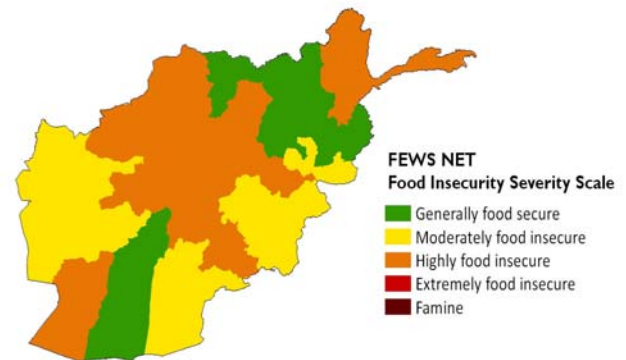


AFGHANISTAN Food Security Update

September 2008

- A comparative analysis of 2000-2008 Normalized Difference Vegetation Index imagery indicates that the 2008 drought has been the most severe during this period. Coupled with chronic food insecurity, high food prices and escalating civil insecurity in southern Afghanistan, this drought has led to widespread food insecurity affecting 35 percent of the Afghan population.
- In July, the Afghan government and the United Nations jointly appealed for \$404.3 million in emergency aid. According to a Ministry of Rural Rehabilitation and Development source, as of September 15, 2008, donor response has been discouraging and the food security component of the appeal is only 35 percent funded, primarily by USAID and DFID. To prevent a humanitarian crisis further donor commitments are needed.

Figure 1. Current estimated food security conditions, third quarter 2008 (July to September)

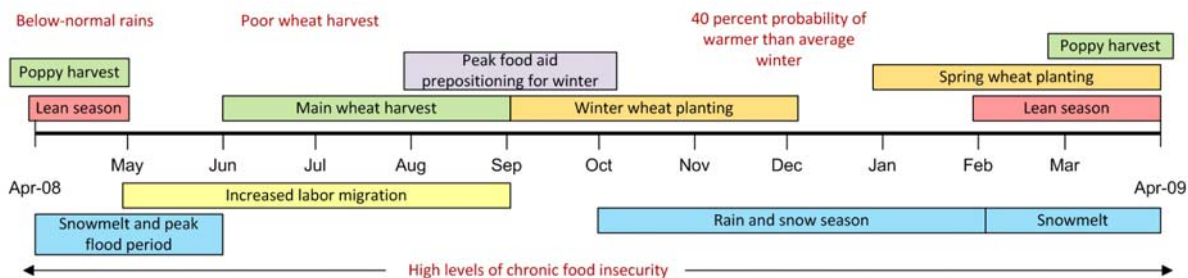


For more information on FEWS NET's Food Insecurity Severity Scale, please see: www.fews.net/FoodInsecurityScale

Source: FEWS NET

- Summer temperatures in Afghanistan were above normal this year, negatively affecting water availability for autumn planting. In addition, ICRC field observation reveals that farmers in Northern Provinces only have access to very poor quality seeds. This is also true for other parts of the country as well. However, provision of improved seeds and chemical fertilizer is only recommended in areas where water availability is ensured.
- August 2008 retail prices for wheat are remarkably higher than the five-year average, particularly in Hirat, Kandahar and Jalalabad markets. Sharp increase in wheat prices are partially linked with Ramadan, when prices are typically higher due to increased demand. Wheat prices are likely to increase further in the coming months as rural Afghans purchase stocks prior to the arrival of winter (late-October or November).

Seasonal calendar and critical events



Food security overview

A comparative analysis of 2000-2008 Normalized Difference Vegetation Index imagery indicates that the 2008 drought has been the most severe during this period. This drought has significantly affected national food availability. Meanwhile, regional trade flows have been restricted by export bans initiated by Pakistan and Kazakhstan due to high international wheat prices. As a result of these factors, and in addition to the 30 percent of the Afghan population considered chronically

food insecure, NRVA data indicates that 5 percent of the Afghan population, roughly 1.6 million people, is acutely food insecure.

As a result of this situation, the Afghan government has purchased 50,000 MT of wheat from Pakistan through a special government to government agreement. More than 12,000 MT has been imported thus far and the government plans to sell this wheat at subsidized prices. In addition, the government has signed an agreement with the Russian Federation and the Ukraine for an additional 80,000 MT of wheat. Once the Pakistani and Russian wheat arrives, food availability and prices are likely to improve. However, escalating tensions between Pakistan and Afghanistan and fallout between Russia and the West over Georgia may affect delivery. Conflict and deteriorating civil security in southern Afghanistan is also affecting food security by limiting the transport of food aid, reducing employment opportunities and restricting trade by non-local traders.

In July, the Afghan government and the United Nations jointly appealed for \$404.3 million in emergency aid. FEWS NET Afghanistan believes a full response to the food security component of this appeal is essential to prevent a humanitarian crisis. However, according to a Ministry of Rural Rehabilitation and Development source, as of September 15, 2008, donor response has been discouraging and the food security component of the appeal is only 35 percent funded, primarily by USAID and DFID. To prevent a humanitarian crisis further donor commitments are needed.

Season progress review

Summer temperatures in Afghanistan were above normal this year, negatively affecting water availability for autumn planting. In addition, ICRC field observations indicate that farmers in northern provinces only have access to very poor quality seeds. This is also true for other parts of the country as well. However, in general, provision of improved seeds and chemical fertilizer is only recommended in areas where water availability is ensured. For spring planting (March and April), the provision of drought resistant seeds is recommended because these crops are mainly rain fed and are thus vulnerable to drought. The agricultural recovery (Improved seed and fertilizer) component of the emergency appeal has received 30.8 percent response.

According to the International Research Institute forecast for the upcoming winter (November, December and January 2009) the odds currently favor average precipitation (Figure 2) although it may go either way depending on unforeseen climatic factors. The temperature forecast for the same period (Figure 3) indicates a 40 percent probability of above-normal temperatures which, if they occur, could lead to an early snow melt, ultimately reducing irrigation water availability for the 2009 agricultural season. This would lead to further deterioration in food security conditions in Afghanistan through reduced food availability and higher food prices.

Wheat market prices

August 2008 wheat retail prices in reference markets were noticeably higher in comparison to July 2008. This was primarily a result of anticipation of the arrival of Ramadan. Typically, during

Figure 2. Precipitation forecast for November, December and January 2009

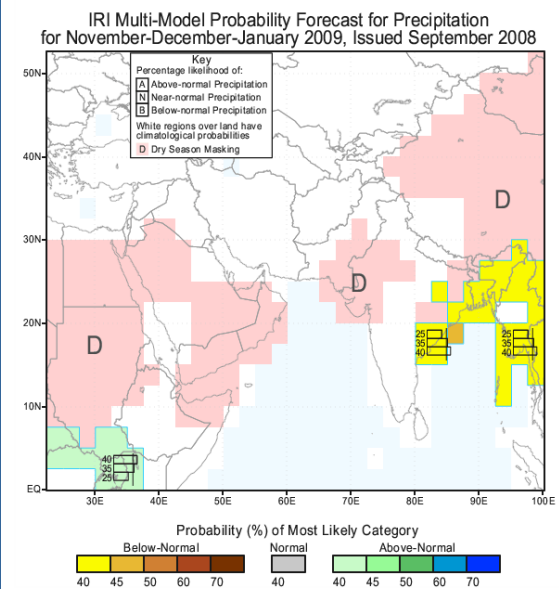
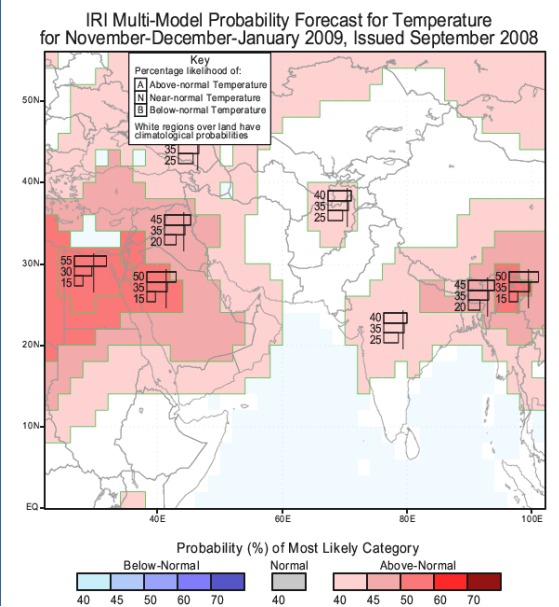


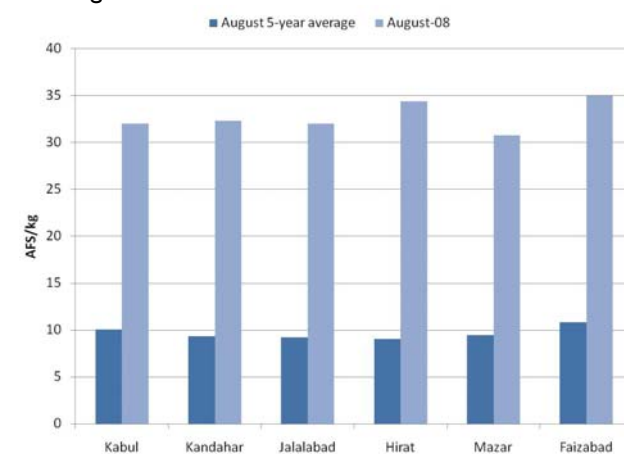
Figure 3. Temperature forecast for November, December and January 2009



Ramadan, food prices increase across the country as all households, both rich and poor, spend the bulk of their savings on food. Hirat, Kandahar, and Kabul experienced the highest increases, 12 percent, 7 percent, and 5 percent respectively, while Jalalabad, Mazar and Faizabad prices rose the least (3 percent, 1 percent and 0.50 percent).

August 2008 wheat retail prices were also higher than the five-year average (Figure 4). These elevated prices are most pronounced in Hirat (258 percent above-average), Jalalabad (246 percent) and Kandahar (244 percent). The difference is less pronounced in Kabul, Faizabad and Mazar. These comparisons may present a slightly exaggerated picture because the five-year average is somewhat skewed downward by exceptionally low wheat prices in 2003 and 2004.

Figure 4. Retail wheat market prices in reference markets, August 2008 versus the August five-year average (2004-07), in Afs/kg



In an effort to control for the skewed average prices, retail wheat market price for August 2008 were compared with those in August 2007 in all six reference markets. These results also suggest sharp increases in wheat prices over the past several months, but these increases were of a smaller magnitude than when comparing to the five-year average. Elevated retail wheat prices are most pronounced in Hirat and Kandahar and Jalalabd where wheat prices increased by 209 percent, 169 percent and 166 percent, respectively, over the the previous year. In Faizabad, Kabul, and Mazar price increases were the lower, 45 percent, 146 percent, and 156 percent, respectively.

Cereal prices, particularly wheat, are likely to increase further in the coming months as rural Afghans purchase stocks prior to the arrival of winter (late-October or November).

Figure 4. Retail wheat prices in reference markets, August 2008 compared to five-year average

