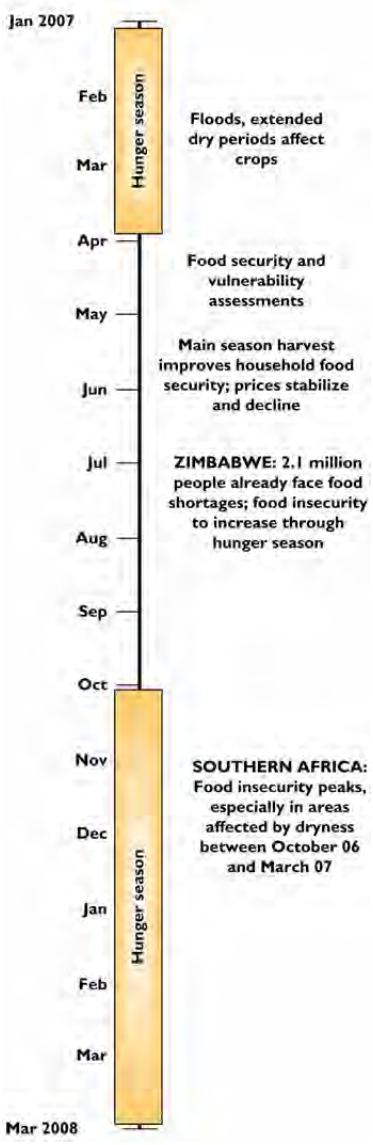
SOUTHERN AFRICA Food Security Update — June 2007

A number of Southern African countries are facing reduced crop harvests this season—below both last season and the 5-year average—because of poor crop growing conditions, and, in some cases, poor access to requisite inputs. In particular, maize production, which was more adversely affected by the mid-season drought than most other crops, is forecast to have declined significantly in these countries, including Botswana, Lesotho, Namibia, Swaziland, Zimbabwe, southern Mozambique and South Africa, where maize yields are estimated to have dropped by between 10 percent (Namibia) and 90 percent (Botswana). In Lesotho, Swaziland and Zimbabwe, where the drought effects have been particularly severe, governments requested crop and food supply assessment missions (CFSAMs) from the Food and Agriculture Organization and the World Food Programme to help ascertain the impact of poor rainfall on agriculture and livelihoods. Results of these assessments point to the existence of widespread food insecurity and critical food access problems; 401,200 and 407,000 people are estimated to require food assistance in Lesotho and Swaziland respectively, while in Zimbabwe, 2.1 million people are expected to face food shortages from July, peaking at 4.1 million during the hunger season, which begins in October. In addition to the CFSAMs, more detailed food security and vulnerability analysis is being conducted through on-going national vulnerability assessments (NVAs), not only in the three most-affected countries, but also in Malawi, Mozambique and Zambia. Together, these findings will provide information for consideration by decision makers that will inform response strategies aimed at meeting the needs of the vulnerable and food insecure. Preliminary results from the NVAs, released at the July 5th Regional Dissemination meeting in Johannesburg confirm findings of earlier assessments and the recent CFSAMs, and provide (among others) initial food assistance projections. In order to revise current food aid projections and refine targeting criteria accordingly in each of these countries, FEWS NET recommends continued monitoring of food security indicators, such as the availability of employment opportunities, labor rates, and staple food prices.

Early Warning Timeline



In contrast, the food security situation is projected as satisfactory across most of the countries where production from the on-going harvest is above average following a good crop-growing season. This includes countries to the north of the sub-region, such as Malawi, Tanzania, Zambia and Angola, as well as northern Mozambique. In these areas, the current harvest is the second consecutive season of above-average production, and food supplies, which were generally satisfactory throughout the past consumption year have given rise to significant carryover stocks from the previous marketing year. Staple food prices have remained stable, and are currently lower than at the same time last year and the past five-year average. Despite the positive harvest outlook, concern remains in localized areas of these countries where the season has been characterized by excessive rains that resulted in flooding, loss of crops and disruption of livelihoods. In Angola, although this year's harvest expectation is normal and anticipated to exceed last year's, production remains insufficient to cover 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 increasingly food insecure well before the hunger season begins in October.

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2006/07 Cereal harvest estimates

Better crop growing conditions during the 2006/07 season in parts of the region have resulted in above average harvests in some of the region's cropping areas, but especially in Malawi, Tanzania, northern Mozambique, and Angola, all of which expect improved harvests compared to the past crop growing season. In contrast, most countries in the southern parts of the region face below average harvests as a result of severe dry spells experienced in the second half of the rainy season. At the end of June, updated estimates show that the region's cereal harvest, at 24.21 million MT, is 4 per cent above last year's total of 23.22 million MT (and 3 and 5 percent above the 5-year and 10-year averages, respectively). The increase is largely a result of significantly above average harvests in Malawi and Tanzania (76 and 26 percent, respectively), which balance out the poor expectations in Botswana, Lesotho, Namibia, Swaziland, and Zimbabwe. In South Africa and Mozambique, harvests are forecast at slightly higher levels than last year (4 and 3 percent, respectively). In Zambia, although estimates suggest a 4 percent decline in total production over last year, the harvest is still significantly (24 percent) above the past five year average.

Table 1. SADC 2006/07 Cereal production forecasts compared to 2005/06 estimates ('000 MT)

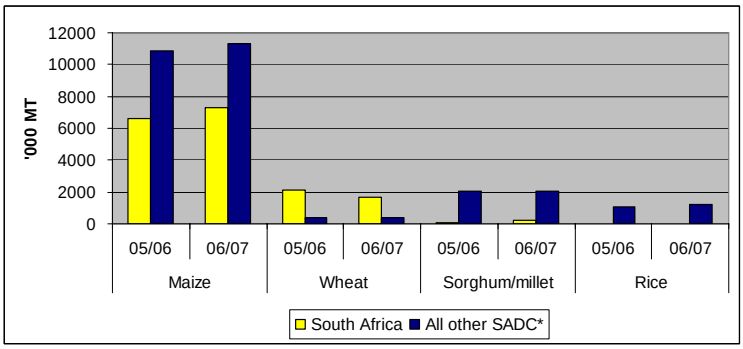
	MAIZE		Maize 2005/06 forecasts compared to (percentage):			ALL CEREALS		All Cereals 2006/07 forecasts compared to (percentage):		
	2005/06	2006/07 Forecast	2005/06	5 year Average	10 year Average	2005/06	2006/07 Forecast	2005/06	5 year Average	10 year Average
Angola	520	542	4	-6	7	671	696	4	-2	12
Botswana	10	1	-90	-79	-81	36	28	-22	-6	17
Lesotho	103	51	-51	-40	-47	126	72	-43	-36	-45
Malawi	2,577	3,219	25	77	71	2,753	3,427	24	76	71
Mozambique	1,534	1,579	3	15	28	2,098	2,168	3	15	26
Namibia	58	52	-10	27	42	181	114	-37	-3	0
RSA	6,618	7,264	10	-22	-19	8,836	9,167	4	-20	-18
Swaziland	67	47	-31	-35	-51	67	47	-31	-35	-51
Tanzania	3,373	3,660	8	24	39	5,189	5,847	13	26	39
Zambia	1,424	1,366	-4	28	38	1,602	1,535	-4	24	32
Zimbabwe	1,200	849*	-29	-9	-36	1,663	1,103	-34	-7	-34
SADC	17,486	18,632	7	2	5	23,224	24,206	4	3	5

Source: National Early Warning Units and partners, Central Statistics Offices, and SADC FANR. Excludes DRC and Madagascar.
* Includes an additional 50,000 MT of maize seed production

Mixed maize harvest prospects throughout the region

Although regional maize production is projected to have increased 7 percent over last season, the increase is largely a reflection of better harvests in Malawi, and to a lesser extent in Tanzania, South Africa and Angola. The remaining states have all registered significant declines ranging from 4 percent in Zambia to as high as 90 percent in Botswana, mainly as a result of unfavorable conditions associated with the El-Nino phenomenon that lasted throughout the rainy season. Among the countries facing improved harvests, **Malawi** has achieved the highest increase (25 percent), followed by **South Africa** (10 percent), **Tanzania** (8 percent), **Angola** (4 percent), and **Mozambique** (3 percent). Although maize production in South Africa (the major

Figure 1. 2006/07 Cereal harvests compared to 2005/06 ('000 MT)



Source: National Early Warning Units and partners, Central Statistics offices and SADC FANR and FAO/WFP CFSAMs
*Excludes South Africa, DRC and Madagascar

regional cereal producer) has improved over last year, it remains 22 percent below the past five-year average. The slight improvement comes only as a result of the 60 percent increase in area planted to maize. Crop estimates dropped about 30 percent from earlier expectations of about 10 million MT as a result of the dry conditions experienced during the second half of the production season. This year, South Africa's share of regional maize production has dropped from the average 50 percent to about 40 percent. In contrast, total maize output in the other SADC countries is significantly greater (about 29 percent) than the past five-year average. The main contributors to the improvement are Malawi and Tanzania, whose combined maize harvest makes up over 37 percent of the regional maize harvest. Similarly, production of the other cereal crops (wheat, rice, sorghum and millets) is also estimated to have improved in the other SADC countries (figure 1) while for South Africa, wheat production is projected to be significantly lower (20 percent) than last year.

Food security outlook

While Lesotho, Mozambique, Namibia, Swaziland and Zimbabwe will face worse food shortages this year when compared to last year and the past 5-year average on account of the 2006/07 poor harvests, the rest of the region is likely to see a much improved food security situation as a result of the improved domestic supplies of the major cereals and other food staples. Reports indicate that the food security situation for many of the region's vulnerable populations has been steadily improving since the end of the hunger season in March, when seasonal crops became available and the new harvest started coming in from April onwards. At the same time, food prices have been dropping significantly, easing access for the poor and market dependent households. In general, food supplies are expected to remain comfortable until the start of the hunger season. Despite this positive picture however, there are pockets of vulnerable groups that have been assessed through the ongoing national vulnerability assessments in most southern African countries. Preliminary indications conclude that vulnerable groups at risk of becoming food insecure and/or requiring some assistance have been identified in Angola, Malawi, and Zambia – three of the countries with good harvest projections. In the countries where food shortages are at critical levels assessments have revealed the prospects of widespread vulnerability to food insecurity among many population groups. This includes Lesotho, Swaziland, Zimbabwe and southern Mozambique.

Overall, cereal availability improves compared to last year

Current cereal availability and demand assessments and analysis based on available data indicate that due to the increase in cereal harvests at regional level, the region will face a much lower level of deficits over the ensuing marketing year when compared to last year and the past five year average (table 2). According to this macro analysis, the region (excluding South Africa) needs to import 1.64 million MT of cereals during the current marketing year in order to meet consumption requirements. This figure represents a 51 percent decrease over last year's regional shortfall (excluding South Africa) of 3.33 million MT and assumes a full replenishment of strategic grain reserves. Including South Africa in the analysis increases the import requirement to 2.78 million MT due to the fact that South Africa needs to import a significant amount of not only wheat (for which it is structurally deficit), but also of maize as domestic availability this year is insufficient to cover total consumption and pipeline requirements. Latest reports from the South African Grain Information Service (SAGIS) indicate that South Africa has imported 4,809 MT of white maize from Zambia and Malawi in addition to the 295,093 MT of yellow maize imported from Argentina.

Table 2. Estimated 2007/08 total cereal import requirements

ALL CEREALS	Deficit/Surplus[2] ('000MT) Marketing Year		
	5-yr AVG	2006/07	2007/06
Angola	-722	-818	-793
Botswana	-303	-312	-251
Lesotho	-205	-233	-244
Malawi	-470	39	1,210
Mauritius	-203	-203	-203
Mozambique	-369	-365	-432
Namibia	-125	-91	-133
Swaziland	-110	-112	-126
Tanzania	-413	-625	169
Zambia	-50	102	215
Zimbabwe	-1,217	-716	-1,048
SADC[1]	-4,184	-3,334	-1,636

Source: National Early Warning Units and partners, Central Statistics Offices, SADC FANR and FAO/WFP CFSAM.

1 Excludes South Africa DRC and Madagascar.

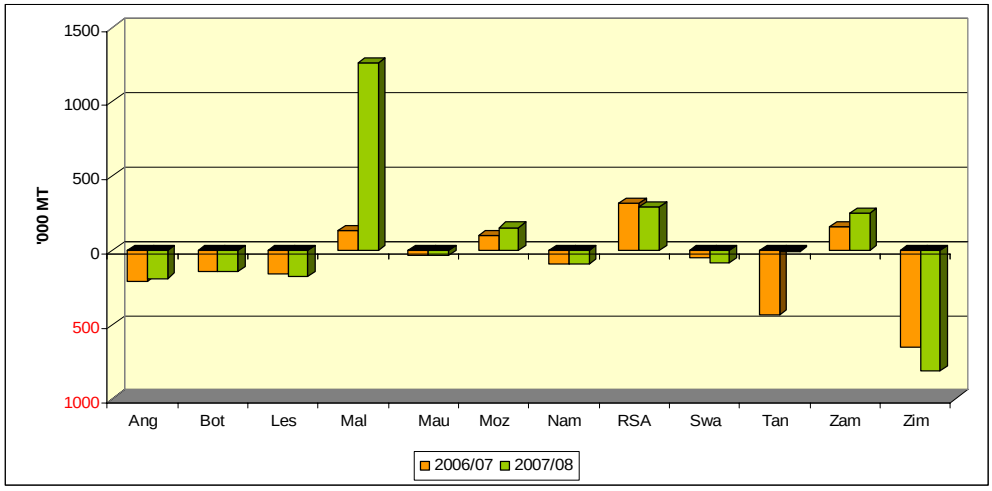
2. Deficit/Surplus with stock replenishment and cross substitution

As reflected in table 2, Malawi, Zambia and Tanzania are expecting to cover their domestic food requirements from the current harvest and their significant carryover stocks, but the

rest of the region is projected to face shortages that, depending on individual countries' commercial import capacities, may or may not be adequately covered. Some of the cereal shortfall/import requirement will be filled through substitution of other non-cereal food crops, such as cassava, sweet potato, banana, and other commodities. In many countries (such as Angola, Malawi, Mozambique, Tanzania and Zambia), cross substitution plays a very important role in filling the cereal gap. However, current methods (for both availability and cereal equivalents) do not enable an accurate estimation of the proportion of consumption requirements that come from these non-cereal crops. Furthermore, the regional nature of production and consumption preferences of such crops, including transportation and processing costs (in the case of cassava) needs to be better understood before these crops can be included in the national food balance sheets. For those countries where production has dropped sharply as a result of below-average rainfall performance, critical food deficits are being projected, with current estimates suggesting severely reduced levels of cereal availability compared to last season and the past five-year average. Many of the worst affected areas have had several consecutive years of below-normal harvests with significant numbers of households facing critical food shortages. Food access for affected populations has been severely limited, and as a result, food insecurity and vulnerability have increased. The ongoing assessments will provide updated indications of the severity of the situation and make projections for the remainder of the 2007/08 season. Already, the FAO/WFP CFSAMs have indicated the existence of severe levels of food insecurity among a large percentage of the population in Lesotho, Swaziland and Zimbabwe.

In figure 2, the projected maize gaps/surpluses represent calculated domestic maize balances before cross substitution. The preliminary individual country food balance sheets (from which this analysis is derived) indicate the level of domestic shortfall/surplus before incorporating 2007/08 import/export plans (both commercial and food aid). The projected deficits will be reduced considerably once import plans and cross substitution effects are incorporated. This will be done once results of ongoing food security and vulnerability assessments and analysis are released officially around July/August. This preliminary analysis suggests that Malawi has an unprecedented maize surplus that far surpasses its previous surplus last year and that of all other neighboring states. Due to the maize shortage in South Africa, grain-deficit countries have also been exploring sourcing their maize requirements from Malawi and Zambia, where surpluses exist. Zimbabwe is reported to have reached export agreements with both Malawi (400,000 MT of maize over a 10-month period) and Zambia (of an unspecified amount). As such, South Africa has not exported anything to Zimbabwe since the start of South Africa's 2007/08 marketing year in May, but Zimbabwe has reportedly received over 70,000 MT of the consignment from Malawi.

Figure 2. Domestic Maize deficit/surplus[1]: 2007/08 compared to 2006/07 ('000MT)



Data source: SADC Food Security Early Warning System, SADC National Early Warning Units and partners and FAO/WFP CFSAMs

1. Deficit/surplus calculated without stock replenishment and cross substitution. * Excludes DRC and Madagascar.

Table 3 below depicts maize imports from South Africa as well as other intra-regional formal and informal imports by SADC member states beginning as of April 2007. Despite the reduced harvests in South Africa, member states (especially structurally grain deficit Botswana, Lesotho, Namibia, Swaziland and southern Mozambique) continue to receive imports of maize from South Africa. Data from the informal cross border monitoring system suggests that Malawi continues to receive imports from northern Mozambique while at the same time fulfilling its export commitments to Zimbabwe. Although the Mozambique – Malawi trade occurs during both deficit and surplus years, it is likely that some of the imports are destined for re-export.

Table 3. Maize Imports by SADC member states. April 2007 to June 29, 2007 (MT)

	Ang	Bot	DRC	Les	Moz	Mal	Mad	Nam	Swa	Tan	Zam	Zim	TOTAL
SA White Maize	0	27,204	0	14,892	6,899	0	0	6,220	954	0	0	1,541	57,710
SA Yellow Maize	0	87	0	848	0	0	0	3,039	9,173	0	0	0	13,147
Informal Cross Border	-	-	4,618	-	49	13,463	-	-	-	41	1,231	156	19,558
Formal Other	-	-	-	-	-	-	-	-	-	-	-	50,000	50,000
Total	0	27,291	4,618	15,740	6,948	13,463	0	9,259	10,127	41	1,231	51,697	140,415

Source: South African Grain Information Service (SAGIS) – July 03, 2007 and Southern Africa Informal Cross Border Monitoring System - May 2007

National Vulnerability Assessments and response interventions

Results of National Vulnerability Assessments (NVAs) carried out in most countries of the region will be finalized and released in July/August. A Regional Dissemination meeting held on July 5 in Johannesburg heard the preliminary results from these NVAs, which confirmed increased levels of food insecurity and vulnerability (compared to last year) in Lesotho, Mozambique, Swaziland and Zimbabwe, due to the poor harvests. At the same time, the numbers of those at risk to food insecurity have declined significantly in Malawi, Tanzania and Zambia. Although recommendations have not yet been officially released, it is expected that general food distribution programs will once more be scaled up considerably this consumption year after having been scaled back or even phased out in the last marketing year. WFP (ODJ) has indicated that some US$20.6 million dollars worth of food commodities will be distributed to Zimbabwe, Swaziland, Lesotho and Mozambique to assist the affected populations. In general, for the groups of vulnerable populations identified as chronically vulnerable to food insecurity, humanitarian agencies will be expected to respond to both acute and chronic cases of food insecurity through targeted programmes for specific vulnerable groups such as orphans and vulnerable children (OVCs) and those affected and infected by HIV and AIDS. Alternative response measures to address acute and chronic needs are also being considered by humanitarian agencies; for instance, in Swaziland, Save the Children (UK) will conduct a market analysis to assess the feasibility of implementing a cash transfer program with WFP.

Table 4: WFP Southern Africa Regional PRRO: Cereal Requirements for June 2007 – April 2008

	Total Required	Available in Pipeline	Shortfall/ Resourcing Needs
Lesotho	26,776	8,881	17,895
Malawi	13,902	1,776	12,126
Mozambique	39,485	20,280	19,205
Namibia	16,656	4,365	12,291
Swaziland	19,425	5,313	14,112
Zambia	50,812	8,314	42,498
Zimbabwe	305,313	96,550	208,763
TOTAL	**472,369**	**145,479**	**326,890**

Source: World Food Programme (ODJ) and USAID/FFP Pretoria.
Includes C-SAFE programs for Lesotho and Zimbabwe: June-Dec 2007

Table 4 shows that the current WFP regional cereal pipeline availability of 145,000 MT for the period June 2007 – April 2008 falls far short of the requirement of 472,000 MT. Pipeline breaks are expected throughout the year in all countries, but will become worse from November/December. Humanitarian assistance from other agencies and NGOs such as C-SAFE (the Consortium for the Southern Africa Food Security Emergency, which has operations in Lesotho and Zimbabwe) is expected to help fill some of the current food aid gaps at country level. It is expected that further pledges against requirements will be made by donors following WFP, national governments and humanitarian agency appeals once the needs assessments are completed.

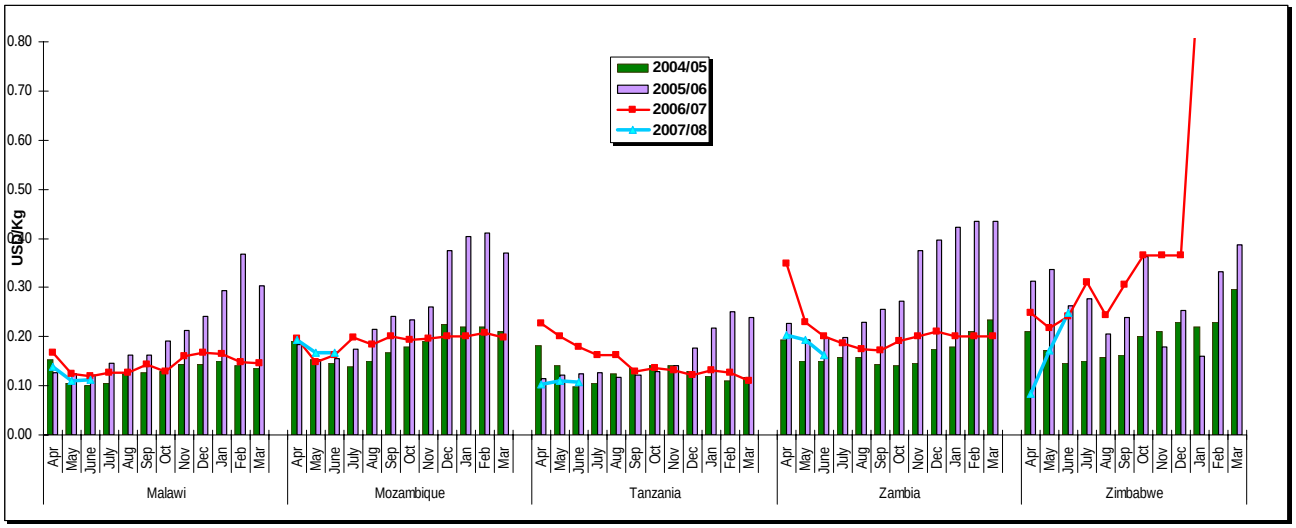
Regional maize price movements

Maize retail prices remained generally stable across the monitored markets of Malawi, Mozambique, Tanzania and Zambia. However, in Zimbabwe, as inflation escalates and food shortages continue largely unabated, maize prices in US dollar equivalents in the three monitored markets (Harare, Bulawayo, and Mutare) rose on average by 47 percent, from US$0.17/kg in May to US$0.25/kg in June (using the official revised exchange rate of Z$15,000 to US$1). Prices are expected to rise further and remain high as current food production levels are insufficient to meet domestic demand. It is important to note however that price comparisons between Zimbabwe and other countries are difficult in the current

highly inflationary and implosive economic environment. Most exchanges take place in the unofficial parallel market, although the reserve bank announced in April an exchange policy intended to provide better rates to enable the country to deal with the effects of the drought. Prices in many of Tanzania's monitored markets continue to decline due to the current harvest and carryover stocks from last year's harvest. Prices remain below last year's levels as well as the five-year average; and are expected to decline further as the *msimu* harvest enters the market.

In Zambia, maize prices have remained quite stable (and below 5-year average), and have dropped from May levels as the new harvest comes onto the markets. This trend is expected to continue until the hunger season starts, but the large carryover, coupled with an above average production is likely to keep prices depressed. In northern Mozambique (Beira and Nampula), because of above average harvests last year, and good production prospects this year, average prices have also remained very stable and below 5-year averages. However in the south (Maputo), the maize deficits anticipated have caused prices to rise unseasonably, a phenomenon that is perhaps exacerbated by the high prices of maize imported from South Africa. In most of the monitored markets in Malawi, maize prices continued to drop, and remained well below last year's levels, reflecting the improved household food supply this season. Expectations are that prices will remain low on account of the good harvest prospects for the 2007/08 season and the large formal and on-farm carryover stocks. The large formal export program could however exert an upward pressure on prices as traders compete to fulfill tenders for the NFRA export program.

Figure 3. April 2004 to April 2007 retail maize prices (US$ per kg)

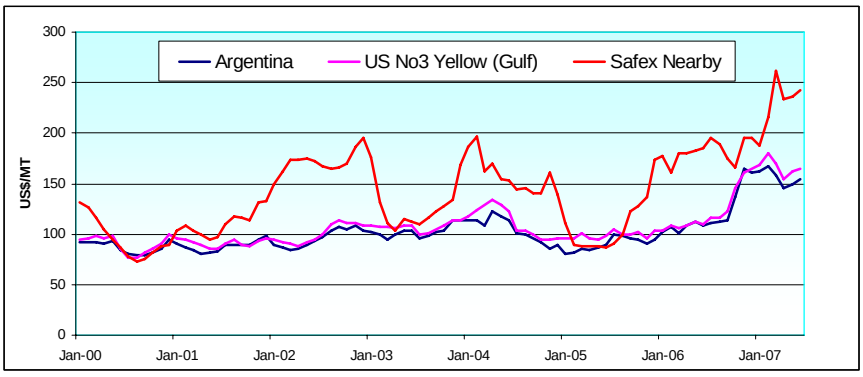


Based on average prices on key markets in each country. Zimbabwe prices for April calculated at an exchange rate of Zim$15,000 to 1US$ (compared to Zim$ 250 per 1US$ since August 2006). Source: FEWS NET Malawi, Mozambique, Tanzania, Zambia and Zimbabwe

International and SAFEX prices

The combined effects of high international grain prices as well as limited availability in South Africa have acted to dramatically increase South African domestic prices of maize as indicated by price movements since January on SAFEX (figure 4). Prices for the nearby contract increased steadily in May and June after having dropped to US$233/MT in April, from a peak of US$261/MT in March. The SAFEX prices are moving in tandem with

Figure 4. FOB USA and Argentine maize prices compared to white maize SAFEX nearby, Jan 2000 – April 2007



Data source: SAFEX and SAGIS

international prices, which are driven by overall global demand. Rising international prices, and hence import parity, is likely to keep SAFEX prices at much higher levels for most of the marketing year, making South Africa's maize less competitive when compared to neighboring Malawi, Zambia and Tanzania.

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.