



Nepal Food Security Bulletin

Issue 36, July–September 2012



Situation Summary

This issue covers the period between July to September 2012. The period is characterized as an agricultural lean season during the monsoon (July-August), as well as the summer crop harvesting season from September onwards. The food security situation typically deteriorates during the lean season, and improve gradually with the incoming summer crop harvest.

Overall the food security situation deteriorated compared to the previous quarter (April-June 2012), though the level of food insecurity was within the range of seasonal deterioration that is typically observed during the lean season. According to the NeKSAP District Food Security Network (DFS/N), out of the total of 686 VDCs in the MFWHM (Mid and Far Western Hill and Mountain) districts, 221 VDCs (representing the area of some 30 percent of the MFWHM district) were classified as the Phase-2 ("moderately food insecure"). The situation was similar last year, with four percent decline in terms of the number of moderately food insecure VDCs compared to the same cycle last year (July-September 2011).

Limited availability and access to foods were the main causes behind the moderate food insecurity in those VDCs. The population experienced a seasonal deterioration of food security: i.e. availability and access to food became limited due to the monsoon and political instabilities (i.e. partial budget): household food stock from the winter harvest was reportedly low; food supply was disrupted due to a bad road condition, contributing to the price hike of edible commodities; wage employment opportunities were curtailed, owing to a limited availability of development activities.

For the rest of the area, the food security situation was reportedly stable, owing to the following factors: a good winter harvest that took place during April-June; cash income from sales of cash crops, NTFPs such as *Yarchagumba (Cordyceps sinensis)*, wage labour; and remittances. The 2011/12 winter crop production of wheat and barley was estimated at 1.85 million MT and 0.35 million MT, with an increase by 5.7 and 14.9 percent compared to the previous year respectively. In addition, food assistance from the Nepal Food Corporation (NFC), World Food Programme, and the Government of China also contributed to mitigating a further deterioration of food security situation.

A late and weak start to the monsoon this year has affected the paddy plantation timing as well as the total area planted, resulting in a decline in production and a low yield in parts of the eastern terai. According to the latest production estimates released by the Ministry of Agricultural Development (MoAD), the 2012/13 summer crop production of paddy, maize, and millet have declined by 11.3 percent, 8.3 percent and 3 percent respectively compared to last year (MoAD December 2012). A joint MoAD/WFP/FAO crop verification mission is currently ongoing, which is expected to provide a further update on the production as well as the food security situation.

Table 1. Food Security situation and outlook

| Food Security Cluster | Jul-Sep 2012 | Change over past Qtr | Outlook Oct-Dec 2012 | Outlook Jan-Mar 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 | | → | → | → |

Despite July-August being a lean agriculture season, this period remained stable though some 221 VDCs in the MFWHM region are reportedly "moderately food insecure". The positive food security situation is attributed to good winter harvests and income from sources like *Yarchagumba*, cash crops, fruits, remittances, and wage employment opportunities.

The food security situation over next three months is expected to improve and/or remain stable across the country largely due to summer harvests and improving market access. However, the food security situation after January 2013 onwards is anticipated to deteriorate in Karnali and FWHM because of depleting food stocks, extreme weather conditions such as snowfalls and associated migration to lower belts, which is expected to improve after April.

Classification key See the next page for more detailed classification explanation

- Generally food secure
- Moderately food insecure
- Highly food insecure
- Severely food insecure
- Humanitarian emergency/ famine



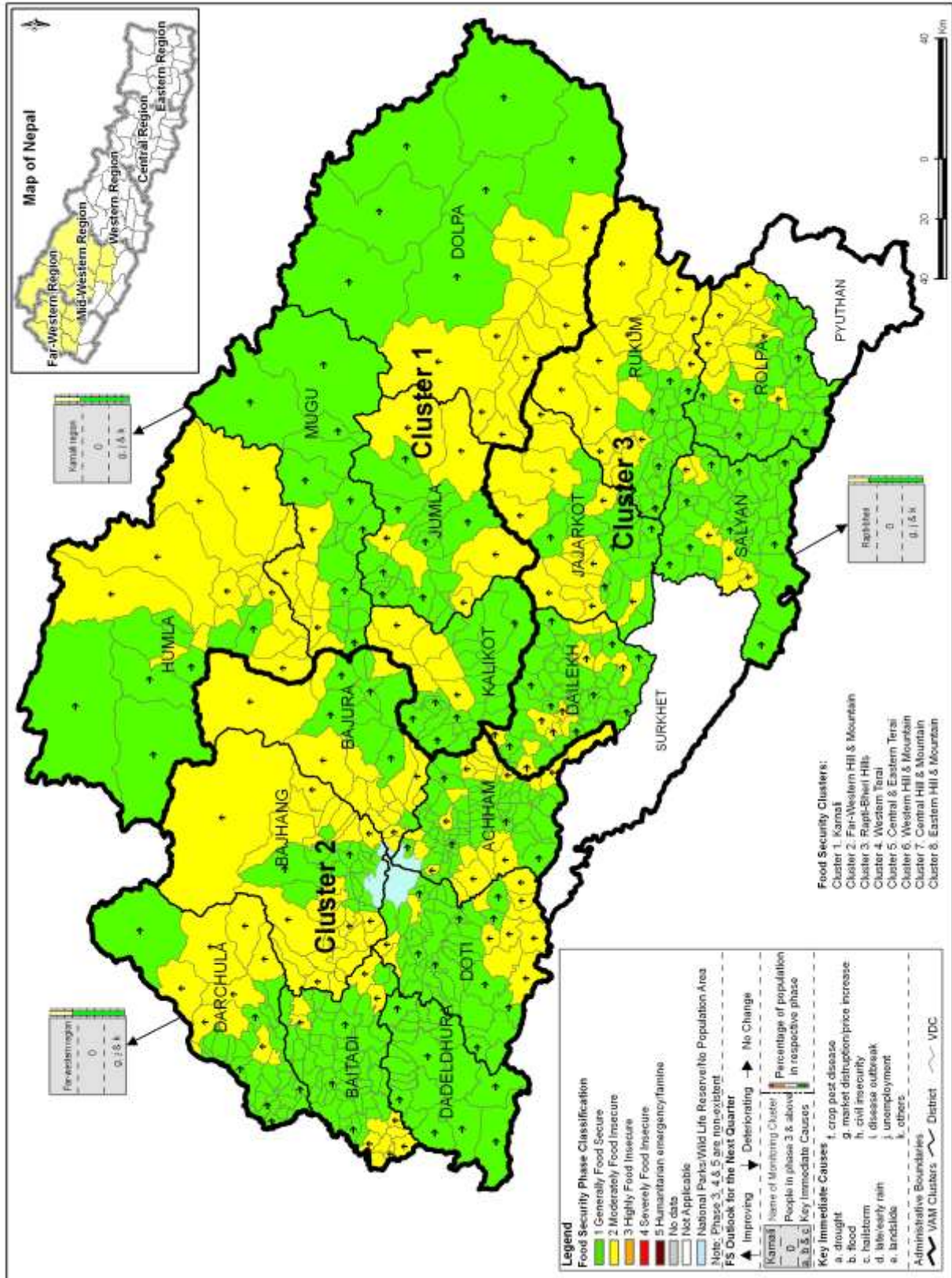


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Food Security Phase Classification Map (July–September 2012)

Map 1. Food Security Phase Map July–September 2012

Food Security Situation at Sub-Regional level, July– September, 2012
 Source: NeKSAP District Food Security Networks



Food security phase classification:

- Phase 1. Generally Food Secure** – Usually adequate and stable food access/availability. Adoption of traditional coping mechanisms that are part of the livelihood strategy. No occurrence of natural disasters.
- Phase 2. Moderately Food Insecure** – Moderately inadequate food access/availability recurrent during lean periods. Adoption of reversible coping strategies. Probable occurrence of natural disasters causing bearable loss of food stocks and assets given the adaptive capacity of local society.
- Phase 3. Highly Food Insecure** – Highly inadequate food access/availability usually due to prolonged stresses or severe sudden shocks. High levels of malnutrition. Starting irreversible coping strategies that threatens livelihood assets. Probable occurrence of natural disasters causing losses of food stocks and assets at the limit of society's capacity to cope.
- Phase 4. Severely Food Insecure** – Severe/critical lack of food access/availability usually due to prolonged stresses or severe sudden shocks. Very high levels of malnutrition. Widespread adoption of irreversible coping strategies critically depleting livelihood assets. Probable occurrence of natural disasters causing very high losses of food stocks and assets overcoming local society's capacity to cope.
- Phase 5. Humanitarian Emergency** – Extreme lack of food access/availability due to devastating natural disaster (large scale and intense earthquake) leading to a substantial increase of deaths. Coping strategies are exhausted.

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

National Food Security Situation, April–June, 2012

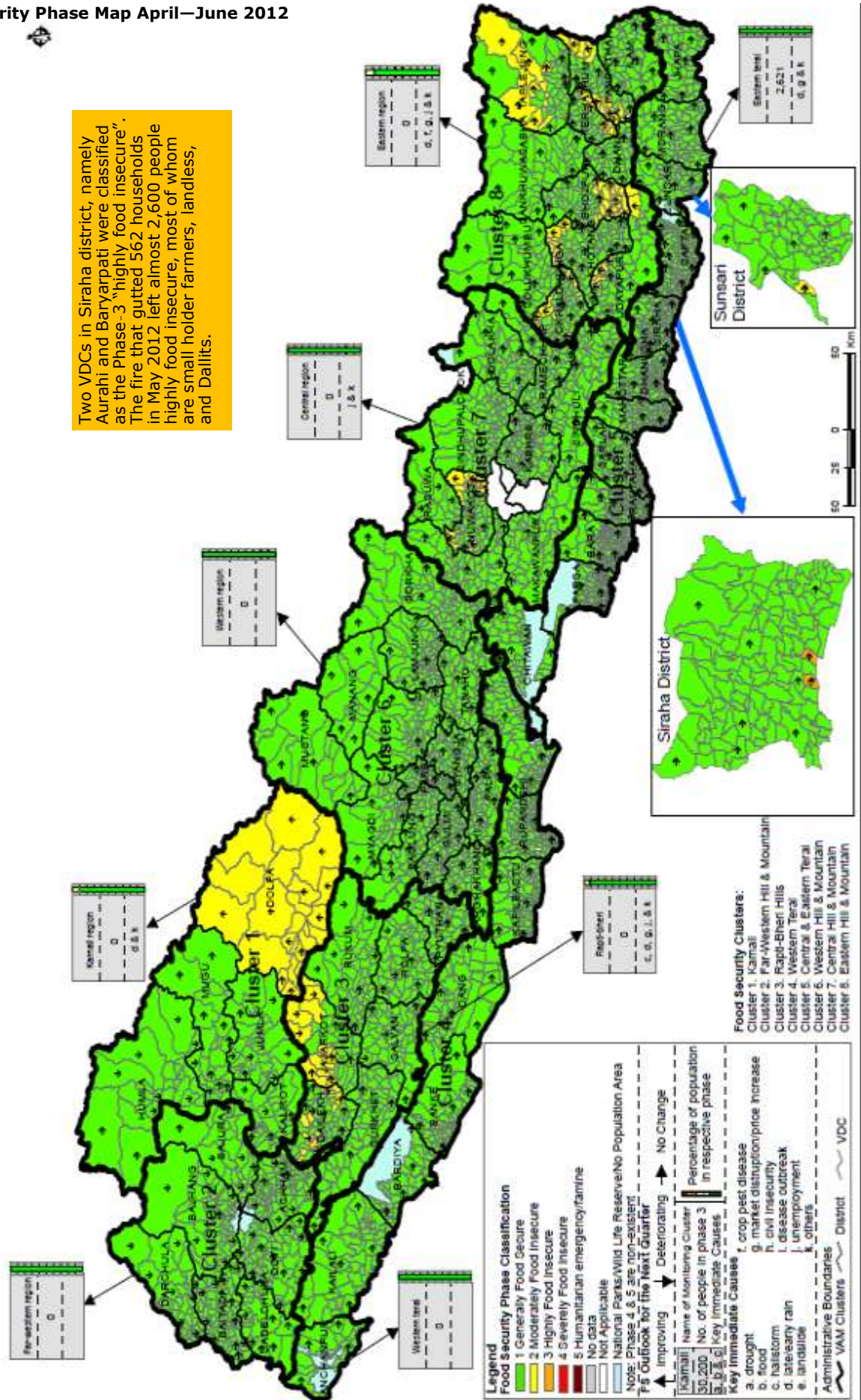
Source: NeKSAP District Food Security Networks

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Food Security Phase Classification Map (April-June 2012)

Map 2. Food Security Phase Map April–June 2012

Two VDCs in Siraha district, namely Aurahi and Baryarpati were classified as the Phase-3 “highly food insecure”. The fire that gutted 562 households in May 2012 left almost 2,600 people highly food insecure, most of whom are small holder farmers, landless, and Dalits.



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<https://sites.google.com/site/nefoodsec/home/food-security-phase-classification-maps>



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Food Security Situation

Compared to the previous quarter (April - June 2012), the July-September food security situation has reportedly deteriorated in the Mid and Far Western Hill and Mountain regions, whereas the situation is improving in the Eastern Hills and Mountains, and has remained stable in the rest of the country.

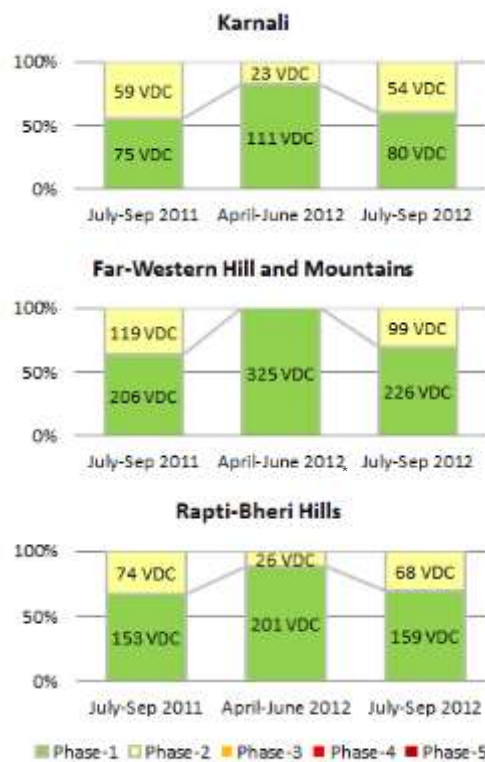
Seasonal deterioration: Karnali, Far Western Hills and Mountains, Rapti-Bheri Hills

Due to the poor road conditions, many parts these regions experienced difficulties in access, affecting the supply of basic food commodities especially in remote areas.

With the onset of the monsoon, food commodity prices went up in local markets: in Bajura, for instance, the prices rose by up to thirty-five percent compared to last cycle. Food insecure households typically owning small agricultural land with low productivity and household food stock from the winter harvest (wheat and barley) was reportedly depleting in the July-September period. In addition, wage employment opportunities were constrained due to limited development activities. Hence, the food security situation was moderately impaired during this period with Phase-2 VDCs on the rise. A closer look of the phase classification map reveals that a higher concentration of the Phase-2 VDCs was found in Bajhang (29 VDCs), Achham (20 VDCs), Bajura (16 VDCs), and Baitadi for the Far-Western Hills and Mountains; the northern part of Rolpa (15 VDCs), Rukum (20 VDCs), and Jajarkot (13 VDCs) for the Rapti-Bheri Hills; Humla (17 VDCs) and Dolpa (16 VDCs) for Karnali.

Incomes generated through sales of Non-Timber Forest Products (NTFPs) including *Yarchagumba*, *Jatamasi*, *Katuki*, and *Satuwa* as well as cash crops like apples have prevented further deterioration of the food security situation and mitigated the adverse impact. Taking an example of *Yarchagumba*, a gross income generated through its sales is estimated as high as forty million US dollars in the regions (see BOX-1 for details). In addition, food assistance provided by the Nepal Food Corporation (NFC), WFP (in Achham, Bajhang, Bajura, and Mugu) and the Chinese government (in Mugu and Bajhang) have contributed to increasing access to/availability of food among vulnerable households. It is worth noting that a good income was not always translated into an improved access to food especially in remote areas where food availability from own production and market is extremely limited during the monsoon.

Figure 1: Number of VDCs by Food Security Phase
(Source: NeKSAP DFSNs)



*The number of VDCs excludes Surkhet and Pyuthan.

Improvement: Eastern Hills and Mountains

In the Eastern Hills and Mountains, household food stock from winter crops like wheat and barley do not play a significant role during the reporting period. Harvesting of maize in July-August, sales of cash crops such as cardamom and potatoes, as well as NTFFPs contribute to improving the food security situation. The population in the northern part of the region reportedly experienced a seasonal food insecurity due to a relatively poor road condition and limited wage labor opportunities. In these areas, household income from sales of cash crops, livestock and NTFFPs like cardamom and *Chiraito* is also limited.

Stable: Central and Western Hills and Mountains, Central, Eastern and Western Terai

Food availability is reportedly good due to incoming harvest of summer crops (maize and potato for the central hills and mountains; wheat and early paddy for the central and eastern tarai; maize, potato and buckwheat in the western tarai) as well as household cereal stocks of paddy and wheat from earlier harvests. In addition, food items are abundantly available in the market. Incomes from *Yarchagumba* collection/sales (in Dolakha and Sindhupalchowk), vegetables, fruits, wage employment opportunities (notably road and hydro projects and industries) and tourism (western region) have helped the population increasing their purchasing power and thereby enhancing their access to food. Remittances also contribute to the stable food security situation - in Myagdi, for instance, remittances contribute up to 75 percent of household income (Source: DFSN Myagdi). In addition, food assistance by the Chinese government (25.6 MT Rice) has provided safety-net to the most vulnerable households along the Chinese border in Rasuwa district.



Crop production

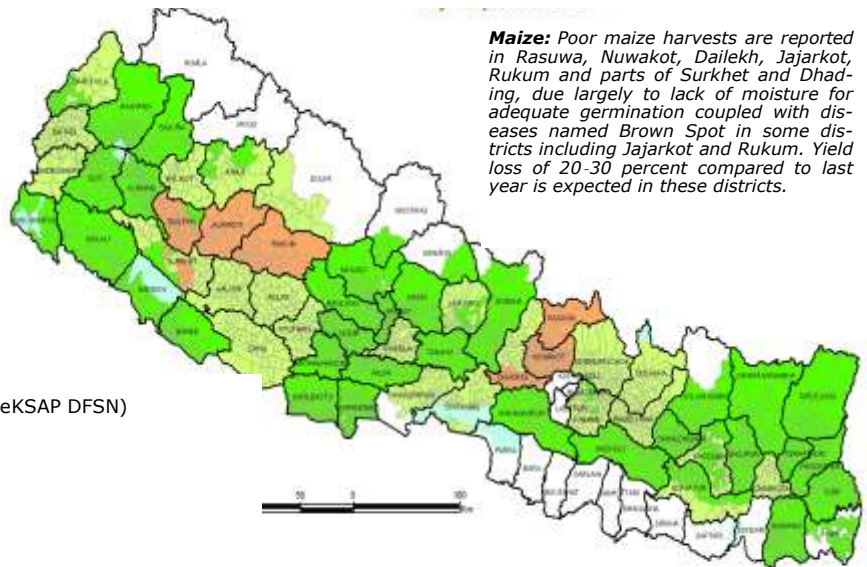
Late and poor monsoon rains affected the area planted for summer crops and the crop yield

According to the Department of Hydrology and Meteorology (DHM), the monsoon rain was delayed by one week and the rain was one of the weakest of the last four years: in June and July, which are the months for paddy plantation, received rainfall of 61 and 87 percent respectively, whereas in 2011 the rainfall was recorded at 110 and 96 percent.

The central and eastern terai districts of Parsa, Bara, Rautahat, Sarlahi, Mahottari, Dhanusa, Siraha, Saptari, Sunsari, Morang, Jhapa have been affected by the insufficient rainfall. These are the major paddy production districts where, about 40 percent of national paddy is produced in the area. It is anticipated that the decline in paddy production would have a significant impact on the national edible cereal balance. Similarly, Dhankuta, Udaypur and parts of Illam also received insufficient rainfall.

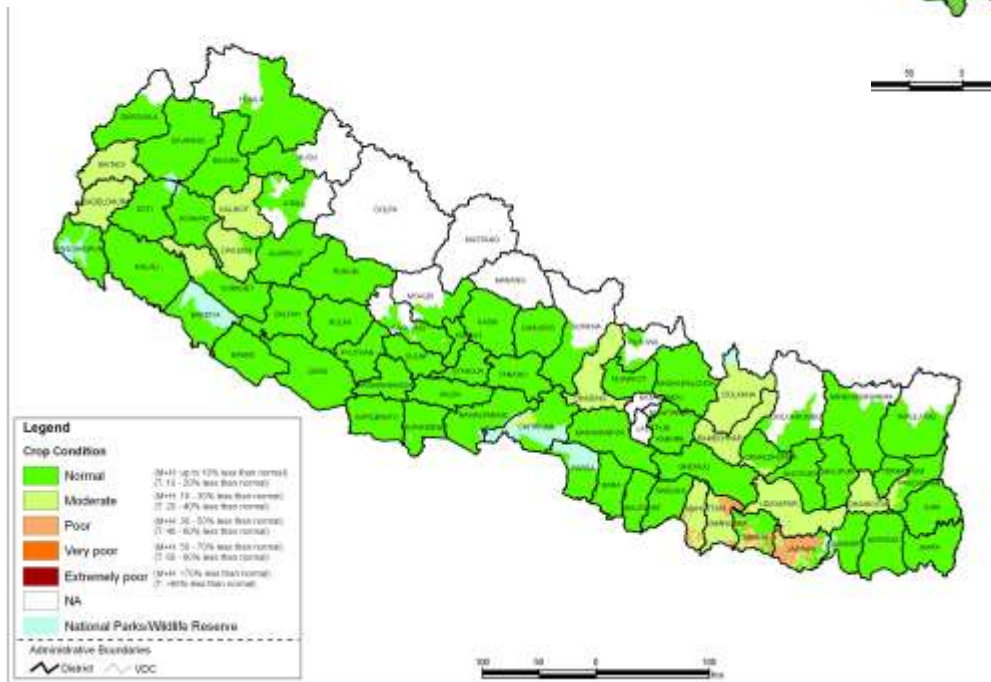
According to the latest estimates released by the Ministry of Agricultural Development (MoAD), the 2012/13 summer crop production of paddy, maize and millet have declined by 11.3, 8.3 and 3 percent respectively compared to 2011/12 (MoAD, December 2012). It is worth noting that the 2011/12 summer crop production was a bumper harvest, with record high production of 7.6 million MT, 13.5 percent of the past five-year average. A joint MoAD/WFP/FAO crop verification mission is currently ongoing, which is expected to provide a further update on the production as well as the food security situation.

Map 4. Maize crop situation July-September 2012 (Source: NeKSAP DFSN)



Maize: Poor maize harvests are reported in Rasuwa, Nuwakot, Dailekh, Jajarkot, Rukum and parts of Surkhet and Dhadhing, due largely to lack of moisture for adequate germination coupled with diseases named Brown Spot in some districts including Jajarkot and Rukum. Yield loss of 20-30 percent compared to last year is expected in these districts.

Map 5. Paddy crop situation July-September 2012 (Source: NeKSAP DFSN)



Paddy: Owing to the delayed and weak monsoon, there were speculations that paddy production would be severely decreased this year. Some 9 percent reduction in paddy plantation area has been estimated by the MoAD, mostly in the eastern terai. The standing crop, however, was performing fairly as reported by the DFSNs except in the districts of Dhanusa, Mahottari, Siraha and Saptari.

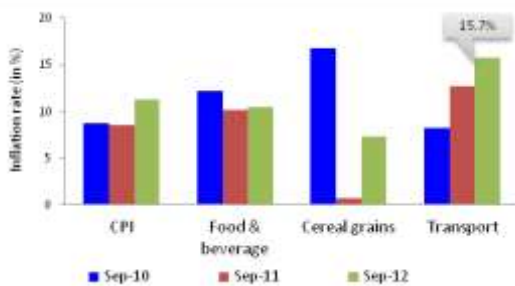
Regional situation

Global forecast of the 2012 cereal production indicates a decline from the record production in 2011. However, in Asia, as the summer crops harvest is underway across the region, the overall production forecast is slightly above last year. In South Asia, summer crop production is anticipated to be lower than last year due to a delayed monsoon and insufficient monsoon rains: e.g. in India paddy production is forecasted to decline by 9 million MT, representing 5.6 percent reduction. However, a marginal increase in paddy production is anticipated in Bangladesh and Pakistan, while other cereal crops are likely to increase or remain the same as last year (Source: "Crop Prospects and Food Situation", October 2012, FAO).



Markets

Figure 2. Inflation Trend (Source: Nepal Rastra Bank)



Prices of cereal foods and pulses remained relatively stable as compared to edible oils and potatoes. This is mainly due to good harvest of the last two consecutive years and increased access to roads and trails in the hill and mountain districts.

It is worth noting that staple cereal prices had been rising steadily since April due to the effects of winter stock depletion, lean agricultural season, and supply disruption during the monsoon. This was the time when availability of wage labor opportunities became limited as development activities got reduced after the GoN fiscal year closing (i.e. July). The population in relatively food insecure areas mostly rely on incomes from wage labour, and they have to bear the brunt of rising food prices and reduced wage labor opportunities. The situation is expected to improve after September as food prices tend to decline and wage income opportunities are likely to increase as development activities resume after the monsoon.

The year-on-year inflation as measured by consumer price index (CPI) increased by 11.2 percent in September 2012 as compared to the corresponding period of previous years (Figure 7). The price index of cereal grains increased by 7.2 percent as compared to 0.6 percent increase over the same period last year. Likewise, the price index of transport increased by 15.7 percent, which is the result of continuous rise of fuel prices.

Figure 3. Food Price Trend (Source: MoAD)

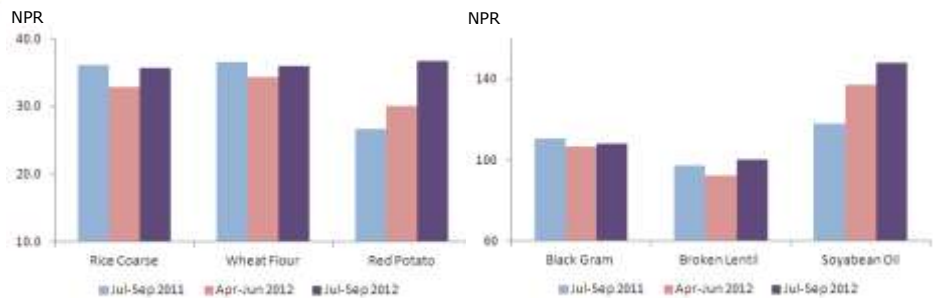
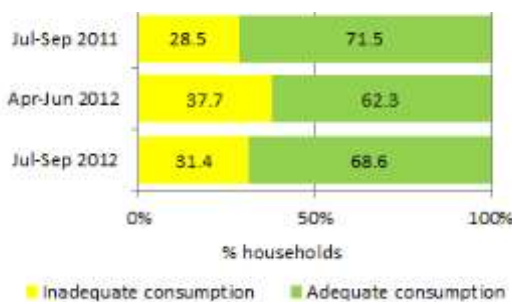


Figure 4. Staple Food Monthly Price Trend



Household Food Access

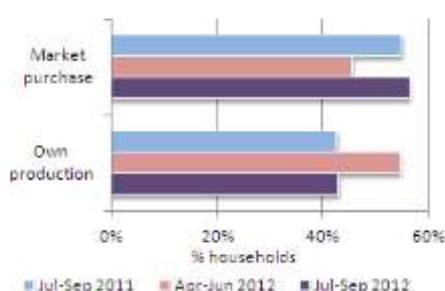
Figure 5. Household Food Consumption (Source: NeKSAP Household survey)



According to the NeKSAP household survey, 31 percent of rural households in Nepal consumed inadequate diet*. The rate of July-September 2012 was similar to the one of last year the same time though it was lower than the previous quarter (Figure 5).

While household food stock from the winter harvests started depleting and incoming summer harvests (maize and paddy) began only after August and September, households relied more on markets to access to food (Figure 6). Major income sources are reportedly: wage labour, cash crop sales (e.g. off-season vegetables in the mid hills, tropical fruits such as banana, pineapple, mango and litchi in terai, jute in the eastern terai, tea and cardamom in the eastern hills, apples in the mountains), collection and sales of NTFP like *Yarchagumba*, and sales of livestock and livestock products. Among others, the population in the mid and far western mountains benefitted from *Yarchagumba* collection and sales to a greater extent as its farm gate prices increased by more than 50 percent compared to last year (see BOX-1 for details).

Figure 6. Household food sources (rice) (Source: NeKSAP Household survey)

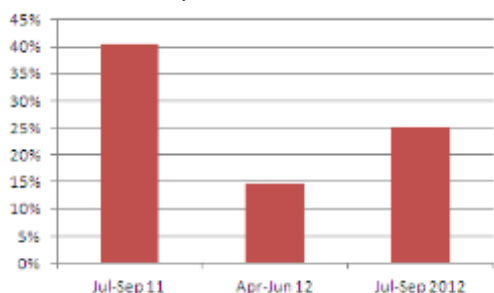


* A detailed description of methodology used by WFP to calculate food consumption group is provided on the NeKSAP google site: <https://docs.google.com/viewer?a=v&pid=sites&srcid=ZGVmYXVsdGRvbWFpbmXuZWZvb2RzZWN8Z3g6NWFjYWE1M2E0ZjFkNjNjNQ>

Shocks and Coping

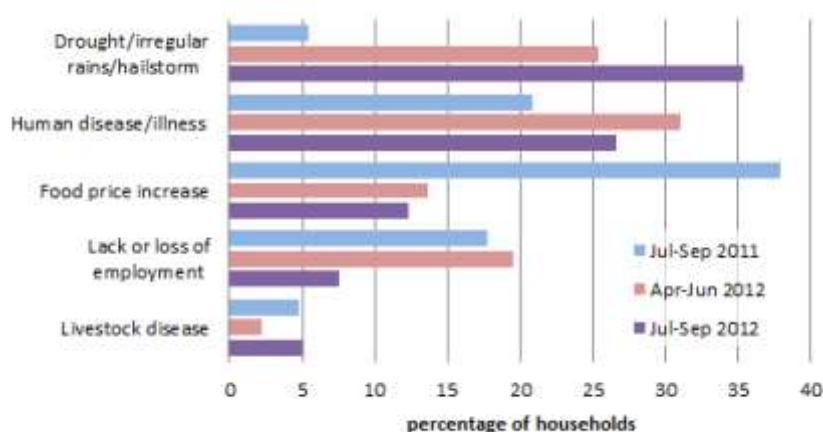
Figure 7. Percentage of households experienced food insecurity shock

(Source: NeKSAP Household survey)



Food insecurity shock during monsoon is a recurring phenomenon in rural Nepal. The proportion of households experienced shocks was on the rise during the monsoon, though to a lesser extent as compared to last year (Figure 7). Twenty-five percent of households reportedly experienced shock during the period, out of which about one-third of them recovered from the shock.

Figure 8. Shocks experienced by households (Source: NeKSAP Household survey)



The major shock experienced by households was reportedly drought/irregular rains, which reflects the monsoon this year being one of the weakest over the past years.

Coping strategies adopted by households are: borrow food or money or rely on help; and eat less preferred/less expensive food.

BOX-1: Yarchagumba rush

Yarchagumba is among the most valuable Non-Timber Forest Products in Nepal. It is found in the alpine region at the altitude of more than 3,500 meters and the collection takes place from April to June. Collecting *Yarchagumba* in Nepal had only legalized since 2001 and now its sales have a significant contribution to household food security in mountain regions.

According to the NeKSAP District Food Security Networks (DFSNs), substantial revenues of more than USD 40 million have been generated through *Yarchagumba* collection in the Mid and Far Western Mountains for this season. Farm gate prices of *Yarchagumba* reportedly increased by more than 50 percent compared to last year with an average price per kilo at NPR 1.4 million.

The effects of *Yarchagumba* collection and sales on household food security vary across districts. Table below shows the revenue from *Yarchagumba* in 2012 by district, as reported by the NeKSAP DFSNs. Dolpa recorded the highest income in total and more than eighty percent of the district households engaged in the collection. Mugu has the highest income per household but only nine percent of the district households took part. In Singhupalchoak and Dolakha the effects are less significant with only two percent of district households were involved.

Table: Revenue from Yarchagumba 2012

| District | Number of VDCs | Number of HHs | Collection (Kg) | Income per HH (NPR) | Total Income | |
|----------------|----------------|---------------|-----------------|---------------------|----------------------|-------------------|
| | | | | | (NPR) | (USD) |
| Dolpa | 23 | 6,336 | 780 | 197,089 | 1,248,754,257 | 15,609,428 |
| Mugu | 6 | 902 | 211 | 374,279 | 337,600,001 | 4,220,000 |
| Jumla | 21 | 1,618 | 344 | 340,173 | 550,399,995 | 6,880,000 |
| Rukum | 21 | 5,292 | 210 | 63,493 | 336,007,072 | 4,200,088 |
| Bajhang | 12 | 5,000 | 281 | 73,060 | 365,300,000 | 4,566,250 |
| Darchula | 20 | 6,000 | 450 | 80,000 | 585,000,000 | 7,312,500 |
| Sindhupalchoak | 12 | 1,250 | 142 | 80,000 | 99,400,000 | 1,242,500 |
| Dolakha | 9 | 800 | 105 | 81,000 | 64,800,000 | 810,000 |
| Total | 124 | 27,198 | 2,523 | 1,209,094 | 3,587,261,325 | 44,840,767 |



Food Security Outlook

Harvesting of summer crops of maize, paddy and millet is completed though the nationwide production figures are yet to be confirmed. According to the latest estimates by the MoAD, the 2012/13 summer crop production declined significantly compared to last year. Given the fact that the 2011/12 summer crop production was a bumper harvest, the lower production of this year may not have an immediate effect on food availability.

The food security situation is expected to improve over the coming quarter: with the summer crop harvest, household and market food stocks are expected to improve; the monsoon season has ended and the supply of food commodities are getting normalized, contributing to stabilizing food prices especially in remote areas; development activities will be resumed, providing wage employment opportunities. Regular income generated through sales of fruits (e.g. citrus), vegetables, legumes, and NTFPs will continue. Food assistance from the Chinese government, WFP and NFC is expected to continue in Karnali and other vulnerable areas.

Those areas with lower summer crop production deserve a close monitoring. Although the food security situation becomes stable in an immediate term due to the summer harvest, the stock will be depleted rapidly, which will affect the food security situation especially among the vulnerable from January 2013 onwards until next crop harvest (April).

NeKSAP Update: 2nd Phase MoU signed

The signing event of the tripartite Memorandum of Understanding (MoU) for the second phase of the NeKSAP capacity development project took place on the 4th October 2012. Mr. Bhaba Krishna Bhattari, the Joint Secretary of the National Planning Commission (NPC), Vijoy Kumar Mallick, the Joint Secretary of the Ministry of Agricultural Development (MoAD), and Mr. Nicolas Oberlin, the Deputy Country Director of WFP signed the MoU in the presence of Ms. Marion Michaud, the EU Project Manager.

The second phase project commenced in October 2012 and will continue up to March 2016. The overall objective of the project is to improve food security situation in Nepal through capacitating the government to implement evidence-based policy making and planning. By the end of the project duration, the NeKSAP (Nepal Food Security Monitoring System) will be institutionalized within the government structure.

Picture: MoU signing at Singha Darbar



Detailed 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 food security bulletins will be made 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
Siraha
Saptari
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
Rusuwa
Makwanpur
Dhading

Cluster 8. Eastern Hill and Mountain

Taplejung
Panchthar
Sankhuwasabha
Ilam
Okhaldunga
Khotang
Dhankuta
Udayapur
Solukhumbu
Bhojpur
Terhathum

This Food Security Bulletin is based on (i) data collected from 924 households (Hill:398 households; Mountain:220 households and Terai:306 households) during July-September 2012 as a part of the Nepal Food Security Monitoring System (NeKSAP), (ii) NeKSAP District Food Security Network Meetings across 72 districts and other information sources as referenced.