



Nepal Food Security Bulletin

Issue 39 (April-June 2013)



नेपाल खाद्य सुरक्षा अनुगमन प्रणाली
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HIGHLIGHTS AND SITUATION SUMMARY

This issue covers the period of April to June 2013, with updates on the impact of floods and landslides in July. April to June is typically a winter crop harvesting period, or a post winter crop harvesting period, depending upon the geographical area.

- ◆ The Nepal Food Security Monitoring System (NeKSAP) District Food Security Networks (DFSNs) classified 11 Village Development Committees (VDCs) in Dailekh and Darchula districts as Phase 3 highly food insecure (or crisis). In Dailekh the primary reasons for the high level of food insecurity include the loss of roughly 80 percent of the main winter crop (wheat) as a result of hailstorms and a decrease in income from the sale of agricultural products by 40-60 percent, while in Darchula, flooding led to the current situation. Overall, an estimated 37,130 people are affected. Reported coping strategies include selling of livestock and assets and skipping meals; out-migration has increased by 20-40 percent in Dailekh. Furthermore, DFSNs in 12 districts have classified 147 VDCs as Phase 2 moderately food insecure (or stressed) in this period.
- ◆ The rest of Nepal has had a seasonal improvement in the food security situation, largely due to the recent harvest of the winter cereal crops (wheat and barley). The number of VDCs experiencing varying levels of food insecurity have fallen to 158 from 209 in the January-March 2013 period. Some parts of the country are likely to experience a deterioration in the food security situation during July-August, but this should improve with the start of the maize and paddy harvest (September-October).
- ◆ The Ministry of Agricultural Development, WFP and FAO joint crop assessment 2012/13 estimated the production of main winter crops, wheat and barley, at 1.9 million mt and 37,000 mt, respectively, an increase of two percent and six percent respectively over 2011/12. However, the estimated national crop production was 8.74 million mt, a decrease of 7.6 percent compared to last year. Overall, there was a net positive national cereal balance for human consumption, with a surplus of 408.4 thousand mt. Nevertheless, 33 districts, mostly in the Mid- and Far-Western Hill and Mountain regions, are food deficit.
- ◆ According to the NeKSAP household survey, 25.3 percent of the population had inadequate food consumption during the latest cycle, a slight deterioration since the previous cycle but a significant improvement compared to the same period last year. The highest proportion of households with inadequate food consumption (33.6 percent) was in the mountain districts. The average household food stock was 341 kg. With current food stock levels households can meet their food needs for roughly 3.9 months.
- ◆ The largest share of household income was reported from the following sources: daily wages (29 percent), crop sales (19 percent), remittances (14 percent), and private enterprise (13 percent). According to Nepal Rastra Bank remittance inflow during 2012/13 was 434.58 billion NPR, an increase of 20.9 percent compared to the same period last year.

Table 1. Food security situation and outlook

Food Security Cluster	Apr-June 2013*	Change over Jan-March 2013	Outlook July-August 2013	Outlook Sept-Oct 2013
Karnali		↑	→	→
Far-Western Hill and Mountain		↑	↓	↑
Rapti-Bheri Hills		↓	↑	→
Western Terai		→	→	→
Central & Eastern Terai		→	→	→
Western Hill and Mountain		→	→	→
Central Hill and Mountain		→	→	→
Eastern Hill and Mountain		↓	↑	→

* Measured by number of VDCs

Classification key See page 4 for description

- Minimal food insecure
- Moderately food insecure
- Highly food insecure
- Severely food insecure
- Humanitarian emergency

Change/Outlook key

- Decline
- Stay the same
- Improve

Overall, there have been seasonal improvements in the food security situation in Nepal. Some districts in the Rapti-Bheri Hills and Eastern Hill and Mountain areas experienced a deterioration: 11 VDCs in Dailekh and Darchula were classified as Phase 3 highly food insecure (or crisis) as a result of severe crop loss and heavy flooding. In addition, 147 VDCs in 12 districts were classified as Phase 2 moderately food insecurity (or stressed).

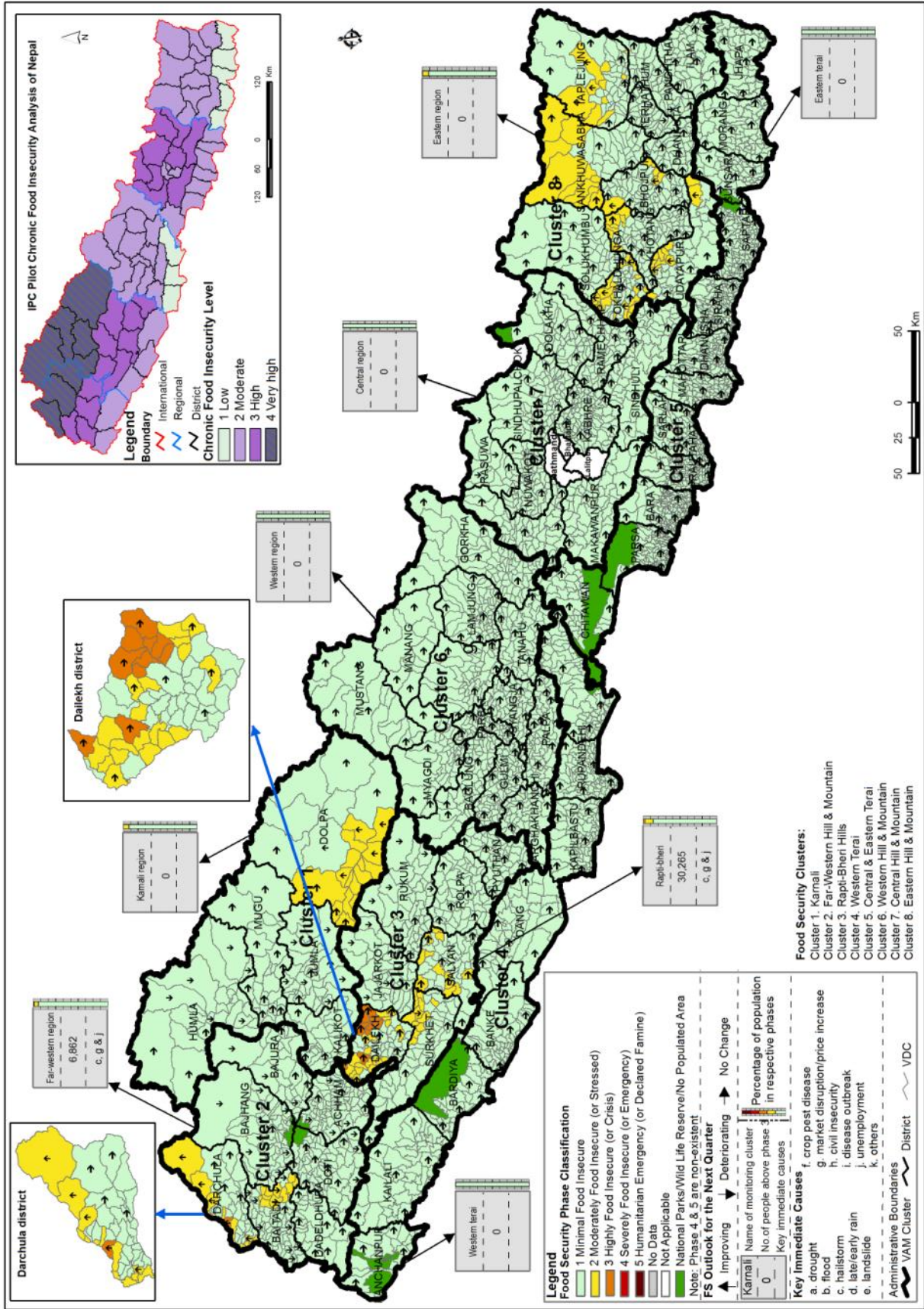
Key factors contributing to household income and food security in this period include the recent harvest of winter crops (wheat and barley); income from seasonal and off-seasonal vegetables, livestock products, daily wages; and remittances.

A transient deterioration in the food security situation is expected in July-August in 21 VDCs in Siraha, 53 VDCs in Saptari, 11 VDCs in Rasuwa, 14 VDCs in Dolakha, and the entire Far Western Hill and Mountain districts. The situation, however, should improve with the start of the maize and paddy harvest (September-October).

Data Sources: Issue 39 is based on (1) information from NeKSAP District Food Security Network meetings in 72 districts conducted in June-July 2013 and (2) sample survey data from 924 households in 51 districts collected in May-June 2013.



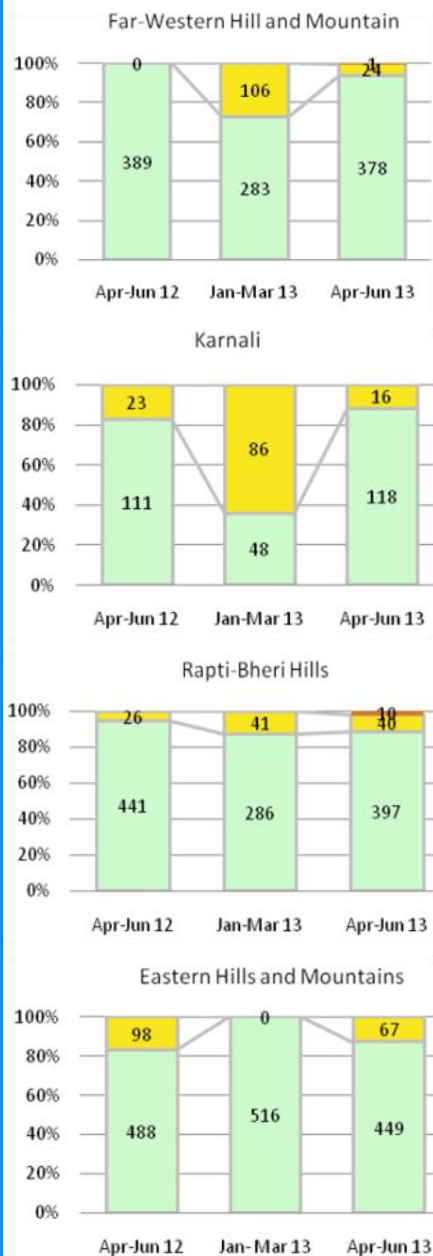
Map 1: Food Security Situation, April- June, 2013
 Source: NeKSAP District Food Security Networks



Food security maps are available for download from the NeKSAP Google website:
<https://sites.google.com/site/nefoodsec/home/food-security-phase-classification-maps>



Temporal and spatial variation in incidence of food (in)security



NeKSAP District Food Security Networks (DFSNs) in Dailekh and Darchula classified 11 Village Development Committees (VDCs) as Phase 3 highly food insecure (or crisis). Affected VDCs include Naumule, Toli, Chauratha, Chamunda, Pipalkot, Kalika, Dwari, Salleri, Bhawani, and Baluwatar in Dailekh (10 VDCs) and Khalanga in Darchula (1 VDC). In Dailekh the primary reasons for the high level of food insecurity include the loss of roughly 80 percent of the main winter crop (wheat) as a result of hailstorms and a decrease in income from the sale of agricultural products by 40-60 percent, while in Darchula, flooding led to the current situation. Overall, an estimated 37,130 people are affected (**Table-2, Page-4**). Reported coping strategies include selling of livestock and assets, heavy borrowing, and skipping meals; out-migration has increased by 20-40 percent in Dailekh.

DFSNs in 12 districts classified 147 VDCs as Phase 2 moderately food insecure (or stressed). These districts (and the number of VDCs) are as follows: Okhaldhunga-22 VDCs; Dailekh-19 VDCs; Dolpa-16 VDCs; Darchula-13 VDCs; Baitadi-11 VDCs; Udayapur-11 VDCs; Salyan-11 VDCs; Surkhet-10 VDCs; Taplejung-10 VDCs; Sankhuwasabha-10 VDCs; Khotang-9 VDCs; and Bhojpur-5 VDCs.

In this period most VDCs classified as food insecure were located in the hills and mountains of the Mid Western and Eastern Development Regions. Eleven VDCs in the eastern part of Baitadi in the Far Western Development Region experienced hailstorms and landslides at the harvesting stage for wheat, which resulted in a depletion of households' food stocks. Comparable wheat production losses pushed 40 VDCs into Phase 2 moderately food insecure (or stressed) in Surkhet (10 VDCs), Salyan (11 VDCs), and Dailekh (19 VDCs). Likewise, 67 VDCs in the six Eastern Hill and Mountain districts (Okhaldhunga-22 VDCs; Udayapur-11 VDCs; Taplejung-10 VDCs; Sankhuwasabha-10 VDCs; Khotang-9 VDCs; and Bhojpur-5 VDCs) also saw a seasonal deterioration of the food security situation as the winter crop (wheat) does not play a significant role in increasing household food availability and the market supply of food was frequently disrupted during this period. The situation has remarkably improved in Karnali compared to the last monitoring cycle (January-March 2013) and same cycle last year due to income from Yarchagumba, development and food assistance activities, functioning Karnali highway, and hand-carried remittances by seasonal in-migrants. Nevertheless, 16 VDCs in Dolpa experienced moderate food insecurity as wheat is yet to be harvested (12 percent harvested so far), food supplies from NFC have been minimal (on average 4 kg/household/month), and incomes from NTFPs have been relatively poor.

Overall, the rest of Nepal has had a seasonal improvement in the food security situation, largely due to the recent harvest of the winter cereal crops (wheat and barley). Accordingly, the number of VDCs experiencing varying levels of food insecurity have fallen to 158 from 209 in the January-March 2013 cycle (**Figure 1**).

Household Food Consumption*

According to the NeKSAP household survey, 25.3 percent of the population had inadequate food consumption during the latest cycle (**Figure 2**), a slight deterioration since the previous cycle but a significant improvement compared to the same period last year. The highest proportion of households with inadequate food consumption (33.6 percent) was in the mountain districts; nearly the same proportion of households in the Hills and Terai districts had inadequate food consumption. There are disparities in food consumption by caste/ethnic group: 34 percent of Dalit households had inadequate food consumption compared to 23 percent of non-Dalit household.

Figure 1: Temporal and spatial variation in food security by number of VDCs (Source: NeKSAP DFSN)

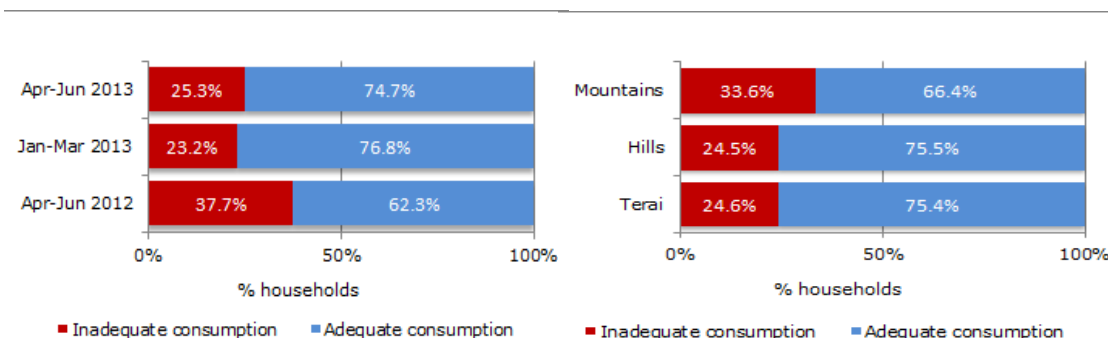


Figure 2: Household food consumption (Source: NeKSAP household survey)

* Households are classified as having inadequate or adequate food consumption based on the food consumption score (FCS), an indicator that takes into account the dietary diversity and food frequency of the household diet based on the consumption of 8 main food groups over the previous 7 days. Households that have a FCS less than or equal to 35 are classified as having inadequate food consumption, whereas households with a FCS greater than 35 are classified as having adequate consumption. For more information, please download: http://documents.wfp.org/stellent/groups/public/documents/manual_guide_proced/wfp197216.pdf



Phase 3 Highly Food Insecure (or Crisis) Situation in Dailekh and Darchula

Based on the reports from the NeKSAP District Food Security Networks (DFSNs) in Dailekh and Darchula, an estimated 37,130 people are classified as Phase 3 highly food insecure (or crisis) situation (**Table 2**). **Table 3** provides a description of each of the five food security phase classifications.

Dailekh: Ten VDCs in Dailekh are highly food insecure. Severe production losses (about 80 percent) of wheat due to hailstorms led to a depletion of households' food stocks in these VDCs. Households' food stocks from the harvest of summer crops was already low as up to 70 percent of the main summer crop (maize) was lost in 2012/13. A decrease (by 40-60 percent) in income from the sale of vegetables, non-timber forest products (NTFPs) like xanthoxylum (*Timur*), and cash crops further exacerbated the situation. The market price of coarse rice increased by more than 20 percent too. Affected people are coping with reducing the size of, or skipping meals; selling assets (utensils, jewellery, oxen) and livestock; heavy borrowing; and out-migration (the rate has increased by 20-40 percent).

Darchula: Two days of incessant rainfall on 17-18 June caused heavy flooding from the Mahakali River, which swept away 13 government offices; damaged roads, bridges, and other infrastructure (185 private houses); and constrained the supply of food. Flooding caused damage to property of the settlements along the bank. Khalanga VDC was the worst affected. An estimated 3,500 people were displaced. Market prices went up by 60-70 percent in some cases. Reported coping strategies include selling livestock and assets; skipping meals; and untimely out-migration.

Table 2. Population in Phase 3 Highly Food Insecure (or Crisis)

District	VDCs	Wards	Total Population	Population in Phase 3	% of total population in Phase 3
Dailekh	Dwari	1-9	2,691	2,480	92
	Bhawani	1-9	2,184	2,100	96
	Kalika	1-9	2,480	2,400	97
	Toli	1-9	3,480	3,345	96
	Naumule	1-9	1,779	1,700	95
	Chauratha	1-9	2,744	2,400	88
	Salleri	1-9	4,008	3,600	90
	Baluwatar	1-9	3,524	3,400	96
	Chamunda	1-9	10,090	6,145	61
	Pipalkot	1-9	2,800	2,700	97
Total (Dailekh)				30,270	
Darchula	Khalanga	1-9	8,577	6,860	80
TOTAL THIS PERIOD ACROSS NEPAL				37,130	

Source: DFSNs in Dailekh and Darchula

Table 3. NeKSAP Phase Classification vis-a-vis IPC version 2

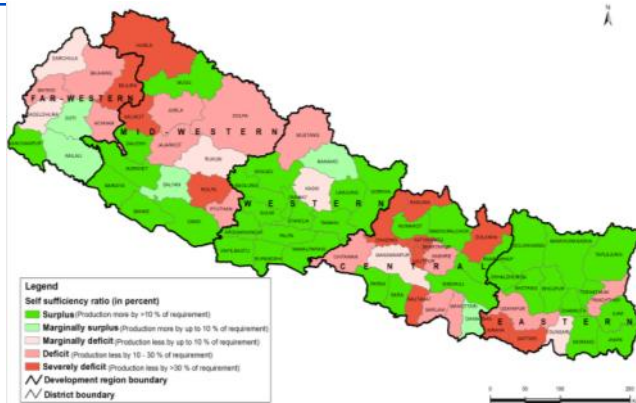
Phase	NeKSAP Phase names	Equivalent phases IPC v2	Description
I	Minimal Food Insecure	Minimal	Households with secure food and non-food needs without shifting or changing livelihood strategies. These households are capable of adjusting to small scale stresses caused by hazards, disasters, shocks, epidemics and conflicts or violence by means of existing social, natural and economic capital.
II	Moderately Food Insecure (or Stressed)	Stressed	Households meet minimal food needs with traditional coping strategies, but are unable to afford some essential non-food expenditures without engaging in irreversible coping strategies.
III	Highly Food Insecure (or Crisis)	Crisis	Households experience food consumption gaps and high or above usual acute malnutrition, or meet minimal food needs only with accelerated depletion of livelihood assets - leading to food consumption gaps.
IV	Severely Food Insecure (or Emergency)	Emergency	Households unable to meet food and non-food needs without losing livelihood assets. This induces very high acute malnutrition leading to high morbidity, mortality and shortened life expectancy. Probable high level of violence and movement restriction due to conflict. Some immediate interventions and assistance required.
V	Humanitarian Emergency (or Declared Famine)	Famine	Almost all households have an extreme lack of food and other basic needs where starvation, destitution, irreversible loss of capital resources and loss of lives are evident. Households of the whole areas are challenged by acute shortage of food and other basic needs - hazards, disasters, epidemics or destruction of infrastructure, disturbances of services. Immediate humanitarian assistance required.





NATIONAL FOOD SUFFICIENCY: The MoAD, WFP and FAO joint crop assessment 2012/13 estimated the production of main winter crops, wheat and barley, at 1.9 million mt and 37 thousand mt, respectively, an increase of two percent and six percent respectively over 2011/12. Despite a good winter crop harvest, the national cereal crop production in 2012/13, however, decreased by 7.6 percent from 9.45 million mt last year to 8.74 million mt this year. Nevertheless, the overall national cereal balance remains positive with a surplus of 408.4 thousand mt of edible food (for human consumption) as opposed to a surplus of 886.3 thousand mt last year.

A positive aggregate national cereal balance, however, does not imply that food availability is not a concern. In fact, despite a positive food balance at the national level, sub-national- and household-level disparities do exist with regard to cereal production and requirement. Despite a surplus cereal food balance at national level, 33 districts, mostly in the Mid- and Far-Western Hill and Mountain regions, are food deficit from local production (**Map 2**).



Map 2: District-level food self-sufficiency (Source: Crop Situation Update 2013)

HOUSEHOLD FOOD STOCKS: According to the NeKSAP household survey, during this cycle, a household's average food stock was 341 kg at the national level, while in the Terai it was 461 kg and in the mountains it was 208 kg; the lowest average household food stock was recorded in Karnali, at 116 kg. The mountain districts, on average, experienced a depletion of food stocks of 41 percent compared to the last cycle, which is not surprising given that wheat is harvested later and makes a relatively smaller contribution to household food stocks. At the current household food stock level the average number of months of household food sufficiency was 3.9 months, with a low of 3.0 months in the mountains to a high of 4.8 months in the Terai. Variations in household food stocks by caste/ethnic group exists: Dalit households, on average, reported 68 percent lower household food stocks as compared to non-Dalit households. With an average household food stock of 123.9 kg, the average number of months of food sufficiency for Dalit households is estimated at 1.3 months, while that for non-Dalit households is 4.5 months. While this might be an indication of skewed land distribution in Nepal it is also an indication of the livelihood diversities that different caste groups have in the country.

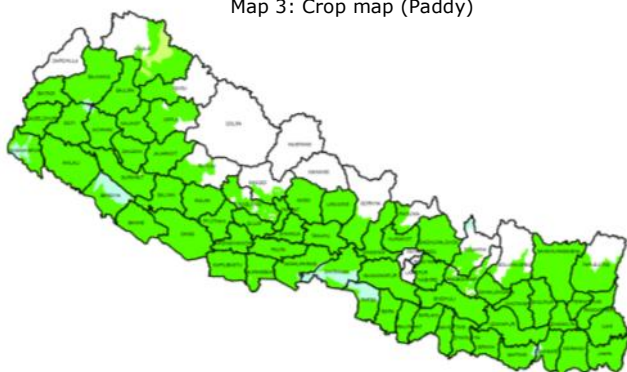
FOOD ASSISTANCE AND SUPPLIES: WFP provided 7,270 mt of food (6,418 mt of rice and 852 mt of pulses) to 57,829 food insecure households in 187 VDCs in 14 districts in the Mid and Far Western Development Regions. Beneficiaries in Bajura, Darchula, Dolpa, Humla, Jajarkot, Kalikot, Mugu, Rolpa, and Rukum participated in in-kind food for work activities; beneficiaries in Achham, Baitadai, Bajhang, Dailekh, and Jumla participated in a combination of in-kind food and cash for work activities. Beneficiaries in Doti, however, only participated in cash for work activities. In addition, the Chinese government provided 61.67 mt of food in 16 VDCs in Dolakha and five VDCs in Rasuwa.

The Nepal Food Corporation (NFC) provides subsidized rice through its depots in remote districts to improve food access. According to DFSNs, NFC supplied the following amounts of rice in this reporting period: 603.5 mt for the Far Western Hills and Mountains, 1,763.30 mt for the Mid Western Hills and Mountains (including Karnali), 728 mt for the Eastern Hills and Mountains, and 142.44 mt for the Western Hills and Mountains.

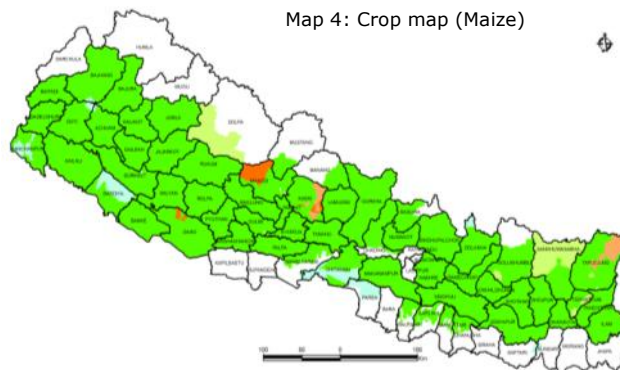
Most food markets at all levels, e.g., regional, district headquarters, and road head, are reported to be functioning normally with adequate levels of food stocks. Anticipating monsoon-induced road disruptions, key traders in the mountain districts maintained higher levels of food stocks in this period; for instance, markets in Karnali had an estimated stock of 2,200 mt of food. The price of basic food commodities have shown a normal increase (7-10 percent) in most areas. Nevertheless, a supply offset and associated price hikes are expected in the mountain districts with the onset of the monsoon from July to September.

SUMMER CROPS: Paddy, maize, and millet are the major summer crops that are currently in the transplanting and growing stages. With a timely monsoon and the government's assurance to provide fertilizer, prospects for the paddy harvest appear good. By the time DFSNs were completed, paddy plantation was completed in 70-80 percent of most areas (**Map 3**). However, despite the government's commitment to smoothen the supply of fertilizer, access remains a problem and producers in some Terai districts are reported to have resorted to purchasing fertilizer from Indian markets. DFSNs reported normal growth of maize in most areas (**Map 4**) except for some parts of Dolpa where growth has been moderately impaired due to late sowing. Similarly, in 10 VDCs in Sankhuwasabha and two VDCs in Taplejung, maize production is expected to drop by 10-20 percent due to hailstone damage. Similar production dips are expected in a few VDCs in Solukhumbu, Terhathum, Gulmi, Myagdi, and Kaski due to pest infestation and fertilizer shortages.

Map 3: Crop map (Paddy)



Map 4: Crop map (Maize)





HOUSEHOLD INCOMES: According to the NeKSAP household survey, the largest share of household income was reported from the following sources: daily wages (29 percent), crop sales (19 percent), remittances (14 percent), and private enterprise (13 percent). Key agricultural commodities contributing to household income in this cycle included potato, seasonal and off-season vegetables, tropical fruits, livestock, and dairy products.

HIGH VALUE COMMODITIES (HVCs): April to June, in general, is a period of seasonal price hikes for vegetables in the major consumer markets (**Figure 3**). The off-season and seasonal vegetables flowing in these markets is reported to have benefitted producers in the Mid Hills and Terai. While producers in the Mid Hills have benefitted from potato and off-season vegetables (especially tomatoes, cauliflower, and cabbage) producers in the Terai have benefitted from seasonal vegetables (e.g., cucurbits) and tropical fruits (especially mango and banana). Other high value commodities traded in this quarter include tea, chilly, ginger, fish, livestock, and dairy products. Significant trade of NTFPs is not reported though some districts benefitted from Chiraito (*Swertia*), Rudrakshya (*Elaeocarpus ganitrus*), and wild garlic.

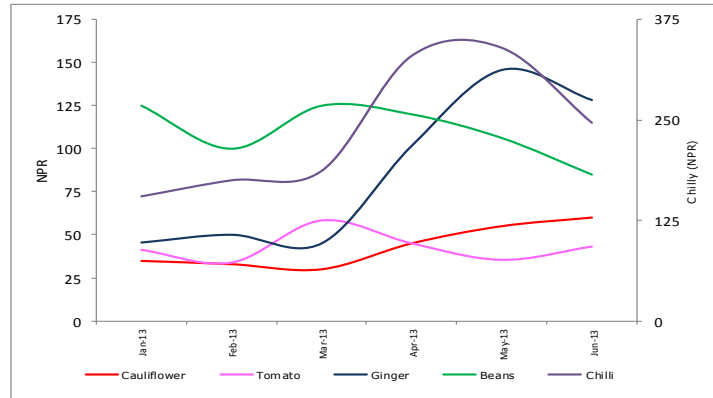


Figure 3: Farm gate price of key vegetables. (NeKSAP market survey)

DFSNs have attributed significant household income to vegetables and livestock products in this cycle. For instance, an estimated income of 5.4 billion NPR through livestock, vegetables, and NTFPs (seasonal vegetables, potato, litchi, Chiraito, and Rudrakshya) was reported in the Eastern Hill and Mountain districts. Similarly, in the Central Hill and Mountain districts, where livestock products constitute an important source of livelihoods, an income of 2.8 billion NPR was estimated from dairy products and 3.8 billion NPR from potato and seasonal/off-seasonal vegetables. Western Hills and Mountain districts have reported even larger income from the agricultural sector; approximately 25-30 percent of households are estimated to have earned 15-30 thousand NPR per month from vegetables alone, with cumulative revenues estimated at 2.4 billion NPR. Similarly, in this region, roughly 28 percent of households are reported to have sold livestock products worth 5 billion NPR. In the Far Western Region, however, high value crops do not play a significant role in household income; 7,000 households are reported to have earned 36 million NPR through livestock and vegetable sales near the district headquarters and adjoining areas. The entire Terai region is reported to have benefitted from the sale of seasonal vegetables, fruits (e.g. mango), lentils, oilseeds, livestock products, and fish. Districts of the Central Terai, Eastern Terai, and Western Terai are reported to have generated revenue of 13 billion, 1.4 billion, and 800 million NPR respectively through cash crops and livestock sales.

WAGE EMPLOYMENT AND REMITTANCE: Towards the end of the fiscal year closure, developmental activities of the government and non-government organizations are reported to have created wage employment opportunities. Similar opportunities have been created in the agriculture sector, industrial sector, real estate, and construction (e.g., road and hydro projects). The agricultural sector is reported to have created employment opportunities for roughly 15 percent of the population in the Rapti-Bheri districts and some 22,500 households in Kailali and Kanchanpur. In the districts of the Western Hills and Mountains, agriculture, real estate, and developmental activities have created employment opportunities for roughly 82,000 people, providing them an income of 10-15 thousand NPR per month. Similarly, an estimated 400,000 people are reported to have been employed in agriculture and non-agriculture sector in the western Terai.

The industrial sector, which also creates a large number of income opportunities, is believed to have provided wage employment in Central and Eastern Terai districts in this period as well. Some 200,000 people along the industrial corridor in Sunsari and Morang, Bara-Parsa, and in Jhapa, Mahottari, Sarlahi, and Rautahat, are reported to have generated monthly income of 10 thousand NPR.

Developmental activities of the government and non-government organizations have significantly contributed to income opportunities in the Mid Western, Far Western, and Eastern Development Regions. For instance, in the Eastern Hill and Mountain districts, some 10 percent households are reported to have benefitted from development activities of VDCs and DDCs. Similarly, some 6,000 households of Okhlahunga and Khotang are reported to have benefitted from the on-going road construction projects, earning 8,000-12,000 NPR per month. The Karnali Employment Programme (KEP) is reported to have created wage employment worth 162 million NPR. Similarly, developmental activities of the World Food Programme (WFP), CARE Nepal, Rural Village Water Resources Management Project (RVWRMP), Decentralized Rural Infrastructure and Livelihood Project (DRILIP), and Poverty Alleviation Fund (PAF) are reported to have provided daily wage opportunities to some 21,000 households of the Far Western Hill and Mountain districts. WFP's asset creation programmes alone have created employment opportunities worth 83.81 million NPR in 86 VDCs in six districts in the Mid and Far Western Development Regions. Similarly, UNDP's Livelihood Recovery for Peace is reported to have provided employment worth 9,000 NPR per month to some 21,215 households in Mahottari, Sarlahi, and Rautahat.

Remittances have contributed to household incomes and food security. According to Nepal Rastra Bank, remittance inflow increased by 20.9 percent compared to the same period last year and stood at NPR 434.58 billion in 2012/13. An even larger amount of remittance inflow is expected if informal channels and hand-carry remittances are also taken into account. DFSN estimates also indicate significant remittance inflow in the districts. For instance, in the eastern Terai districts, some 7 percent households are reported to have received remittances worth 11,168 NPR per month (899 million NPR cumulative). In the western Terai, remittances were estimated at 4.71 billion NPR. Districts of central, western, and eastern Hills and Mountains are reported to have received remittances worth 3 billion, 17 billion, and 3.3 billion NPR respectively. In the western hills and mountain districts 50-60 percent of households are reported to have at least one member who has out-migrated. June is the month of seasonal out-migration after the planting of summer crops in the Mid and Far Western Development Regions so significant hand-carry remittance inflow has not been reported in this period. In other regions, remittance inflow is reported as normal.





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Food Access

MARKET AND PRICES: According to Nepal Rastra Bank, in June 2013, the overall consumer price index (CPI) was 184.2, an increase of less than 1 percent month-on-month. The inflation rate, as measured by the year-on-year increase in the CPI, was 8.2 percent (as compared to 9.9 percent in June 2012). The price index of food and beverage group was 218.2, an increase of 1.8 percent month-on-month and 7.7 percent year-on-year (**Figure 4**). However, the price index of cereal grains sub-group was 198.7, an increase of 1.4 percent month-on-month and 12 percent year-on-year. This is a major food security concern, especially for those households that are net food buyers. The price index of transport sub-group was 175.5, which was stable month-on-month but an increase of 7.4 percent year-on-year (this is significantly lower than in June 2012 when the year-on-year increase was 17 percent). The cost of transportation is one of the major contributors to higher food prices.

RETAIL PRICE OF FOOD ITEMS: Retail prices of most staple food commodities monitored in markets across Nepal showed an upward trend (with the exception of red potato) over the past year (**Figure 5**). Prices of coarse rice, black gram, and broken lentil increased marginally as compared to the period of January-March 2013 but increased substantially as compared to the same period last year. The price of red potato has, however, declined. The price of wheat flour is also relatively low in this cycle, which can be a seasonality factor.

SPATIAL VARIATION IN FOOD PRICES: Though the food supply situation during April-June 2013 remained fairly stable (except in some mountain districts of the Far Western Development Region), spatial variation in retail prices were evident (**Figure 6**). For instance, compared to consumers in Terai, those in the mountains had to pay 64 percent more for coarse rice, 106 percent more for wheat flour, 57 percent more for potato, 58 percent more for lentil, and 37 percent more for soybean oil.

PURCHASING POWER: Terms of trade (ToT) measures the relative strength of one good or service over another. It is the rate at which one good or service can be exchanged for another. In the context of Nepal, where wage labor constitutes a large portion of household income in most poor and vulnerable households, the ToT is the ratio of price of one kg of coarse rice and the daily wage rate, e.g., how many kilograms of coarse rice that a day's wage can purchase. This is a tool to assess food security, especially access to food for households that are net food purchasers.

The terms of trade varies spatially and temporally, showing relatively better purchasing power of wage laborers in the Hills and Terai as compared to the Mountains (**Figure 7**). Recent trends show the terms of trade on the decline until March, some improvement or stability in April and a decline from May onwards, with the exception of the Terai. Based on average price of one kg of coarse rice and the daily wage rate during April-June 2013, one day's wage earning could buy 9.1 kg of coarse rice in the Hills, 8.1 kg in the Terai and 7.3 kg in the Mountains; the national average was 8.4 kg. While coarse rice was 12.5 percent cheaper in Terai compared to the Hills, the wage rate in the Hills was 29 percent higher than in the Terai and hence the Hills observed better terms of trade for wage laborers.

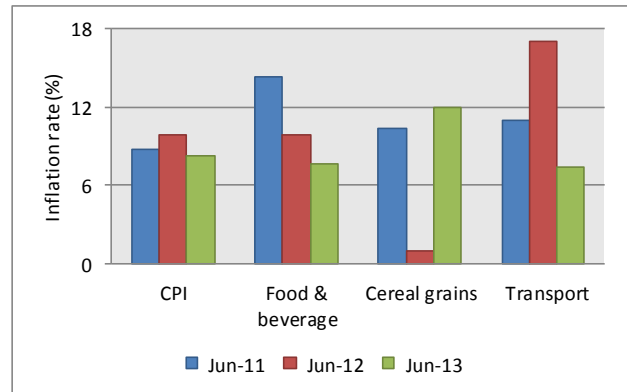


Figure 4. Inflation trends (Source: Nepal Rastra Bank)

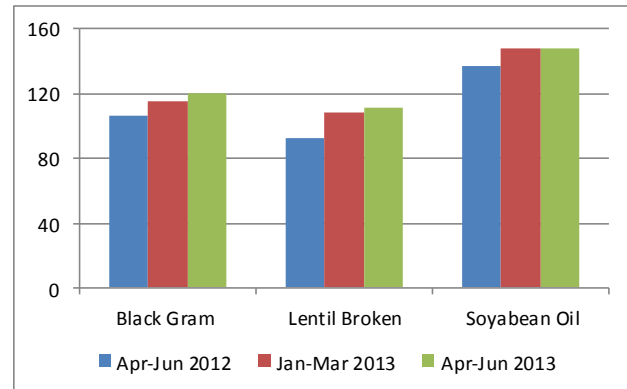
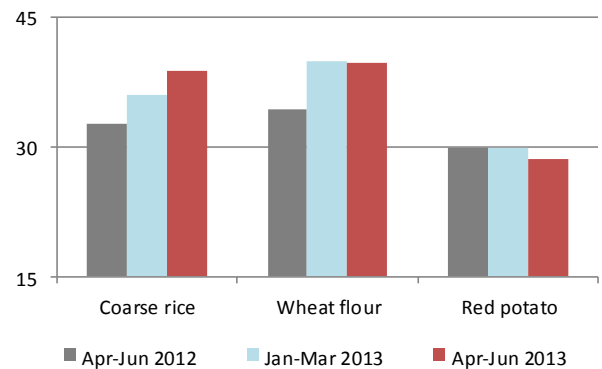


Figure 5. Retail price of key food items (Source: ABPMDD)

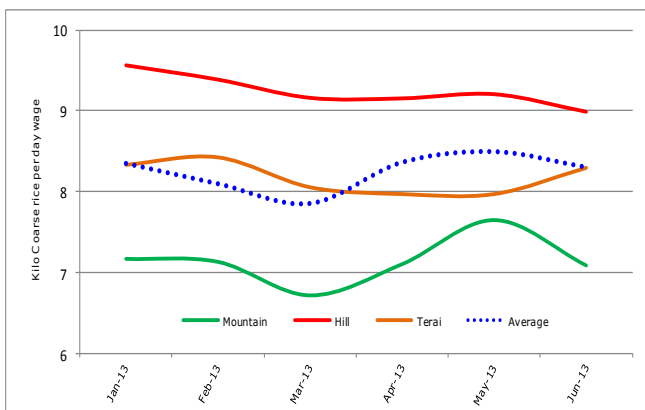


Figure 7. Wage to cereal terms of trade (Source: NeKSAP)

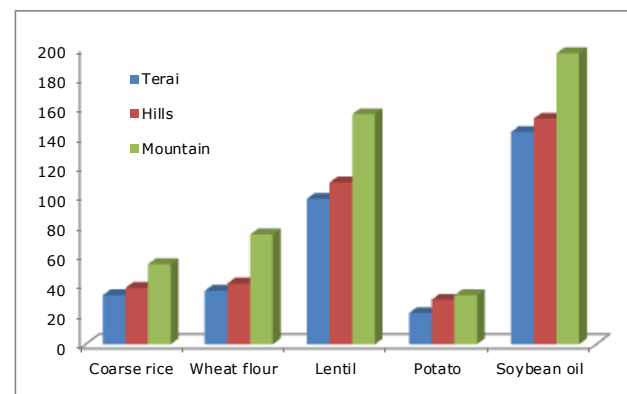


Figure 6. Spatial variation in retail prices (Source: NeKSAP)





STABILITY/VULNERABILITY: Heavy rainfall in late June and early July affected some parts of the country, especially the far western districts. Nine VDCs in Darchula were among the worst affected, where, from 17-18 June, the swollen Mahakali River swept away private buildings, 13 government offices, including the District Health Office, and vital infrastructure, like the suspension bridge between Nepal and India and part of the road in Darchula. As a result, access to the Indian border has been affected and Darchula may face a food supply gap. Details of the situation will be provided in the next issue.

For the rest of the country, no significant shocks have been reported in this period except for some cases of hailstone damage, landslides in some districts which caused road disruptions, and minor floods, but these did not have a significant impact on the food security situation. DFSNs reported that hailstorm damage caused the loss of more than 50 percent of the winter crop in 11 VDCs in Baitadi and more than 80 percent in 10 VDCs in Dailekh and 10 VDCs in Surkhet. According to the NeKSAP household survey there were minimal shocks during this period: only 14.3 percent of the respondents reported experiencing a shock, with most of the shocks relating to human illness/diseases.

OUTLOOK

During the next four months (July-October), a transient deterioration in the food security situation is expected, especially during July and August. Depleting household food stocks, monsoon-induced food supply disruptions, and no immediate harvest outputs will contribute to a transient deterioration in the food security situation. The situation, however, will improve with the onset of the maize and paddy harvest (September-October). In addition, some Terai and mid-Hills districts are expected to have spring season crop harvests, like maize and early paddy. Other factors contributing to household food security include income from NTFPs (e.g., Yarchagumba, Jatamasi, Satuwa, wild garlic, etc.), seasonal vegetables, potato, fruits, and livestock products; remittances; wage labor employment; and food assistance and support. Income from Yarchagumba will be instrumental in most of the mountain districts of the Mid and Far Western Development Regions. Similarly, a larger amount of remittances is expected with the start of the festival season (e.g., Dashain).

DFSNs estimate the ready-to-supply Nepal Food Corporation food stock (as of June) at 534 mt in the Eastern Hills and Mountains, 263.5 mt in the Far Western Hills and Mountains, 1,393 mt in the Karnali region, 445 mt in the Western Hills and Mountains, and 4.6 mt in the Rapti-Bheri Hills. In addition, food assistance is also expected to ease food availability and access in some districts.

On the other hand, with the South Asian Climate Outlook Forum (SASCOF-4) predicting an 'above normal' level of monsoon for Nepal (http://www.wmo.int/pages/mediacentre/news/documents/sascof-4_consensusstatement_2013.pdf) and most (80 percent) of the monsoon precipitation expected during July-September, monsoon-induced disasters, road disruptions and associated supply disruptions and price hikes can be expected in some hill and mountain districts of the Eastern, Mid Western, and Far Western Development Regions.

Furthermore, the political situation over the next quarter may be unstable with the anticipated national election in November; associated *bandhs* (strikes) might also obstruct transportation, the supply of food and market function in affected areas.

A transient deterioration in the food security situation (until September) is expected in 21 VDCs of Siraha, 53 VDCs of Saptari, 11 VDCs of Rasuwa, 14 VDCs of Dolakha, and the entire Far Western Hill and Mountain Cluster. Reasons include poor summer (2011/12) and winter crop harvests (in Siraha and Saptari), no upcoming harvests, and monsoon induced blockades and associated price hikes.

Karnali: Karnali, as a whole, is expected to experience a stable food security situation. With the harvest of wheat and access to the Chinese market, the 16 VDCs in Dolpa that are currently moderately food insecure are expected to experience an improvement. With sufficient market stocks (estimated at some 2,200 mt), income from NTFPs (e.g., Yarchagumba, Jatamasi, Satuwa, wild garlic), fruits and nuts (e.g., apple, walnut), and regular income from wage labor opportunities a stable food security situation is expected.

Far Western Hills and Mountains: Seasonal deterioration in the food security situation is expected during July-August largely on the basis of depleting food stocks, seasonal road blockades, and potential natural disasters. The situation, however, will improve with summer crop harvest from October. Income from NTFPs will also support household access to food. Some 11,000 households are estimated to have engaged in yarchagumba collection in 32 VDCs in Bajhang and Darchula.

Rapti-Bheri Hills: Districts in the Rapti-Bheri Hills are expected to experience improvement in the food security situation. With maize harvest household food stocks are expected to be replenished and income from potato, wage labor, NTFPs and remittances are expected to improve household access to food.

Eastern Hills and Mountains: With the maize harvest, early paddy harvest and with income from potato, vegetables like cabbage, cauliflower, tomato, and chillies, seasonal fruits, and cardamom the food security situation is expected to remain stable and VDCs currently in Phase 2 are expected to progress towards Phase 1.

Central Hills and Mountains: Districts in this region are expected to remain generally food secure except for some 25 northern VDCs (11 in Rasuwa and 14 in Dolakha), which might experience some seasonal deterioration with maize to be harvested only in September and potential road blockades, limited market stocks, and limited income opportunities.

Terai: Wheat stocks, the maize and early paddy harvest, well functioning markets, and income from seasonal vegetables are expected to stabilize the food security situation across the Terai region. Nevertheless, 53 VDCs in Saptari and 21 VDCs in Siraha might slide to Phase 2 because of poor proceeding harvests, marginal land holdings, and poor incomes from cash crops and vegetables.



NeKSAP updates

NeKSAP debriefing meetings organized at regional levels: MoAD and WFP, for the first time, held decentralized debriefing meetings at the regional level. Starting with the central level meeting in Kathmandu on 22-23 July subsequent MoAD and WFP held a series of two-day meetings in Surkhet, Dhangadi, Pokhara, and Sunsari between 23-31 July 2013.

During the debriefing meetings food security focal points from District Agriculture Development Offices (DADOs) and Regional Agriculture Directorates (RADs) and NeKSAP cluster and districts coordinators presented the latest food security updates for their respective areas and held group discussions on strengthening the NeKSAP information collection and management system.

In addition, the MoAD Joint Secretary, WFP Country Representative, and Regional Agriculture Directors also participated in the debriefing meeting in Kathmandu and delivered their viewpoints on strengthening and institutionalizing NeKSAP.

NeKSAP regional consultation meetings: With the national consultation workshop organized in March, MoAD and WFP organized regional consultation workshops between May and June 2013 in Biratnagar, Kathmandu, Pokhara, and Dadeldhura. Workshop objectives included sharing NeKSAP objectives, workplan, implementation modality/structure, and revised indicators.

Participants included the MoAD Joint Secretary, Regional Administrators, Chief District Officers, Regional Agriculture and Livestock Services Directors, Local Development Officers (LDOs), District Agriculture Development Officers (DADOs) and other stakeholders.

The MoAD Joint Secretary and other officials underscored the importance of NeKSAP in providing evidence based information on food security for programme and policy purposes and expressed their commitment and willingness to strengthen and institutionalize NeKSAP.

NeKSAP upcoming activities

- MoAD and WFP will conduct a series of stakeholder consultations for the NeKSAP response analysis tool, develop a prototype and select districts to pilot it.
- MoAD and WFP will organize a market and food price training in Kathmandu in September for MoAD officials at the ministry, department, regional directorates, and district agriculture development offices.
- NPC, MoAD and WFP will develop procedural guidelines for the institutionalization of NeKSAP into the Government of Nepal structure.
- MoAD and WFP will organize a NeKSAP regional consultation in Surkhet for the Mid-Western Development Region in October.
- MoAD and WFP will launch the new NeKSAP website in November.
- WFP will complete the software development of NeKSAPInfo, an adaptation of DevInfo and the information management system for the NeKSAP project. NeKSAPInfo will be piloted in 10 districts in December during regional debriefing meeting.
- MoAD, WFP and FAO will undertake a crop monitoring and assessment methodology review in November and December.
- District Food Security Networks (DFSNs) will organize periodic meetings in 72 districts in November and December.
- MoAD and WFP will organize NeKSAP debriefing meetings at the regional level in December.

District food security information

The Nepal Food Security Monitoring System (NeKSAP) currently monitors 72 districts across Nepal. The information collected forms the basis for this bulletin. Detailed district food security bulletins are available upon request in English and Nepali.

Cluster 1. Karnali

Dolpa
Humla
Jumla
Kalikot
Mugu

Cluster 2. Far-Western Hill & Mountain

Achham
Bajhang
Bajura
Baitadi
Dadeldhura
Darchula
Doti

Cluster 3. Rapti-Bheri Hills

Dailekh
Jajarkot
Pyuthan
Rolpa
Rukum
Salyan
Surkhet

Cluster 4. Western Terai

Kanchanpur
Kailali
Bardiya
Banke
Dang
Kapilbastu
Rupandehi

Cluster 5. Central and Eastern Terai

Nawalparasi
Chitwan
Parsa
Bara
Rautahat
Sarlaha
Mahottari
Dhanusha
Saptari
Siraha
Sunsari
Morang
Jhapa

Cluster 6. Western Hill and Mountain

Gorkha
Lamjung
Tanahu
Arghakhanchi
Gulmi
Palpa
Syangja
Parbat
Baglung
Myagdi
Mustang
Manang
Kaski

Cluster 7. Central Hill and Mountain

Sindhuli
Ramechhap
Dolakha
Sindhupalchok
Kavrepalanchok
Nuwakot
Rasuwa
Makwanpur
Dhading

Cluster 8. Eastern Hill and Mountain

Taplejung
Panchthar
Sankhuwasabha
Ilam
Okhaldunga
Khotang
Dhankuta
Udayapur
Solukhumbu
Bhojpur
Terhathum