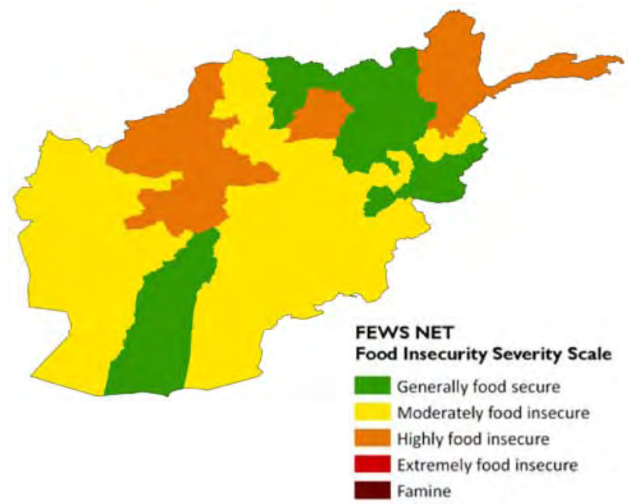
AFGHANISTAN Food Security Outlook January to June 2009

- Nominal retail prices for wheat, rice, and cooking oil have been declining since November 2008, and the upcoming wheat harvests in Afghanistan and in Pakistan and Kazakhstan — major sources of imported wheat — are expected to be good. Consequently, household food access is improving.

- In the most-likely scenario, physical access to food will improve through June due to the reopening of roads by the spring. The main harvest begins in May, and the Indian government has pledged 250,000 MT of wheat. However, food security conditions in chronically food insecure (and physically insecure) areas such as Jawand, Bala Murghab, and Muqor districts of Badghis province, Taywara and Pasawand districts of Ghor Province, Badakhshan, Day Kundy, and Samangan provinces will not improve considerably until after the harvest, due to their remoteness and the inadequate food aid response in 2008.

- In the worst-case scenario, international wheat prices will increase due to a reduced 2009 global wheat harvest. Kazakhstan may elect to not sell cereals to Afghanistan. The government of Pakistan could also prevent the transshipment of 250,000 MT of Indian-donated wheat through Pakistan.

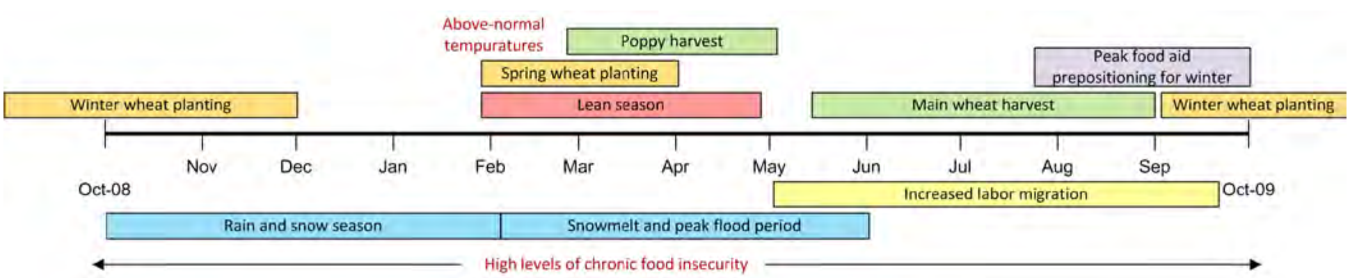
Figure 1: Current food security conditions, January to March 2009



Source: *FEWS NET*

For more information on FEWS NET's Food Insecurity Severity Scale, see www.fews.net/FoodInsecurityScale

Seasonal calendar and critical events



Source: *FEWS NET*

Current food security conditions, January to March 2009

The preliminary results of a study by the Ministry of Agriculture, Irrigation, and Livestock (MAIL) reveal that the 2008/2009 winter wheat planting, which occurred between September and December 2008, was greater than that of the previous year. USAID also distributed agricultural inputs worth about USD 60 million in 14 provinces. Remote sensing data indicate

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that, compared to the long-term average, rainfall has been normal or above normal during the 2008/2009 wet season, and snow water volume charts indicate that the water equivalent of the snowpack in monitored basins is far higher than the short-term average. However, temperatures have been above normal since late January, which may reduce irrigation water availability over the course of the 2009/2010 agricultural cycle, particularly for the second crop in August and September. In addition, the high temperatures recorded since late January are likely to cause rapid snow melt, which can trigger significant flooding during the next two months.

According to the National Risk and Vulnerability Assessment (NRVA), 35 percent of Afghans are chronically food insecure. This is particularly true in Bamyan, Ghor, Day Kundi, Badghis, Faryab, Samangan, and Sari Pul provinces as well as the northern districts of Ghazni and Wardak provinces. World Food Programme (WFP) food aid and Afghan government wheat distribution in some parts of these provinces and elsewhere increased access to food during 2008/2009 winter. In addition, the Indian government has pledged 250,000 MT of wheat, which should increase food availability if it can indeed be transshipped through Pakistan.

Table 1: Scenario assumptions and indicators

Most-likely food security scenario

- Roads will reopen in the spring and transportation costs will decline.
- Food prices, particularly for wheat and wheat flour, will continue to decline.
- Upcoming local and regional harvests are expected to be average.
- The chronically food insecure, who are in unsafe areas and out of reach of markets and humanitarian programs, will have limited access to food.

Worst-case food security scenario

- Given the global forecast for the 2009 wheat harvest, prices will increase.
- Civil security will deteriorate further and extend to new parts of the country.
- Kazakhstan will not sell cereals to Afghanistan.
- Pakistan will not allow the transshipment of 250,000 MT of India-donated wheat.

Civil insecurity and conflict in the south has also affected food security. First, international organizations have been hampered by threats and violent actions against its employees, which means southern populations have had reduced access to aid and the employment opportunities that accompany reconstruction projects. Second, insurgents have instructed people in the south to not work for the Afghan government, international organizations, or NATO, the major sources of employment in Afghanistan. Third, transport companies that serve the international security forces — an important source of income and employment in the south — have become a primary target for insurgents. Finally, conflict in southern Afghanistan continues to force large numbers of people from their homes on a regular basis, reducing both their food security and their ability to withstand future shocks. According to a July 2008 study by the UN Office of the High Commissioner on Human Rights, there are 43,197 displaced families in Afghanistan.

Most-likely food security scenario, April to June 2009

The FAO Crop Prospects and Food Situation report, published in February 2009, indicates a likely reduction in the 2009 global wheat harvest from the record level of last year. That may put upward pressure on prices in Afghanistan in late 2009.

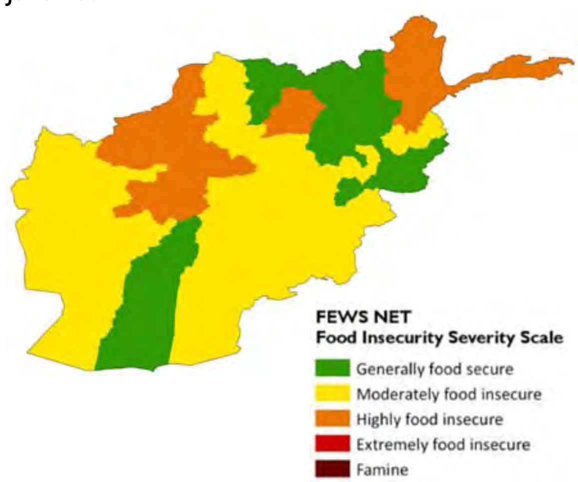
Above average rainfall, particularly in the north, resulted in increased soil moisture, which bodes well for spring wheat planting. Spring wheat planting starts in early February and continues until early April. However, rain-fed crop performance will depend on the outcome of April and May precipitation.

Nearly half of the cereal required to meet food security needs — overwhelming in the form of wheat and wheat flour — is imported, particularly from Pakistan and Kazakhstan; the former exports an estimated one million MT to Afghanistan annually, although that does not include the considerable amounts that are smuggled in. The agricultural outlook for Pakistan and Kazakhstan is optimistic. Pakistan's harvest will begin in two months, and the government has set a production target of 25 MMT of wheat for 2009. Pakistan's domestic demand is 22 MMT, and the remainder will be exported to neighboring countries, particularly Afghanistan. However, if unfavorable weather conditions prevail in the next two months, production may fall 2-3 MMT short of the target. In this scenario, the old stock will still go to Afghanistan, since the Government of Pakistan intends to replace the old stock with 6 MMT procured from the 2009 wheat harvest.

Anecdotal reports indicate that old stock contains inferior wheat, which is likely to make its way into Afghanistan unless the Afghan government ensures quality control.

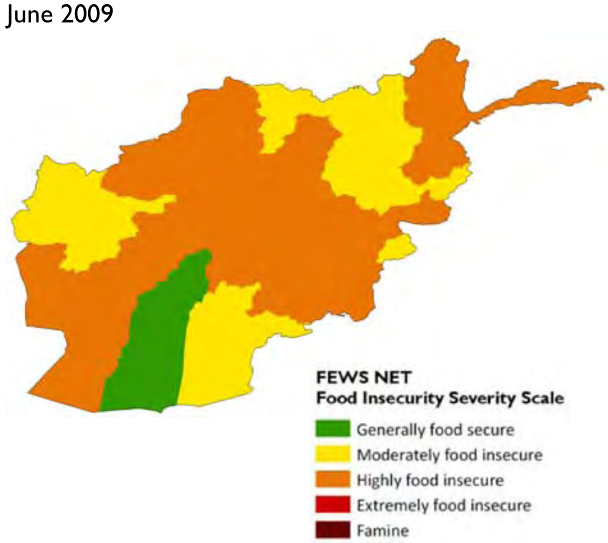
The Kazakhstan Ministry of Agriculture also predicts a good grain harvest in 2009 because of favorable weather. In addition, the Kazakh government has recently doubled the price subsidies on inputs for farmers and allocated KZT 130 billion in credit for spring farming. Kazakhstan estimates that 6 MMT of its wheat will be exported, some of it probably destined for Afghanistan.

Figure 2: Most likely food security scenario, April to June 2009



Source: *FEWS NET*

Figure 3: Worst-case food security scenario, April to June 2009



Source: *FEWS NET*

In the most-likely scenario, access to food will improve throughout Afghanistan through June for the following reasons: a) roads to provinces, districts, and valleys will reopen in the spring; b) transportation costs typically go down in the spring and summer; c) food prices, particularly for wheat, will likely decline later in the year due to international prices and the harvest within Afghanistan, which begins in May; wheat prices have declined by 19 percent since October 2008; d) wheat flour imports should increase in the next three months as neighboring countries typically sell their old stock to Afghanistan to make room for their new stock and avoid spoilage.

Under the same scenario, food security in chronically food (and physically) insecure areas such as Jawand, Bala Murghab, and Muqor districts of Badghis province, Taywara and Pasawand districts of Ghor Province, Badakhshan, Day Kundy, and Samangan provinces will not improve considerably until after the harvest, due to their remoteness and the inadequate food aid responses in 2008.

Worst-case food security scenario, April to June 2009

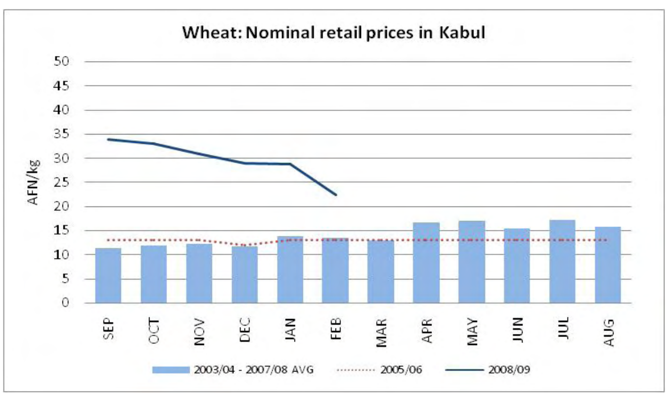
In the worst-case scenario, international wheat prices will increase due to a reduction in the 2009 global wheat harvest. It could be particularly problematic if, for whatever reason, the Government of Pakistan does not allow 250,000 MT of Indian-donated wheat to be transhipped through Pakistan. The insurgency in Pakistan may also disrupt the WFP pipeline — it has occasionally disrupted ISAF supplies — which will result in food scarcity and high prices, especially in conflicted areas.

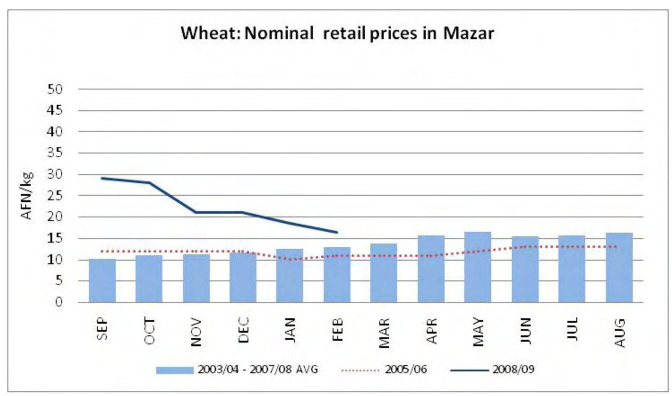
Under the same scenario, Kazakhstan will choose to not sell its wheat to Afghanistan if another country offers a higher price. This situation would, in turn, contribute to increased dissatisfaction with the national government and the international community in rural areas, particularly in chronically food insecure areas like the central highlands and the northwest and northeast. It may also lead to unrest in urban areas like Kabul, Hirat, Mazar, Jalalabad, and Kandahar city, where politicians sometimes exploit economic hardship for their own personal political gain.

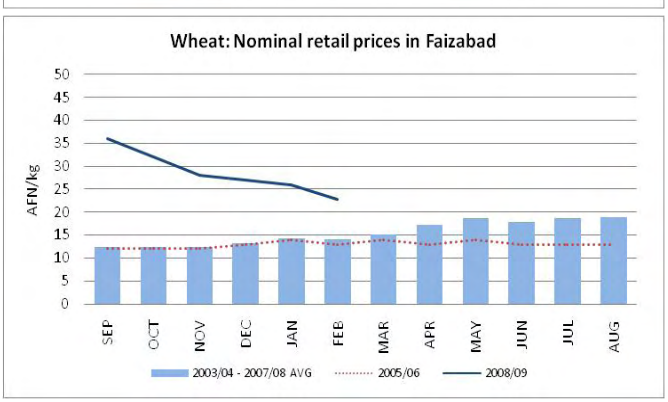
In the worst-case scenario, civil security will deteriorate and conflict may extend beyond the south to other rural parts of the country, such as the east and west. This will have a significant negative impact on food security through its effects on employment, transportation, trade, and migration.

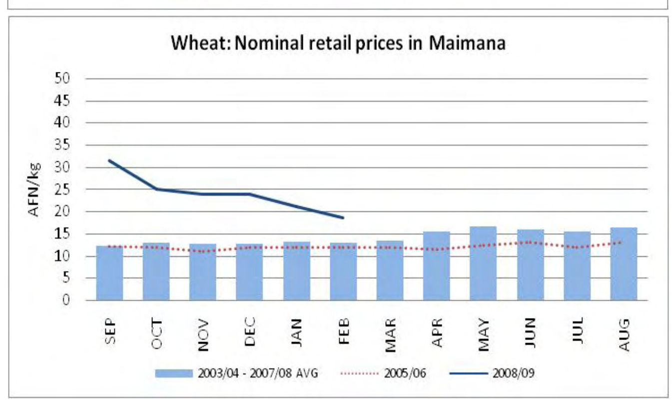
Monthly prices are supplied by FEWS NET enumerators, local government agencies, market information systems, UN agencies, NGOs, and other network and private sector partners.

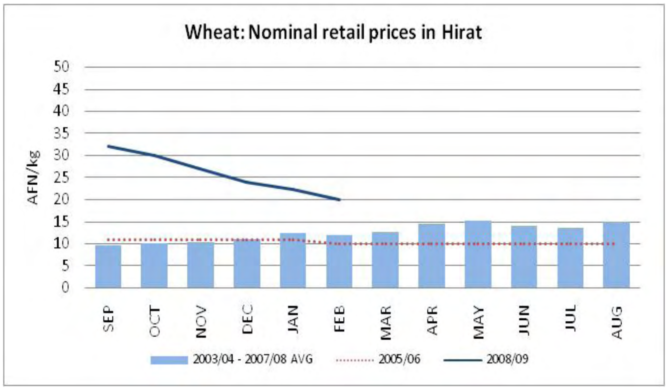
Wheat is the staple food for most Afghans, comprising more than 70 percent of their diet. Low-quality rice is a poor, but sometimes necessary, substitute. All markets represent significant population centers and consumer markets. Kabul, the capital, supplies the central provinces and is a transit point between the north, south, east, and west. Jalalabad supplies the eastern part of the country and acts as a cross-border market with Pakistan. Mazar-e-Sarif supplies northern provinces and, in a good year, the southern provinces as well. Faizabad supplies the chronically food insecure northeast region. Maimana market supplies the drought-prone northwest region. Hirat supplies the west. Kandahar supplies the southwestern part of the country where drought, civil insecurity, and war often hinder market activity.



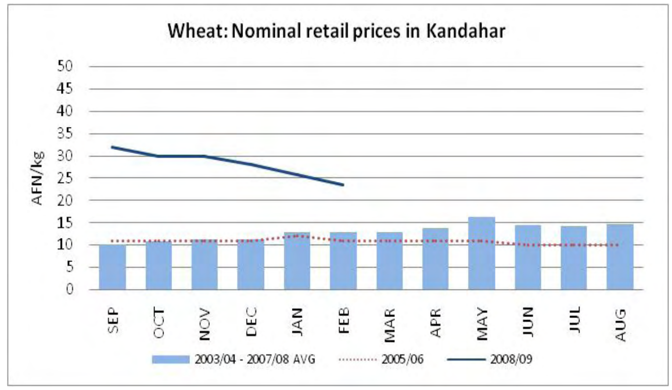




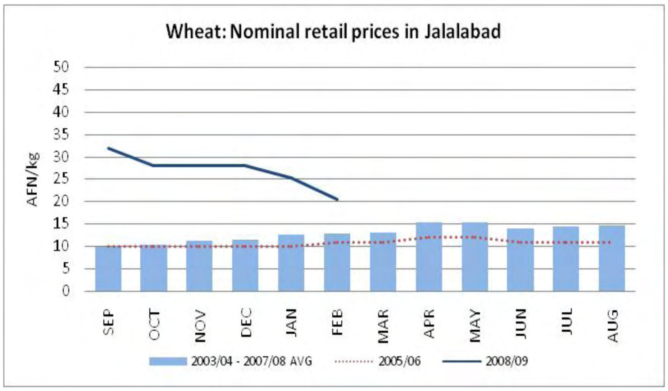




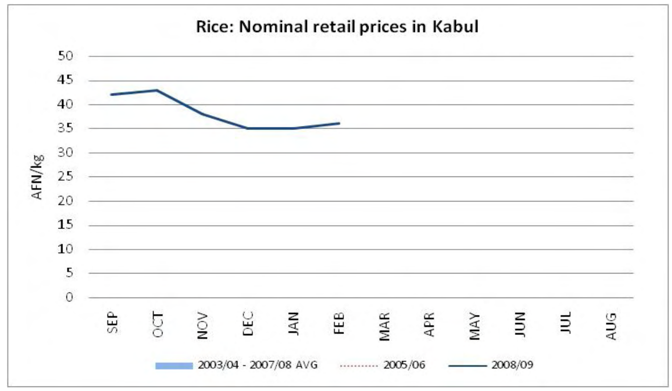
Wheat: Nominal retail prices in Hirat



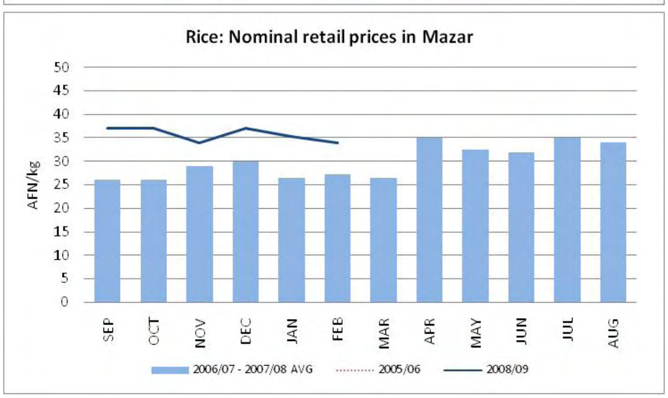
Wheat: Nominal retail prices in Kandahar



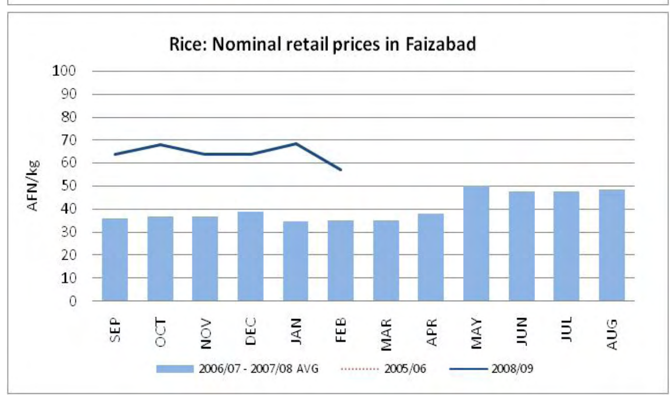
Wheat: Nominal retail prices in Jalalabad



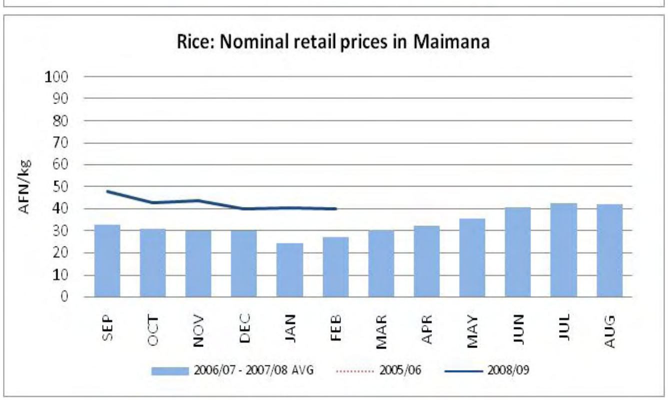
Rice: Nominal retail prices in Kabul



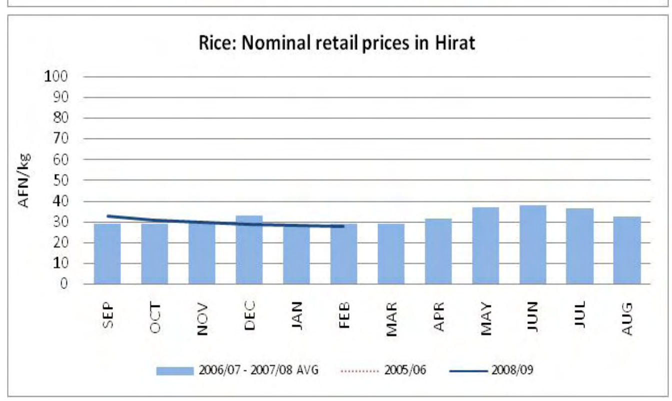
Rice: Nominal retail prices in Mazar



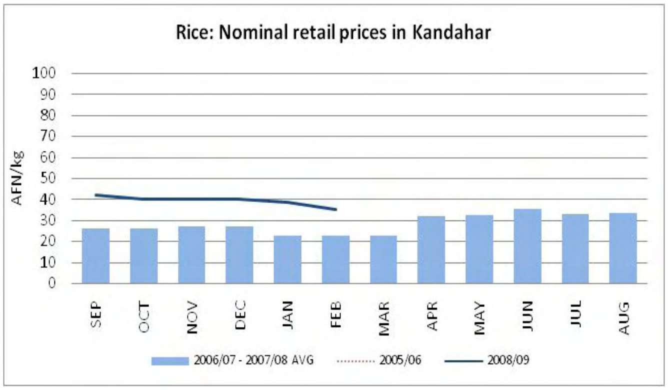
Rice: Nominal retail prices in Faizabad

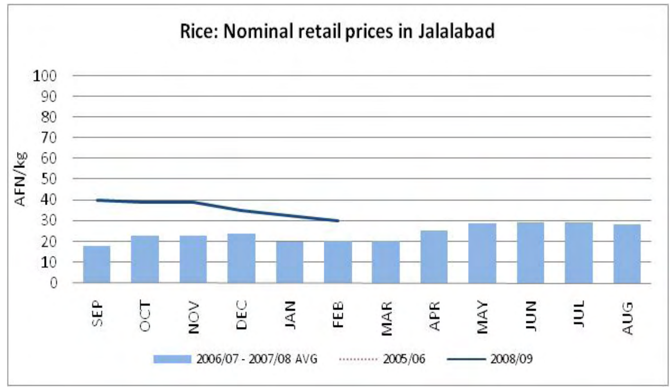


Rice: Nominal retail prices in Maimana



Rice: Nominal retail prices in Hirat


Rice: Nominal retail prices in Kandahar
AFN/kg
100
90
80
70
60
50
40
30
20
10
0
SEP
OCT
NOV
DEC
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
2006/07 - 2007/08 AVG
2005/06
2008/09


Rice: Nominal retail prices in Jalalabad
AFN/kg
100
90
80
70
60
50
40
30
20
10
0
SEP
OCT
NOV
DEC
JAN
FEB
MAR
APR
MAY
JUN
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