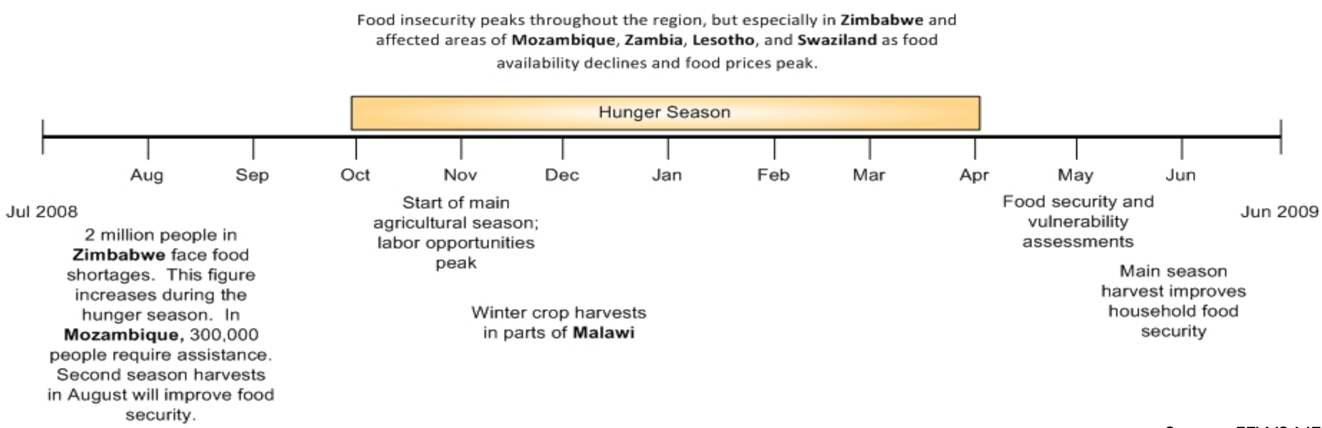
SOUTHERN AFRICA Food Security Update August 2008

- Recently concluded vulnerability assessments indicate that while a majority of households in southern Africa will have adequate food over this consumption season, widespread acute and chronic food insecurity remains a real concern in parts of most countries where these assessments have been conducted. Currently, over 8 million people in seven countries (Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia, and Zimbabwe) are at risk of food insecurity between now and March 2009 and require some kind of assistance. Numbers are expected to peak over the November to February hunger season.
- While Mozambique, Zambia, and Malawi produced adequate amounts of cereals to cover domestic needs, pockets of food insecurity exist in localized areas of the countries where the 2007/08 crop growing season was characterized by heavy rains that resulted in flooding, loss of crops, and disruption of livelihoods, followed by an end of season dry spell in February and March. In addition, households in parts of Lesotho, Swaziland, and Namibia, countries that did not produce enough to cover domestic needs, are already experiencing some degree of food insecurity due to below average harvests as a result of excessive rains and flooding, prolonged dry spells, and an early cessation of rains. In Tanzania, localized food shortages have prompted the VAC to plan for a rapid assessment in August to ascertain numbers of those who may require emergency assistance until the next harvests in April 2009.
- Zimbabwe faces the highest and most severe levels of food insecurity largely in the region as a result of adverse crop growing conditions in the 2007/08 cropping season and the country's continuing economic decline. A joint FAO/WFP crop and food supply assessment mission (CFSAM) in May estimated that 2 million people will be food insecure from July through September 2008 in both urban a rural areas. This number is expected to peak at about 5.1 from January to March 2009. The results of the ongoing VAC food security assessments will inform updated estimates.
- Apart from the impacts of shocks such as floods, droughts, and early cessation of rains, the VAC assessments have underscored that many of the region's households have become increasingly vulnerable to food insecurity and their livelihoods more fragile following multi-year shocks, erosion of their asset base, and deepening poverty levels due to general decline in national economic growth. This has increased the numbers of chronically food insecure and those "at risk" of food insecurity from one consumption year to the next.
- The regional cereal balance indicates an exportable maize surplus that is sufficient to cover the projected shortfalls in the region's deficit countries, which include Zimbabwe, South Africa's SACU partners (Botswana, Lesotho, Namibia, and Swaziland), and Tanzania. Most of these countries will be looking to South Africa for the majority of their import requirements. At the current level (about 2.6 million MT); South Africa's exportable surplus could fully cover the region's import requirements.

Seasonal calendar and critical events timeline



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- Nominal prices of staple foods in most monitored local markets have been rising unseasonably this year with current levels well above last year and the past 4-year average for this time. High food prices will limit food access for many vulnerable households in urban and deficit rural areas, and could also negatively impact procurement for food intervention programs.

Food security summary

Current food security conditions remain satisfactory except in those areas of the region where crop production was compromised by unfavorable crop growing conditions. Food security and vulnerability assessments undertaken recently have confirmed that the majority of households in those areas where the growing season was favorable will have adequate food over this consumption season mainly on account of the average to above-average harvests realized.

Concern remains in localized areas where the 2007/08 crop growing season was characterized by heavy rains that resulted in flooding, loss of crops, and disruption of livelihoods, followed by an end of season dry spell in February and March. Despite average to above average national harvests in Mozambique, Zambia, and Malawi, localized areas have populations assessed as food insecure and requiring assistance. In parts of Lesotho, Swaziland, and Namibia, where production has been below average as a result of excessive rains and floods (December/ January) and prolonged dry spells (February/March), VAC assessments indicate that households are already experiencing some degree of food insecurity.

In Zimbabwe, where vulnerability assessments are currently underway, current indications from available data suggest moderate levels of food insecurity in all districts as a result of the poor 2007/08 harvest and the country's continuing economic decline. A joint FAO/WFP crop and food supply assessment mission (CFSAM) in May estimated that 2 million people will be food insecure from July through September 2008 in both urban a rural areas. This number is expected to increase to about 3.8 million between October to December and to about 5.1 million during the period January to March 2009. The results of the VAC food security assessments will inform updated estimates. Data available at the end of July suggests that locally available maize stocks in Zimbabwe can only meet half the country's requirements leaving a shortfall of 900,000 MT. However if planned commercial maize imports of 600,000 MT and the pledged 390,000 MT of food aid are realized, this shortfall will be covered. However, it is unclear whether the country will have access to the foreign currency needed to finance the grain imports and the logistical capacity to distribute it on time. Furthermore, ongoing restrictions on NGO activities have delayed the programming of food assistance in rural areas, and food aid import deliveries are also reported to be very slow.

Table 1 summarizes this year's assessments of the number of food insecure people in the most food insecure countries in the region and compares them with assessments since 2006/07. The table shows increases in food insecurity (compared to last year) in Malawi, Mozambique, Zambia, and Zimbabwe.

Table 1. NVAC-estimated numbers of food insecure populations[1]

	VAC Assessed Number of Food Insecure[2]			Cereal Required (MT)
Country	2006/07	2007/08	2008/09	
Lesotho	245,739	553,000	353,000	18,500
Malawi	833,000	63,200	1,490,100	56,460
Mozambique	121,542	520,000	843,294[3]	27,240
Swaziland	465,890	345,012	238,625	19,815
Zambia	0	440,866	444,624	33,333
Zimbabwe	1,392,548	4,100,000	5,100,000[4]	395,000
Total	3,058,719	6,022,078	8,469,643	523,108

1/ Sourced from the 2006, and 2007 VAC reports and preliminary results as at 5 July 2008.
2/Not separated from populations facing acute/chronic food insecurity
3/ Includes 302,664 assessed in the acute category, and 540,630 chronically food insecure
4/As assessed by the FAO/WFP CFSAM in May 2008

In Mozambique, the VAC has estimated that 302,600 people face acute (transitory) food insecurity and have required immediate emergency assistance since July. Government and partners are currently coordinating efforts to initiate humanitarian assistance as quickly as possible. In addition to the transitory cases, the VAC has indicated that a further 540,600 people are chronically food insecure and also require assistance (though not emergency food aid), while 242,600 are at risk of becoming food insecure, depending on the performance of the second season crop.

In Malawi, the VAC estimates that under the most likely scenario, close to 1.5 million people will be missing food entitlements until the next harvest. Price monitoring is crucial as numbers could likely increase if maize prices rise beyond those assumed under the most likely scenario (MWK 60-70/kg). The increase in food insecurity in Malawi this year is attributable to the number of areas that experienced localized crop failures and the relatively high levels of maize prices that have prevailed since the end of 2007.

In Zambia, the VAC assessed that about 445,000 people requiring food aid this year compared to 441,000 last year. This is mainly due to the adverse impact of excessive rainfall experienced in different parts of the country (but especially Southern, Lusaka and Western provinces) that led to flooding, water logging, and crop losses. The VAC has indicated that in-country stocks of food are sufficient to meet the requirements; however, these have to be purchased by the humanitarian agencies for onward distribution. These efforts will complement those of the government's Disaster Management and Mitigation Unit which spear heads disaster relief operations. The VAC has also recommended various other rehabilitation (such as rehabilitation of infrastructure) and developmental interventions to assist affected populations.

In Lesotho and Swaziland, the VAC results indicate a slight improvement since last year as indicated by the reduction in the numbers of people requiring assistance. This is largely a result of the moderate improvements in harvests in both countries when compared to last season (which in both countries was particularly poor). However, these harvests are still below the past 5-year average production levels, which explains the existence of transitory food insecurity. High food prices however, and especially maize prices, could mean that a larger proportion of the population will face food shortages during the hunger season (October – March 2009). General inflation rates remain high, with the largest increases (and contribution) attributed to food items. The June food inflation rate in Lesotho was at 13.6 per cent (against 13.8 percent in May) while in Swaziland, the June food inflation rate was even higher at 18.7 per cent (against 18.66 percent in May). In both countries, government and partners are coordinating efforts to put in place mitigatory measures that save lives and livelihoods.

Over the past three years, the food insecure population in the region has risen from about 3.1 million in 2006/07 to 6.1 million 2007/08 and is now close to 8.5 million. Growing poverty, the steady erosion of household assets, and reduced resiliency as households deal with adverse impacts of varied shocks (including HIV/AIDS, policy related shocks and inclement weather) have increased the vulnerability of the region's population to food insecurity. This accounts for the large increases in numbers requiring assistance whenever there are reductions in food crop production.

WFP is expected to respond to assessed needs through the country-specific programs and PRROs. However, these PRROs (with the exception of Zimbabwe, where the PRRO is addressing emergency food needs) are meant to focus on social protection, providing HIV/AIDS support, food for assets, and training. This means that in order to address the large emergency food aid requirements that have been assessed, WFP will have to adjust accordingly and request additional donor support. Of great concern is that as at the end of July, most of the country programs and PRROs pipelines for the period July to December indicated inadequate resourcing, with pipeline breaks having occurred as early as July. Unless donors increase pledges, pipeline breaks are likely to worsen during the hunger period when the number of the food insecure peaks. Other humanitarian agencies, such as the Consortium for the Southern Africa Food Emergency (C-SAFE), which operates in Zimbabwe and Lesotho, are expected to lend both emergency support to address acute food insecurity and developmental/rehabilitation support to address chronic food insecurity.

Trade, prices, and food access

An analysis of the region's maize supply and demand indicates that the exportable maize surplus available is sufficient to cover the import demand of deficit countries (Botswana, Lesotho, Namibia, Swaziland, Tanzania, and Zimbabwe). The deficit countries can meet much of their requirements by importing from South Africa, which now has an exportable surplus of about 2.6 million MT, sufficient to meet their demand. Malawi, Mozambique, and Zambia are also assessed as having some level of surplus, which, however, may not be available for export due to ongoing export bans. If Malawi, Tanzania and Zambia relax the export restrictions, their exports could complement those of South Africa, ensuring that the region's maize requirements are fully met without resorting to more expensive imports from overseas.
Table 2 shows the amount of maize exports by South Africa to neighboring SADC states as at the end of July. Apart from these exports, additional consignments have been exported to other destinations both within and outside Africa. By the end of July, white maize consignments had been exported to Benin (645 MT), Senegal (430 MT), and Ethiopia (3,311 MT), while a consignment of 44,020 MT of yellow maize was shipped to Iran.

Table 2. Maize Imports by SADC member states. April 2008 to July 31, 2008 (MT)

	Ang	Bot	DRC	Les	Moz	Mal	Mad	Nam	Swa	Tan	Zam	Zim	TOTAL
SA White Maize	0	79,923	0	30,626	33,498	0	0	16,353	2,519	0	667	112,419	276,015
SA Yellow Maize	0	241	0	1,233	2,506	0	0	5,050	11,756	0	0	704	21,490
Informal Cross Border	-	-	1,735	-	96	41,013	-	-	-	214	714	84	43,856
Formal Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	0	80,164	1,735	31,859	36,100	41,013	0	21,403	14,275	214	1,381	113,207	341,361

Source: South African Grain Information Service (SAGIS) – 1st August , 2008 and Southern Africa Informal Cross Border Monitoring System - July 2008

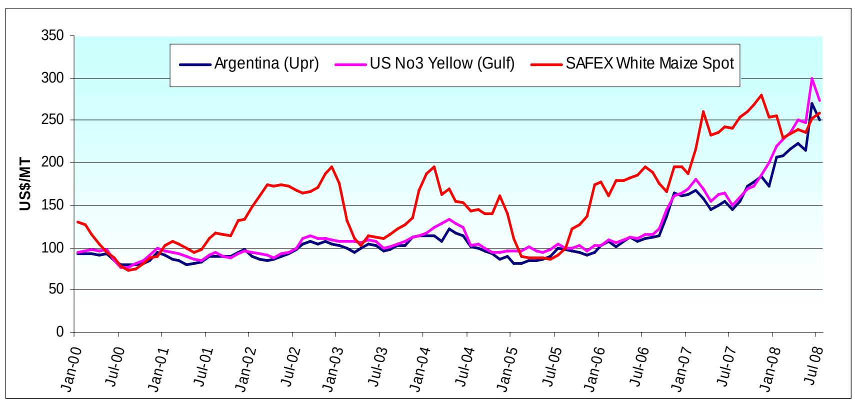
Informal trade among other neighboring states (especially between Malawi and Mozambique, where it is well developed), is reported to be continuing as normal. For example, Malawi has already informally imported almost 17,000 MT of maize from northern Mozambique (table 2). However, this type of trade accounts for a relatively small proportion of total imports, especially in countries (like Zimbabwe) faced with large cereal deficits. Compared to last marketing season, when both Malawi and Zambia had sizable exportable surpluses and no export restrictions, this year, formal exports to grain deficit countries are expected to be very low, and will only occur if the export restrictions are lifted. By the end of July, neither country had made any formal exports.

Maize prices on the South African Futures Exchange

The excellent domestic maize supply in South Africa has kept spot prices of maize on the South African Futures Exchange (SAFEX) below international price levels since March 2008, when global prices had risen to unprecedented levels. However, with the recent downward trend in international prices as indicated by US and Argentina FOB prices, the gap has been narrowing considerably, and Argentine maize prices have fallen below the white maize spot price on SAFEX (figure 1). The July average for example (in USD equivalent) is indicated at USD 260/MT and is below the July average FOB price as recorded for the USNo3 Yellow maize (USD 274/MT).

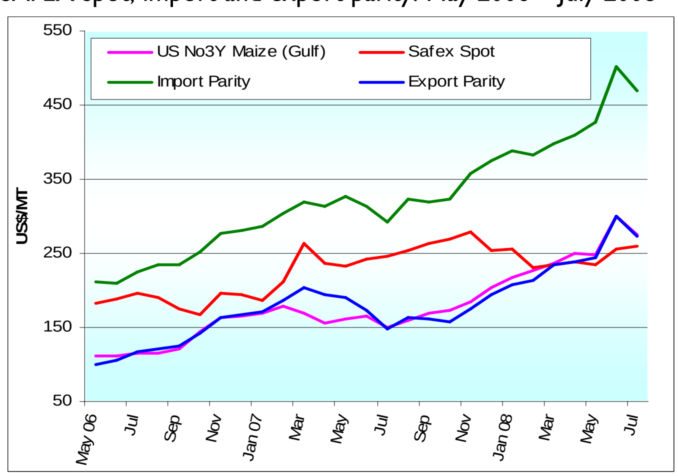
South Africa's maize prices have continued to decline significantly since the middle of July, and by the first week of August, had reached some of the lowest levels recorded in recent months (compare USD 281/MT on July 4th, to USD 237/MT on August 4th). Although SAFEX prices may remain at these lower levels (or come down further) if international prices continue to drop, the high demand for South African maize both from within and outside the region may exert upward pressure on prices. The growing gap between import parity and the SAFEX spot prices; and the fact that export parity levels are now above the SAFEX spot price (figure 2) indicates that South African prices are increasingly more competitive when compared to international prices.

Figure 1. FOB USA and Argentine maize prices compared to white maize SAFEX nearby – Jan 2000 – July 2008



Data source: SAFEX

Figure 2. FOB USA maize prices compared to white maize SAFEX spot, import and export parity: May 2006 – July 2008

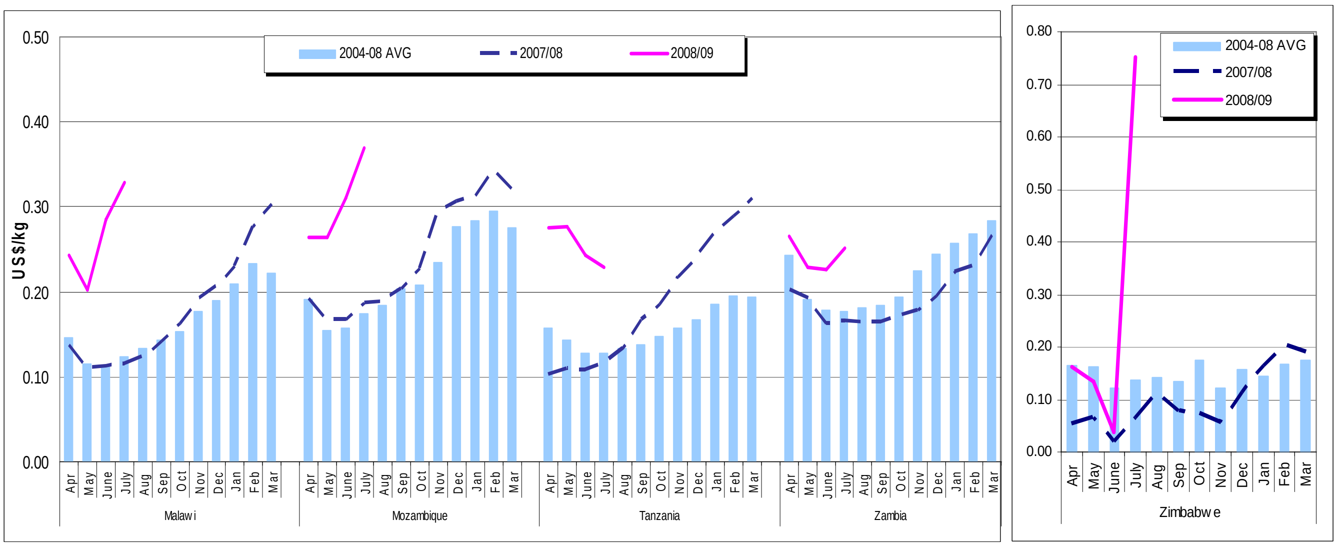


Data source: SAFEX and GrainSA

Nominal retail prices on local markets

Nominal prices of staple foods in most monitored local markets have been rising unseasonably this year with current levels well above last year and the past 4-year average for this time (figure 3). In all monitored markets in reporting countries, prices have increased significantly since May. In Malawi for example, the average maize price (Chitipa, Mchinji, and Nsanje) has risen from about USD 0.20/kg in May to USD 0.33/kg in July, an increase of over 45 percent. Similarly, in Mozambique (Nampula, Beira, and Maputo) the average has risen from USD 0.26/kg in May to USD 0.37/kg in July. Zambia (Lusaka rural and Choma) is one of only two countries where the price remains below pre-harvest levels and where the increase (though evident) has not been very sharp. The average retail price rose from USD 0.23/kg in May and is now at USD 0.25/kg. In Tanzania, where the harvest just ended, prices (as indicated for Dar es Salaam and Mbeya) have come down from their pre-harvest levels, and remain relatively low. June price levels dropped in both monitored markets, while in July, prices continued to drop in Mbeya, but were significantly up once more in Dar es Salaam. The average for July however still indicates a 6 percent drop from USD 0.24/kg in June to USD 0.23/kg.

Figure 3. Retail prices of white maize at selected markets – April 2004 – July 2008 (USD per kg)



Based on average prices on key markets in each country. Source: FEWS NET Malawi, Mozambique, Tanzania, Zambia, and Zimbabwe. For Zimbabwe, parallel market exchange rates have been used to convert from the local currency

In Zimbabwe on the other hand, where inflation is escalating at record levels and food shortages continue largely unabated, maize prices in USD equivalents in the three monitored markets (Harare, Bulawayo, and Mutare) rose from USD 0.14/kg in May to USD 0.75/kg in July. Prices are likely to rise further and remain high as current food supplies (production and imports) are insufficient to meet domestic demand. This could be exacerbated by a failure to bring in planned imports (both commercial and food aid).

High prices are not only limited to maize (the main staple), but occur across most other staple food commodities as well as other basic goods like fuel, soap, oil, and sugar. High food will limit food access for many vulnerable households in urban and deficit rural areas, and could also negatively impact procurement (both local and external) for food intervention programs.

The Southern Africa Food Security Brief draws from the FEWS NET monthly food security reports, with additional contributions from network partners including FEWS NET/USGS, the SADC Regional Remote Sensing Unit, SADC Regional Early Warning Program – Gaborone and the SADC Regional Vulnerability Assessment Committee comprised of SADC FANR, FAO, WFP, UNICEF, FEWS NET, OXFAM, and OCHA. Additional information is drawn from the national early warning units and meteorology services in SADC member states.