



World Food Programme

Monthly Price and Food Security Update

HIGHLIGHTS

- ◆ In February 2013, the retail price of wheat flour did not change on a month-on-month basis and remained at high levels. Since June 2012, the price has increased by 56% in rural and 48% in urban areas, and by an average of 52% across the country.
- ◆ The domestic retail price of wheat flour in February was 32% higher than in the same month of last year and only 4% lower than the peak level of early 2011.
- ◆ The average retail price of potatoes increased by 8% in rural and 1% in urban areas on a month-on-month basis, and by average of 5% across the country. The average nation-wide price was 68% higher than the same month in 2012.

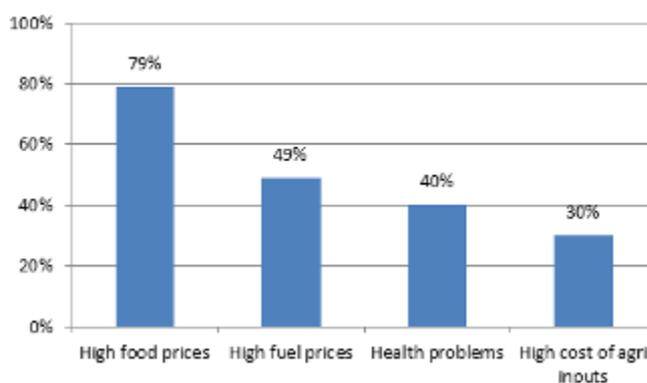
WHEAT FLOUR PRICES (FEBRUARY 2013)

- ◆ In February 2013, the price of first grade wheat flour did not change on a month-on-month basis for the second month in a row. However, the price remained 32% higher than in the same month of last year, and was only 4% lower than the peak level of early 2011 (Figure 1). The price was slightly higher in rural areas in Naryn, Batken and Chuy oblasts.
- ◆ A positive forecast for 2013 global wheat production, favourable weather predicted for coming planting season in the Kyrgyz Republic, and associated market forces are considered as potential factors of stabilized prices of wheat flour.
- ◆ The price of second grade wheat flour increased by 3% on a month-on-month basis on average nationally. The Latest WFP's regular food security monitoring revealed that mixing lower quality wheat flour with 1st grade wheat flour was one of the strategies used by vulnerable households to cope with increasing food prices.
- ◆ High food and fuel prices were most frequently noted as the main difficulties by households interviewed by WFP's Household Food Security Assessment in September 2012 (Figure 2).

Figure 1: Retail price of wheat flour in Kyrgyzstan (KGS/kg)



Figure 2: Main difficulties in the past 3 months (September 2012)



PRICES OF OTHER BASIC COMMODITIES

- ◆ The retail prices of potatoes continued to increase in rural area. The average retail price of potatoes increased by 8% in rural and 1% in urban areas on a month-on-month basis. The price increased in all rural markets, except for Chuy and Osh provinces. The average nation-wide price was 68% higher than in February 2012 and only 7% lower than the peak level of mid-2011 (Figure 3).
- ◆ After four months of consecutive increase (which was a tendency in previous years in the same season), milk remained almost unchanged for a third month in February 2013 (Figure 4). However, the price was 28% higher than in February 2012.
- ◆ Fuel prices did not change on a national average in February, but remained higher in southern oblasts. For example, the price was 13% higher in rural market in Batken compared to urban markets in Chuy. This will continue to keep the prices of some basic commodities higher due to delivery costs.

INSIGHTS ON EFFECTS AT HOUSEHOLD LEVEL

- ◆ WFP's Household Food Security Assessment in September (HFSA) 2012 showed that food-insecure people did not reduce the consumption of wheat products despite increased prices. Instead, they reduced consumption of vegetables, meat, eggs and dairy products. Figure 5 shows less frequent consumption of these food items compared to March 2012 and August 2011 (Figure 5).
- ◆ Increased food prices will affect poor and food-insecure families the most because they spend the largest proportion of their household budgets on food. The HFSA also revealed that 61% of the budget of food-insecure households was spent on food. Wheat flour and its products accounted for 22% of total expenditures. This indicates that price increases for this basic commodity may contribute to further deterioration of the situation.
- ◆ An estimated 25% of households, or about 1.3 million people, were found to be food-insecure during the HFSA. The situation deteriorated compared to August 2011 when 18 percent were considered food-insecure. The highest levels of food insecurity were found in Jalalabad (48%), Osh (38%) and Batken (38%) oblasts (Figure 6).
- ◆ Food price increases, the limited land available for crop production and dependency on irregular cash were identified as potential reasons for the deterioration of food security in the southern provinces of the country.

Figure 3: Nation-wide retail price of potatoes (in Kyrgyz som per kg)



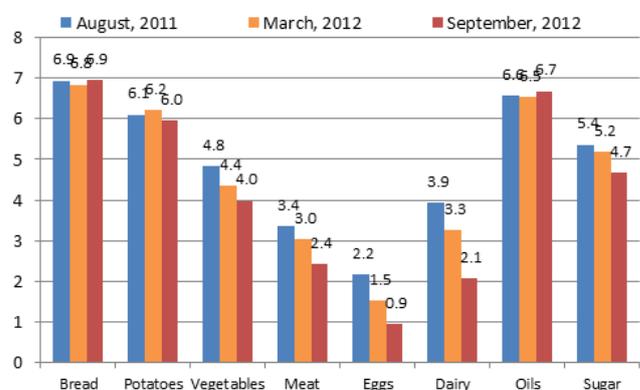
Source: WFP Market Monitoring

Figure 4: Nation-wide retail price of milk (in Kyrgyz som per liter)



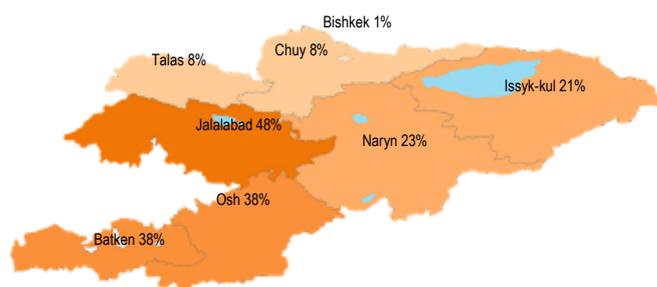
Source: WFP Market Monitoring

Figure 5: Frequency of consumption of main food items among food insecure households (days)



Source: Household Food Security Assessment, WFP September 2012

Figure 6: Estimated proportion of food insecure households by oblast (September 2012)



Source: Household Food Security Assessment, WFP September 2012

OUTLOOK FOR THE NEXT FEW MONTHS

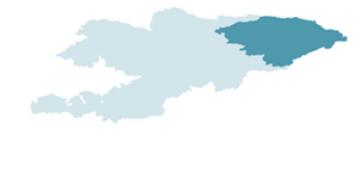
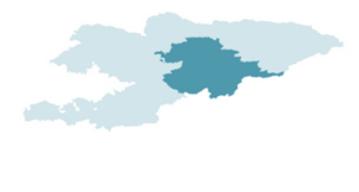
- ◆ The situation of currently food-insecure and vulnerable households is likely to further deteriorate during spring when stocks of food from the previous harvest will be depleted and additional inputs are required for the spring planting campaign. A close monitoring of food prices and impacts on household food security, particularly access to food is required. WFP will conduct the next Household Food Security Assessment in March 2013.
- ◆ Although it is difficult to predict a short-term change in food prices, it is unlikely that the prices of basic foods will go down significantly to pre-2007/8 crisis level during the next few months.
- ◆ The latest forecast provided by the International Research Institute for Climate and Society (IRI) in February 2013 shows that temperatures in the Kyrgyz Republic in the March-May period will be above normal with a probability of 50-70%. The Agency for Hydrometeorology of the Kyrgyz Republic forecasts normal or above normal precipitation in most regions of the country in March 2013. Higher temperatures may result in an earlier planting campaign this year, particularly in the southern provinces of the country.

WFP IN THE KYRGYZ REPUBLIC

- ◆ WFP's Vulnerable Group Feeding (VGF) programme is supporting the most vulnerable people in the country by providing fortified staple foods to meet calorific needs as well as help ease the burden of increasing expenditures for basic foods. During the period of December 2012-February 2013, WFP distributed winter food assistance to 234,569 people identified as the most food-insecure based on vulnerability criteria agreed with the Ministry of Social Development. Selection criteria included 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. Overall, 3,614 tons of fortified wheat flour and vitamin-enriched cooking oil were distributed during this cycle. In spring, WFP will only support 123,000 people with 1,395 tons due to resource constraints.
- ◆ 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 crop land. That brings the total length of restored irrigation canals in the country under FFA/T since 2010 to more than 1,133km 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 since 2010 to nearly 7,800 hectares. 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.
- ◆ WFP also supports the country in strengthening the domestic system for monitoring food security in order to better predict and respond to food insecurity in an efficient, and timely manner.
- In 2013, WFP will also focus on 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 to develop a national school meals policy and implementation strategy, and, as a secondary component, 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 (FEBRUARY 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
	Urban						Rural									
	Wheat flour (1st quality)	28	0%	0%	17%	▶	▶	▲	Wheat flour (1st quality)	31	-3%	-6%		▶	▶	
	Meat (mutton)	300	3%	0%	9%	▶	▶	▶	Meat (mutton)	280	0%	0%		▶	▶	
	Meat (beef)	285	2%	2%	-8%	▶	▶	▶	Meat (beef)	280	0%	0%		▶		
	Milk	30	0%	0%	0%	▶	▶	▶	Milk	-						
	Potato	20	25%	43%	0%	▲	▲	▶	Potato	25	56%	67%		▲	▲	
	Cooking oil	90	3%	3%	-8%	▶	▶	▶	Cooking oil	95	0%	-5%		▶	▶	
	Sugar	50	0%	0%	0%	▶	▶	▶	Sugar	47	-6%	-15%		▼	▼	
	Petrol (Octane rating 92)	39	-2%	-2%	7%	▶	▶	▶	Petrol (Octane rating 92)	39	-3%	-2%		▶	▶	
	Diesel	40	0%	0%	8%	▶	▶	▶	Diesel	40	0%	0%		▶	▶	
	Urban						Rural									
	Wheat flour (1st quality)	27	1%	2%	39%	▶	▶	▲	Wheat flour (1st quality)	27	0%	5%	28%	▶	▶	▲
	Meat (mutton)	260	-5%	-5%	-7%	▼	▶	▶	Meat (mutton)	270	-5%		28%	▼	▶	▲
	Meat (beef)	265	-4%	-4%	-6%	▶	▶	▶	Meat (beef)	265						
	Milk	20	0%	0%	0%	▶	▶	▶	Milk	20	0%	0%	0%	▶	▶	▶
	Potato	15	7%	15%	61%	▲	▲	▲	Potato	15	7%	7%	67%	▲	▶	▲
	Cooking oil	98	0%	0%	-3%	▶	▶	▶	Cooking oil	98	0%	0%	-2%	▶	▶	▶
	Sugar	46	0%	-1%	-5%	▶	▶	▶	Sugar	48	0%	0%	-4%	▶	▶	▶
	Petrol (Octane rating 92)	39	7%	8%	11%	▲	▶	▶	Petrol (Octane rating 92)	37	-2%	0%	5%	▶	▶	▶
	Diesel	37	0%	0%	5%	▶	▶	▶	Diesel	36	-4%	-4%	1%	▶	▶	▶
	Urban						Rural									
	Wheat flour (1st quality)	30	0%	0%	50%	▶	▶	▲	Wheat flour (1st quality)	30	0%	0%	50%	▶	▶	▲
	Meat (mutton)	255	0%	-9%	-9%	▶	▶	▶	Meat (mutton)	260						
	Meat (beef)	285	1%	1%	-2%	▶	▶	▶	Meat (beef)	290	0%	-3%	-3%	▶	▶	▶
	Milk	25	0%	0%	25%	▶	▶	▲	Milk	20	0%	0%	0%	▶	▶	▶
	Potato	12	0%	71%	140%	▶	▲	▲	Potato	11	0%	79%	183%	▶	▲	▲
	Cooking oil	105	0%	0%	9%	▶	▶	▶	Cooking oil	110	0%	0%	0%	▶	▶	▶
	Sugar	50	0%	0%	5%	▶	▶	▶	Sugar	55	0%	0%	10%	▶	▶	▶
	Petrol (Octane rating 92)	37	0%	0%	0%	▶	▶	▶	Petrol (Octane rating 92)	-						
	Diesel	40	0%	0%		▶	▶		Diesel	40	0%	0%		▶	▶	
	Urban						Rural									
	Wheat flour (1st quality)	30	0%	22%	15%	▶	▲	▲	Wheat flour (1st quality)	30	1%	1%	-8%	▶	▶	▶
	Meat (mutton)	270	8%	4%	-4%	▲	▶	▶	Meat (mutton)	277	2%	6%	0%	▶	▶	
	Meat (beef)	300	0%	5%	1%	▶	▶	▶	Meat (beef)	320	7%	14%	0%	▲	▲	▶
	Milk	30	0%	20%	6%	▶	▲	▶	Milk	26	28%	28%	12%	▲	▲	▲
	Potato	24	22%	62%	92%	▲	▲	▲	Potato	24	22%	78%	143%	▲	▲	▲
	Cooking oil	102	0%	5%	7%	▶	▶	▶	Cooking oil	112	0%	0%	2%	▶	▶	▶
	Sugar	46	1%	-3%	-12%	▶	▶	▶	Sugar	47	0%	-2%	-15%	▶	▶	▶
	Petrol (Octane rating 92)	38	3%	1%	3%	▶	▶	▶	Petrol (Octane rating 92)	38	2%	4%	-9%	▶	▶	▶
	Diesel	40	3%	3%	3%	▶	▶	▶	Diesel	40	7%	3%		▲	▶	

Area	Commodity	Current Price (KGS/unit)	Change in Price (%)			Level of Fluctuation			Commodity	Current Price (KGS/unit)	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
	Urban						Rural									
	Wheat flour (1st quality)	29	-2%	-1%	26%	▶	▶	▲	Wheat flour (1st quality)	29	-2%	-2%	34%	▶	▶	▲
	Meat (mutton)	300	0%	2%	0%	▶	▶	▶	Meat (mutton)	310	0%	1%	3%	▶	▶	▶
	Meat (beef)	280	0%	0%	0%	▶	▶	▶	Meat (beef)	290	0%	0%	0%	▶	▶	▶
	Milk	33	11%	33%	5%	▲	▲	▶	Milk	30	0%	50%	100%	▶	▲	▲
	Potato	29	26%	64%	93%	▲	▲	▲	Potato	28	40%	83%	-7%	▲	▲	▶
	Cooking oil	100	0%	0%	4%	▶	▶	▶	Cooking oil	100	0%	0%	0%	▶	▶	▶
	Sugar	53	-1%	5%	5%	▶	▶	▶	Sugar	54	4%	7%	-2%	▶	▶	▶
	Petrol (Octane rating 92)	41	-2%	-1%	5%	▶	▶	▶	Petrol (Octane rating 92)	41	-2%	-1%	5%	▶	▶	▶
	Diesel	42	0%	1%	8%	▶	▶	▶	Diesel	42	0%	1%	7%	▶	▶	▶
	Urban						Rural									
	Wheat flour (1st quality)	29	3%	-1%	-2%	▶	▶	▶	Wheat flour (1st quality)	29	1%	-2%	1%	▶	▶	▶
	Meat (mutton)	300	0%	-1%	0%	▶	▶	▶	Meat (mutton)	280	0%	0%	-7%	▶	▶	▶
	Meat (beef)	280	0%	0%	0%	▶	▶	▶	Meat (beef)	250	0%	0%	-12%	▶	▶	▶
	Milk	30	0%	0%	-10%	▶	▶	▶	Milk	30	0%	0%	-25%	▶	▶	▼
	Potato	26	13%	56%	86%	▲	▲	▲	Potato	25	9%	50%	88%	▲	▲	▲
	Cooking oil	97	0%	0%	-3%	▶	▶	▶	Cooking oil	100	2%	3%	0%	▶	▶	▶
	Sugar	50	-1%	-1%	-11%	▶	▶	▶	Sugar	52	1%	1%	-5%	▶	▶	▶
	Petrol (Octane rating 92)	41	-2%	-1%	2%	▶	▶	▶	Petrol (Octane rating 92)	41	-2%	-1%	4%	▶	▶	▶
	Diesel	42	0%	0%	1%	▶	▶	▶	Diesel	42	0%	0%	1%	▶	▶	▶
	Urban						Rural									
	Wheat flour (1st quality)	29	2%	5%	58%	▶	▶	▲	Wheat flour (1st quality)	30	3%	7%	61%	▶	▶	▲
	Meat (mutton)	350	0%	0%	17%	▶	▶	▲	Meat (mutton)	350	0%	0%	17%	▶	▶	▲
	Meat (beef)	280	0%	0%	8%	▶	▶	▶	Meat (beef)	280	0%	0%	8%	▶	▶	▶
	Milk	35	-13%	33%	40%	▼	▲	▲	Milk	35	-9%	40%		▼	▲	▶
	Potato	27	18%	40%	60%	▲	▲	▲	Potato	23	10%	25%	35%	▲	▲	▲
	Cooking oil	103	38%	38%	22%	▲	▲	▲	Cooking oil	107	49%	49%	25%	▲	▲	▲
	Sugar	55	-8%	0%	-8%	▼	▶	▶	Sugar	55	-8%	0%	-8%	▼	▶	▶
	Petrol (Octane rating 92)	41	0%	0%	-8%	▶	▶	▶	Petrol (Octane rating 92)	42	0%	0%	-11%	▶	▶	▶
	Diesel	44	0%	0%	-1%	▶	▶	▶	Diesel	45	-1%	-1%	-1%	▶	▶	▶

- ▲ 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