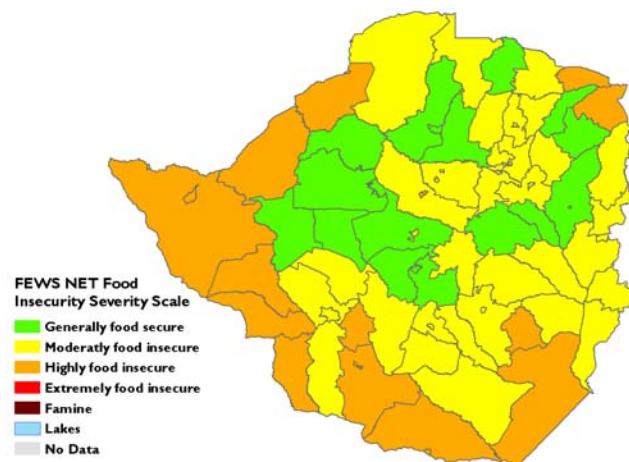


ZIMBABWE Food Security Outlook October 2007 to March 2008

Executive summary

- Food security has deteriorated in most of the country, particularly in the southern and western areas worst affected by drought during the 2006/07 agricultural season (Figure 1). In addition to drought, hyperinflation, price controls, fuel shortages, and economic collapse underlie Zimbabwe's worsening food crisis.
- Over the next six months, the most likely food security scenario is a worsening of the crisis, affecting increasing numbers of people through the hunger season (October 2007 to March 2008). But, the combination of government imports, international food aid and a normal 2008 agricultural season will likely mitigate the worst consequences of the crisis, preventing widespread starvation.
- However, if the government is unable to address the national food deficit and food aid deliveries are limited, a worst case scenario with more widespread and extreme food insecurity, affecting a large proportion of rural and urban populations of the country will quickly emerge.

Figure 1. Estimated food security conditions, quarter three (July to September) 2007



Source: FEWS NET

Current food security situation

A combination of drought, lack of irrigation, seeds and other inputs, spare parts for machinery and fuel resulted in an inadequate and poor harvest from the main 2006/07 agricultural season. This harvest provided only 45 percent of Zimbabwe's cereal needs, leaving the country with an import requirement of over 610,000 MT. Every province in the country is expected to face a cereal deficit this year. The worst-affected provinces are the traditionally grain-deficit provinces of Matabeleland and Masvingo – both hard hit by drought. Most households in these areas have run out of their own food stocks and are already reliant on inadequate and erratic maize supplies through the Grain Marketing Board (GMB), the government parastatal with a monopoly on maize sales and distribution.

The Government of Zimbabwe (GoZ), as well as humanitarian organizations are making efforts to close this cereal gap. A contract of 400,000 metric tons (MT) of maize has been secured with the Government of Malawi. About 29 percent of this had been delivered by late August 2007. Humanitarian organizations also plan to import 352,000 MT of food. While so far only six percent of this humanitarian food aid has been delivered, the bulk of it is expected to arrive between September and December 2007. With these food delivery mechanisms, the country still faces a cereal gap of 111,135 MT, which, given the GoZ's past performance, is likely to be filled – especially since there are elections in early 2008.

Hyperinflation continues to erode the purchasing power of most households in urban and rural areas, putting food prices out of reach for most households. In April 2007, inflation stood at over 3,700 percent; by the end of June 2007 it was about 7,250 percent and in July it had reached 7,630 percent. Economists predict that the rate of inflation will continue to rise for the rest of the year.

Until July 2007, maize grain prices on the open market and in farmer-to-farmer transactions increased gradually, but in July maize prices shot up because of increased demand and diminished supply. In August 2007, the highest maize prices were recorded in Matebeland, Masvingo and Manicaland provinces, where supplies of maize were most limited.

Urban populations continue to face higher prices than rural populations. Unlike Harare, which is in close proximity to surplus supply areas, the cities of Bulawayo, Hwange, Kariba and Tsholoshlo recorded dramatic increases in open market maize grain prices between June and August 2007. Maize prices rose by between 20 and 33 times during this period in these urban areas, compared to a national average maize price increase of just 8 percent.

In an attempt to slow inflation, the GoZ implemented price controls on an array of basic commodities in June 2007. The result was a dramatic decline in food availability and access, particularly in urban areas. Prior to the price controls, most basic goods, including maize meal, were available on formal and parallel markets, albeit at exorbitant and rapidly rising prices. Since the implementation of the June price controls, however, markets throughout the country have experienced serious shortages of basic commodities, including bread, maize meal, cooking oil, rice, beef, chicken and milk. These shortages have been most profound in urban markets, where sporadic deliveries of basic goods are met with long lines, and not everyone makes it into stores before stocks run out.

Price controls have significantly reduced, and, in some cases, wiped out profit margins for producers of the controlled products, making these enterprises nonviable. While the GoZ made some upward revisions of controlled prices in August 2007, these revisions have not increased supplies of the targeted commodities.

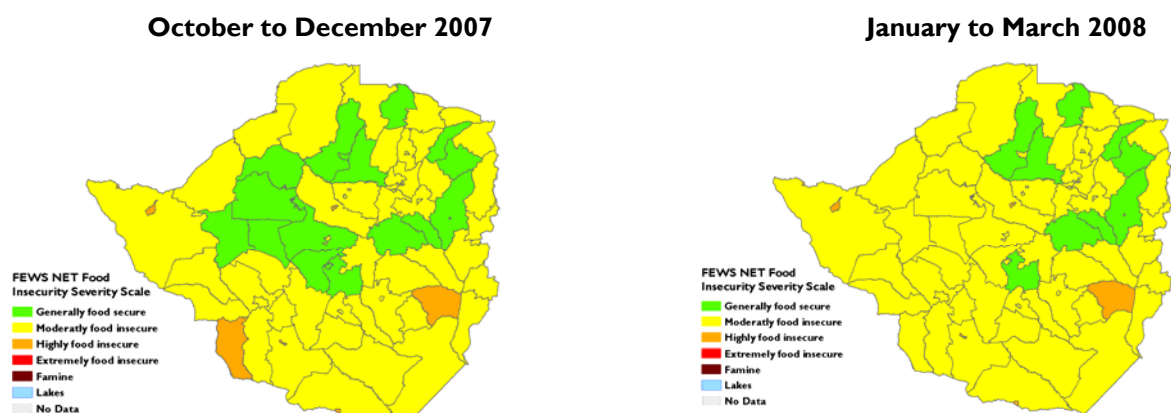
Shortages of basic commodities are having the biggest impact on the poor, who, because of their limited purchasing power, are forced to make frequent purchases of smaller amounts of food, and are not able to buy in bulk when commodities become available. While basic goods can still be found on the parallel markets at a substantially higher cost, these markets are constantly disrupted by more frequent police raids. Not only is the food crisis in urban areas one of access, it has now become an availability crisis as well.

Protracted economic decline has taken its toll on the country's infrastructure. The national road network continues to deteriorate. Water and electricity supply cuts are increasingly frequent, with some sections of major cities like Harare and Bulawayo going for more than one week without electricity or water.

Consequently, the use of wood for fuel and untreated water collected from makeshift wells has increased. Issues such as uncollected refuse, burst sewage pipes and untreated sewage flowing in the open in densely populated residential areas are increasingly common in all the major urban areas of Zimbabwe. As a result, the risk of serious health epidemics is increasing to alarming levels.

Most likely food security scenario

Figure 2. Most Likely Scenario - Projected Food Security Conditions October 2007 to March 2008



Source: FEWS NET

The most likely food security scenario between October 2007 and March 2008 is a continued decline in food security conditions until at least February 2008, when the early (green) harvest becomes available. In the south and west and in urban areas, high levels of food insecurity will prevail during the peak of the hunger season. Approximately 4.1 million people in rural and urban areas are expected to need emergency assistance during this period. Assuming that both government import plans and humanitarian food aid programs that have been put in place in recent months are implemented, Zimbabwe will face a persistent and serious food crisis, but the risk of mass starvation and famine will be mitigated. Figure 2 illustrates the projected food security conditions in the last quarter (October to December) of 2007 and the first quarter (January to March) of 2008 under this scenario.

While the risk of widespread starvation would be ameliorated under this scenario, food insecurity would remain widespread, affecting over 10 percent of the rural population between October and December 2007, and up to 40 percent of the rural population between January and March 2008, based on data available from the June 2007 Zimbabwe Vulnerability Assessment Committee assessment. One million urban residents are estimated to need assistance over the next six months.

For this scenario to occur, the GoZ must import adequate food and distribute it throughout the country, and humanitarian organizations must implement their plans to feed over three million people. Based on

recent import trends, GoZ performance in recent years, the fact that next year is an election year, and, current levels of commitment to food aid programs, these assumptions are thought to be realistic.

Yet, even with adequate imports, distribution through the GMB is expected to remain problematic, with irregular and inadequate staple food supplies in markets and distribution centers. Severely constrained logistical capacity and poor organization will continue to hamper maize distribution, and thus limit the availability of food, especially in deficit rural areas of the southwestern part of the country. Grain availability and household food access is also expected to remain very poor and deteriorate over the next six months in urban areas.

Food aid is expected to mitigate some of these shortages, especially in areas facing the most severe grain deficits, where international assistance programs will be concentrated. At present, the World Food Programme and the Consortium for the Southern Africa Food Security Emergency (C-SAFE) plan to target at least 3.3 million rural people during the peak hunger period.

If the GoZ's and international food aid is not distributed on a large scale starting in September or October 2007, the situation will rapidly deteriorate into a worst case scenario (see below).

The good outlook for the 2007/08 rains and main agricultural season (October 2007 to March 2008) may also help mitigate the impact of the current food crisis. The Zimbabwe Meteorological Services forecasts a normal to above-normal 2007/08 rainy season. Moreover, for the first time since 2003, the country has adequate seed stocks for staple cereal crops available on the market. Therefore, most smallholder subsistence farming households - the majority of the rural households in Zimbabwe - have a good chance for a normal crop, even if supplies of fertilizers, chemicals and fuel are limited.

Table 1. Scenario assumptions and indicators

Most likely food security scenario

- National cereal deficit will be filled by both commercial and food aid imports
- GMB distribution will continue to be erratic and inadequate
- Food aid distributions will significantly improve food availability in rural areas and for targeted urban communities
- 2007/08 will be a normal season throughout the country
- Basic commodities will continue to be in short supply on the formal market, and will predominantly be available on the parallel market at exorbitant prices

Worst case food security scenario

- Government and humanitarian agencies fail to import cereals to close the gap
- Prices of staple cereals continue to increase and occasionally available on the market
- GMB fails to procure fuel and transport to distribute cereals to deficit areas
- Price controls prevail and manufacturers produce small quantities

In contrast, the commercial farming sector, which includes newly resettled farmers as well as old and established farmers, will face the same challenges they faced in the last agricultural season, especially shortages of fuel and foreign currency, electricity cuts, labor shortages, and broken irrigation infrastructure.

While the main impact of the 2007/08 agricultural season will not be felt until early 2008, when the green harvest becomes available, increased employment in rural areas will provide an important source of food and income for many rural households who rely on casual labor from as early as September 2007 until March 2008. In the grain surplus areas, poor and grain-deficit households will be paid in kind, as is normal, with grain for their labor, from as early as September to end of February 2008. In late February to early March 2008, when the green harvest begins, food availability is expected to further improve among farming households in both urban and rural areas.

Adequate water and grazing areas for livestock are also expected under this scenario. As a result, livestock conditions and prices are expected to be favorable.

Worst case scenario

If the GoZ is unable to import and distribute adequate amounts of grain, and if humanitarian food aid is either under-resourced or curtailed by the government, a worst case scenario will emerge. This scenario would be further exacerbated by a below-normal rainy season, which would reduce the availability of casual labor opportunities for poor households between October 2007 and March 2008.

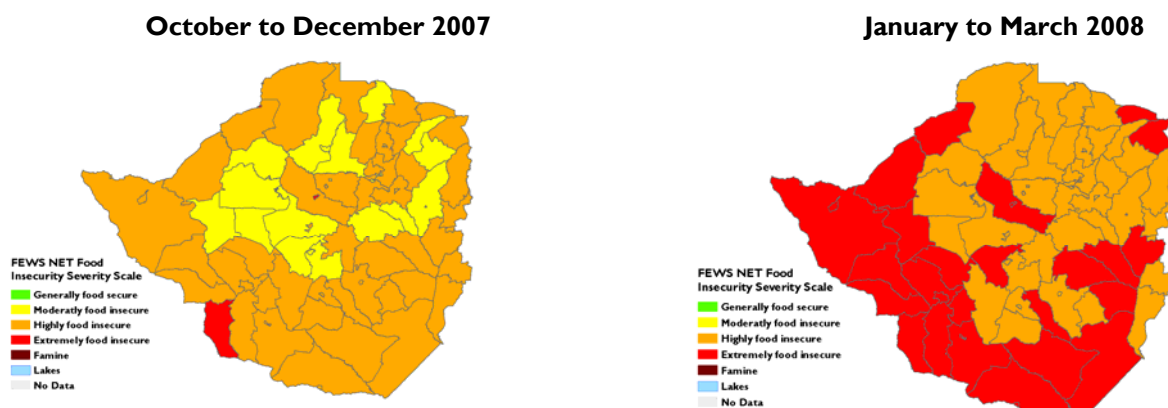
The result would be a sharp and severe decline in food security conditions, especially in grain deficit areas of the south and west. A major humanitarian crisis with extreme food insecurity would emerge. The worst conditions, including potentially significant increases malnutrition, morbidity, and destitution would be seen in early 2008.

Under this scenario, maize availability and access would become even more constrained than it is at present. The GMB would struggle to deliver inadequate imports, due to shortages of trucks and fuel. Humanitarian food assistance would not be adequate to meet needs, either because of poor resourcing levels or because the GoZ restricts humanitarian operations.

At the same time, the green harvest would be delayed and short-lived in traditionally high agricultural potential areas in the north and center of the country, and largely absent in the rest of the country. Better-off and cereal surplus-producing households would hold onto their grain because of the prospect of a poor harvest. As a result, grain supplies would be constricted at a time when they normally peak. Livestock conditions would also deteriorate as a result of limited water supply and shortage of grazing areas.

Under these conditions, a much larger proportion of the rural population would be food insecure, than in the most likely scenario. Even more irregular market supplies and exorbitant prices would further contribute to an extremely severe food crisis. Figure 3 provides a projection of the potential food security conditions under this worst case scenario.

Figure 3. Worst Case Scenario - Projected Food Security Conditions October 2007 to March 2008



Source: FEWS NET