SOUTHERN AFRICA Food Security Update — September 2007

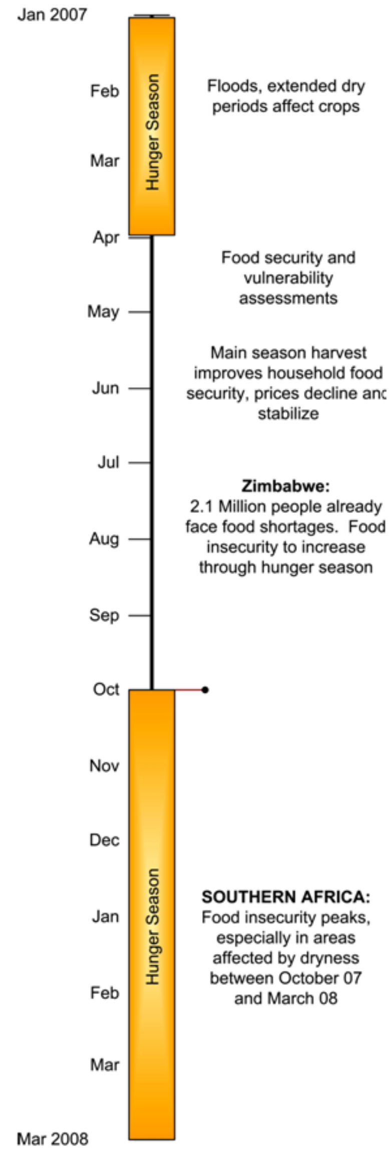
- The recently concluded National Vulnerability Assessments found that the number of food insecure people in Southern Africa has almost doubled, from about 3.1 million last year to 6.1 million this year. About 5.7 million of these people live in Lesotho, Swaziland, Zimbabwe, and southern Mozambique, where severe drought this season has led to significant production deficits and high staple food prices, limiting market access for households that have already run out of own production.

- In Malawi, Tanzania, Zambia, Angola, and northern Mozambique, the food security situation is currently satisfactory, due to above average harvests following a good crop-growing season and – with the exception of Angola – sizable carryover stocks from the previous season. Consequently, staple food prices have remained stable, and are lower than at the same time last year and the past five-year average.

- Households in localized areas affected by excessive rains in parts of Tanzania, Zambia, Angola, and northern Mozambique are facing food insecurity as a result of flooding, loss of crops, and disruption of livelihoods. Assessment results also suggest the existence of localized cases of chronic food insecurity in these countries, as well as in Malawi.

- Intra-regional trade continues to play an important role in covering some of the food shortages in the grain deficit countries. Available data suggests that surplus producing countries (Malawi, Zambia and Tanzania) have already exported significant quantities to deficit countries in the region, including South Africa. However, the regional availability can not meet the full needs of the region's grain deficit countries; in addition, the limited market and transport infrastructure available to the region's traders is not likely to be able to handle the large volumes needed to fill gaps. The region will still need to import substantial quantities from overseas.

Early Warning Timeline



Food security summary

Cereal availability in the SADC region varies significantly from country to country but overall remains at levels similar to last year and the past 5-year average (table1). The current food security situation remains stable and satisfactory in most parts of those countries where crop production has been good due to favorable rainfall during the 2006/07 crop growing season. This includes Malawi, Tanzania, Zambia, northern Mozambique and parts of Angola, all of which had above average harvests. In contrast, where production has been severely reduced, such as Zimbabwe, Lesotho, Swaziland and southern Mozambique, critical levels of food insecurity have been assessed.

In **Malawi, Tanzania, Zambia and northern Mozambique**, sizable cereal carryover stocks from last year have further boosted availability and, consequently, staple food prices remain relatively stable and lower when compared to last year

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and the past 5-year average. This has facilitated access to adequate amounts of staple food for most market-dependant households. In addition, the good rains have improved pasture and water availability, thus improving livestock condition and prices.

Localized cases of food insecurity however still exist in these countries. Food security and vulnerability assessments have revealed that in the areas that were adversely impacted by excessive rainfall, there are pockets where vulnerable groups have required food assistance since July, and these needs will increase during the hunger season, from October through March. In Tanzania, results from a rapid vulnerability assessment in mid-August are expected to establish the size of the country's food insecure population, while in Zambia, the VAC assessed that 441,000 people will require food aid during the hunger season as a direct result of excessive rainfall experienced in western and northern parts of the country. In Malawi, the VAC did not find a significant number of cases of transitory (acute) food insecurity, though there are pockets of chronic vulnerability. In **Angola**, although this year's harvest is estimated to have exceeded last year's, production remains insufficient to cover national food requirements, and there are several areas (in Cunene, parts of Uige, Huambo and Benguela) where households face food deficits and are likely to become food insecure well before the hunger season begins in October.

Table 1. Domestic cereals deficit/surplus: 2007/08 projections compared to 2006/07 marketing year and past 5-year average ('000MT)

	Current: 2007/08		Last: 2006/07		Past 5 year AVG	
	Maize	All Cereals	Maize	All Cereals	Maize	All Cereals
Opening stocks	2,398	3,816	3,444	4,943	2,693	4,067
Gross Production	18,483	23,968	17,487	23,225	18,338	23,529
Availability	20,960	27,784	20,931	28,167	21,032	27,595
Gross requirements	20,478	30,094	20,451	29,989	19,817	28,627
Desired stock	1,608	2,353	1,548	2,293	1,596	2,409
Demand	22,086	32,447	21,999	32,282	21,413	31,036
Deficit/Surplus	-1,126	-4,663	-1,068	-4,115	-381	-3,441
Deficit/Surplus*	482	-2,310	480	-1,822	1,215	-1,032

*Deficit/Surplus without stock replenishment. Excludes DRC and Madagascar
Source: SADC FANR, National Early Warning Units and partners

Lesotho, **Swaziland** and **Zimbabwe**, as well as **southern Mozambique**, are the countries or areas most affected by this season's below-average rainfall performance as a result of the El Niño phenomenon. In each case, this season's poor production follows several consecutive years of below-normal harvests and critical food shortages. This season, critical food deficits have again been assessed as a result of low levels of cereal availability, even compared to the past five-year average. Over the years, households have had to depend more heavily on the market to meet their food needs, and many have employed negative coping strategies such as selling assets to secure sufficient cash for food. Food access has been severely curtailed and food insecurity and vulnerability have increased as a result.

FAO and WFP assessments conducted in May and June point to the existence of widespread food access problems in the region. Overall, the size of the food insecure population in Southern Africa has risen from 3.1 million last year to approximately 6.1 million this year. From July 2007 until March 2008, there are 401,200 people in Lesotho expected to face food shortages, 407,000 in Swaziland, and up to 4.1 million in Zimbabwe. In addition, VAC findings in Mozambique indicate that 520,000 people, mostly in the south, are currently and increasingly food insecure. This figure is likely to rise to 660,000 during

Table 2. Food aid (cereal) distributions for April – July 2007 and pipeline requirements August 2007 – April 2008. WFP Southern Africa PRRO (MT)

	Apr - Jul 2007		Aug 2007 - Apr 2008		
	Planned	**Distributed**	**Requirements**	**In Pipeline**	**Shortfall**
Lesotho	3,656	2,496	27,808	18,473	-9,335
Malawi	9,910	8,459	9,446	4,659	-4,787
Mozambique	13,069	752	33,362	19,124	-14,238
Namibia	3,654	3,018	5,433	2,308	-3,125
Swaziland	3,750	2,287	16,861	10,433	-6,428
Zambia	13,813	5,238	38,589	2,010	-36,579
Zimbabwe	32,438	7,658	343,750	204,488	-139,262
TOTAL	**80,290**	**29,907**	**475,249**	**261,495**	**-213,754**

Source: World Food Programme (ODJ) and USAID/FFP Pretoria. Pipeline data includes C-SAFE programs for Lesotho and Zimbabwe: Aug 07- Mar 2008 the peak of the hunger period (December 2007-January 2008) or by October in the worst case scenario. Most of the households in drought affected areas of the southern region have already exhausted their meager food reserves and some are now employing negative coping strategies.

The UN has issued flash appeals for Lesotho and Swaziland to fund a wide range of responses meant to address the needs of populations facing critical food shortages and other adverse effects of the drought and other shocks. The UN is appealing for US$18.9 million for Lesotho and US$15.6 million for Swaziland to support the respective governments' efforts to provide emergency food assistance as well as other interventions focused on strengthening the livelihoods of food insecure people. In both countries, WFP plans to increase number of beneficiaries in vulnerable group feeding programs through their regional Protracted Relief and Recovery Operation (PRRO).

In Zimbabwe, WFP recently launched an urgent appeal for US$118 million to provide immediate assistance to 3.3 million of the 4.1 million people estimated by the UN (FAO/WFP) to be facing severe food shortages during the hunger period. The remainder will be supported by NGOs including the Consortium for the Southern Africa Food Emergency (C-SAFE).

In August, WFP indicated that the Southern Africa three year PRRO (January 2005 – December 2007) would be extended under a budget revision to meet the increasing food aid needs in those countries facing large food deficits this year. WFP initially required US$191.9 million to cover 4.7 million beneficiaries in 2007. In response to the growing levels of transitory food insecurity in the region, as of August 6, WFP had mobilized US$217.8 million Although the regional PRRO indicates pipeline breaks for all commodities in all countries over the next six months (table 2 above), recent contributions are expected to cover some of the breaks. Malawi has pledged a donation of 5,000 MT of maize each to Lesotho and Swaziland in response to the respective governments' appeals for humanitarian assistance.

Markets and trade

After a second consecutive poor harvest, maize availability in South Africa this year is at one of its lowest levels in the last five years (table 3) and is not sufficient to cover domestic and pipeline requirements. To meet South Africa's domestic requirements plus its export commitments to Botswana, Lesotho, Namibia and Swaziland as well as other grain deficit neighbors like Zimbabwe and Mozambique, South Africa will need to import substantial quantities of grain (especially yellow maize). At the end of August, the South African Grain Information Service (SAGIS) indicated that South Africa has imported 506,904 MT of yellow maize from Argentina and 5,537 MT of white maize from Zambia and Malawi.

Table 3. South Africa cereal balance projections: 2007/08 compared to past 5-year average ('000MT)

	Current: 2007/08		Past 5-year AVG	
	Maize	**All Cereals***	**Maize**	**All Cereals***
Opening stocks	1,417	2,296	2,124	3,033
Gross Production	7,116	9,000	9,371	11,541
Dom. Availability	8,533	11,296	11,496	14,575
Gross requirements	8,641	12,571	8,401	11,860
Desired stock	996	1,634	962	1,607
Dom. Demand	9,637	14,205	9,363	13,467
Deficit/Surplus	-1,104	-2,909	2,133	1,108
Deficit/Surplus**	-108	-1,275	3,095	2,715

* All cereals: White and yellow maize, wheat and sorghum only.
** Without stock replenishment
Source: GrainSA and Statistics Directorate - DoA

In normal years, grain deficit countries (including Zimbabwe) usually source most of their requirements from South Africa. This year, because there are shortages and high prices of maize in Southern Africa, some countries facing acute shortages have concluded import agreements with the three surplus producing countries of Malawi, Tanzania and Zambia. Malawi is to supply some 400,000 MT to Zimbabwe over a 10 month period (May 2007 – Feb 2008) and an undetermined amount to Swaziland. By the end of August, some 158,000 MT had already been shipped to Zimbabwe, while nothing as yet had been moved of the Swaziland consignment. Zambia is also exporting to neighboring Democratic Republic of Congo, Zimbabwe and South Africa.

Although the production pattern across the region this year presents an opportunity for greater intra-regional trade, the underdeveloped transport and marketing infrastructure creates bottlenecks to formal trade. However, the cross border trade monitoring system indicates that informal trade is continuing normally. For example, as shown in table 4, Malawi has already informally imported some 29,000 MT of maize from northern Mozambique while Zambia has exported some 13,000 MT, mostly to the DRC. However, this type of trade accounts for a relatively small proportion of total imports, especially in Zimbabwe, Lesotho and Swaziland where large cereal deficits exist.

Table 4. Maize imports by SADC member states, April to August 2007 (MT)

	Ang	Bot	DRC	Les	Moz	Mal	Mad	Nam	Swa	Tan	Zam	Zim	TOTAL
SA White Maize	0	47,014	0	28,817	15,437	0	0	6,220	4,957	0	0	1,601	104,046
SA Yellow Maize	0	779	0	2,261	0	0	0	7,588	17,395	0	0	95	28,118
Informal Cross Border	-	-	12,457	-	82	28,680	-	-	-	136	3,712	270	45,337
Formal Other	-	-	-	-	-	-	-	-	-	-	-	158,194	158194
Total	0	47,793	12,457	31,078	15,519	28,680	0	13,808	22,352	136	3,712	160,160	335,695

Source: South African Grain Information Service (SAGIS) – August 31, 2007 and Southern Africa Informal Cross Border Monitoring System - July 2007

Table 5 shows import and export plans and the progress that has been made to date to meet import requirements. Available data suggests that five months into the marketing year, only 31 percent of planned maize imports (commercial and food aid) have been met. Though this rate is not yet alarming, deliveries will need to be accelerated from now onwards as the hunger season approaches, and many more households run out of own farm stocks.

Table 5. SADC cereal import progress
Balance sheets updated end August 2007 – ('000 MT)

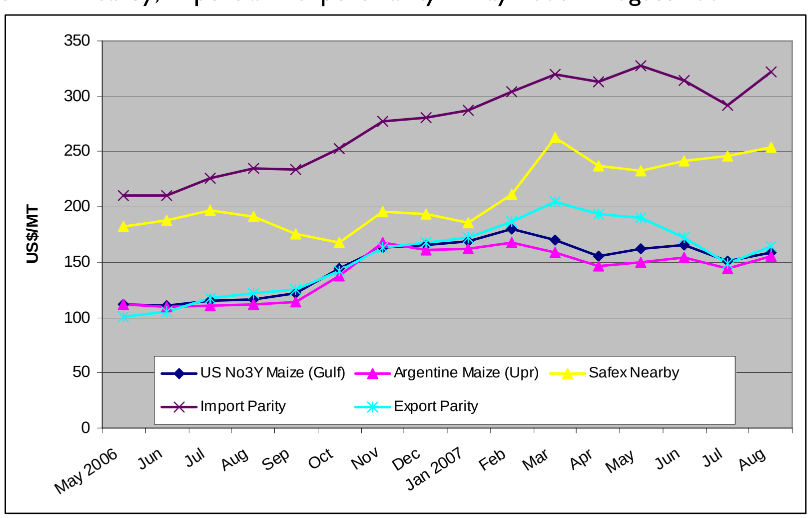
	Maize	Wheat	Rice	Sorghum /Millet	TOTAL Cereals
Deficit/Surplus	-1126	-2678	-744	-113	-4,661
Planned Imports	2,818	2363	536	86	5,803
Planned exports	1,436	128	8	32	1,605
Uncovered Gap/Surplus	**256**	**-443**	**-216**	**-59**	**-463**
Imports Received	920	202	101	10	1,234
Exports shipped	334	0	8	0	342
Net imports received	586	202	93	10	892
Progress (in %)	**33**	**9**	**19**	**12**	**21**

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

Maize Prices

Prices of white maize on the South African Futures Exchange (SAFEX) continue to move up and down on daily basis, mainly in response to international grain prices, domestic supply projections and the strength of the local currency. With SAGIS reports recently indicating that maize supplies will be close to the Crop Estimates Committee (CEC) estimates, prices are now expected to stabilize and only react to changes in international prices, which in turn, are driven by overall global supply and demand. Despite a slight dip in the average price in July, international prices have once again been rising considerably due to increasing global demand, especially in the USA where maize is used in ethanol production. At the beginning of September, prices on the Chicago Board of Trade rose on speculation that record wheat prices would increase demand for maize. Rising world prices, and hence high import parity prices, are likely to keep SAFEX prices at much higher levels for most of the marketing year (See figure 1).

Figure 1. FOB USA and Argentine maize prices compared to white maize SAFEX nearby, import and export Parity – May 2006 – August 2007



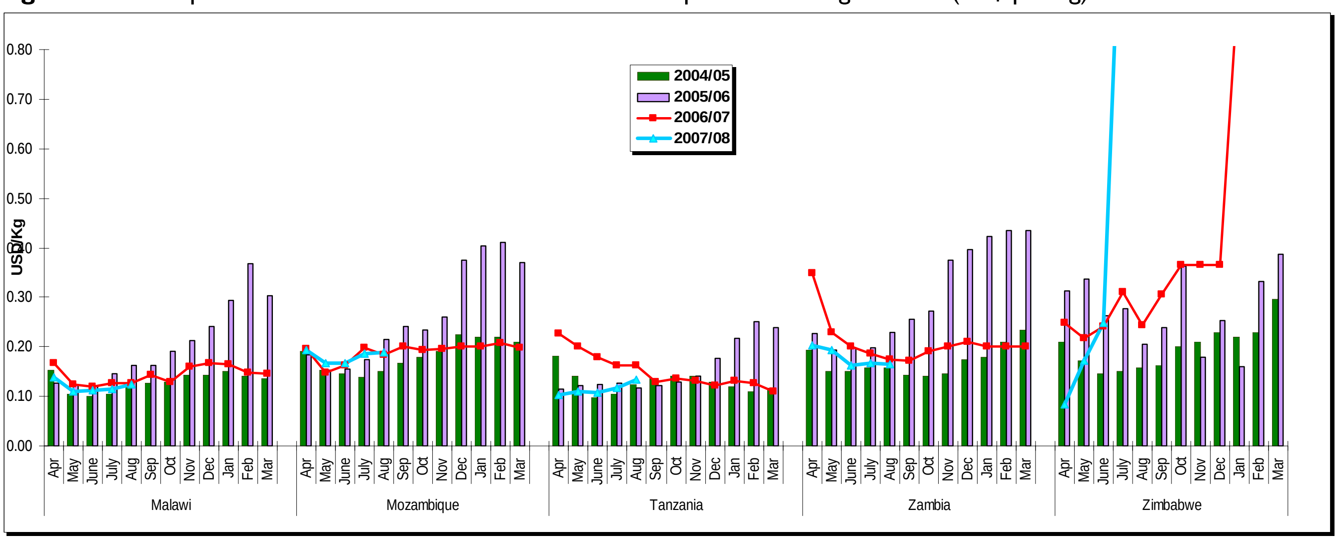
Data source: SAFEX and SAGIS

In Malawi, Zambia Tanzania and northern Mozambique, adequate maize availability has kept both wholesale and retail prices stable and at lower levels when compared to last year and the past 5-year average (figure 2). However, although still below average overall, prices have begun to increase in some of the monitored markets in all four countries. This is normal for this time of the year as households begin to run down their own farm stocks and increasingly turn to the markets to access food.

In the areas affected by food shortages however, prices are increasing much faster as households deplete whatever was available from own production. For example, in August, prices in southern Mozambique rose 30 percent over last year and 50 percent over the past 5-year average, limiting food access for the majority of the households. Due to the high costs of transporting maize from the surplus areas of the north and center to the south, it is unlikely that these surpluses will find their way to the south. It is expected therefore that these high prices will prevail until next February when the next green harvest becomes available.

In Zimbabwe, maize prices are at an all time high, driven by the critical scarcities and the internal distribution problems of available supplies by the Grain Marketing Board. The highest open market prices have been recorded in southern and western districts of the country where production deficits were most severe. Prices are much higher in urban areas compared to rural areas. In August, maize prices in US dollar equivalents in the three monitored markets (Harare, Bulawayo, and Mutare) rose on average by 23 percent, (from US$1.24/kg in July to US$1.52/kg - using the official revised exchange rate of Z$15,000 to US$1). Prices in Bulawayo are however double those obtaining in Harare and Mutare – indicating the severity of the shortages in the south of the country. August prices in Bulawayo were recorded at Zim$34,286/kg compared to Zim$17,143/kg in Harare and Mutare. Food prices are likely to rise further and remain high as current food supplies (domestic production and imports) are insufficient to meet domestic demand. Any delays in delivery and/or failure to bring in the planned imports (both commercial and food aid) will further exacerbate the situation.

Figure 2. Retail prices of white maize at selected markets – April 2004 – August 2007 (US$ per kg)



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

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, SC (UK), and OCHA. Additional information is drawn from the national early warning units and meteorology services in SADC member states.