

ZAMBIA Food Security Outlook Update

September 2011

Food security conditions remain favorable

Key Messages

- Food security conditions have remained favorable with minimal food insecurity, even in low producing areas. Most households are expected to remain food secure during the outlook period. While poorer households will depend on markets to meet their food needs, staple food prices will remain relatively low longer than usual, increasing access to food from September up to December.
- Although maize retail prices remained mostly stable between July and August in urban areas, price increases were observed in several rural districts due to the impact of the Food Reserve Agency (FRA) purchase program, which has reached its peak. The above-market prices being offered are pushing maize prices up (but within average levels), especially in the high-producing areas. Given the large volume of maize being purchased by FRA, the limited safe storage capacity will remain a major concern as the rainy season approaches.
- Similar to the previous marketing season, formal maize exports have remained low in the midst of a large surplus. In comparison, Malawi has exported significantly more maize to Zimbabwe and East Africa than Zambia, as Zambian maize still remains less competitive. The private sector has attributed this to a combination of the high cost of Zambian maize as well as high transport costs.

Updated food security outlook through December 2011

The food security situation has remained favorable as the middle of the 2011/12 marketing season approaches. Acute food insecurity is generally minimal (IPC Phase 1). In most areas of the country, maize supplies (the staple food) are good, while household food stocks remain favorable in both high and low-producing areas, with seasonal foods such as pumpkins and groundnuts still available. This situation currently holds for both high and low producing areas, as confirmed by information from the low producing district of Luangwa district (Lusaka Province) and a FEWS NET visit to Mambwe district (Eastern Province) in mid-August. In both areas, the poorer households are accessing food through the sale of casual labor as well as normal off-season activities such as fishing, petty trading and sale of crafts. Staple food remains adequately available on the market in deficit producing areas.

This report provides an update to the July 2011 FEWS NET Food Security Outlook report which estimated food security outcomes in Zambia from July through December 2011. The next Outlook report will be released in October and will cover the October 2011 through March 2012 period.

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Figure 1. Most likely food security outcomes, September 2011

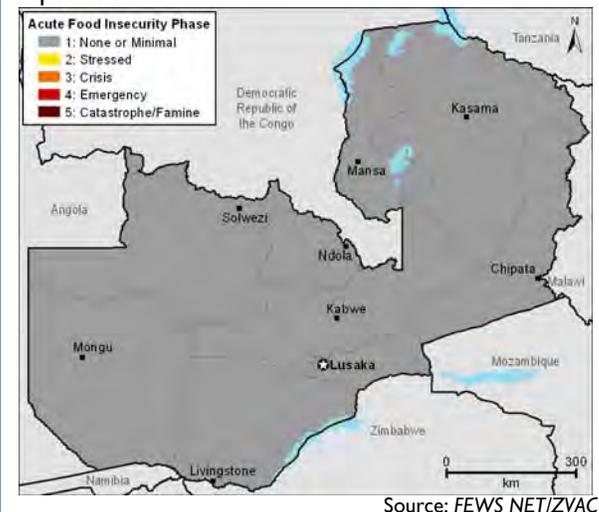
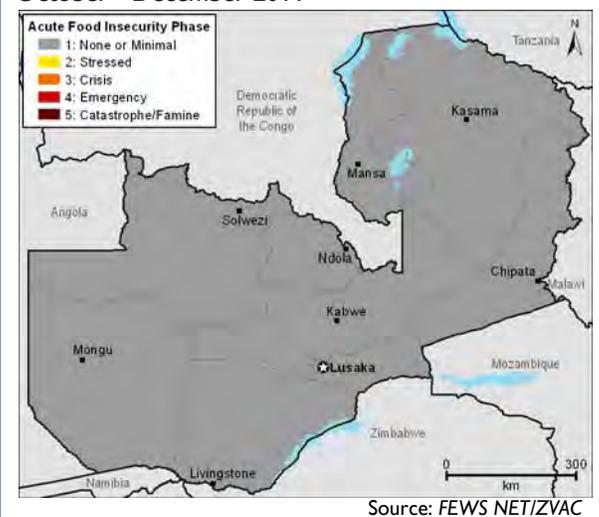


Figure 2. Most likely food security outcomes, October - December 2011

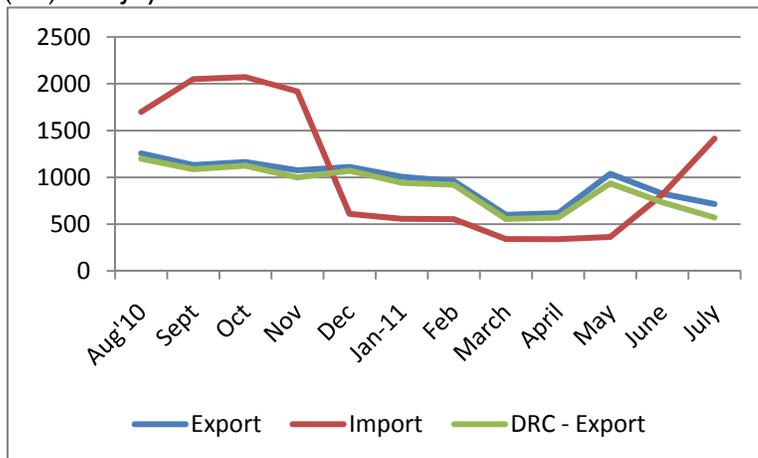


For more information on the IPC Acute Food Insecurity Reference Table, please see: www.fews.net/FoodInsecurityScale

The market in general is still oversupplied with maize five months into the 2011/12 marketing season, which can be attributed to the 2010/11 surplus production and relatively large carryover stock. In addition, the low formal maize exports so far have also played a major role in keeping the market oversupplied, similar to the previous season. The low level of formal exports has been attributed to both the high cost of Zambian maize as well as high transport costs. In comparison, Malawi has sold much more maize to WFP for the Zimbabwe and East Africa food programs than has Zambia (only 8 percent of what Malawi has sold), whose surplus was just as large as that of Malawi.

There has generally been more informal than formal trade activity since the start of the marketing season. Informal maize export volumes to Zambia's main market, the DRC, had been on a downward trend up to July, but have started increasing in line with the seasonal trend and are expected to peak around September. Notwithstanding the surplus maize on the Zambian market, maize imports from Tanzania and Mozambique have continued increasing and can be attributed to the attractive Food Reserve Agency (FRA) purchase price (K1,300/Kg) within Zambia. Because the price differential for maize has remained much higher than for maize meal, 90 percent of the trade is in maize grain as opposed to maize meal. For example the maize price differential between Tanzania and Zambia at Mpulungu border was ZMK 475/kg in July. It is expected that more maize will continue to flow into Zambia from Tanzania and Mozambique until the end of the FRA buying season on October 31st, when volumes should start to decline. In addition, more grain will continue being traded informally than maize meal during the outlook period.

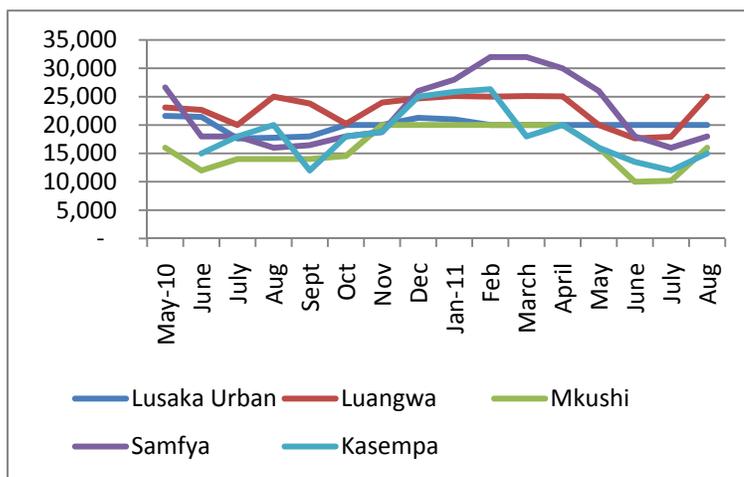
Figure 3. Recorded Volumes of Informal Maize Exports and Imports (MT) as of July 2011



Source: FEWS NET

Small-scale farmers are still holding significant maize stocks and have continued ferrying it to FRA sheds to offer it for sale. Meanwhile the FRA has continued buying maize in different parts of the country. Because of the high price offered, most households with the opportunity to sell are likely to sell most of their stocks as they will be able to buy maize from the FRA at a lower price of ZMK900/kg. This is reflected in the substantial increase in volumes purchased by the FRA in the month of August. This brings the total purchases to an estimated 1,080,000 MT as of the first week of September from 688,000 MT attained at the end of July. The FRA target is to purchase 1.3 million MT of maize from small scale farmers by the end of October. This target is likely to be surpassed considering the increased rate of purchases. Safe storage will remain a major challenge for the Agency given the large volumes they are purchasing. The FRA maize stock position stood at 1.48 million MT (including carryover stocks from last season) as of the first week of September.

Figure 3. Nominal maize retail price trends for selected districts (ZMK/18kg)



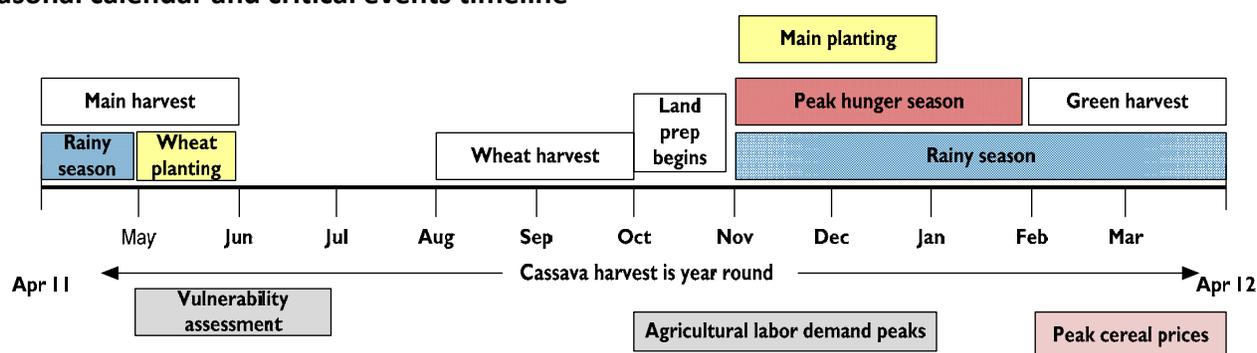
Source: Central Statistic Office/FEWSNET

While retail maize prices have stabilized in urban districts between July and August, increases have been observed in several rural districts which can be attributed to the impact of the FRA maize purchases. Among the monitored districts and with the exception of Luangwa, increases are

higher for areas with the lowest prices (high producing areas) as sales to the FRA peak. No FRA purchases are taking place in Luangwa, as this area is a deficit producing area and FRA has not opened any buying points in major deficit producing areas. Therefore, the price increase observed is being attributed to non-inflow of significant maize from neighboring Nyimba district, whose maize was previously flooding the Luangwa market. Because the FRA is offering attractive prices, most farmers in Nyimba have opted to sell directly to the FRA. However, field information suggested that the Luangwa district still has adequate supply of the staple food to meet needs and the FRA shed in the district still has maize for sale.

The good maize stock position is expected to continue throughout the outlook period given the large supply and limited commercial exports. Generally, most households are expected to remain food secure with minimal acute food insecurity (IPC Phase 1). Staple food access will remain favorable for market dependent households in rural areas as the FRA has pegged its community maize sale price at 38 percent below their purchase price (K900/Kg). This pricing level will act as a stimulus for small-scale farmers to sell most of their stocks and buy back the commodity for household consumption at a cheaper price.

Seasonal calendar and critical events timeline



Source: FEWS NET