

SOUTHERN AFRICA Food Security Outlook Update

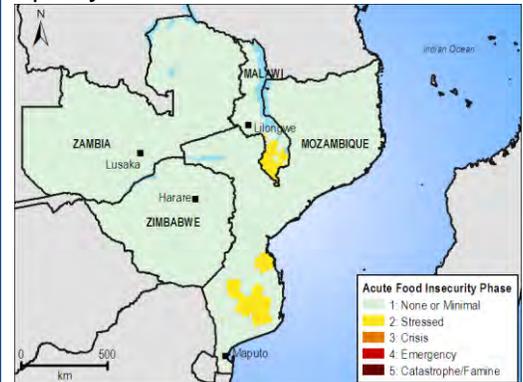
June 2012

Regional food security conditions to remain favorable through September 2012

Key Messages

- Favorable food security conditions exist across the region; most staple foods are readily available and accessible from both own production and local markets. These conditions are expected to prevail through the Outlook period and beyond, especially in areas that had a favorable agricultural production season.
- Local markets remain adequately stocked with staple foods from current harvests and last year's carry-over stocks that are still being off-loaded onto the markets. This has stabilized staple food supplies resulting in significant price reductions. The drop in food prices has been beneficial to market-dependent households that faced above-normal prices during the lean season that ended in February/March.
- The most likely regional food security Outlook projecting satisfactory conditions through September 2012 as a result of average to above-average cereal harvests in many countries in the region remains valid. Food security conditions continue to improve in most areas as households benefit from recent harvests and declining food prices. In many locations these conditions are expected to persist until the start of the lean season (October/November).
- Despite generally satisfactory national food availability, there are localized areas that face acute food insecurity due to livelihoods shocks that have compromised food availability and access. These include parts of southern Malawi, the semi-arid districts of southern and central Mozambique, parts of the southern provinces of Zimbabwe, and most parts of Lesotho. Governments and partners will need to put in place necessary measures to address the needs of these vulnerable populations.

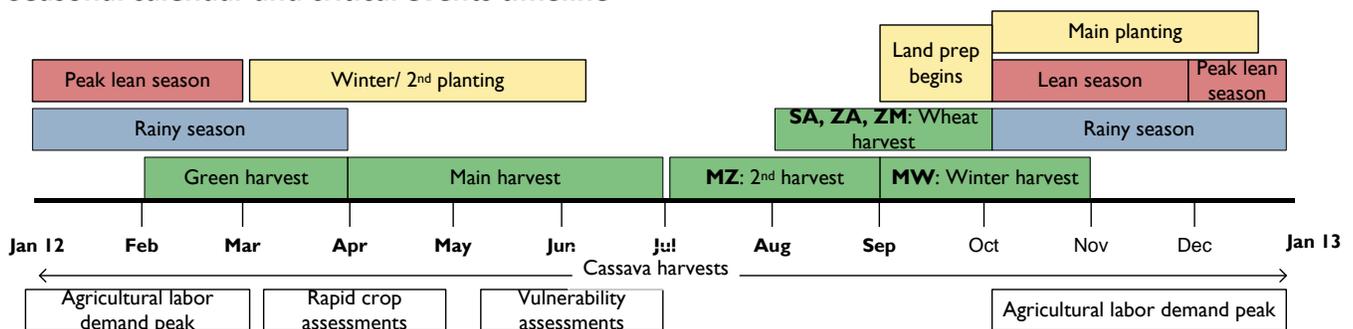
Figure 1. Estimated food security outcomes, April - June 2012



Source: FEWS NET

For more information on the IPC Acute Food Insecurity Scale, see www.fews.net/foodinsecurityscale.

Seasonal calendar and critical events timeline



Source: FEWS NET

This report provides an update to the May 2012 FEWS NET Food Security Outlook report which estimated food security conditions in Southern Africa through September 2012. The next Outlook report will be released in August and will cover the July through December 2012 period.

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Updated Food Security outlook through September 2012

Favorable food security conditions exist across the region with most staple foods being readily available and accessible from both own production and local markets. These conditions are expected to prevail throughout the Outlook period and well into the lean season, especially in areas where crop harvests are estimated to be average or above average. Most households in areas of good production, including the very poor and poor, will have adequate access to food until the start of the lean season in October/November. At this point in time households will start to use typical livelihood strategies for supplementing seasonal household food shortfalls. For most of the region, there are no indications that staple food would be scarce on local markets and prices are expected to follow normal seasonal trends.

However, localized pockets of Stressed (IPC Phase 2) food insecurity conditions exist in parts of the region that have experienced food production shortfalls as a result of poor crop growing conditions. These areas include northern, north-eastern bimodal and unimodal transition areas, and central areas of Tanzania; arid and semi-arid areas of central and southern Mozambique; parts of southern provinces of Zimbabwe; and southern Malawi (the Lower Shire Livelihood Zone). Humanitarian food assistance will be required for the very poor and poor households residing in these areas as early as July/August and until the next harvest. Adequate resources need to be allocated and food assistance pre-positioned to prevent possible further deterioration of acute food insecurity, particularly during the lean season before seasonal foods become available. On-going vulnerability assessments are expected to provide a better indication of the numbers requiring assistance, the type of assistance, and the period in which that assistance will be required. In all countries, affected areas have faced two – three consecutive years of poor production which is progressively eroding livelihood strategies in those areas. While a rapid food security assessment in Angola identified about 2 million people to have been affected by drought, the prompt action by the government to put in place a \$50 million response plan is likely to minimize the adverse immediate impacts of food shortages.

Although most countries of the Southern African Development Community (SADC) region are yet to release the official crop estimates; available data from some National Statistics Offices and Early Warning Units indicate above-average production in South Africa, Zambia, and Malawi (although figures are likely to drop here following the third round of estimates that is currently underway). Qualitative estimates from Tanzania and Mozambique suggest that production levels could be slightly less or the same as those achieved last year. In Zimbabwe, official estimates released in April indicate a significant drop in national cereal harvests due to the mid-season dry spell in the southern parts of the country. These estimates point to a 33 percent drop in cereal production when compared to the previous year and they are 14 percent lower than the five-year average. Elsewhere in the region, reports suggest a variation in expected harvests depending on weather hazard severity and its impacts on crops. Angola, Lesotho, and Swaziland are expecting reduced harvests, while the remaining countries are expecting harvests that are slightly above (or similar) to last year's levels.

Current supply/ demand estimates at national level indicate that at current production levels, only the structurally grain deficit countries of Botswana, Lesotho, Namibia, and Swaziland (BLNS) and Zimbabwe will face domestic cereal deficits this year. Nonetheless, despite the projected adequate regional and national level availability of staple cereals, many countries will still face challenges in ensuring efficient redistribution of food from surplus to deficit areas, as well as being able to

Table 1. SADC MAIZE Preliminary Demand/Supply projections: 2012/13 compared to 2011/12 ('000 MT)

	Current Year: 2012/13	Last Year: 2011/12	Percent Change
Opening stocks	2,792	3,818	-27
Gross Production	26,228	27,082	-3
Availability	29,020	30,900	-6
Gross requirements	26,636	26,289	1
Desired stock req's	1976	1,749	13
Demand	28,613	28,039	2
Deficit/Surplus*	407	2,861	-86
Deficit/Surplus**	2,383	4,611	-48

Source: SADC National Early Warning Units and Central Statistics Office

Excludes South Africa, DRC, and Madagascar.

*Deficit/Surplus denotes surplus/ deficit with stock replenishment = available exportable surplus **Deficit/Surplus denotes surplus/deficit without stock replenishment

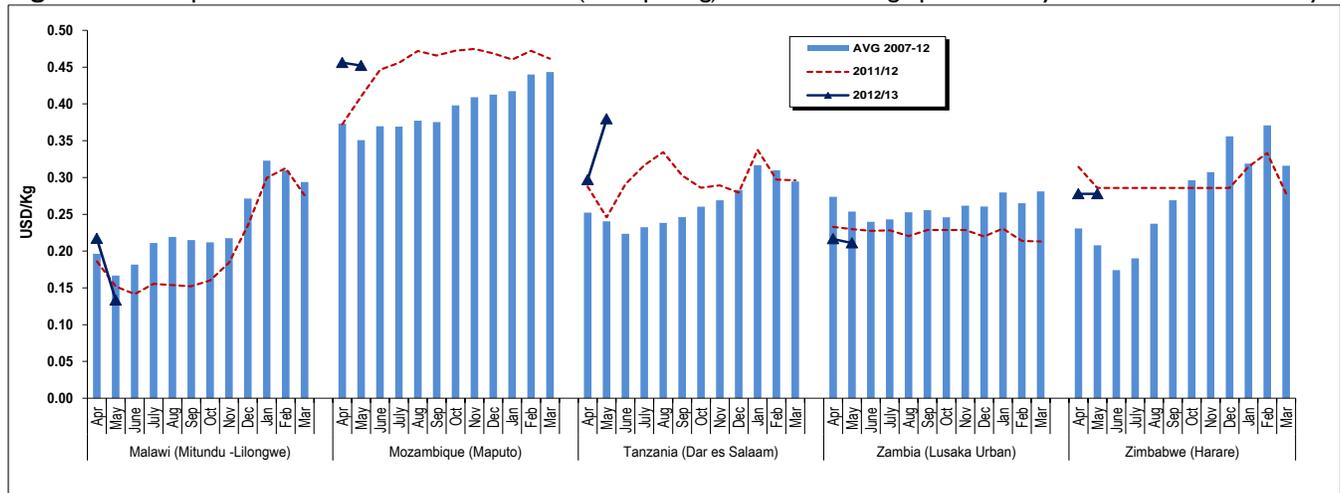
purchase sufficient grain to cover import requirements. Countries of main concern in this respect are those where large shortfalls are being indicated for a significant proportion of the population, notably Zimbabwe, Malawi, and Lesotho.

The major maize surplus-producing countries (South Africa, Malawi and Zambia) are projecting enough exportable surpluses to cover the region's import requirements. However, with an export ban still in place, and an expected reduction in expected total harvests, exports from Malawi are likely to be quite low, and limited to informal cross border trade only. Zambia on the other hand expects to make good of its surplus position this year by putting in place an aggressive maize export program. This program stands to benefit from the existing export ban in Malawi, the reduced level of surplus in South Africa, and the non-acceptance of GMO maize by Zimbabwe – one of the countries with a large maize import requirement.

Markets and Prices

Currently most local markets are adequately stocked with cereals from both current harvests and stocks carried over from last year which traders are now off-loading onto the markets to create space for the new harvest. This has resulted in an adequate and stable supply of staple foods on the markets leading to significant price reductions. Prices are expected to continue to decline until the end of the harvest period (July/August) when prices should stabilize before rising again as the lean season approaches. The observed price drops are typical for this time of the year when markets are usually well stocked with food from main season harvests.

Figure 2. Retail prices of maize in selected markets (USD per kg) based on average prices in key markets in each country



Source: FEWS NET Malawi, Mozambique, Tanzania, Zambia, and Zimbabwe

Anomalous trends have however been observed in some markets in Tanzania where instead of dropping, prices have started increasing quite significantly. For examples, in Dar es Salaam nominal prices rose 27 percent between April and May). This is largely as a result of an expected early tightening of supplies mainly as a result of mediocre *vuli*, and below average expectations for *msimu*, and *masika* harvests. This is reported to have fuelled speculative buying by traders wanting to take advantage of the unbanning of exports in that country.

Nominal prices in Malawi have experienced an average drop of 6.5 percent countrywide, in line with increasing supplies from on-going harvests; the sharp drop observed over the past month (see Figure 2) is steeper than the average drop (in local MWK) due to the 33 percent currency devaluation at the beginning of May 2012. The currency devaluation and subsequent depreciation (as the currency floats); is likely to drive up food prices much faster than normal as inflation rises due to increases in commodity prices including transport costs. Consequently, food prices will remain well above the five year average and last year's levels throughout this consumption period.

Overall, on most monitored markets, food prices (cereals, legumes and root crops) though following seasonal trends, remain above last year and the past five year average. Higher transport, and in some cases, input costs have been cited as the reasons for the higher price levels. The exception is prices of maize grain and maize meal on most Zambia markets

where ample surpluses over the past three years have effectively kept prices at lower levels. This year's bumper harvest is expected to help maintain current trends.

Update of Food Security Scenario

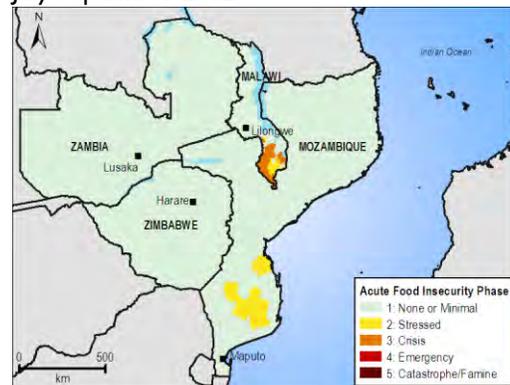
Generally food secure conditions are expected in most parts of the region throughout the Outlook period as stated in the May – September 2012 Regional Outlook. The exception would be some areas of concern in Malawi, Mozambique, and Zimbabwe where acutely food insecure populations have been identified. In such areas, conditions are expected to deteriorate for some of the worst affected households as the Outlook period progresses. However, conditions in northern and north-eastern Tanzania are expected to improve as the *msimu* and *masika* harvests become available in the July through September period.

In Zimbabwe's areas of concern (Masvingo, Matabeleland North, Matabeleland South, and Manicaland provinces of Zimbabwe), households facing acute food insecurity will likely remain below 20 percent of the total population throughout the Outlook period. Therefore these areas will likely remain classified as minimal to no acute food insecurity (IPC Phase 1). In Mozambique, while several areas of concern have been identified, it is in the districts of Machanga, Govuro, Funhalouro, Panda and Chigubo that Stressed (IPC Phase 2) food insecurity conditions have been assessed for more than 20 percent of the population. These are expected to continue unless necessary response and planning measures are taken. Currently, the World Food Program (WFP) food aid pipeline is reportedly undersupplied and unable to extend food assistance coverage to many of the vulnerable households.

In the period of July to September, conditions are projected to deteriorate in parts of southern Malawi (Lower Shire livelihood zone, Middle Shire livelihood zone and the Lake Chirwa-Phalombe Plain livelihood zone) currently classified as Stressed (IPC Phase 2). The most likely scenario in these areas estimates a further deterioration for some households to Crisis (IPC Phase 3) unless external assistance is provided and scaled up to cover growing needs. Apart from production shortfalls, macro-economic instability which has led to a 33 percent devaluation (and a subsequent depreciation) of the local currency, along with significant increases in fuel and other commodity prices, is exacerbating prevailing access problems. This is likely to force households to employ coping strategies significantly earlier than usual, followed by the use of crisis coping strategies towards the end of the Outlook period which could further erode their livelihood strategies.

The results of the annual vulnerability and food security assessments which will be disseminated regionally in mid-July and will provide more detailed information that will assist decision makers in determining the level (and type) of support required by affected households and the timeframe in which assistance will be required.

Figure 3. Most likely food security outcomes, July-September 2012



Source: FEWS NET

For more information on the IPC Acute Food Insecurity Reference Table, please see:

www.fews.net/FoodInsecurityScale