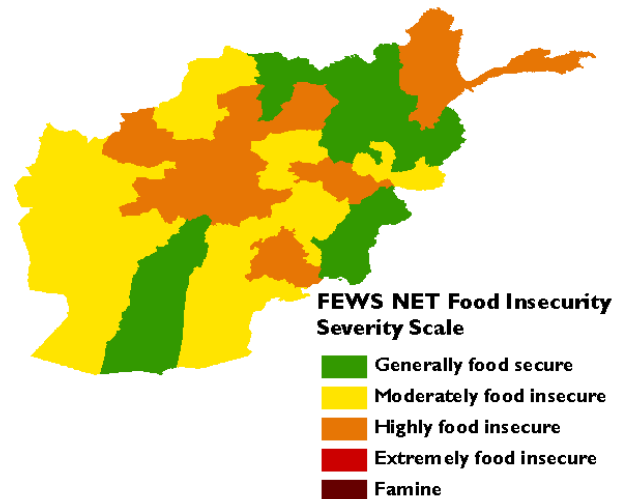


AFGHANISTAN Food Security Update

March 2008

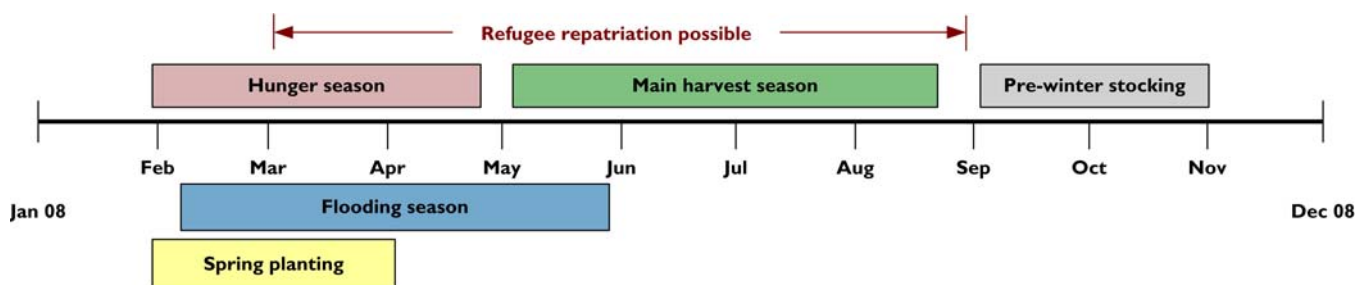
- A below-normal wet season, below-normal wheat supply within the region, and high international wheat prices are likely to increase food insecurity in Afghanistan, especially for households in rain-fed agricultural, pastoral, and small-scale farming livelihood zones, and for poor urban households (Figure 1).
- Satellite imagery indicates a likelihood that 50-90 percent less water will be available compared to normal for rain-fed and irrigated wheat this year, likely resulting in a below-average harvest beginning in May. A poor harvest will reduce food availability and increase the need for imported wheat and food aid this year.
- Retail prices for wheat continue to rise, particularly in Mazar and Hirat markets, which are major hubs for cereal trade (retail prices for wheat on these and other markets in Afghanistan are available in Annex 1). Food prices are likely to increase further in the coming months, due to possible increases in export duties or outright restrictions on wheat exports from Kazakhstan. Pakistan has already restricted wheat exports to Afghanistan.

Figure 1. Current estimated food security conditions, March 2008



Source: FEWS NET

Seasonal calendar and critical events



Food security overview

Existing chronic food insecurity, most pronounced in the central highlands and northwestern parts of Afghanistan, combined with continued increases in cereal prices across the country (especially in urban areas), and a below-normal 2007/08 wet season that will negatively affect pastures and the upcoming harvest (May through August), are increasing food insecurity. Afghanistan does not meet its cereal requirements through its own production in a normal year, and the country is dependent on food aid, as well as cereal imports from Pakistan, Kazakhstan, Uzbekistan, and Iran. Given anticipated below-normal wheat harvests in much of Central Asia this year (which are likely to impact the amount of wheat supplied to Afghanistan from within the region), and given high global cereal prices that are increasing food access

difficulties for many Afghans, food insecurity is likely to increase if interventions to alleviate the impact of this potential crisis are not immediately undertaken. These interventions could include food aid (with a strong emphasis on improved targeting both at the geographic and household level), bilateral cereal trade agreements between countries within the region, activities to strengthen households' purchasing power, the continued withholding of import duties on wheat/flour, and subsidized fuel and other transport costs.

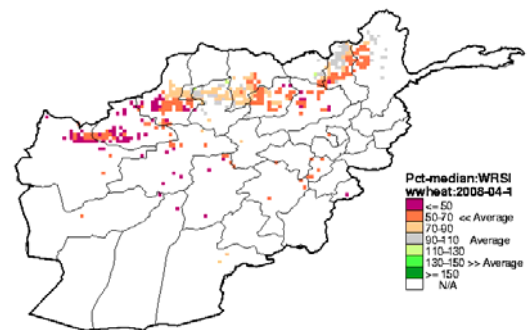
Impacts of the below-normal wet season are not limited to agriculture-based livelihoods, but will also negatively impact pastoral livelihoods, which already face significant vulnerability to food insecurity due to the loss of over 130,000 livestock from low winter temperatures during 2007/08. The poor wet season will lead to poor pasture conditions and competition over grazing areas between nomadic and settled populations across Afghanistan, and especially in the central highlands. Provinces such as Ghor, Badghis, Daykundi, Badakhshan, Faryab, Urzgan, Zabul, Wardak, and Logar, which faced floods and below-normal harvests in 2007, and will face below-normal harvests again in 2008, are the most vulnerable to food insecurity. By contrast, Baghlan, Kunduz, Takhar, Balkh, Hirat, Parwan, and Jawzjan provinces received above-normal harvests in 2007, which will likely buffer somewhat the impacts of the upcoming below-normal harvest.

Review of the 2007/08 wet season

Satellite imagery reveals that, this year, rain-fed wheat crops, which are located predominately in northern and central Afghanistan, are likely to receive 50-90 percent less water than the normal. This is likely to result in a poor rain-fed crop harvest, particularly in eastern districts of Badakhshan, central districts of Takhar, northern districts of Baghlan Province, Samangan Province, southern districts of Balkh Province, southwest districts of Faryab Province, Badghis Province, southern districts of Ghor Province, and Daykundi Province (Figure 2). The periodic exposure to droughts households in these rain-fed agricultural zones face decrease their resilience to shocks.

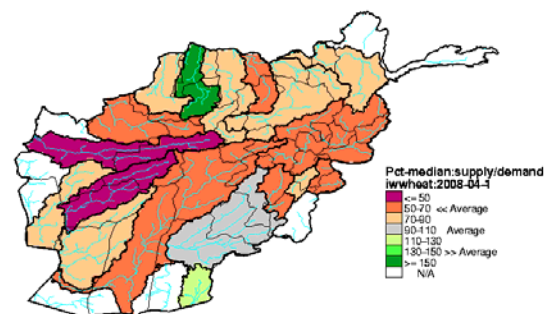
Median Year Water Supply/Demand imagery indicates that, this year, irrigated wheat is also likely to have 50-90 percent less water than is required (Figure 3). Scarcity of water is likely to be felt all over Afghanistan, with exception of the southern provinces of Zabul, Paktika, and Ghazni, and the northern province of Jawzjan, where the imagery indicates comparatively more water availability. The scarcity of irrigation water will be tangible mainly during the autumn cultivation season (August through October), which may affect 2009 harvests, with the exception of downstream farms, which will face water shortages starting in April, May and June. These water shortages will negatively affect 2008 harvests for these downstream farms.

Figure 2. Median Year Water Requirement Satisfaction Index



Source: USGS

Figure 3. Median Year Water Supply/Demand



Source: USGS

Wheat market prices

Retail prices for wheat in March 2008 were remarkably higher than the five-year average for March in all reference markets across Afghanistan (Annex 1). Prices in reference markets typically start decreasing at this time of year, due to the start of the harvest in May. However, this year, due to a drier-than-normal wet season and an anticipated scarcity of supplies, high transportation costs, and higher international prices for cereals, prices are not decreasing as they normally do. The rise in wheat prices over the five-year average is most pronounced in Faizabad (157 percent above the five-year average), Mazar (151 percent), and Hirat (132 percent). Kabul, Kandahar, and Jalalabad experienced the lowest rises: 84 percent, 88

percent, and 92 percent, respectively (Figure 4). Significantly lower wheat prices in 2003 and 2004 pull the average price down.

Comparing March prices to last year at this time shows a similar but less dramatic situation. The rise in wheat prices using this comparison remains most pronounced in Mazar and Hirat, where wheat prices increased by 97 percent and 82 percent, respectively. Kabul, Faizabad, Kandahara, and Jalalabad registered lower increases, with 50 percent, 61 percent, 69 percent, and 69 percent, respectively.

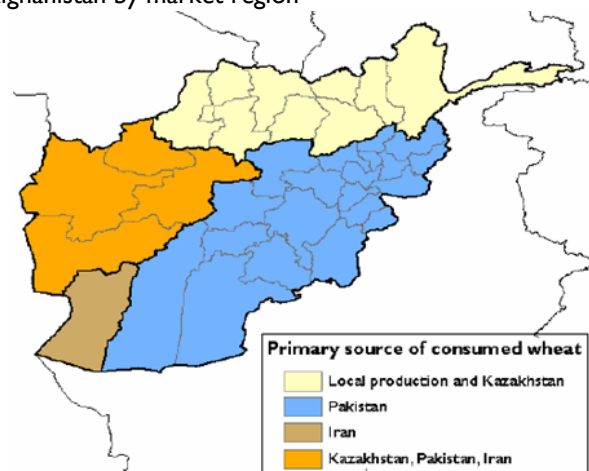
Cereal prices, particularly for wheat, are likely to continue to increase in the coming months, due to the expected below-average harvest and scarcity of alternative wheat supplies from other countries in the region (see Figure 5 for information on sources of wheat in Afghanistan). Pakistan has banned commercial wheat exports to Afghanistan, and Kazakhstan is exploring imposing higher export duties on wheat grain and flour and/or to restricting exports altogether. Either of these mechanisms will have a negative impact on Afghanistan’s near-term food supply and overall food security.

Figure 4. Nominal retail wheat (grain) prices in reference markets, March 2008 compared to average



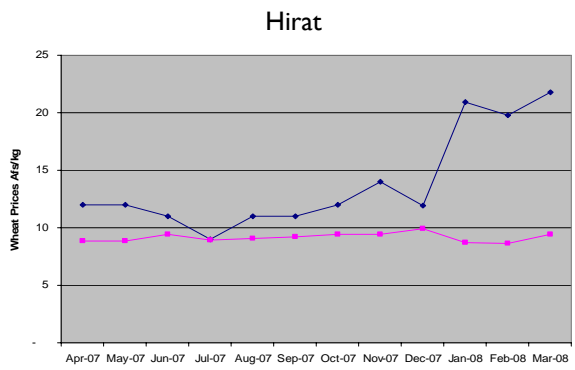
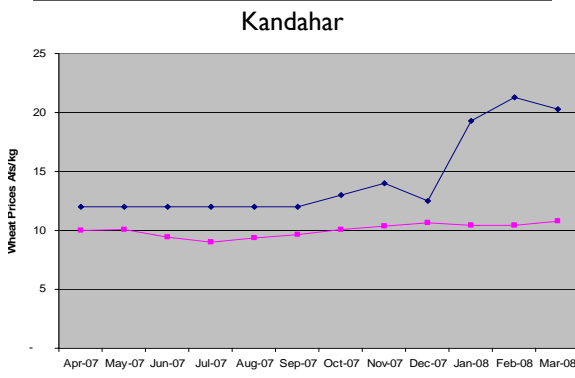
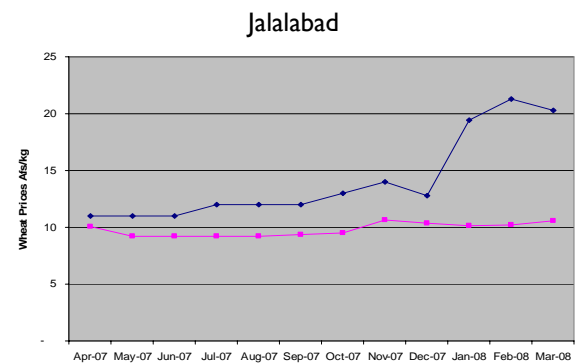
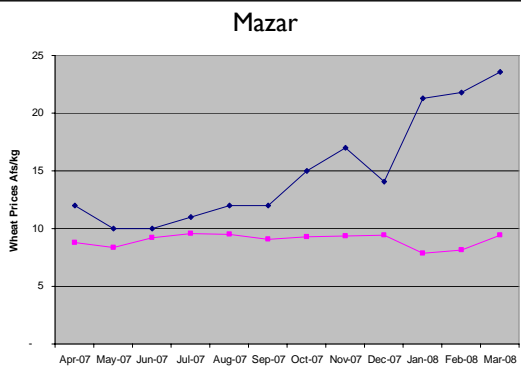
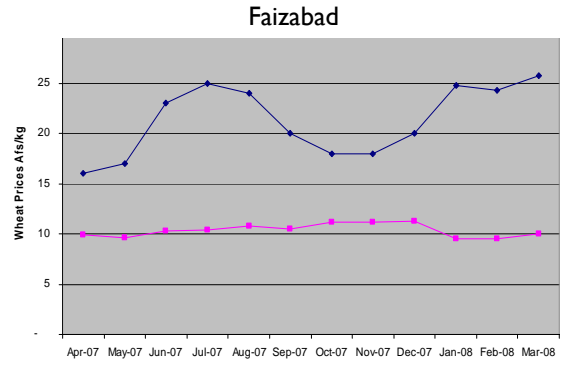
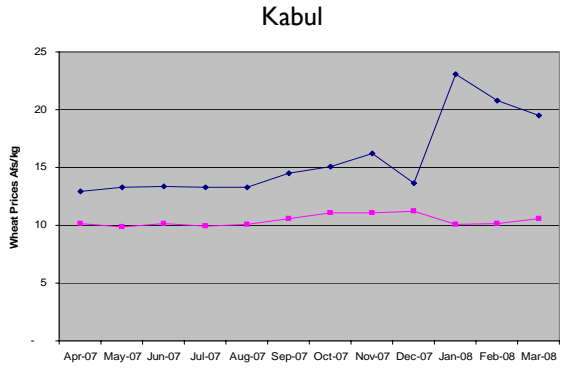
Source: FEWS NET

Figure 5. Primary sources of wheat consumed in Afghanistan by market region



Source: FEWS NET

Annex I. Retail wheat prices in reference markets, 2007/08 compared to five-year average



◆ Actual Wheat Prices Afs/kg
 ■ Four Year Average Wheat Prices Afs/kg