ZAMBIA Food Security Outlook

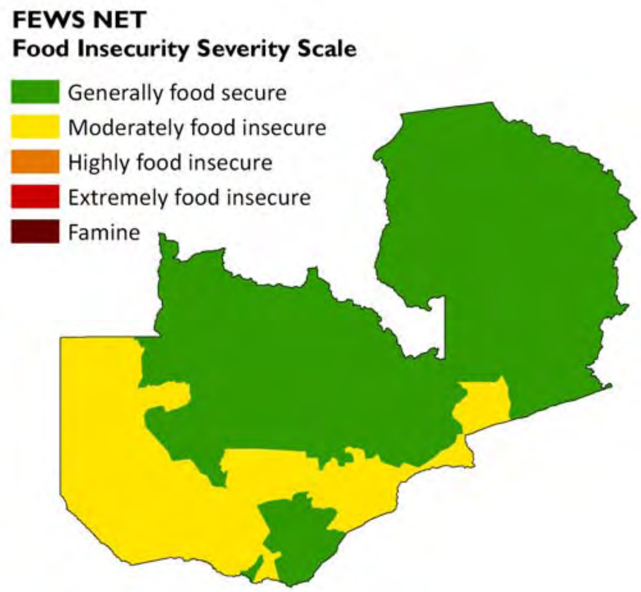
July 2008

- The food security situation in Zambia remains stable. However, localized food insecurity in the south has persisted following a flood-affected 2007/08 harvest. Crop estimates confirmed that maize production in these provinces dropped by up to 50 percent in comparison to last year. An estimated population of 444,624 people in twenty one districts, mostly located in the south will require food relief assistance for a period of nine months starting in July.

- Acute malnutrition rates are below emergency thresholds. However, the GAM rate (7.7 percent) is high enough to warrant concern, given that it is the harvest period. The situation should be monitored to avoid any deterioration as the lean season approaches.

- Maize prices have generally declined since April, following the main cereal harvest in May. However, during June, price trends were mixed, dropping in some districts and rising in others. Prices in most monitored markets were below five-year averages.

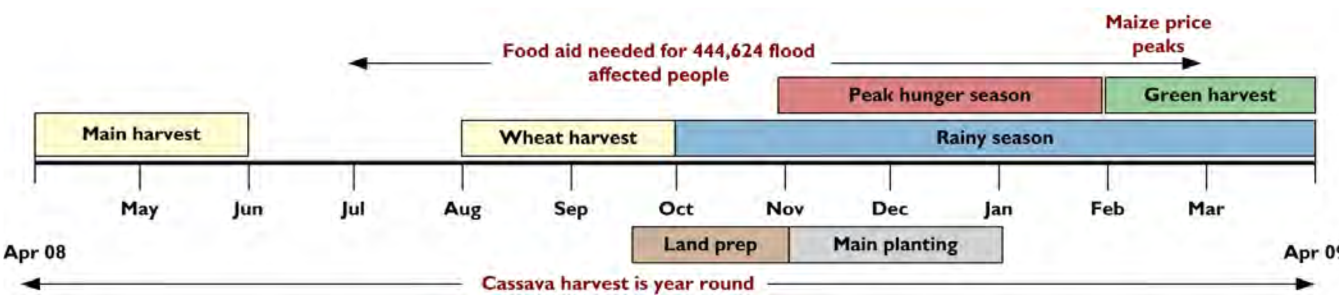
Figure 1. Current food security conditions (July-September 2008



Source: FEWS NET

- In Lusaka, the price of roller meal (a cheaper, less refined meal mostly consumed by low income households) dropped slightly in June while the price of breakfast meal (a higher cost meal) has continued its steep upward trend. Prices in May and June for both types of meal were much higher than during the same period last year.

Seasonal calendar and critical events timeline



Source: FEWS NET

Current food security situation

The food security situation in Zambia remains stable. However, localized food insecurity in the south has persisted following a flood-affected 2007/08 harvest. The Ministry of Agriculture crop estimate confirmed that maize production in Southern and Lusaka provinces dropped by as much as 50 percent in comparison to the 2006/07 production season. Infrastructure

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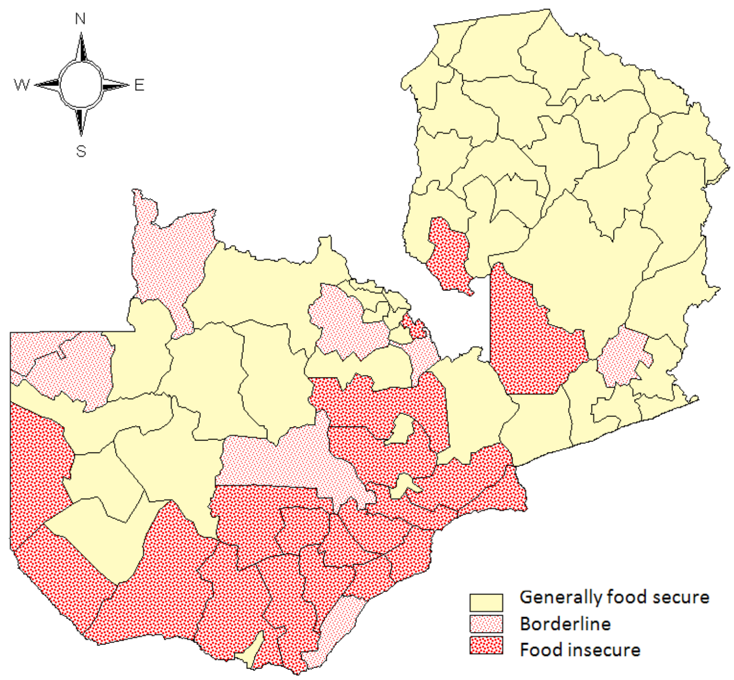
was also severely impacted by the floods, with an estimated two-thirds of road infrastructure (e.g., roads, bridges, and culverts) in the assessed districts either washed away or severely damaged.

An in-depth assessment of 37 districts, conducted in June by the Vulnerability Assessment Committee (VAC), established that as a result of the floods and water-logging, an estimated 444,624 people would require food assistance through March 2009. The affected population is concentrated in Southern, Lusaka and Western Provinces and represents households which, due to crop losses, are unable to meet basic needs without external assistance. Twenty one districts will be targeted for food assistance while a further seven will be monitored through a newly initiated food security monitoring system. Districts targeted with food aid will be added to the monitoring system. Infrastructure rehabilitation is also needed before the onset of the next rainy season in November.

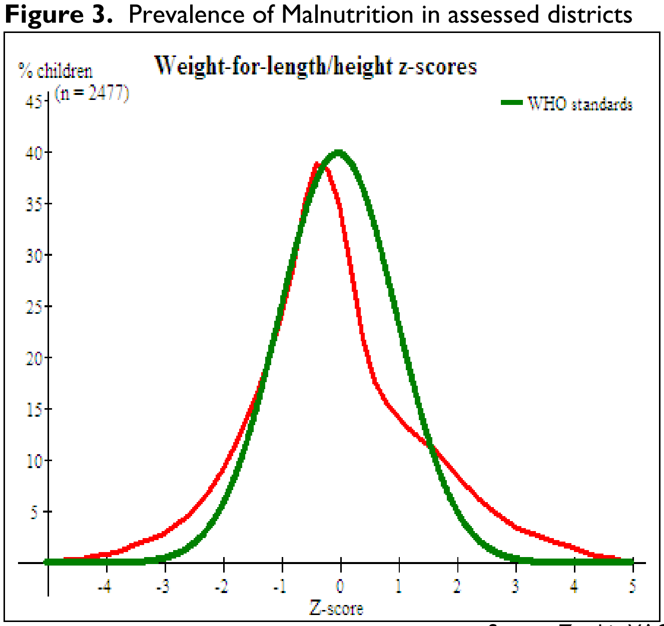
Figure 2. VAC Results of the Food Security condition



Source: Zambia VAC

The VAC assessment also collected information on children's health and nutritional status. The severe malnutrition rate (SAM), defined as the proportion of children 6-59 months of age with WFH Z-scores < -3 SD, was estimated at 2.3 percent (95% CI: 1.8-3.0). This is in line with the findings of the Demographic Health Survey of 2007 which estimated SAM at 1.8 percent. The rate of Global Malnutrition (GAM), defined as the proportion of children 6-59 months of age with WFH Z-scores < -2 SD, was estimated by the VAC assessment to be 7.7 percent (95% CI: 6.5-8.6). This is 2.1 percent higher than the estimate from the June 2007 VAC in-depth assessment, although it is unclear if this difference is statistically significant. This GAM rate is of great concern, because while it is below emergency thresholds, it is high for the harvest season. The data also showed that most children under five (62%) in target areas suffered from fever (suspected malaria), diarrhea or cough in the two weeks prior to the assessment, and analyses found strong relationships between wasting and both the household's source of water and recent fever, suggesting one possible pathway through which recent flooding has affected nutritional status. The situation should be monitored to ensure that there is no deterioration as the lean season (November to February) approaches. In addition, current child feeding programs require continued support, and possibly expansion, to prevent any deterioration in nutrition status of children in areas affected by flooding. Child immunization coverage (measles, OPV, DPT and BCG) remains high, indicating the effectiveness of child health programs already in place.

Figure 3. Prevalence of Malnutrition in assessed districts



Source: Zambia VAC

Market analysis

Maize prices have generally declined since April, following the main cereal harvest in May. However, during June, price trends were mixed (Figure 4). In some districts, maize prices either dropped slightly or remained stable with respect to May. In other districts, including Chipata, Petauke (Eastern Province), Kalomo (Southern Province), Luangwa (Lusaka Province), and Mongu (Western Province), prices increased, which is unusual for this time of the year. Chipata reported the highest increase (20 percent). Compared to the 2006/07 season, only Mongu and Lusaka registered a reduction in maize prices among the selected districts, while the rest reported increases ranging from 13 percent in Chipata to 40 percent in Petauke. In some districts, reduced maize production as a result of adverse rainfall during the 2007/08 production season partly justifies these early price increases. However, in Eastern province, crop output was 19 percent higher than the previous season and therefore the factors behind high prices in this area are less clear and require further investigation. Compared to the recent five-year average, the situation is mixed, whereas most districts reported below average prices for June, those severely impacted by excessive rainfall during the growing season (e.g., Mazabuka, Monze, and Luangwa) recorded average to above-average prices.

The Food Reserve Agency (FRA) maize purchase program, which targets small scale farmers, commenced in July. However, it has started slowly due to limited resources and has not yet affected the price of maize. The FRA plans to purchase a minimum 80,000MT of maize at guaranteed prices through this program and hopes to purchase more if additional funding becomes available.

During the remainder of the marketing year, maize prices are expected to remain high, and to rise much more quickly following harvest than usual. Several factors will contribute to this trend including, the 100 percent increase in the price of

Figure 4. Real maize prices from selected public markets, compared with previous years and the 5-year average

Source: FEWSNET/CSO

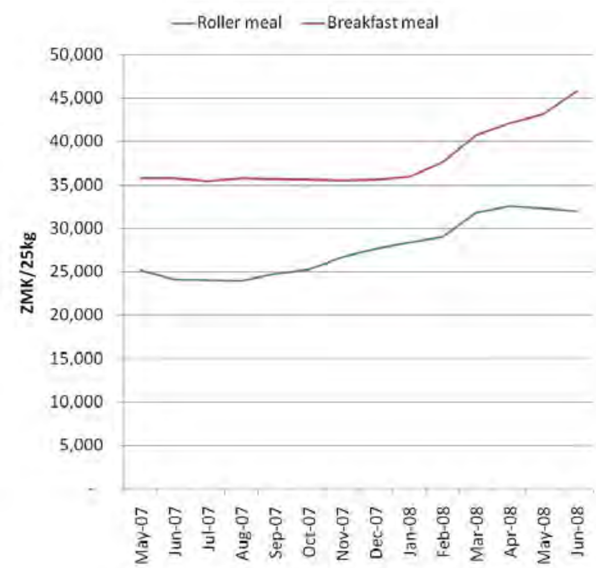
fertilizer (which will lead farmers planning for next season to charge a higher price for this season's crops), the reduction in maize availability compared to last season (despite the Ministry of Agriculture's positive picture of current cereal stocks for the 2008/09 marketing season), and high fuel prices which have increased transport costs. In view of the unusually early increases in maize prices, and the continued rise in meal prices, and despite the Ministry of Agriculture's positive food balance sheet, there is an urgent need to closely monitor staple food availability and to update national supply statistics to promote informed decisions by Government decision makers.

Urban food security

Urban households depend primarily on market purchases for food and therefore these households are significantly affected by changes in food prices. Although maize prices in some markets have declined following the 2007/08 harvest, retail meal prices have generally remained high. In Lusaka, the price of roller meal (a cheaper, less refined meal mostly consumed by low income households) dropped slightly in June while the price of breakfast meal (a higher cost meal) has continued its steep upward trend. Prices in May and June for both types of meal were much higher than during the same period last year (Figure 5).

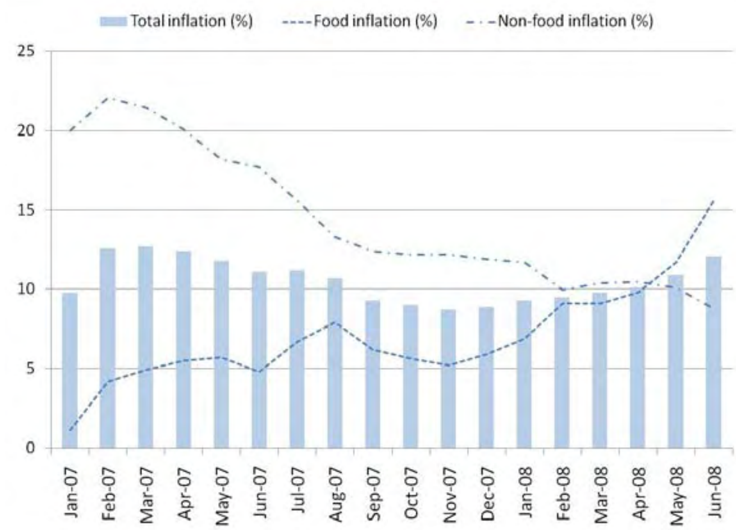
The continued increase in meal prices has contributed to food price inflation rates, which have been rising since January 2007 (Figure 6). Other major food commodities contributing to increased food inflation include rice, meat and sugar. Overall, annual inflation has risen from 9.3 percent in January to 12.1 percent in June, despite the declining cost of non-food items. As a result, the purchasing power of low income households has been eroded and households are spending much more on food than they did during the same period in 2007.

Figure 5. Nominal retail meal prices for Lusaka



Source: FEWSNET, CSO

Figure 6. Annual inflation rate trend



Source: FEWSNET, CSO