

Southern Africa Food Security Update

May/June 2008

Food security summary

- The 2007/08 season's production varies from country to country. Overall, regional cereal production shows an improvement from last year, as a result of the huge boost from the excellent harvest expectation in South Africa, where a 61 percent increase in maize production (from 7.3 million MT last year to 11.79 million MT this year) is in prospect.
- Although maize production levels in Malawi, Mozambique, Tanzania, and Zambia are sufficient to cover national annual requirements, harvest levels are expected to be below last year, except in Tanzania. Excessive rains in December and January that led to flooding in parts of these countries, coupled with the mid season dry spell in February and March, compromised yields, resulting in mediocre harvests. In Tanzania however, despite poor vuli rains earlier in the season, the main season rains have promoted good crop production.
- Food production levels in Botswana, Lesotho, Namibia, and Swaziland are expected to improve slightly compared to last year, when harvests were particularly poor. Nonetheless, these structurally grain deficit countries still require large imports, as current maize production meets only about 30 percent of domestic requirements.
- Despite the generally favorable harvest outlook, concern remains in localized areas where the season has been characterized by heavy rains that resulted in flooding, loss of crops, and disruption of livelihoods. Ongoing food security and vulnerability assessments should be completed by June or July in most countries. These assessments will inform decisions on interventions and strategies to respond to the needs of the vulnerable and the food insecure populations. However, households in some parts of Lesotho, Swaziland, and Namibia will face some degree of food insecurity. In addition, localized areas of Mozambique, Zambia, and Malawi will also have populations requiring assistance.
- Production levels in Zimbabwe are considerably worse than last season's. The decline is due to the combined impacts of flooding, a mid season dry spell, and a shortage of inputs. The estimated total seasonal cereal production is sufficient to cover only 28 percent of domestic cereal requirements. Consequently, significant amounts of humanitarian and commercial imports will be required to mitigate food insecurity and ensure stable food supplies amid the prevailing harsh economic conditions, political uncertainty, and potential for civil unrest. The FAO/WFP CFSAM report of the May assessment indicates between July and September, 2.04 million people in both rural and urban areas will be food insecure, rising to 3.8 million between October and January, and peaking at 5.1 million between January and March. The national vulnerability assessment will provide a more in-depth analysis and further refine CFSAM estimates.
- Although Angola received normal to above-normal rains this season, parts of the southern provinces were affected by a dry spell that lasted through December and January. This dryness affected crops and livestock, resulting in some livestock deaths and reduced crop production, particularly in Cunene Province. Preliminary indications suggest production declines that range from 40 percent (maize), 50 percent (cassava), and 70 percent (sorghum and millet) in the affected provinces of Cunene, Kuando Kubango, Huila, and Namibe. This level of production has serious implications on national food availability and access, especially in the worst affected areas in the provinces, where populations are most likely to face acute food insecurity.

- With improved food availability at the household level, nominal prices of staple foods in most monitored local markets dropped at the end of March and have remained at these lower levels, though they are still higher than last year's price and the past 5-year average price for this time. According to normal seasonal trends, local prices decline during the harvest period and remain stable until July or August, when they start to rise. However, the trend is likely to differ this season: by May, some markets were already recording increases in local maize prices. 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.

Cereal harvest forecasts

Crop estimation surveys, which follow preliminary estimates to provide a more accurate indication of food crop production and available food supplies for the 2008/09 consumption year, are currently underway in most countries. Official final estimates are expected around June or July, when the ongoing assessments and analysis are complete. The analysis below is based on preliminary projections and early assessments of the cropping season across the region. It is likely that final estimates may vary to some degree than currently indicated as these forecasts are based on assessments conducted earlier on in the season.

Table 1. SADC regional preliminary production forecasts: 2007/08 compared to 2006/07 ('000MT)

	Maize		Wheat		Sorghum/millet		Rice		All Cereals	
	06/07	07/08	06/07	07/08	06/07	07/08	06/07	07/08	06/07	07/08
South Africa	7,339	11,792	1,905	2,063	200	270	0	0	9,444	14,125
Other SADC*	11,605	10,797	354	370	2,070	2,069	1,247	1,298	15,277	14,534
TOTAL	18,944	22,589	2,259	2,433	2,270	2,340	1,247	1,298	24,721	28,659

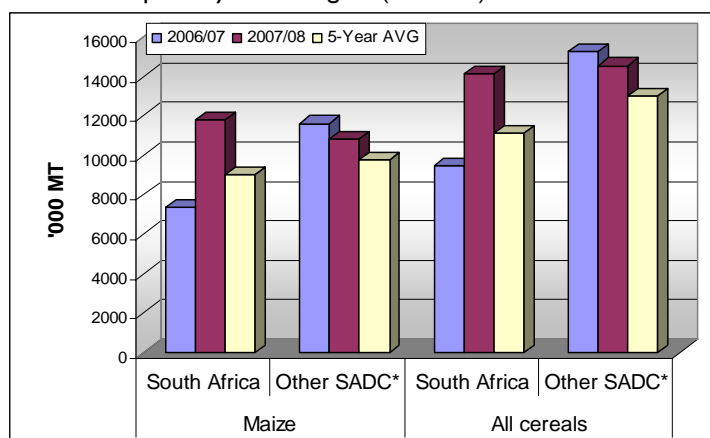
Data source: SADC Food Security Early Warning System, SADC National Early Warning Units and Central Statistics Offices

* Excludes South Africa, DRC and Madagascar

Overall regional cereal production is projected to have increased considerably over last year as a result of the abundant rains received throughout most of the region's main cropping season and the record maize crop produced by South Africa. The forecast harvest of 28.66 million MT is 16 percent above last year's harvest, and is well above both the 5-year average (19 percent) and the 10-year average (22 percent). Nonetheless, total production from other SADC countries (excluding South Africa) is forecast to have declined by about 5 percent from last year when countries such as Malawi, Tanzania, and Zambia had some of the best harvests on record (Table 1 and Figure 1). This season, Malawi, Mozambique, Tanzania, and Zambia are all expecting average yields. This is due to the negative impacts of the December/January floods, which affected parts of most countries; but were particularly severe

in Mozambique, Zambia, and Zimbabwe (where production is actually forecast to decline quite markedly). Despite the adverse conditions, average production levels were made possible through the implementation of national agriculture rehabilitation programs including input subsidy programs (as in Malawi, Zambia, and others), in line with national and regional commitments to increase investment in agriculture. Nevertheless, yield potential in these countries was dampened by the incessant rains, which resulted in soil nutrient leaching and waterlogged fields, and prevented weeding,

Figure 1. 2007/08 Cereal Production Forecasts Compared to 2006/07 and past 5-year average – ('000 MT)



*Excludes DRC and Madagascar.

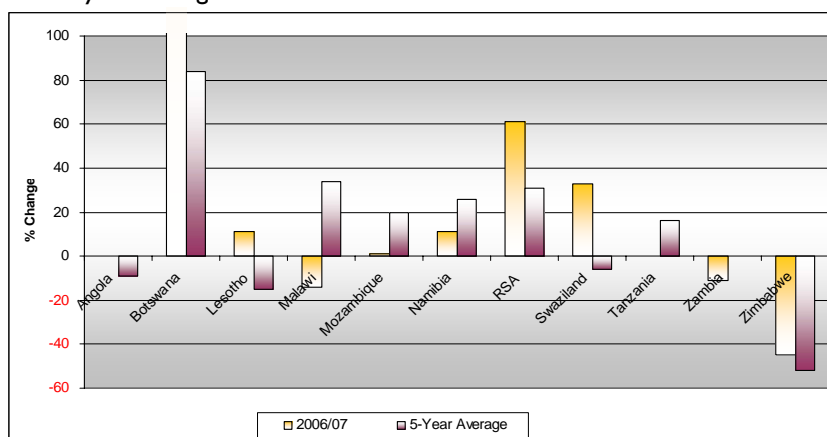
Source: SADC FANR and National Early Warning Units

re-planting, and other field activities. This, coupled with the mid season dry spell of February and March, and the severe shortage of inputs in Zimbabwe), has compromised yields considerably everywhere except South Africa. Current estimates in Malawi for example suggest cereal harvests of 3.18 million MT, which is 13 percent below last year's bumper harvest of 3.66 million MT, but is still 36 percent above the past 5-year average. In Zambia, cereal production of 1.46 million MT is estimated to have dropped 5 percent below last year's level though it is still about 5 percent above past 5-year average. In contrast, South Africa has seen a huge increase in its cereal production this year, in part due to an increase in area planted to maize, but also as a result of the favorable crop growing conditions over most of the maize growing areas of the country. The latest production forecast (as of 28 May) estimates a maize crop of 11.79 million MT, an increase of 61 percent compared to last season's production and 31 percent above the past 5-year average of 9.03 million MT. This level of production has boosted regional cereal harvests, with the South Africa contributing over 49 percent of overall cereal production (Figure 1). Maize production in the region is projected at 22.59 million MT, considerably above last year's level of 18.94 million MT. South Africa's share of maize production has risen from a low of 39 percent last year to over 52 percent; which is about the average share that the country normally contributes to regional maize production.

In Tanzania, where assessments are still underway, the Ministry of Agriculture indicates satisfactory levels of food production, with cereal (principally maize and rice) production expected to exceed last year's levels. Although official forecasts have also not yet been released in Lesotho, Namibia, and Swaziland, preliminary indications point towards marginal improvements in overall grain production compared to last season when harvests were particularly poor. Here too, unfavorable production conditions in some parts (incessant rains, floods, water logging, and the mid season dry spell) have led to a reduction in overall yields leading to expectations of harvests below past 5-year averages.

Production prospects in Zimbabwe, one of the few countries in the region where production declined in 2007/08, are considerably worse than last season's. The second round crop assessment released by the Government of Zimbabwe indicates that this season's maize harvest of 470,700 MT is just under half of the poor production levels from the 2006/07 season. The combined cereal harvest (including sorghum and millets harvest of 93,200 MT, and a forecasted wheat crop of between 60,000 and 90,000 MT) is 42 percent and 50 percent below last year and the past 5-year average, respectively. The sharp decline in this season's production resulted from a combination of factors, including incessant rains and flooding in December and January, shortages of and lack of access to requisite inputs, and a severe mid-season dry spell.

Figure 2. 2007/08 Maize production: Percent change from 2006/07 and from 5-year average



Excludes DRC and Madagascar. Source: SADC FANR and National Early Warning Units

Figure 2 shows the percentage change by country in production of maize this year when compared to last year and the past 5-year average. Though the picture is mixed, available data indicates that apart from Lesotho, Swaziland, and Zimbabwe, most countries had above average (past 5-years) production this season, though a few like Malawi and Zambia fell below levels achieved last season.

The preliminary estimates shown in Table 1 also indicate marginal increases in the production of the more drought tolerant sorghum and millet crops (3 percent: from 2.27 million MT to 2.34 million MT) and rice (4 percent: from 1.25 million MT to 1.30 million MT). Winter wheat production is forecast to increase as well, rising from 2.26 million MT last year to an estimated 2.43 million MT this season. South Africa produces over 80 percent of the region's wheat, and this year, production is forecast to be above last year's level. The first estimates based on from farmers' intentions to plant released by the National Department of Agriculture's Crop Estimates Committee (CEC) in April indicate a 19 percent increase in area planted, mainly in response to the high wheat prices locally and globally, and the sufficient soil moisture in the production

areas. The combined wheat production of the rest of SADC countries is forecast to increase slightly, mainly due to better levels of soil moisture. However, these are preliminary indications based on intentions to plant, and final output will depend on performance of late season rains and the availability of requisite inputs, including seeds and irrigation infrastructure.

Cereal availability and demand projections

This region's cereal deficit is projected to be smaller this marketing year compared to last year. However, the region still faces an overall deficit, if national stock replenishments are taken into account. The regional deficit (with stock replenishment) is forecast to decline from 4.57 million MT last year to 2.04 million MT (see the regional cereal supply/demand balance sheet in Table 2). The reduced deficit is largely on account of South Africa's large maize surplus (Table 3); the rest of the region is projecting a higher deficit level (3.16 million MT) compared to last year (1.91 million MT). However the regional picture masks the wide variation in expectations among the other countries of the region. Malawi, Zambia, and Tanzania are expecting to cover their national food requirements from the current harvest and their carryover stocks, but the rest of the region is projected to face food shortages that, depending on individual countries' commercial import capacities, may or may not be adequately covered.

For those countries facing below average production prospects, food deficits are being projected, with preliminary estimates suggesting slight improvements in cereal availability compared to last season in Botswana, Lesotho, Namibia, and Swaziland. Zimbabwe, the country with the worst production performance this season, is facing critical food deficits as its total grain harvest is currently expected to meet only 28 percent of domestic requirements. The FAO/WFP CFSAM conducted in May confirms the preliminary findings, though it suggests a slightly higher maize harvest (575,000 MT compared to the preliminary estimate of 471,000 MT by government and partners). Nonetheless, the cereal shortfall (estimated at 1.23 million MT) remains at a critical level. The CFSAM estimates that the country will be able to commercially import 850,000 MT of this, leaving an uncovered deficit of about 380,000 MT which would have to be covered through humanitarian interventions.

Current interventions

Food security and vulnerability assessments should be completed by the end of June in Lesotho, Malawi, Mozambique, Swaziland, and Zambia and by August in Zimbabwe (where these have been postponed on account of national elections). These assessments together with the FAO/WFP CFSAMs in Swaziland and Zimbabwe will inform decisions on required

Table 2. All Cereals domestic deficit/ surplus: 2008/09 projections compared to 2007/08 marketing year ('000 MT)

	Current: 2008/09 Year			Last: 2007/08 Year		
	South Africa	Other SADC*	Total SADC	South Africa	Other SADC*	Total SADC
Opening stocks	2086	1304	3390	2219	1634	2853
Gross Production	14145	14548	28693	9383	15279	24662
Availability	16231	15852	32083	11602	16913	28515
Gross requirements	13461	18382	31843	12586	18105	30691
Desired stock req's	1653	626	2279	1670	719	2389
Demand	15114	19008	34122	14256	18824	33080
Deficit/Surplus	1117	-3156	-2039	-2654	-1912	-4565
Deficit/Surplus**	2770	-2530	240	-984	-1193	-2177

Table 3. Maize domestic deficit/ surplus: 2008/09 projections compared to 2007/08 marketing year ('000 MT)

	Current: 2008/09 Year			Last: 2007/08 Year		
	South Africa	Other SADC*	Total SADC	South Africa	Other SADC*	Total SADC
Opening stocks	1121	813	1934	1417	1173	2590
Gross Production	11792	10740	22532	7339	11604	18943
Availability	12913	11553	24466	8756	12777	21533
Gross requirements	9482	12517	21999	8648	12347	20995
Desired stock req's	1009	519	1528	1027	612	1639
Demand	10491	13036	23527	9675	12959	22634
Deficit/Surplus	2422	-1483	939	-919	-182	-1101
Deficit/Surplus**	3431	-964	2467	108	430	538

Excludes DRC and Madagascar. * Excluding South Africa. ** Deficit/ surplus without stock replenishment. Source: SADC National Early Warning Units

interventions to respond to the needs of the vulnerable and the food insecure in the 2008/09 consumption year. The reports are expected in June or July; the findings are also expected to guide governments, donors, and other partners in formulating appropriate medium to longer term interventions to mitigate acute and chronic food insecurity.

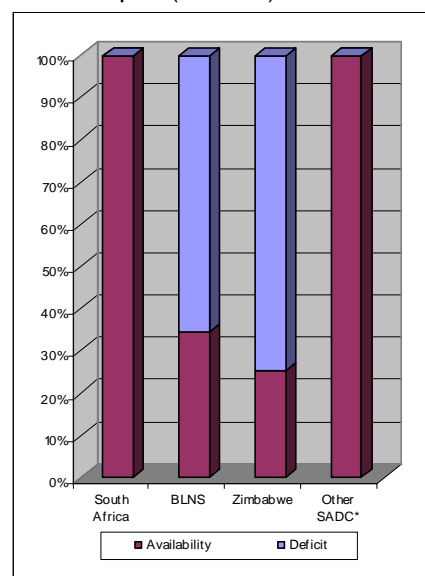
WFP is expected to respond to assessed needs through the country-specific PRROs, most of which took effect between January and May this year. Only Zambia and Namibia remain under the regional PRRO, which will terminate on 31 July 2008. Except for Zimbabwe, where the PRRO is addressing emergency food needs, these PRROs focus on social protection, providing HIV/AIDS support, food for assets, and training. Although for the period April to September 2008 the PRRO pipelines indicate adequate cereal availability, breaks may occur as a result of the higher food prices, which are limiting the amounts that WFP can purchase with available resources. In addition, if current need assessments reveal a wider occurrence of transient food insecurity, available resources within the PRRO's may not adequately meet assessed needs. Unless donors increase pledges, pipeline breaks are likely to worsen during the hunger period when the number of the food insecure peaks.

Markets, trade, and food access

Regional maize trade prospects

South Africa's bumper maize harvest comes at a time when many of the neighboring countries are expecting poorer harvests when compared to last year. The regional supply/demand analysis (Table 3) indicates that overall, the South African surplus is sufficient to cover the shortfall projected for the rest of the region. On an individual country basis, Malawi, Mozambique, Tanzania, and Zambia are assessed as having some level of surplus, which however may not be available for export to grain deficit countries. Most of these countries have, since early on this year, put in place trade restrictions meant to limit or curtail the amount of cereal outflows in order to protect national food supplies and prevent domestic prices from rising far above average levels. This has mostly been a response to the poorer yield expectations coupled with the general hike in food prices that has become acute since the beginning of 2008. Assuming therefore that these surpluses are not available for export; the region's deficit countries might have to depend entirely on South African exports – limiting availability for export outside the region. The projected surplus (with stock replenishment) will only fully cover the import requirements of the structurally grain deficit Botswana, Lesotho, Namibia, and Swaziland (BLNS), estimated at 432,000 MT. Other countries, such as Zimbabwe, with an import requirement currently estimated at 1.47 million MT, would have to source additional amounts internationally. It is possible however that Zimbabwe could still obtain some of its import requirements from within the region as was the case last year, when contracts were signed with Malawi and Zambia. Figure 3 shows the acute maize deficit faced by Zimbabwe when compared to countries in the rest of the region.

Figure 3. 2008/09 Maize domestic deficit/ surplus ('000 MT)



Excludes DRC and Madagascar. BLNS – Botswana, Lesotho, Namibia and Swaziland. * excluding South Africa and the BLNS. Source: SADC FANR and National Early Warning Units

Below average production elsewhere in the continent has increased demand for South African maize. Recent reports indicate that the government of Kenya for example intends to source part of the required 270,000 MT of maize from South Africa. The excellent harvest prospects have tempered maize price increases in South Africa; though this may be short lived as local prices are closely linked to global market trends. Increased export demand is also likely to put pressure on prices resulting in significant increases.

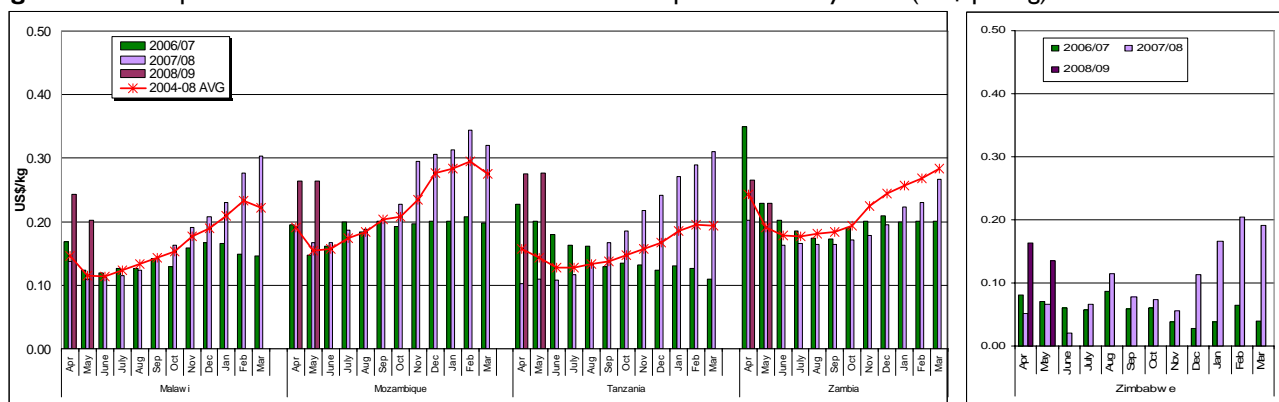
Flows of informally traded staple foods across monitored countries are expected to continue despite the bans on formal trade in some countries and remain significant over the 2008/09 marketing year. The Mozambique surplus is mostly traded through these informal channels, particularly from northern Mozambique to southern Malawi. Trends over the past four years and the trade flows captured during the first month (about 10,000 MT) of the marketing year support this assertion (see Issue 41 of the WFP/FEWS NET report on informal cross border food trade). This underlines the importance of cross

border food trade. Although informal trade accounts for a relatively small proportion of total national imports, it plays an important role in meeting the supply and demand needs of communities living on either side of the borders.

Retail maize prices at local markets

Although nominal prices across all monitored markets fell between March and April with the increased availability of maize from the new harvest, the trend was mixed during the month of May. In Malawi and Zambia prices continued to drop, while in Mozambique and Tanzania, some markets actually recorded increases despite this being the peak of the harvest season in many parts. This is a marked departure from the normal seasonal trends where prices normally decline until the very end of the harvest season in July or August. Furthermore, at the national level (average), the May 2008 prices were significantly above their levels for the same time last year, and above the 4-year average (Figure 4). Although maize prices in local markets in monitored countries do not normally respond to trends in international grain prices, the general across the board increase in food prices as well as increased transport costs, caused by higher fuel prices has filtered down to these markets, thus keeping maize prices at high levels despite the adequate supplies. In the monitored markets of Malawi (Chitipa, Mchinji, and Nsaje), the average maize price in May dropped 17 percent overall from April's prices, with most of the decline derived from the Chitipa market in the north, where prices had reached record levels. Similarly, in the Zambian markets (Lusaka Rural and Choma), prices dropped 14 percent, reflecting improved supplies from the ongoing harvest. In Mozambique (Beira, Nampula, and Maputo), and Tanzania (Dar-es-Salaam and Mbeya), the average prices remained at similar levels as in April, although there was variation among the individual markets in Mozambique. There was a marked decline at the Maputo market where prices had remained relatively high, but Beira and Nampula experienced marginal increases. In general, price levels are likely to remain high this season in part because production in most cases is expected to be below last year's levels, but also due to the prevailing high international prices and rising costs of fuel.

Figure 4. Retail prices of white maize at selected markets – April 2004 – May 2008 (US\$ per kg)



Based on average prices on key markets in each country (see text). Source: FEWS NET Malawi, Mozambique, Tanzania, Zambia, and Zimbabwe

In Zimbabwe, the hyper inflationary conditions continued to drive nominal prices to unprecedented levels. In local currency terms, the average increase between April and May on the open markets monitored by FEWS NET (Harare, Bulawayo, and Mutare) was 272 percent. In Bulawayo, the average price rose from Zim\$6.86 million/kg to Zim\$37.14 million/kg; in Harare it went up from Zim\$11.43 million/kg to Zim\$28.57 million/kg, while in Mutare, it went up from Zim\$8.57 million/kg to Zim\$34.29 million/kg. For the analysis presented in Figure 4, conversion to US dollar equivalents is based on market rates for all countries except Zimbabwe, where parallel market exchange rates (up to April 2008) have been used as a basis for comparison, since the official rate did not reflect market and economic fundamentals. However since May, an inter bank rate has been introduced. Figure 4 shows Zimbabwe maize prices in US Dollar terms falling between April and May, and at levels below those prevailing in neighboring countries. The indicated decline (in US\$) is as a result of the astronomical rate at which the local currency depreciates on a daily basis. In reality, food prices in Zimbabwe remain at critically high levels (as noted above) and continue to rise on an almost daily basis. Consequently, a significant proportion of the population in urban and rural areas is not able to access adequate amounts of food.

South African white maize prices

Despite the continued upward trend in global prices, maize prices on the South African Futures Exchange (SAFEX) declined considerably in May in line with expectations of a bumper harvest. However, since the beginning of June, prices have been rising once more, fueled largely by increases in global prices. In May, the difference between local and international prices (USA and Argentine) had narrowed to the point where the May average was below export parity and the US No3 Yellow maize. Nonetheless, these prices were still at much higher levels (about 9 percent) when compared to the start of the 2007/08 marketing year (compare R 1,654/MT in May 2007 to R 1,784/MT this May). The July 2008 futures contract, the most active contract on SAFEX, traded at an average of R 1,798/MT in May, while the December contract traded at R 1,928/MT- both lower than April levels. In comparison, on June 10, the July contract was trading at R 1,940/MT, while the December contract traded at R2,079/MT. This followed a marked increase on the Chicago Board of Trade on expectations that excessive rains and flooding in the US Midwest may reduce crop production. This is an indication that domestic prices for maize are expected to remain at high levels, in line with rising global prices.

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, FEWS NET, OXFAM, and OCHA. Additional information is drawn from the national early warning units and meteorology services in SADC member states.