CAUCASUS AND CENTRAL ASIA

FOCUS: Georgia, Tajikistan

- **Prices of basic food commodities have risen in Georgia and Tajikistan.** In Georgia, the average maize flour price has increased by 6% since the first week of February. In Tajikistan, wheat prices during February 2011 were 10% higher than in January 2011 and 45% higher than in February 2010.
- **Tajikistan's** Public Procurement Agency has begun to draw on

national reserves of wheat flour, rice and sugar, through subsidized weekend sales in selected markets, in an effort to counter the price rises for imported food. Subsidized prices were 15% lower than average market prices in Dushanbe.

- **The outlook of the agricultural season** in Tajikistan is promising due to recent rains and snowfall.

* IOM is the International Organization for Migrations. UNHCR is the United Nations High Commissioner for Refugees.



Latin America and the Caribbean (LAC)

FOCUS: Bolivia, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua

- **High food prices continue to negatively affect household food security in Bolivia, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Venezuela, Argentina, Paraguay, Brazil, Costa Rica, Chile and Nicaragua.**

- In **Honduras** and **Nicaragua** red beans prices have continued to rise. In **Honduras**, prices are 120% above 2010 levels and between 92% and 98% above the historical average; affecting low income families access to food.

- In **Haiti**, staple food prices are very high when compared to the 5-year averages. The price of imported rice has increased by 50% in urban areas. Increases in food price, particularly of imported rice since October 2010, have decreased the **purchasing power of the most vulnerable households by as much as 20% to 33%**. Additionally, the household purchasing power recorded in January 2011 was below levels reached after the January 2010 earthquake.

- In **Bolivia**, food prices have increased by 41% since 2007. Maize prices in particular have doubled. This follows reduced crop availability subsequent to successive natural disasters in 2010 which devastated agricultural production. The Government is planning to import maize and sugar to assure adequate domestic supply.

- In **Ecuador**, a sharp price increase of staple commodities was reported in January 2011; in particular wheat flour increased by 71% and maize by 32%.

- **Adverse weather conditions impact production and food security in Bolivia and Central America - particularly in Honduras and Nicaragua.**

- **Bolivia** has been affected by widespread drought and fires which have severely impacted food security conditions. The corn harvest in **Mexico** may be down by more than 12% following frost hitting the north in early February – the worst recorded in over fifty years. This has led to sharp price increases of food commodities in international markets, with price volatility projected to continue until the next harvest.

- In **Central America**, crops (especially red beans) from both the *Primera* and *Postrera* growing seasons were damaged by extreme weather conditions in 2010 (excessive rainfall, floods or protracted dry conditions).

- **Social unrest due to unprecedented food price increases was reported in Bolivia and Ecuador.** In Bolivia, the Government has offered a 5% salary increase.

Asia

SOUTH AND SOUTH EAST ASIA

FOCUS: Afghanistan, Bangladesh, Indonesia, Philippines

- **Food prices have risen in Afghanistan and Indonesia.** In **Afghanistan** as of mid-February, the average price of wheat flour was 41% higher than in the same period of 2010 and 70% higher than pre-crisis levels (2007). In January 2011, the national average price of rice in **Indonesia** rose by 23% when compared to 12 months ago.

- **Purchasing power in Bangladesh has remained relatively stable.** The nominal price of rice in Bangladesh is currently above the 2008 peak; though in real terms it remains slightly below 2008 levels. However, the impact of rising prices was somewhat offset by an increase in agricultural wage - now 80% higher than in 2008.

- **Food insecurity is a growing concern in the Philippines due to** a combination of natural disasters in Luzon and Mindanao and rising food prices.

- In January and February, unusually heavy rainfall exacerbated

seasonal flooding and caused landslides, flash floods, and storm surges affecting about two million people.

- Governments in the region are implementing a number of policy responses to counter the threat of rising food insecurity, especially in Bangladesh and Indonesia.

- In **Indonesia**, the government has removed import duties on rice, soybeans and wheat, and plans to spend about \$331 million to help people affected by price fluctuations through safety nets programmes.

- In January 2011, **Bangladesh** launched Government-subsidized sales of basic commodities in urban centers. Many low income urban workers rely on these subsidies to mitigate effects of price increases.

- **Prospects for the upcoming wheat harvest** look poor in **Afghanistan**, while prospects for the first quarter crop are likely to be good in the **Philippines**, due to early rains this year.

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