

# Price Monitoring and Analysis Country Brief

**Nepal**

May 2010

## Key Messages

- Cereal prices in Kathmandu have dropped from last year peak levels with rice prices falling to pre food prices crisis levels.
- The political situation remains tense dramatically affecting food security conditions of those at risk.
- An estimated 3 million people is reported food insecure in the country, and concerned agencies agree that the scale of food insecurity will worsen.
- The government is implementing irrigation programmes to increase food production.

## Background

Nepal's total population was 28.58 million in 2008 and its annual growth rate was estimated to be 1%. More than half of the population lives with less than 1\$ per day and the prevalence of undernutrition was estimated at 15%.

| Economic Indicators                             | View Data |
|---|-----------|
| Total Population - 2008 (WB)                    | 28581687  |
| Population growth rate - 2008 (WB)              | 1%        |
| GNI per capita, \$ PPP - 2008 (WB)              | 1120      |
| Population below 1\$ PPP per day - 2004 (MDGI)  | 55%       |
| Rural population - 2007 (WB)                    | 83%       |
| Agriculture, value added (% of GDP) - 2008 (WB) | 33%       |

| Food Consumption  |      |
|---|------|
| Undernourished Population - 2005 (FAO)                        | 15%  |
| Cereal share in total dietary energy consumption - 2005 (FAO) | 68%  |
| Meat share in total dietary energy consumption                | n.a. |

| Health Indicators  |     |
|--|-----|
| Pop. with sustainable access to improved sanitation - 2006 (WHO) | 27% |
| Life expectancy at birth (years) both sexes - 2006 (WHO)         | 62  |
| Pop. with access to improved drinking water sources - 2006 (WHO) | 89% |
| Prevalence of HIV among adults aged >= 15 years - 2005 (WHO)     | 0%  |

## Prices

Retail rice prices in Kathmandu have declined to 32 NPR /kg in Jan, Feb and March 2010 from Oct and Dec 2009 high levels of 40 NPR /kg. The price of rice is decreasing to pre food crisis level when rice price was around 30 NPR/K. Rice prices in Kathmandu in March (438.9 USD/T) were 14% higher than the international prices of Rice Thai A1 Super FOB Bangkok (384.4 USD/T). On the contrary, retail wheat prices in Kathmandu have followed an increasing trend: prices rose from 27 NPR/kg in Dec 2009 to 29 NPR /kg in February and 31 NPR/kg in March 2010. Compared to the international prices of US Wheat No2 Hard Red Winter (204.4 USD/T), wheat prices in Kathmandu markets were more than double (425.18 USD/T) in March. (108%)



Source: [GIEWS Country Briefs](#)

## Natural Disasters, Drought and Conflicts

Political tensions have led to isolated clashes as talks to achieve an agreement on the formation of a coalition National Unity Government and the integration of Maoist Army cadres is taking place in Kathmandu. The United Communist Party of Nepal-Maoist (UCPN-M), which has been holding a national strike, demanding the resignation of Prime Minister Madhav Kumar Nepal. This tense situation is exacerbating food security conditions and livelihoods in the poorer districts of the country. The strike had impacts on WFP food aid programmes and there is deep concern over the 2.5 million people that depend on food distributions. Due to the strike the FAO was unable to deliver seeds to 54,000 food insecure farmers under the European Union Food Facility Project from Kathmandu to project districts.

| Refugees and IDPs         | 2006    | 2007    | 2008   |
|---------------------------|---------|---------|--------|
| Total in the country      | 3640043 | 1032455 | 925873 |
| Total outside the country | 105029  | 105512  | 6361   |

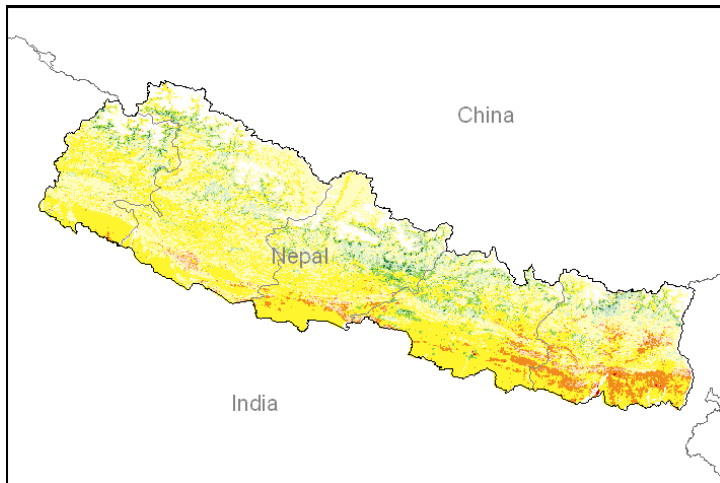
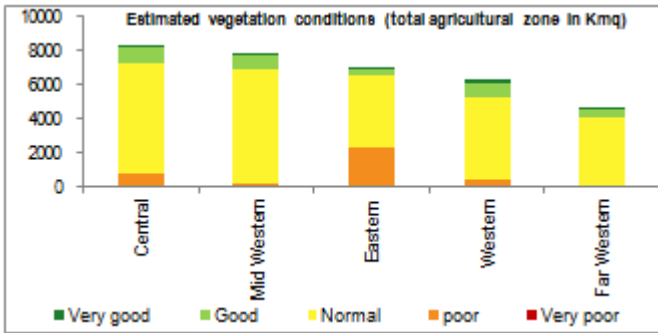
Source: [UNHCR](#) Statistical Online Population Database, United Nations High Commissioner for Refugees (UNHCR), Data extracted on 22/10/2009.

| Disaster Type (last year) | Date       | Location   | Alert |
|---------------------------|------------|------------|-------|
| Flood                     | 2009-10-04 | FarWestern | 1/3   |
| Flood                     | 2009-08-16 | Central    | 1/3   |
| Flood                     | 2009-07-26 | East       | 1/3   |

Source: [Global Disaster Alert and Coordination System](#) - 3 = 1000 or more people killed or 800000 or more people displaced. 2 = 100 or more people killed or 80000 or more displaced.

### Vegetation Condition

At the beginning of the crop season, normal conditions are observed for the major part of the country with some concerns for the Eastern Province where poor conditions are observed. The general indicator of vegetation condition provided below is the relative difference between the NDVI for April 2010 and the average of the last 10 years, calculated on the agricultural zones derived from the GLOBCOVER land cover database (2005).



Source: JRC MARS & FoodSec

### Food Security Situation

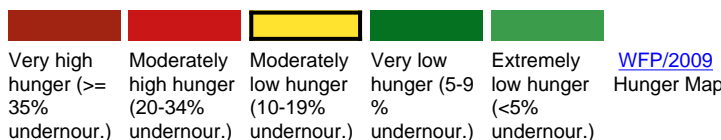
According to FAO, the food security situation is deteriorating. Political instability, high food prices and a severe winter drought in 2009 have left over 3 million people in Nepal food insecure. GIEWS estimates severe localized food insecurity in the short term, while in the long term WFP predicts moderately low hunger and IFPRI a serious hunger.

#### CURRENT EMERGENCY ASSESMENT



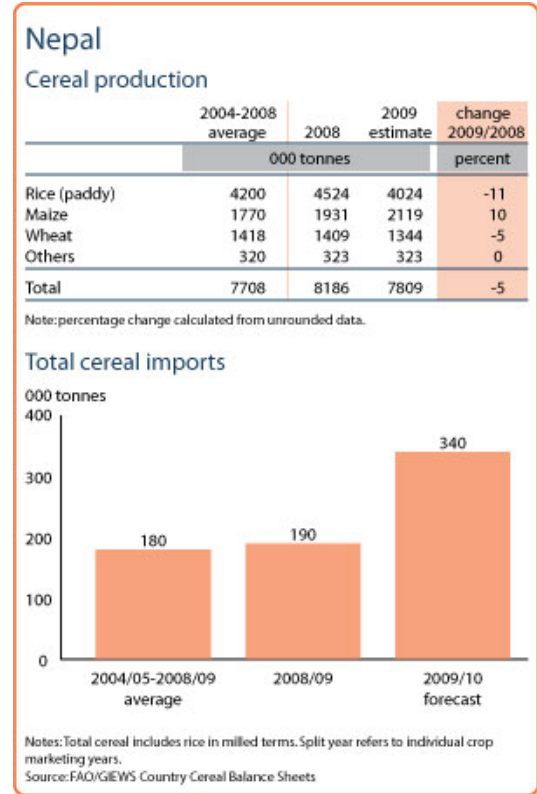
Nepal is not covered by FEWSNET. FEWSNET coverage is limited 14 African countries 1 Caribbean (Haiti) and 1 Central Asia (Afghanistan). Food security status is given for different parts of the country in each case.

#### SCALE OF HUNGER



### Food Balance Sheet

The 2009 rice paddy production was estimated at about 4 million tonnes significantly lower than in the previous year due to drought. The total 2009 cereal production was estimated at 7.8 million tonnes, some 5% below the previous year's crop. Cereal imports for 2009/10 marketing year (July/June) are expected to increase to 340,000 tonnes.



Source: GIEWS Country Briefs

### Government Policies

The Smallholder Irrigation Market Initiative (Nepal SIMI) funded by USAID in close coordination with Ministry of Agriculture and Cooperatives (MoAC) has developed irrigation technologies to support basic infrastructures at village level. The Govt has also implemented the Poverty Alleviation Fund, which is aimed at supporting rural communities and vulnerable groups through income generating activities, rural infrastructure development and access to basic services.

|                                       |                                 |
|---------------------------------------|---------------------------------|
| Consumer and market oriented measures | n.a.                            |
| Producer oriented measures            | Support to crop production.     |
| Trade policy measures                 | n.a.                            |
| Safety net (increased or introduced)  | Poverty Alleviation Fund (PAF). |

Different sources

#### Current events to watch (Click to see the full report)

- [NEPAL: Rescuing girls from slave-like servitude](#)
- [NEPAL: Water crisis intensifies](#)
- [NEPAL: Food supplies running low in western hills](#)
- [NEPAL: Specialists call for stronger measures to combat diarrhoea](#)
- [NEPAL: Maoists using children in general strike](#)

For more information, contact: [Information-for-action@fao.org](mailto:Information-for-action@fao.org)  
Website: [www.foodsec.org](http://www.foodsec.org)

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