Referendum and new economic policies to negatively impact food security during 2011

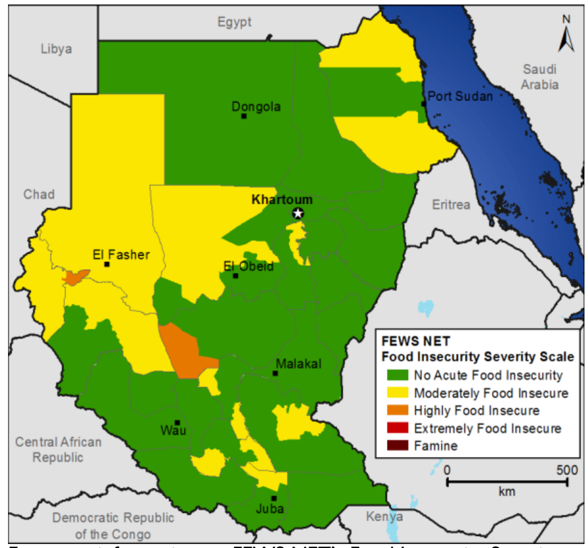
- Cereal harvests were higher than average and nearly double those of 2009/10. However, an estimated 4 million people in Northern Sudan will remain moderate/highly food insecure during 2011 including people affected by the recent conflict in Darfur and returnees to south Sudan stranded in South Kordofan and White Nile states.

- In the north, the withdrawal subsidies and creation of additional taxes have led to 20-30 percent increases in essential food and non food commodity prices.

- Despite a reasonably good harvest in southern Sudan, 1.5 million people are expected to be food insecure during 2011. This excludes the referendum-related population returns from northern Sudan. So far close to 195,000 people have returned since late October and an estimated 260,000 more are expected during the post referendum and dry season February – May/June.

- In southern Sudan, sorghum prices in some key markets remain significantly and unexpectedly higher than average despite recent harvests. Further price increases are expected due to reduced commodity flows from northern Sudan, increased demand, increased commodity prices in northern Sudan, and increasing global food prices.

Figure 1. Most likely food security outcomes, December 2010 – March 2011



For more information on FEWS NET's Food Insecurity Severity Scale, please see: www.fews.net/foodinsecurityscale.

Source: *FEWS NET*

Updated food security outlook through January 2010 - March 2011

In Northern Sudan, preliminary findings of the interagency Crop and Food Security Assessment Mission (CFSAM) conducted in November/December 2010 estimates that 2010/11 cereal harvests in the 15 northern states are double those of last year and far above the recent five-year average. Prospects for wheat, which has yet to be harvested, are poor for a number of reasons, including: a shortage of seeds in irrigated areas of central Sudan, removal of fuel subsidies, and soil erosion in the River Nile and Northern states.

The good harvest should improve food security in Northern Sudan, as many farming households produced sufficient food to feed themselves and/or earned enough income from the sale of cash crops and livestock to buy food from the market. Grain supplies in rural and urban markets have started to increase and will continue to rise during the post-harvest period. Consequently, a decreasing trend in cereal price is reported in most markets of northern Sudan with December sorghum prices 6 – 15 percent lower than in November 2010. The largest drop in prices has been observed in areas of extremely good production in the East and central states (Gadarief, Blue Nile, Sennar and White Nile states). Prices are expected to continue to decline through March 2011. Relatively higher prices were observed in Darfur and South Kordofan markets.

This report provides an update on projected food security in Sudan. The next Outlook report will be released in February and will cover the February - June 2011 period.

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In Darfur, limited access to cultivation by the majority of 2 million IDPs (although improved in some locations [e.g. the northern parts of West Darfur state]), last year's reduction in general food distributions by WFP, which has reduced supply of food aid sorghum in Darfur markets, ongoing flows of sorghum from Darfur to southern Sudan, and recent fighting between SAF and Darfur rebel groups have all reduced supply and flow of gain in the region. Investment in dairy and poultry production in the main urban areas of Darfur is also believed to have increased demand.

Despite the bumper harvest this year, about 4 million people will remain moderately/highly food insecure. This includes 3.25 - 3.5 million conflict affected people in Darfur (2 million of which are IDPs), over half a million people in the environmentally degraded areas of Red Sea State, North Kordofan state, White Nile State, and poor households in South Kordofan State. Food insecurity in Abeyi administration and Jebel Marra in Darfur will remain at high levels in 2011 due to insecurity that affects access to cultivation, poor access by humanitarian agencies, high tensions between Messeriya and Dinka Angok/SPLA in Abeyi area, and a large number of returnees (10,000 households thus far) from northern Sudan.

Increased fighting between Darfur rebels and Sudan Arm Forces (SAF) in Darfur (e.g. Shengel Tobai, Tait and Dar Al Salam in North Darfur and Manawashi, Kidingir, and Khor Abashi in South Darfur state) over the past two months has resulted in new displacements and asset loss and reduced access to markets increasing the risk of food insecurity for households in these areas. In addition, a number of returnees to south Sudan failed to reach their final destination and are stranded in Kadogli, South Kordofan State (~2,000 people), Kosti, White Nile State (~1,000), and Khartoum due to lack of transport facilities or insecurity along the route of their return.

Despite favorable food availability and food access prospects for the January – March 2011 and the overall improvement in food security in northern Sudan, food security is expected to be affected by the withdrawal of subsidies from fuel and wheat flour and the introduction of new taxes and custom duties on wheat flour, sugar and fuel announced by the Khartoum government in January 2011 in an attempt to reduce the expected 2011 budget deficit. The immediate impact of these policies has been a sharp increase in retail prices of essential food commodities (e.g. sugar, wheat flour and oil), fuel, and transport by 20 - 30 percent compared to December 2010. This poses a significant threat to the food security of poor households in rural and urban areas, government employees in main urban areas, IDPs, and conflict-affected households that normally rely on market purchase. The sharp increase of prices might trigger pockets of civil unrest in the main urban areas. Government employees are receiving an additional SDG 100 per month to cope with price increases but this is insufficient to fully mitigate the price shock.

In **Southern Sudan**, the main September-October and December – January sorghum harvests have improved food security. Though these improvements are expected to last through April/May, they are currently threatened by a number of negative post-referendum impacts anticipated during February – June 2011. These impacts include:

- Reduced flows of essential food and non food commodities into and within southern Sudan since late last year have caused increased prices. Security concerns have prevented traders from moving goods during the immediate pre and post referendum period and in some states, such as Unity and Upper Nile, Northern Sudanese traders, the main suppliers of food and most market commodities , have left to northern Sudan and have not returned. Traders from Uganda are also being cautious with exports to southern Sudan.

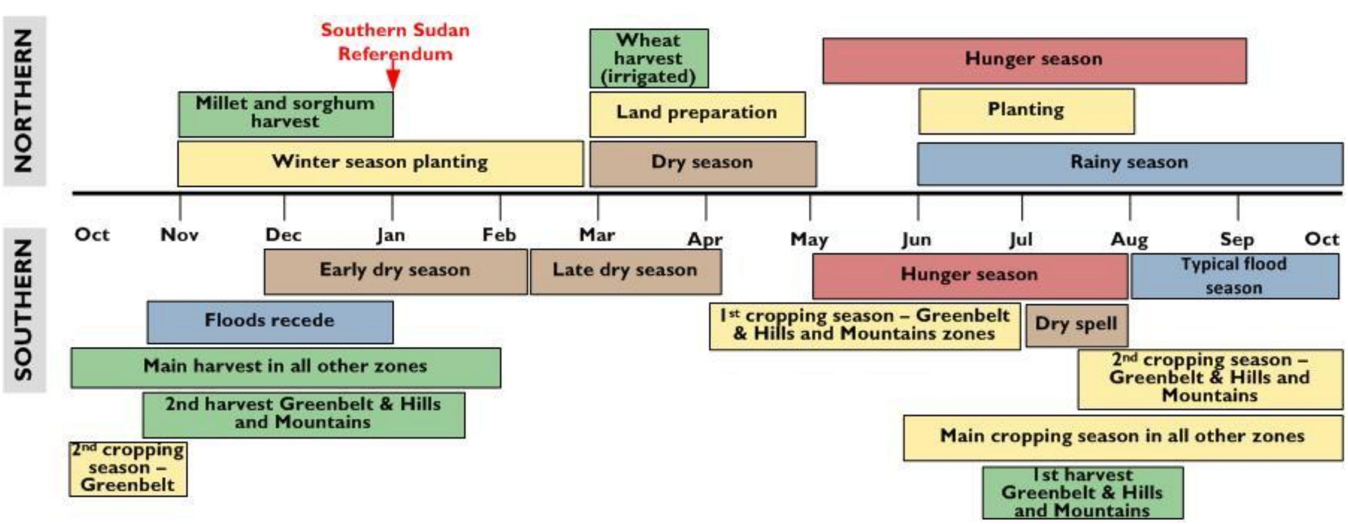
- New economic policies in northern Sudan (described above) will affect the price of goods in southern Sudan, especially in states that exclusively source from northern Sudan. Already, the implementation of this policy is being felt in southern Sudan, where fuel prices have substantially increased. For example, the price of petrol in Juba has increased from 3.5 pounds to 8 pounds per liter, and shortages are evident. State capitals of Aweil, Wau and Torit have also experienced fuel shortages and price increases since December.

- Increased population returns from northern Sudan have led to increased demand for essential goods, especially in areas where these returnees are concentrated. This is especially so in Upper Nile areas such as old Fangak, Pigi and Malakal. About 195,000 people have returned thus far. This represents 50 percent of those that had voluntarily registered to return before the January referendum. More returns are anticipated during the February-May/June dry season. The volume of returns will depend on reactions to the referendum outcomes in northern Sudan.

- Global food prices increases, especially for cooking oil, cereal and sugar. In December 2010 FAO's global food price index, an average of monthly price changes for meat, dairy, cereals, oil and sugar reached its highest level since the index began in 1990. The high probability of increased global prices, combined with post-referendum outcomes such as reduced flow of goods, and exacerbated by the new economic policies in northern Sudan suggest further increases during 2011. So far, December prices for essential food commodities in key reference markets have tended to increase except in areas where long cycle sorghum harvests have just been concluded especially in Wau and Juba, though the price of alternative foods, such as wheat flour in Wau and maize flour in Juba have risen. A sharp unseasonal rise in sorghum and wheat flour price was recorded in Malakal, indicating that reduced flow of commodities and increased prices in northern Sudan has had a significant impact on this market, which exclusively sources from northern Sudan. Price increases of food commodities in other key markets such as Aweil, Torit and Rumbek have also been reported. In Torit, the price of maize has gone up by over 35 percent since December.

In the Western Flood Plains Zone, food security resulting from last year's October harvest has been sustained, but is threatened in those areas where 66,000 returnees from the north are now concentrated. At the same time, food and fuel prices in the main Aweil Town market have increased. The price of sorghum increased 15 percent during December. Conditions further south in Lakes are more stable following the conclusion of the long cycle sorghum harvest during December – January and fewer returnees. Conditions in **Eastern Flood Plains and Nile Sobat zones** are also threatened by reduced market supplies and fuel shortages. These two zones are most at risk of reduced access to markets as most parts rely exclusively on supplies from northern Sudan markets and are currently experiencing reduced fuel and food commodity flows. The impact of the disrupted trade flows will become significant when 2010 harvest stocks run out in the next one or two months. Over 90,000 people have returned to the two zones, with majority concentrated in Unity State (Mayom and Rubkona), Old Fangak and Pigi counties and Malakal. **In the Greenbelt,** potential for continued Lord's Resistance Army (LRA) attacks and livelihood conflict with Ambororo pastoralists remain high. The latest LRA attacks occurred in Maridi County at the end of December. Ambororo pastoralists that migrated into the zone during 2005-2006 and were ordered to leave during 2010 have returned after travelling to the Central African Republic border. This has created tensions since late December, and local residents were killed. The residents, mainly agriculturalists, feel that their livelihoods are threatened by the pastoralists. An additional estimated 16,000 returnees from Kenya and Uganda have arrived since October, and most have settled in Kajokeji and Morobo counties since October. Households in the **Hills and Mountains Zone** are currently food secure, but markets are affected by reduced supplies and increased prices, particularly for fuel and maize. This seriously threatens households that are market dependent, especially as the first cropping season (and the concurrent lean season) approaches. In the **Ironstone Plateau**, food security conditions have improved following the conclusion of long-cycle sorghum harvests though fuel shortages and increased prices have affected market activities in the main Wau Town market.

Seasonal calendar and critical events



Source: *FEWS NET*