

ZAMBIA: Food Security Outlook

October 2008 to March 2009

- At national level, the food security situation is satisfactory, but in the most likely scenario it will be increasingly difficult for poor households to access food as the end of the marketing season approaches, food availability declines, and prices rise between January and March 2009.
- At least 444,624 people will require food assistance in parts of the country as a result of flooding and water logging during the 2007/08 production season.
- Provided that the 2008/09 rainy season is normal, food security in these localized areas should start to improve starting in March 2008 when the green harvest becomes available. In-country food stocks should be adequate to meet food relief needs as these are moderate.
- In the worst case scenario, six additional districts, currently on the border between food security and moderate food insecurity, would become moderately food insecure and require assistance until March 2009.

Figure 1. Estimated food security conditions October to December 2008

**FEWS NET
Food Insecurity Severity Scale**

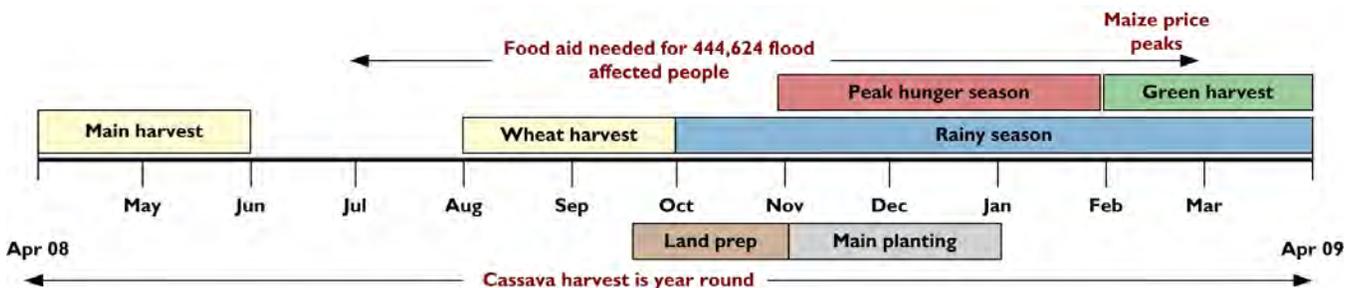
- Generally food secure
- Moderately food insecure
- Highly food insecure
- Extremely food insecure
- Famine



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

Source: FEWS NET

Seasonal calendar and critical events



Source: FEWS NET

Current Food Security Situation

The food security situation in Zambia is generally satisfactory, with localized food deficits in areas of southern Zambia which experienced reduced harvest due to excessive rainfall. As a result of the flooding/water logging experienced during the 2007/08 production season, which resulted in crop losses (especially in Southern and Lusaka Provinces where maize production dropped by about 50 percent), an estimated 444,624 people will need food relief assistance through March 2009. Relief food distribution which commenced in April is still ongoing; however more resources are likely needed to meet needs through to March 2009.

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Despite an average national production and surplus supply estimate by the Ministry of Agriculture at the start of the 2008/09 marketing season, there are signs of an earlier than normal reduction in market supplies, possibly indicating an overestimation of the recent harvest. Rising maize prices and reports of a reduction in the availability of grain for purchase by both millers and grain traders support this possibility. Maize prices began rising unusually early this year, in June as opposed to the end of August and consumers are facing much higher prices than in the past two marketing seasons. In view of the tightening supply situation, maize prices are expected to remain high and continue to rise through March 2009 when the green harvest occurs. As a result, poor households across the country will have increasing difficulty accessing staple foods as the lean season approaches. Urban consumers will be even more affected given their market dependence. This is likely to result in some households reducing the number of meals consumed in order to cope.

The private sector has requested that the Government allow them import maize, to ensure that adequate stocks are available to meet demand while awaiting the early harvest from commercial farmers (late March). Meanwhile, the Food Reserve Agency has at least 150,000 MT of maize in strategic reserves which could also be made available for sale on the market should the situation warrant it later in the season. However, uncertainty remains over whether the private sector will, in fact, import maize without assurances from Government that FRA stocks will not be sold at below-market prices.

Meanwhile, a livestock movement ban in Southern and Western Provinces, imposed in early 2008 in an effort to contain a foot and mouth disease outbreak, is still in force. As the lean season approaches and the need to sell livestock to purchase food increases, desperation sales, at low prices, will start to occur as the market will be limited in these areas.

The seasonal rainfall forecast released by the Department of Meteorology indicates that normal rainfall is likely over most of Zambia between October and March, while normal to above normal rainfall is expected in the second half of the season. There is a possibility of flash floods in parts of the country during the season. Therefore, the situation should be monitored closely in areas which experienced severe flooding last season because the high water table in these areas, coupled with heavy rains this season, could result in flooding.

With this forecast, farmers are expected to plant on time, starting in November. Generally, inputs are available on the market; the challenge is accessing the inputs, especially fertilizer, in view of its high cost. Given these high prices, commercial farmers are likely to shift from maize to more high value crops, such as soybeans. Small scale farmers are still likely to grow mostly maize, but using less fertilizer and therefore with smaller yields. However, as a result of the high

Table 1: Scenario assumptions and indicators

Most likely food security scenario

- Impact of floods and prolonged dry spell on 2007/08 production was moderate to severe in southern Zambia.
 - Reduced supply of staple food as a result of lower than estimated production.
 - Private sector will not import much maize if any due to market uncertainty.
 - FRA has at least 150,000MT of strategic reserves. The Agency will release maize stocks on the market for sale towards the end of the year.
- Normal production of early maize by commercial farmers to be available by end of March.
- Maize and meal prices will remain high and above the recent two previous seasons. Imported maize will be very expensive as landed cost has since substantially increased.
 - Maize export ban imposed to remain in force for the whole 2008/09 marketing season.
 - Timely start of the 2008/09 rainy season and normal rainfall over the country.

Worst case food security scenario

- Impact of floods and water logging on the 2007/08 production was very severe in southern Zambia.
- Food Reserve Agency purchases much less maize than anticipated limiting the quantities they are able to sell.
- Maize shortage hits the market and WFP and DMMU are short of food relief supplies.
- Maize prices rise above normal in both deficit and non deficit areas reducing food access for many households.
- Ban on livestock movement from southern Province significantly reduces household income.
- A late start and inadequate precipitation during the 2008/09 rainy season reduces the early harvest and prolongs the lean period.

prices for maize this season, small scale farmers are likely to put more land into maize production making up for reductions in maize yield and but resulting in possible reduction in cash crop production by these farmers.

The maize export ban in force in neighboring Malawi and Tanzania has, to a great extent, reduced informal maize imports. Because prices in Zambia are much higher than those at the Tanzanian border, much more maize would have typically been informally imported from Tanzania to reduce the need for formal imports. This was the case in past deficit years. Meanwhile the abnormally large informal maize exports to Malawi during the July/August period have dropped substantially, from a high of 2,495MT in August to a mere 286MT in September due to the Malawi Government banning private sector maize trade and setting a maximum maize price. This will result in more maize remaining in country.

Most-likely food security scenario

Given that the ability of the country's staple food supply to adequately meet demand for the duration of the marketing season is uncertain, that the private sector is reluctant to import due to market uncertainty, and because high maize prices are expected, the most likely food security scenario for Zambia from October 2008 to March 2009 is expected to involve an increase in the size of the country's food insecure population, although the location of this food insecurity will remain similar to current conditions.

However, the FRA has a minimum of 150,000MT of maize stocks (at least two months of national commercial demand for human consumption) with a small portion going into the relief program and private sector stocks should meet another two months of human consumption demand. In addition, going by past experience, the early maize harvest is normally equivalent to one month's consumption, and this year the early harvest is expected to be even larger because commercial farmers may

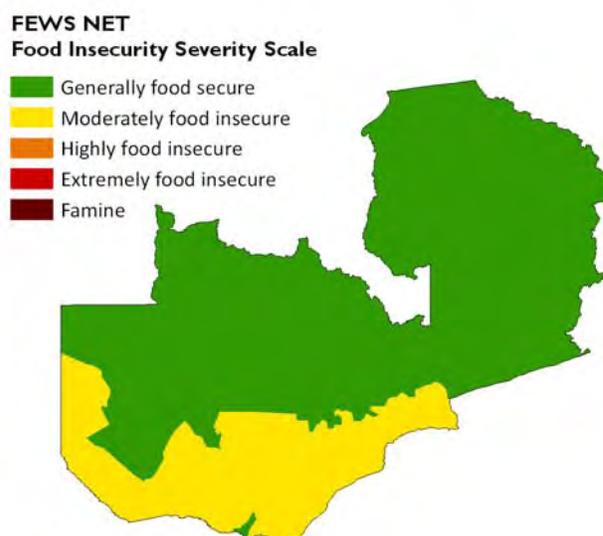
produce more due to high prices this year. This implies that there will be at least five month's grain supply for human consumption available. Depending on the quantity of early maize that will be produced, Zambia may break even with own production. This however does not take into account the industrial demand for maize (e.g. stock feed and brewing) estimated by the Ministry of Agriculture at about 6,800 MT per month (this is considered a gross underestimate by the private sector). Most likely, only moderate imports will be needed (minimum 50,000 MT), but without private sector imports, the Government is likely to panic and import towards the end of the year at very high cost, pushing staple food prices up and forcing Government to further interfere in the market to help cushion consumers from above-normal prices.

At sub-national level, there are localized food deficit problems, especially in Southern Province due to the floods/water logging experienced during the 2007/08 season. Other impacted areas to a lesser extent are Western and central Zambia. The VAC estimated about 444,624 people in need of relief food assistance and these are expected to have a significant food gap through to March 2009. In-country stocks with the FRA are adequate to meet these needs even if population slightly increases. With the likelihood of timely onset of rains, early foods will be available by March reducing the food insecure population.

Worst case food security scenario

Although unlikely, if maize market supplies become scarce, causing a maize meal shortage, maize and meal prices will rise significantly above normal. This worst case scenario would also be characterized by a poor start to the 2008/09 agricultural

Figure 2: Most likely Scenario - January to March 2009

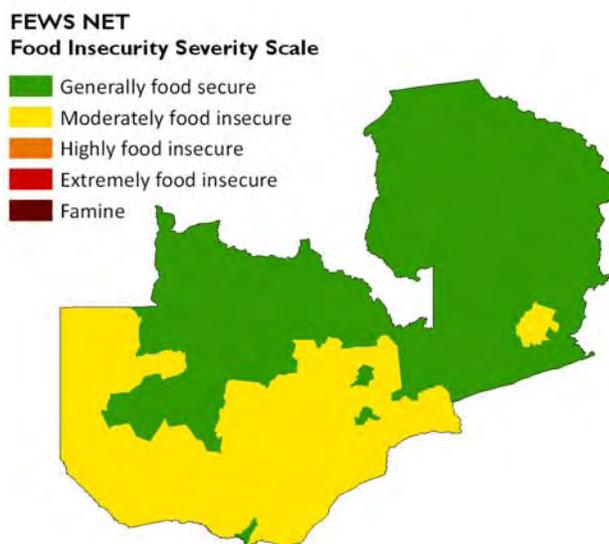


Source: FEWS NET

season and assumes that the continued ban on livestock movement out of Southern Province, due to the foot and mouth disease, reduces income in this livestock rearing region.

This scenario would result in deterioration in food security conditions, particularly for the population in the twenty one districts (mostly in the south) already experiencing varied degree of food insecurity, some of whom already rely on humanitarian assistance. In these districts, some households would be unable to meet their food and income needs due to lower income from livestock sales. As a result of a poor start to the 2008/09 agricultural season, staple food prices would also increase more than usual during the hunger season, resulting in reduced access for market dependent households, particularly the urban poor. In order to cope, many households will either cut the number of meals or quantity of food consumed which will have later implications for the household's nutritional status. While the release of limited maize stocks by the FRA from strategic reserves may partially mitigate the extent of price increases, the high levels of poverty and low levels of income in these areas mean that many households are highly sensitive to price increases, especially during the hunger period.

Figure 3: Worst Case Scenario - January to March 2009



Source: FEWS NET

In this scenario, at least six additional districts and a higher proportion of households within the already deficit districts would require relief assistance. As a result of a late start of the 2008/09 season, and a therefore limited green harvest, relief assistance would be needed for a longer period as the lean season would last until April and moderate food aid imports may be required.