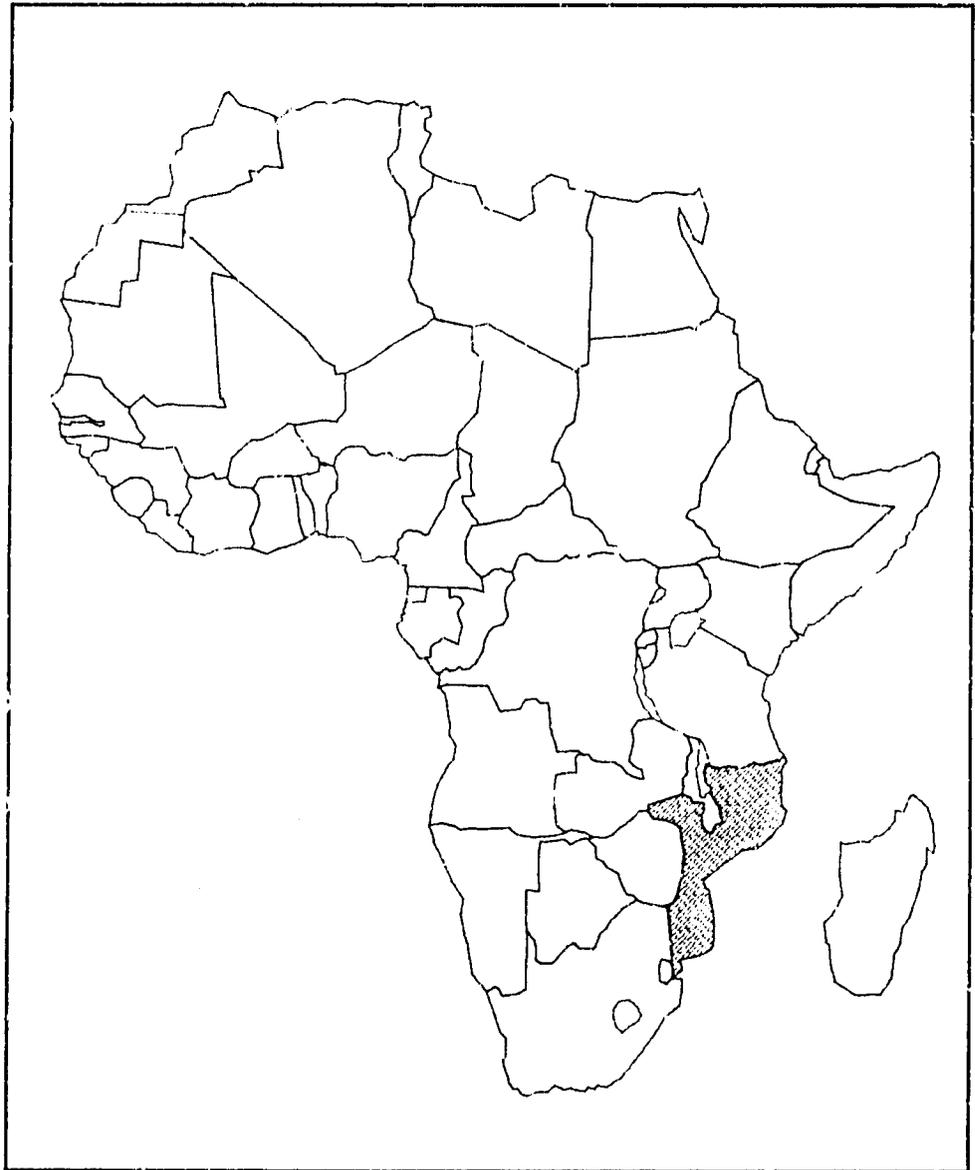


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Report 24
June 1988

FEWS Country Report

MOZAMBIQUE



Famine Early Warning System
Africa Bureau
U.S. Agency for International Development

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MOZAMBIQUE

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Prepared for the
Africa Bureau of the
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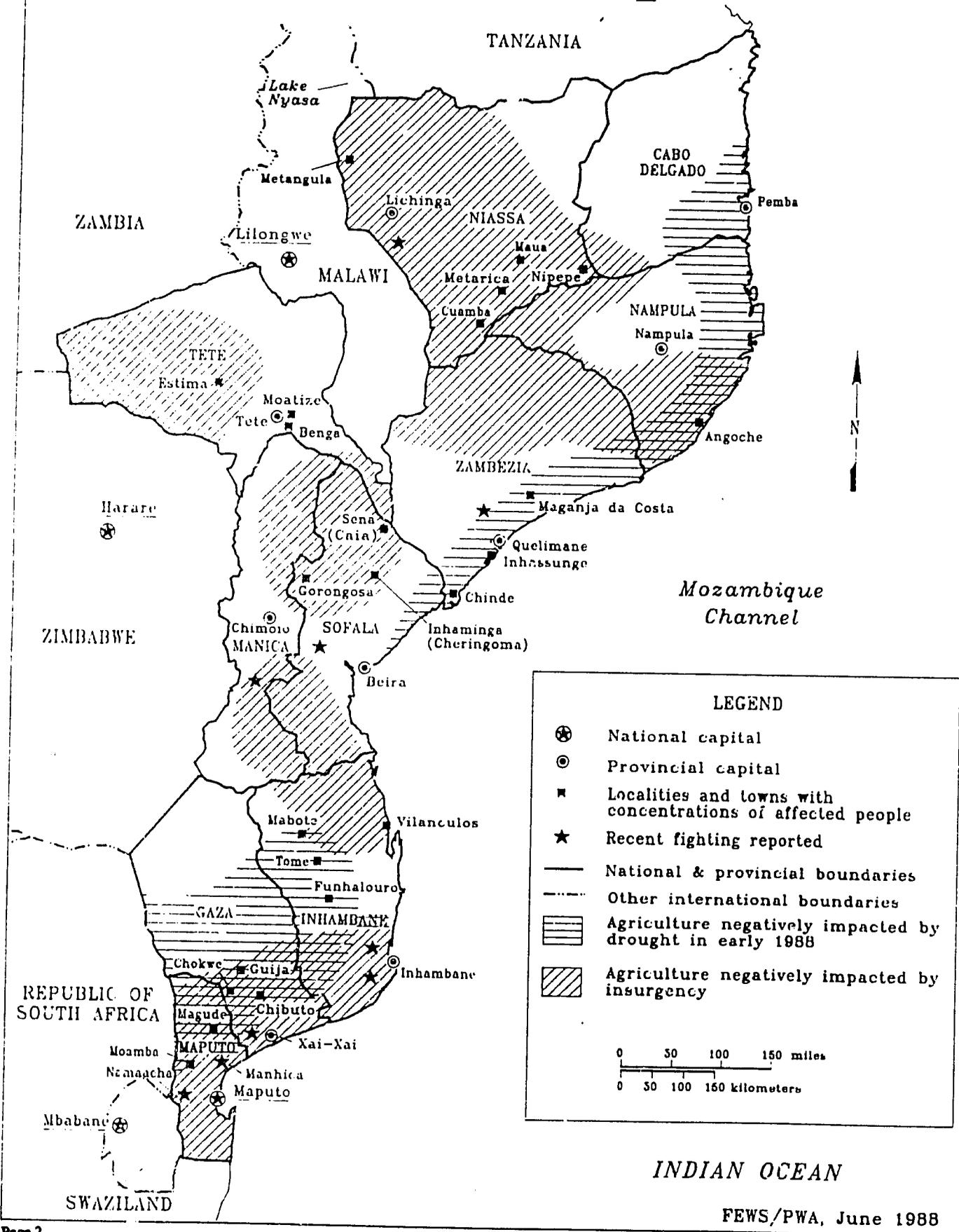
Prepared by
Price, Williams & Associates, Inc.



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Mozambique



LEGEND

- ⊗ National capital
- ⊙ Provincial capital
- Localities and towns with concentrations of affected people
- ★ Recent fighting reported
- National & provincial boundaries
- - - Other international boundaries
- ▨ Agriculture negatively impacted by drought in early 1988
- ▩ Agriculture negatively impacted by insurgency

0 50 100 150 miles
0 50 100 150 kilometers

INDIAN OCEAN

FEWS/PWA, June 1988

MOZAMBIQUE

Food Price Increases



Summary

Recent price increases of basic food items by the government of the People's Republic of Mozambique (GPRM) will probably cause financial difficulties for some low-income people who depend on commercial markets for food purchases. On April 1st, prices of some basic food items increased as much as 400%. The price increases are intended to provide price incentives for agricultural producers, and in the longer term, prices are expected to drop as the domestic food supply increases.

Food Prices

On April 1st, the GPRM National Price and Wage Commission announced very substantial price increases for selected food items (Table 1), according to the Maputo Domestic Service. Particularly significant price increases were noted for rice (577%), sugar (428%), and maize flour (282%). Agricultural workers are reported to be concerned over the price increases, because people with low incomes might not be able to purchase the full quota of food entitled to them under the government's rationing system. To minimize the impact of the price increases, the government announced that it would review possible income tax reductions as well as wage increases.

Table 1: Food Prices, Effective April 1, 1988

Commodity	Quantity	Mozambique Meticals	U.S. Dollar Equivalent	% Increase From March
Wheat Flour (1)	1 kilo	190	0.94	n/a
Wheat Flour (2)	1 kilo	235	1.16	n/a
Maize Flour	1 kilo	145	0.72	281.6%
Rice	1 kilo	271	1.34	577.5%
Cooking Oil	1 liter	540	2.67	50.0%
Sugar	1 kilo	264	1.31	428.0%
Bread	200 g	30	0.15	n/a
Soap	1 bar	429	2.12	n/a
Copra Oil	1 kilo	540	2.67	n/a

1) Official price of wheat flour in port cities of Maputo, Beira, and Nacala.

2) Official price of wheat flour elsewhere in Mozambique.

3) "n/a" data not available.

4) Exchange rate based on 202 Meticals to 1 U.S. Dollar.

5) Prices effective April 1, 1988, as reported by Maputo Radio Broadcast, March 23rd, and Maputo Domestic Service, April 1st.

The price increases are attributed to the government's removal, or reduction, of food subsidies in order to encourage farmers to grow more food. According to the Mozambican newspaper NOTICIAS, the annual cost of these agricultural subsidies is 30 million contos (\$148,510,000 U.S.), and the government simply cannot continue to support the annual payment. The new prices, according to the article, more accurately reflect the actual cost of food commodities in Mozambique.

Table 2: Average Per Capita Monthly Food Cost

Commodity	Monthly Requirement	Monthly Cost In Meticals
Wheat Flour	4.26 Kilo	809
Maize Flour	5.44 Kilo	789
Rice	2.13 Kilo	577
Cooking Oil	0.32 Liter	170
Sugar	0.76 Kilo	201
Totals		2,546

1) Monthly per capita daily ration, in grams, based on GPRM Emergency Appeal for commercial market populations:

Maize	179	Rice	70	Oil	10
Wheat	140	Pulses	36	Sugar	25

2) Food prices as of April 1, 1988 (Table 1). Price of wheat flour in the port cities of Maputo, Nacala, and Beira.

The impact of the food price increase on the average Mozambican is likely to be significant, at least in the interim. Based on the new prices, one month of food rations (as defined in the recent GPRM Emergency Appeal) for an individual purchasing food in the port cities of Maputo, Nacala, or Beira costs 2,546 meticals (\$12.60 U.S.). The 2,546 meticals worth of food per month represents 94.5% of the average per capita Gross Domestic Product (GDP) for 1985. While the GDP is a crude measure of the average income in Mozambique, it suggests that the low-income Mozambican will probably face significant financial hardships over the short term. In the longer term, prices are expected to drop as the domestic food supply increases in response to producer price incentives.

Agriculture

According a February 4th article in the Mozambican newspaper NOTICIAS, agricultural prospects appear poor in Tete Province. Farmers reported that crops were stressed by a combination of sporadic rains and high temperatures in January and early February. The area between Chipondwe and Nhauterezi (locations not shown on available reference maps) was reported to have been particularly affected, and farmers were forced to plant for a third time because the first two plantings failed. This is the second account of a poor agricultural season in Tete Province (both reports were filed in early February - see May FEWS Report). However, satellite imagery for January and early February does not show conclusive evidence of large scale vegetative stress in Tete Province, as was evident in northeastern Mozambique during the same time period.

On February 13th, NOTICIAS reported that crops in the interior of Cabo Delgado Province finally received good rains, but yields per hectare were expected to be poor because late rains delayed planting. The situation along the coast was termed "critical" because of the late rains (see the alert in the February FEWS Report). The rains finally began in early February, but local farmers expected the extremely late planting season and irregular rainfall to have an adverse impact on the April harvest. A March 29th report by the Pan African News Agency (PANA) states that most of this year's harvest in Cabo Delgado is "virtually lost" because of poor rains.

Refugees in Malawi

There are approximately 490,000 Mozambican refugees in Malawi, according to the World Food Program (WFP), and the number is expected to increase to 640,000 by the end of 1988. The current level of donor pledges and carry-over stocks from 1987 is expected to meet the 1988 food requirements of 530,000 refugees (average projected caseload for 1988). However, the WFP is encouraging additional donor pledges to establish a reserve stockpile of 19,635 metric tons (MT) maize, 1,535 MT pulses and 1,935 MT groundnuts to cover the expected increases in refugee migrations through 1988, as well as to ensure that adequate reserves are available at the end of 1988. In addition, ten metal storage silos (each 500 cubic meters) are needed to provide adequate storage for the reserve stocks, and to alleviate shortages caused by delays in food deliveries. Though \$160,000 has been pledged by the European Economic Community (EEC), an additional \$200,000 is needed to finance the storage containers.

The Johannesburg International Service reported on April 14th that a serious cholera epidemic was afflicting the residents of Mankhokwe refugee camp in southern Malawi. Approximately 40,000 refugees are living in the camp, but the number of actual cases was not reported. A French medical team from the Medecins Sans Frontieres organization and Malawian health authorities report the situation to be under control.

Food Requirements

During 1987/1988, the 100,000 MT of donor food aid delivered was less than one quarter of the estimated requirement. In addition, food deliveries were behind schedule, causing serious food shortages. The 1988/1989 GPRM Emergency Appeal for 200,000 MT of emergency food aid represents a 100% increase over the amount of emergency food actually delivered last year. According to USAID/Maputo, the anticipated increase in donor food assistance should improve the nutritional situation in Mozambique during 1988.

While a 100% increase in food deliveries between 1987 and 1988 would lessen the severity of food shortages this year, the nutritional status quo can only be improved if the dependent population's caloric and nutritional requirements are adequately met by the total available food supply. The amount of food needed to arrest or improve the long-term trend of deteriorating nutrition is not necessarily the same as the quantity which the logistical network is capable of delivering. The GPRM acknowledges this in the 1988/1989 Emergency Appeal, where it notes that "while it is recognized that the Government's minimal cereal aid request ... falls short of optimal nutritional requirements, the general consensus within the Government and the international community based in Mozambique is that it is realistic given prevailing conditions."

Famine Early Warning System (FEWS) Country Reports

FEWS publishes monthly reports on Burkina, Chad, Ethiopia, Mali, Mauritania, Mozambique, Niger, and Sudan. These reports are designed to provide decisionmakers with current information and analysis on existing and potential nutrition emergency situations. Each situation identified is described in terms of geographical extent and the number of people involved, and the proximate causes insofar as they have been discerned.

It is necessary to identify or "target" populations in-need or "at risk" in order to determine appropriate forms and levels of intervention. FEWS reports will employ the term "at risk" to mean...

...those persons lacking sufficient food, or resources to acquire sufficient food, to avert a nutritional crisis (i.e., a progressive deterioration in their health or nutritional condition below the status quo), and who, as a result, require specific intervention to avoid a life-threatening situation.

Perhaps of greatest importance to decisionmakers, the process underlying the deteriorating situation is highlighted by the FEWS effort, hopefully with enough specificity and forewarning to permit alternative intervention strategies to be examined and implemented. Food assistance strategies are key to famine avoidance. However, other types of intervention can be of major importance both in the short term and in the long run, including medical, transport, storage, changes in economic development policy, etc.

Where possible, food needs estimates are included in the FEWS reports. It is important to understand, however, that no direct relation exists between numbers of persons at risk and the quantity of food assistance needed. This is because famines are the culmination of slow-onset disaster processes which can be complex in the extreme. The food needs of individual populations at risk depend upon when in the disaster process identification is made and the extent of its cumulative impact on the individuals concerned. Further, the amount of food assistance required, whether from internal or external sources, depends upon a host of considerations. Thus the food needs estimates presented periodically in FEWS reports *should not* be interpreted to mean food aid needs, e.g., as under PL480 or other donor programs.