ZIMBABWE Food Security Update

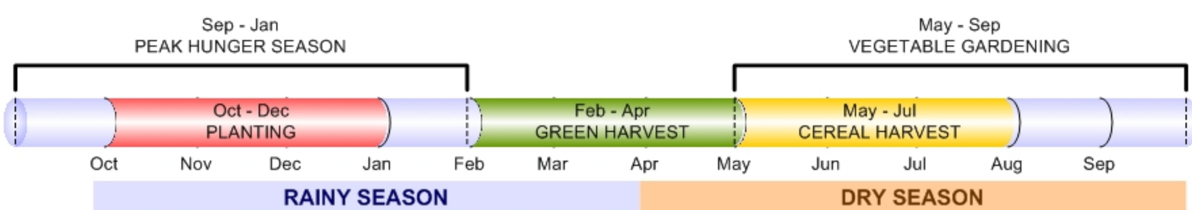
May 2007

There is a general consensus that the 2006/07 harvest will be much below the recent average due to poor seasonal rainfall in the south, poor availability of and access to critical inputs such as fertilizers, maize seeds, fuel, electricity, labor and draft power. The Ministry of Agriculture conducted a national multi-stakeholder crop assessment in March 2007 to estimate the cereal harvest for the year. This assessment, which did not include urban agriculture, came up with a total estimate of about 740,000 MT for maize, sorghum and millets. Following the assessment, the Government of Zimbabwe (GoZ) declared the drought a disaster and subsequently invited the joint FAO and WFP Crop and Food Supply Assessment mission to verify the 2006/07 crop production. After its in-country consultations and field work, the mission indicated that they will be revising the government's cereal harvest estimates upwards slightly because of improvements in crop performance prospects brought about by better than expected rainfall amounts and distribution towards the end of the 2006/07 rainfall season.

Taking the government's initial cereal estimate as the worst-case scenario, Zimbabwe faces a shortfall of maize, sorghum and millets of at most 1,200,000 MT in the 2007/08 consumption year. In this estimate, the country cereal requirements are based on a population estimate of 11.83 million by the Central Statistical Office (CSO) of Zimbabwe and an annual per capita consumption requirement of 133 kg combined with animal and industrial consumption and losses of 350,000MT. Taking into consideration about 153,000 MT of carry-over maize in GMB storage, the initial deficit is reduced to not more than 1,050,000 MT. With limited foreign exchange available, Zimbabwe will need to import a significant amount of maize to meet its domestic requirements. Malawi, which had a record surplus this year, is arranging export up to 400,000 MT to Zimbabwe this year, and almost 50,000 MT have already been shipped since the marketing period began. If Malawi's maize is delivered, Zimbabwe would still need to source an additional 600,000 MT of cereals to cover the gap. While not impossible, allocating the foreign exchange to meet these requirements would not come without heavy socio-economic costs to the public.

The availability of staple cereals in the form of both grain and maize meal was generally stable in most parts of the country during April and May 2007. Major sources of the grain consumed in this period were the 2006/07 harvest, GMB supplies, private millers and stocks from food aid distributions that stopped in March 2007 for most parts of the country. However the ever-increasing cost of living continues to limit access to basic food stuffs by households in both urban and rural areas of Zimbabwe. The annual rate of inflation measured by the Central Statistical Office (CSO) increased by the highest margin on record of 1,513.7 percentage points to reach 3,713.9 percent in the month of April.

Seasonal calendar



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Current hazard summary

- Highest inflation rate on record (officially, 3 713.9 percent) continues to erode purchasing power.
- Low production levels for 2006/07 season lead to a projected cereal deficit of at most 60 percent of the requirements for the 2007/08 consumption year.
- Fuel and foreign currency shortages prevail.

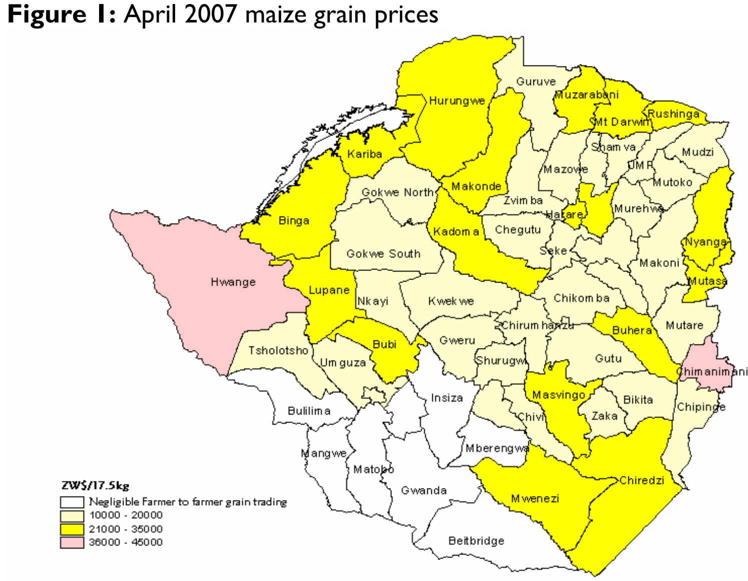
National and sub-national maize grain availability

The availability of staple cereals in the form of both grain and maize meal was generally stable in most parts of the country during April and May 2007, except in the areas where GMB was the primary source of grain. Major sources of the grain were the 2006/07 harvest, GMB supplies, private millers and stocks from food aid distributions that stopped in March 2007 in most parts of the country. Most markets in urban areas and main business centers in rural districts carried maize meal stocks pre-dominantly from private millers in April and May 2007. Interested buyers did not need to queue for the commodity. In areas where 2006/07 staple cereal production was better, the traditionally high maize producing areas of Mashonaland and Manicaland provinces, farmer to farmer maize transactions were common in April and May. The southern provinces of Matabeleland and the southern parts of Midlands, Masvingo and Manicaland provinces had the poorest yields for maize, sorghum and millets. The highest concentration of grain deficit households are found here, and farmer to farmer maize grain trading was very scarce in April and May 2007. Instead, GMB was the major source of maize in these parts in April and May 2007.

Prices continued to rise in April. The lowest maize prices (Z$570 – 1,140/kg) for April were recorded in the majority of the central districts of the country, where maize supply exceeded demand. Maize grain was most scarce in the districts of Hwange and Chimanimani where the commodity was selling for between Z$2,057 – Z$2,571/kg (see pink shaded areas in figure 1). No farmer to farmer maize transactions data could be obtained for nearly all the Matabeleland south province because such transactions were negligible in April 2007.

Phasing out of food aid programs in March 2007 left the food aid beneficiaries in the grain deficit areas mostly reliant on the Grain Marketing Board (GMB) and private millers' for their maize needs. Besides being erratic and inadequate to meet demand, maize distributions by GMB were limited by a shortages and the high cost of transport.

Figure 1: April 2007 maize grain prices



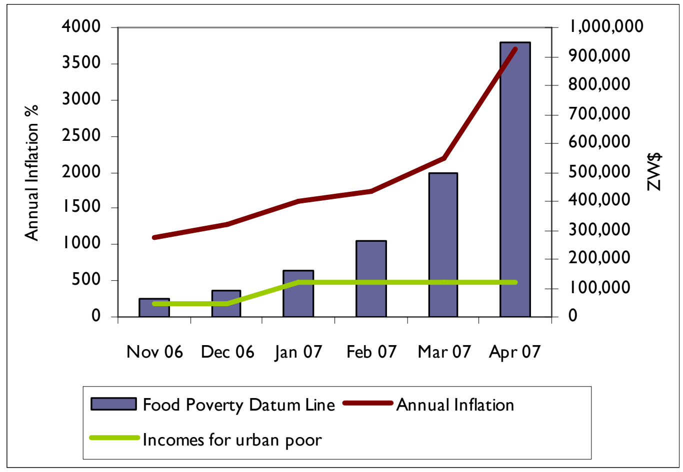
Source: FEWS NET Zimbabwe

Private millers mainly provide cereals to shops and selected business centers, which may not be easily accessible to the majority of rural population. The millers also prefer to provide more expensive refined maize meal whose prices ranged from Z$4,000/kg to Z$6,000/kg in April 2007 instead of the cheaper, unrefined maize meal, which was supposed to sell at controlled prices for between Z$1,000/kg to Z$ 3,000/kg in May 2007.

Cost of living continues to rise

The cost of living in both urban and rural areas continues to rise alongside a rate of inflation that is now the highest in the world, each month reaching new heights, pushing more and more Zimbabweans deeper into poverty. The annual rate of inflation, as measured by the Central Statistical Office (CSO), increased by the highest margin on record of 1,513.7 percentage points to 3,713.9 percent for the month of April. This rise in inflation was mainly attributed to increases in prices of transport, health services, fuels, vegetables and domestic electricity power. The cost of the minimum basket of food stuffs required to meet the minimum household requirements for a family of five was Z$950,000 in April 2007, up 90 percent on a monthly basis and 7,095 percent on an annual basis (figure 2). The minimum wage rate for the commercial sector, a proxy for poor urban household's monthly income, remained the same as it was last month but it buying power was eroded further. It could only cover about 12.5 percent of the total cost of the CSO minimum food basket for April 2007. Maize production from urban agriculture, which the ZimVac 2006 assessment found could contribute up to four months of the cereal requirements for a family of six, was an import source of the staple food in May for many urban households. Some households have reduced the size and number of daily meals to cope with the restricted food access.

Figure 2: Annual rate of Inflation compared to the minimum wage rate, indexed on the Food Poverty Line



Source: CSO

Food security prospects in the 2007/08 consumption year

There is a general consensus that the 2006/07 harvest will be much below the recent average due to poor rainfall in the south and, across the entire country, poor availability of and access to critical inputs such as fertilizers, maize seeds, fuel, electricity, labor and draft power. The Ministry of Agriculture conducted a national multi-stakeholder crop assessment in March 2007 to estimate the cereal harvest for the year. This assessment, which did not include urban agriculture, came up with a total estimate of about 740,000 MT for maize, sorghum and millets. Following the assessment the GoZ declared the drought a disaster and subsequently invited the joint FAO and WFP Crop and Food Supply Assessment mission (CFSAM) to verify the 2006/07 crop production. After its in-country consultations and field work, the mission indicated that they will be revising the government's cereal harvest estimates upwards because of improvements in crop performance prospects brought about by better than expected rainfall amounts and distribution towards the end of the 2006/07 rainfall season. The CFSAM results will be reviewed in the FEWS NET Zimbabwe June Food Security Update.

The government's cereal production estimate for 2006/07 agricultural year is the lowest in the past four years. It is about 59 percent of the average maize, sorghum and millets (pearl millets and rapoko) harvests for the past five years and 45 percent of last year's production estimate of the four staple crops. Taking the government's cereal estimate as the worst-case scenario, combined with carry-over stocks of 153,000 MT of maize, Zimbabwe faces a cereal deficit of 1,050,000 MT 2007/08 consumption year. Furthermore, last season was a relatively good year, and although there are no reliable estimates of on-farm stocks from the 2005/06 harvest, anecdotal evidence shows that some on-farm carry-over stocks exist. The ZimVAC 2006 assessment estimated that about 6 percent of rural households produced in 2006 more than enough to take them to the current harvest.

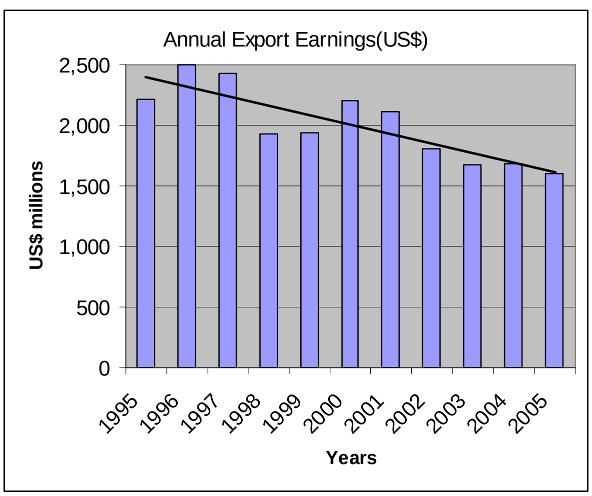
Table 1. Main cereal harvest estimates for 2006/07 compared to recent seasons' harvests and their implications for national cereal availability

Staple Cereals Balance Sheet						
Year	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Estimated Cereal Production	640,535	1,171,605	1,882,245	970,884	1,648,249	739,227
Estimated National Requirement	1,896,790	1,896,790	1,904,770	1,912,750	1,923,390	1,923,390
Estimated Deficit/Surplus	-1,256,255	-725,185	-22,525	-941,866	-275,141	-1,184,163
Percentage Total Gap	-66.23	-38.23	-1.18	-49.24	-14.31	-61.57
Percentage Gap Human Only	-58.6	-24.3	21.1	-37.9	4.8	-53.0
Staple Cereals Requirements						
Estimated Population	11,630,000	11,630,000	11,690,000	11,750,000	11,830,000	11,830,000
Estimated Human requirement	1,546,790	1,546,790	1,554,770	1,562,750	1,573,390	1,573,390
Livestock & Other	350,000	350,000	350,000	350,000	350,000	350,000
Estimated National Requirement	1,896,790	1,896,790	1,904,770	1,912,750	1,923,390	1,923,390

Source: CSO

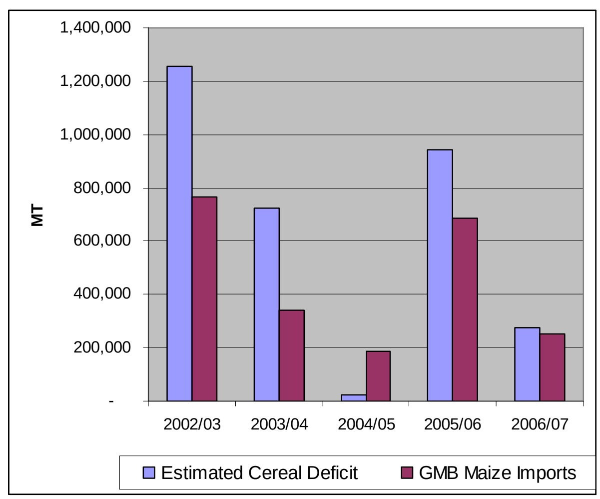
Questions have been raised about the GoZ's ability to pay for and import the planned 400,000 MT from Malawi and the remaining 600,000 MT of maize necessary to close the maize, sorghum and millets consumption gap for the 2007/08 consumption year. A look at the recent historical government maize imports and the official foreign currency earnings could shade some light on the matter. Available data on exports from the Reserve Bank of Zimbabwe show export earnings have been fall since 1995. In the last half of the 1990s (1995-99) annual average export earnings for Zimbabwe were about US$2.2 million and averaged about US$1.85million from 2001-05. Despite the worsening foreign currency situation, Zimbabwe, through the GMB, managed to respond to perceived maize import requirements in the last five consumption years. In two consumption years, 2002/03 and 2005/06, GMB managed to import more than 600,000MT of maize.

Figure 3. Official annual export earnings



Source: Reserve Bank of Zimbabwe

Figure 4. Total cereal exports compared with estimated cereal gap



Source: CSO and GMB

This feat has been accomplished at the expense of other socio-economic needs. Electricity, fuel, fertilizers, hospital drugs and foreign currency for other economic activities were in critical short supply throughout the fives years. In urban areas, water supply has become increasingly erratic because of constant pipe and pump breakdowns. Very little infrastructure rehabilitation and development was carried out in the five years. Manufacturing firms could hardily recapitalize enough to reclaim the under-utilized capacity, which is estimated to average between 30 to 40 percent. The situations continue to be made worse by the under performing economy that limits the availability of employment and other income generating opportunities to the public. Inflation continues to scale new heights with each month that passes, and the general increase in the cost of living pushes more and more Zimbabweans deeper into poverty.