



World Food Programme

Monthly Price and Food Security Update Kyrgyz Republic, March 2013

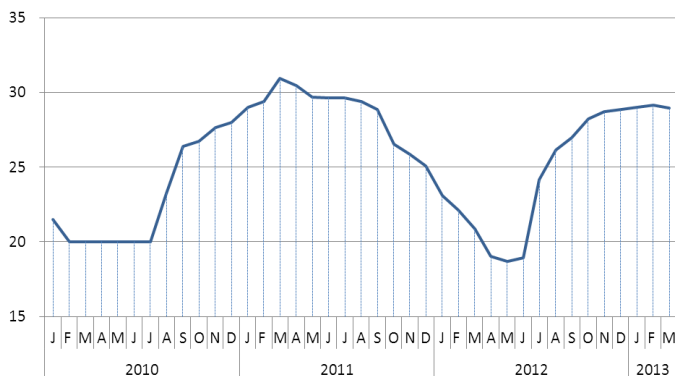
HIGHLIGHTS

- ◆ In March 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 47% in urban areas, and by an average of 52% across the country.
- ◆ The domestic retail price of wheat flour in March was 42% 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 decreased by 2% in rural and 6% in urban areas on a month-on-month basis, after five months of consecutive increase.
- ◆ Milk prices remained almost unchanged for a fourth month in March 2013. However, the price was 36% higher than in March 2012.

WHEAT FLOUR PRICES (March 2013)

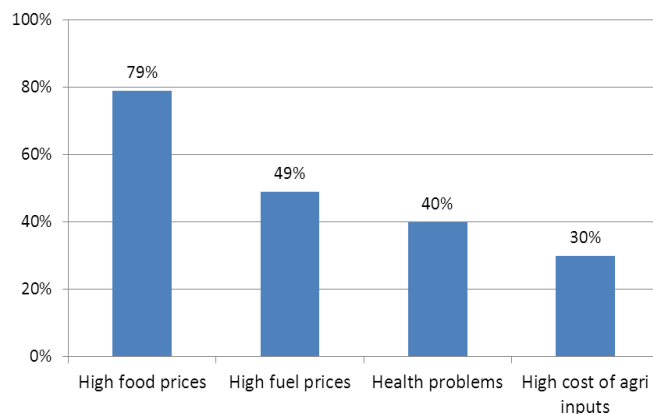
- ◆ The national average price of first grade wheat flour remained almost unchanged during March 2013 on a month-on-month basis for the third month in a row. The price was still 42% higher than in the same month of last year, and was only 4% lower than the peak level of early 2011 (Figure 1). The price was slightly higher in rural areas in Chuy and Naryn 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 did not change on a month-on-month basis on average nationally. The latest WFP 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)



Source: WFP Monthly Market Monitoring

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



Source: WFP Household Food Security Assessment

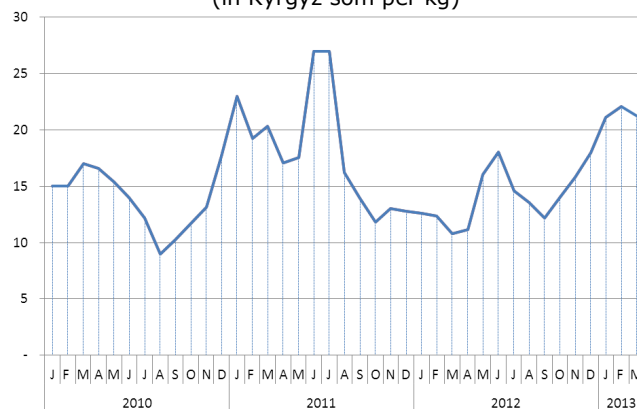
PRICES OF OTHER BASIC COMMODITIES

- ◆ After five months of consecutive increase, the retail prices of potatoes decreased by 2% in rural and 6% in urban areas on a month-on-month basis (**Figure 3**). However, the price continued to increase in rural Jalalabad and rural and urban Chuy provinces.
- ◆ Milk prices remained almost unchanged for a fourth month in March 2013 (**Figure 4**). However, the price was 36% higher than in March 2012.
- ◆ Fuel prices did not change on a national average in March, but remained higher in southern oblasts. For example, the price was 12% 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

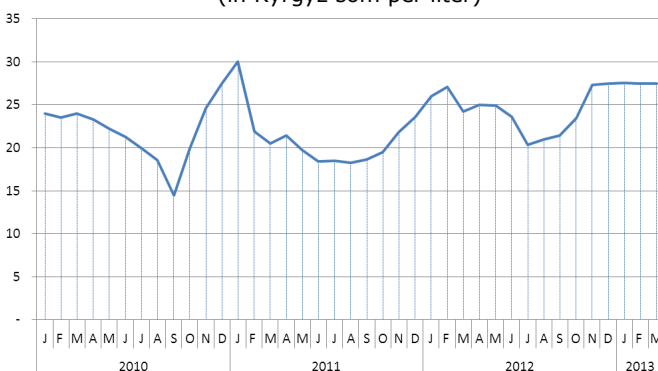
- ◆ WFP's Household Food Security Assessment in September (HFSA) 2012 showed that food-insecure people did not reduce the consumption of wheat products despite increased prices. Instead, they reduced consumption of vegetables, meat, eggs and dairy products. Figure 5 shows less frequent consumption of 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 food security.
- ◆ 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)



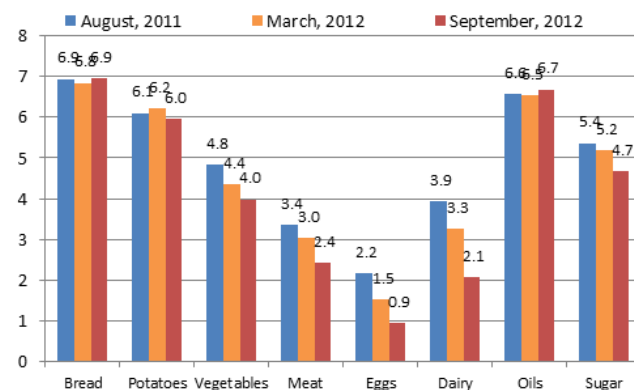
Source: WFP Market Monitoring

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



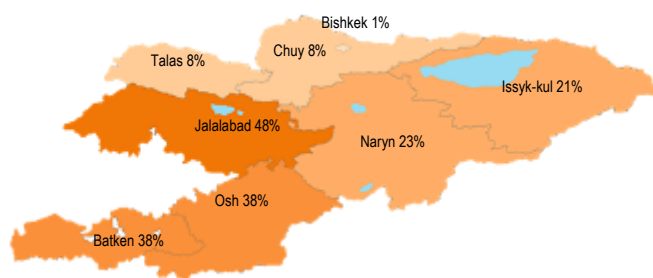
Source: WFP Market Monitoring

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



Source: WFP Household Food Security Assessment

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



Source: WFP Household Food Security Assessment 2012

OUTLOOK FOR THE NEXT FEW MONTHS





- ◆ According to official reports, spring field works have started earlier than in previous years and the planted area is larger than last year as of March. However, aggregate availability of wheat flour and its market price will also depend on production levels in Kazakhstan, the main producer in the region. A close monitoring of food availability, prices and impacts on household food security is required, particularly access and consumption patterns. A Household Food Security Assessment is being conducted by WFP in March and April 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 March 2013 shows that temperature in the Kyrgyz Republic in the April-June period will be above normal with a probability of 40-60%. The Agency for Hydrometeorology of the Kyrgyz Republic forecasts normal precipitation in almost all regions for April 2013.




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. In April-May 2013, WFP will support 123,000 people in the most food-insecure rural areas with 1,395 tons. 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.
- ◆ 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 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. 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.
- 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 (MARCH 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)	29	0%	2%	19%	▶	▶	▲	Wheat flour (1st quality)	31	0%	-3%	0%	▶	▶	▶
	Meat (mutton)	295	-2%	2%	7%	▶	▶	▶	Meat (mutton)	280	0%	0%	0%	▶	▶	▶
	Meat (beef)	290	2%	4%	-6%	▶	▶	▶	Meat (beef)	280	0%	0%	0%	▶	▶	▶
	Milk	30	0%	0%	0%	▶	▶	▶	Milk	25	0%	0%	0%	▶	▶	▶
	Potato	23	5%	44%	15%	▶	▲	▶	Potato	22	10%	38%	0%	▲	▲	▶
	Cooking oil	92	0%	6%	-6%	▶	▶	▶	Cooking oil	93	0%	-2%	0%	▶	▶	▶
	Sugar	50	0%	0%	0%	▶	▶	▶	Sugar	47	0%	-6%	0%	▶	▶	▶
	Petrol (Octane rating 92)	38	-3%	-4%	5%	▶	▶	▶	Petrol (Octane rating 92)	37	-4%	-7%	0%	▶	▶	▶
Diesel	40	0%	0%	6%	▶	▶	▶	Diesel	40	0%	0%	0%	▶	▶	▶	
 TALAS	Urban						Rural									
	Wheat flour (1st quality)	27	-1%	1%	66%	▶	▶	▲	Wheat flour (1st quality)	27	-1%	0%	62%	▶	▶	▲
	Meat (mutton)	275	8%	0%	-4%	▲	▶	▶	Meat (mutton)	285	10%	0%	62%	▲	▶	▲
	Meat (beef)	275	6%	0%	-4%	▲	▶	▶	Meat (beef)							
	Milk	20	0%	0%	0%	▶	▶	▶	Milk	20	0%	0%	0%	▶	▶	▶
	Potato	14	-7%	0%	180%	▼	▶	▲	Potato	14	-13%	0%	65%	▼	▶	▲
	Cooking oil	98	0%	0%	-9%	▶	▶	▶	Cooking oil	98	0%	0%	-6%	▶	▶	▶
	Sugar	46	0%	0%	-6%	▶	▶	▶	Sugar	48	0%	0%	-4%	▶	▶	▶
	Petrol (Octane rating 92)	36	-6%	0%	4%	▼	▶	▶	Petrol (Octane rating 92)	38	2%	0%	8%	▶	▶	▶
Diesel	37	0%	0%	4%	▶	▶	▶	Diesel	38	4%	0%	5%	▶	▶	▶	
 ISSYK-KUL	Urban						Rural									
	Wheat flour (1st quality)	30	0%	0%	50%	▶	▶	▲	Wheat flour (1st quality)	30	0%	0%	50%	▶	▶	▲
	Meat (mutton)	255	0%	0%	-9%	▶	▶	▶	Meat (mutton)	260	0%			▶		
	Meat (beef)	285	0%	1%	1%	▶	▶	▶	Meat (beef)	290	0%	-2%	-2%	▶	▶	▶
	Milk	20	-20%	-20%	33%	▼	▼	▲	Milk	20	0%	0%	33%	▶	▶	▲
	Potato	12	-8%	0%	324%	▼	▶	▲	Potato	12	0%	3%	368%	▶	▶	▲
	Cooking oil	105	0%	0%	9%	▶	▶	▶	Cooking oil	110	0%	0%	10%	▶	▶	▶
	Sugar	50	0%	0%	5%	▶	▶	▶	Sugar	55	0%	0%	10%	▶	▶	▶
	Petrol (Octane rating 92)	37	0%	0%	10%	▶	▶	▶	Petrol (Octane rating 92)	-						
Diesel	40	0%	0%	1%	▶	▶	▶	Diesel	40	0%	0%		▶	▶		
 NARYN	Urban						Rural									
	Wheat flour (1st quality)	30	1%	1%	28%	▶	▶	▲	Wheat flour (1st quality)	33	6%	9%	17%	▲	▶	▲
	Meat (mutton)	287	-1%	15%	-4%	▶	▲	▶	Meat (mutton)	300	3%	11%		▶	▲	
	Meat (beef)	307	10%	2%	-2%	▲	▶	▶	Meat (beef)	318	18%	6%		▲	▲	
	Milk	25	0%	-17%	7%	▶	▼	▶	Milk	25	-3%	25%	67%	▶	▲	▲
	Potato	20	-9%	0%	131%	▼	▶	▲	Potato	23	-6%	17%	366%	▼	▲	▲
	Cooking oil	90	-5%	-11%	-5%	▶	▼	▶	Cooking oil	113	5%	1%	-1%	▶	▶	▶
	Sugar	44	-2%	-2%	-11%	▶	▶	▶	Sugar	50	6%	6%	-11%	▶	▶	▶
	Petrol (Octane rating 92)	37	-2%	0%	2%	▶	▶	▶	Petrol (Octane rating 92)	38	-1%	1%	-5%	▶	▶	▶
Diesel	39	-2%	1%	3%	▶	▶	▶	Diesel	40	-1%	6%		▶	▲		

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)	27	-7%	-9%	19%	▼	▶	▲	Wheat flour (1st quality)	27	-8%	-9%	36%	▼	▶	▲
	Meat (mutton)	300	0%	0%	0%	▶	▶	▶	Meat (mutton)	300	-3%	-3%	0%	▶	▶	▶
	Meat (beef)	280	0%	0%	0%	▶	▶	▶	Meat (beef)	280	-3%	-3%	-3%	▶	▶	▶
	Milk	40	33%	33%	50%	▲	▲	▲	Milk	27	-11%	-11%	78%	▼	▼	▲
	Potato	28	-6%	23%	89%	▼	▲	▲	Potato	32	6%	59%	27%	▲	▲	▲
	Cooking oil	100	0%	0%	4%	▶	▶	▶	Cooking oil	100	0%	0%	2%	▶	▶	▶
	Sugar	50	0%	-6%	0%	▶	▶	▶	Sugar	50	0%	-3%	-9%	▶	▶	▶
	Petrol (Octane rating 92)	40	0%	-4%	5%	▶	▶	▶	Petrol (Octane rating 92)	40	-2%	-4%	6%	▶	▶	▶
Diesel	42	1%	0%	2%	▶	▶	▶	Diesel	42	0%	0%	2%	▶	▶	▶	
	Urban						Rural									
	Wheat flour (1st quality)	28	-1%	-1%	44%	▶	▶	▲	Wheat flour (1st quality)	28	0%	-2%	47%	▶	▶	▲
	Meat (mutton)	300	0%	0%	0%	▶	▶	▶	Meat (mutton)	290	4%	4%	-3%	▶	▶	▶
	Meat (beef)	280	0%	0%	8%	▶	▶	▶	Meat (beef)	270	8%	8%	-7%	▲	▶	▶
	Milk	30	0%	0%	6%	▶	▶	▶	Milk	30	0%	0%	-5%	▶	▶	▶
	Potato	28	0%	22%	127%	▶	▲	▲	Potato	27	4%	16%	100%	▶	▲	▲
	Cooking oil	97	0%	0%	-3%	▶	▶	▶	Cooking oil	100	0%	2%	0%	▶	▶	▶
	Sugar	50	0%	-1%	-6%	▶	▶	▶	Sugar	50	0%	-2%	-3%	▶	▶	▶
	Petrol (Octane rating 92)	40	-1%	-4%		▶	▶		Petrol (Octane rating 92)	40	-1%	-4%		▶	▶	
Diesel	42	0%	0%	4%	▶	▶	▶	Diesel	42	0%	0%	5%	▶	▶	▶	
	Urban						Rural									
	Wheat flour (1st quality)	30	0%	4%	61%	▶	▶	▲	Wheat flour (1st quality)	30	1%	5%	64%	▶	▶	▲
	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	37	0%	-8%	47%	▶	▶	▲	Milk	35	0%	-9%		▶	▶	
	Potato	21	-16%	-7%	80%	▼	▶	▲	Potato	22	-10%	5%	94%	▼	▶	▲
	Cooking oil	103	0%	38%	48%	▶	▲	▲	Cooking oil	103	-3%	44%	48%	▶	▲	▲
	Sugar	53	-3%	-11%	-11%	▶	▼	▶	Sugar	53	-3%	-11%	-11%	▶	▼	▶
	Petrol (Octane rating 92)	43	3%	3%	5%	▶	▶	▶	Petrol (Octane rating 92)	42	0%	0%	3%	▶	▶	▶
Diesel	44	0%	0%	5%	▶	▶	▶	Diesel	45	0%	-1%	7%	▶	▶	▶	

- ▲ 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