SOUTHERN AFRICA
Food Security Update
September/October 2006

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Summary and implications

Updated food production estimates continue to indicate that food availability over the 2006/07 consumption period will be better than the previous year. This is confirmed by latest country reports that point to stable household food security conditions over most parts of the region, especially where food crop production has been favorable. Food prices, which had peaked at very high levels during the hunger season have dropped significantly since the harvest and have generally remained stable up to the end of September. The reports released by individual national vulnerability committees following the vulnerability assessments conducted in April/May also suggest much lower levels of food insecurity across most parts of the region in 2006/07, with the numbers of food insecure dropping from about 10 million to 3 million. Although some cases of transitory food insecurity were identified, the majority of cases are attributable to chronic vulnerability, which in some areas has been exacerbated by growing poverty, the steady erosion of household assets, and reduced resiliency as households deal with adverse impacts of varied shocks. Vulnerable groups have been identified in Angola, Lesotho, Malawi, Swaziland, and Zimbabwe. Many of the VACs are recommending non-food based interventions that have a strong development component to mitigate food insecurity. The VACs recognize that short term interventions, though useful in meeting immediate food needs of the chronically food insecure, are not sufficient to deal with the underlying causes of chronic vulnerability. The August rapid vulnerability assessment in 58 of the affected districts of Tanzania (following a failed *vuli* and a mediocre *msimu* season) has also established that 651,655 people will have difficulty accessing food during the months of November and December, and 390,000 of them have been assessed as highly vulnerable and therefore require emergency assistance.

Food security summary

Upward revisions in production estimates from Tanzania and South Africa improve regional supply outlook

Compared to last season, food crop production improved considerably across the region as a result of the better crop growing conditions during the 2005/06 season. Many of the countries that faced production shortfalls last season have shown significant improvements in overall food crop production. Table 1 shows significant production increases in Malawi, Zambia and Zimbabwe, while Mozambique and Lesotho also recorded sizable increases. Swaziland is the only country that did not register an increase — production remained at last year's levels. Estimates by the Ministry of Agriculture and Food Security in Tanzania suggest that maize production actually increased this year (about 3% above last year), contrary to earlier expectations of a decline due to the failed *vuli* season and a less than satisfactory *msimu* season. However, overall cereal production in Tanzania has declined by 4% over last year. South Africa and Angola remain the only two countries where maize production declined this past cropping season. Despite the improved production in most southern African countries, total (regional) cereal production is significantly lower this season compared to last season. The reason for the overall drop is attributable to the sharp reduction in area planted to maize in South Africa this past season — a strategy implemented by South African farmers to counter the effects of the oversupply that occurred during the 2005/06 marketing season following the bumper

Table 1. SADC Regional Production Estimates: 2005/06 ('000MT)
Updated end September 2006

	MAIZE			ALL CEREALS		
	2004/05	2005/06 Estimates	% Change	2004/05	2005/06 Estimates	% Change
Angola	734	520	-29	866	671	-24
Botswana	3	13	385	24	49	104
Lesotho	85	103	21	120	126	5
Malawi	1,259	2,611	107	1,336	2,786	108
Mozambique	1,382	1,534	11	1,899	2,098	10
Namibia	41	52	27	97	110	13
RSA	11,716	6,597	-44	13,919	8,913	-36
Swaziland	67	67	0	67	67	0
Tanzania	3,288	3,373	3	5,403	5,190	-4
Zambia	866	1,424	64	1,065	1,602	50
Zimbabwe	591	1,200*	103	754	1,663	121
SADC	20,033	17,497	-13	25,571	23,277	-9

Source: SADC FANR; National Early Warning Units and partners; and Central Statistics Offices. Excludes DRC and Madagascar.
*Based on USDA estimates

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harvest the year before. On average, South Africa normally contributes just over 50 per cent to regional cereal production, and this marked reduction in planting (which led to a 44 per cent drop in South Africa's production) has affected overall regional availability. Current estimates show that the regional cereal harvest of 23.28 million MT is 9 per cent less than last year's total of 25.57 million MT. This figure shows a slight increase when compared to earlier estimates due to upward revisions in final production estimates in South Africa and Tanzania.

Overall maize and cereal deficits still assessed for the SADC region

Final estimates of summer cereal production in South Africa and preliminary estimates in Tanzania show an improvement in overall production for the 2005/06 season. Nonetheless; this upward revision in South Africa was very marginal, and production remains at 44% below last year's level. Furthermore, the opening stocks of white and yellow maize have been revised downwards resulting in total maize availability of just 9.6 million MT against a domestic demand (including pipeline requirement) of 9.5 million MT. For the rest of SADC (excluding South Africa, DRC and Madagascar), maize availability for the 2006/07 marketing year is projected at 11.24 million MT, well below the gross requirements estimated at 12.34 million MT. Countries facing maize shortfalls this season besides the traditional structurally grain deficit BLNS countries, include Angola, Tanzania and Zimbabwe (with the largest shortfall estimated at over 800,000 MT).

Although Table 2 shows that these shortfalls cannot be met by intra-regional trade, as the South African exportable surplus (combined yellow and white) is insufficient to cover all the needs; a separate analysis of the white and yellow maize supply and demand in South Africa indicates the existence of an exportable white maize surplus of up to 1.50 million MT, while yellow maize reflects a deficit of 1.37 million MT (hence the overall surplus of only 126,000 MT). The National Department of Agriculture's Food Security Bulletin released in October 2006 indicates that the country plans to import up to 1.27 million MT of yellow maize to cover the shortfall, and to export a total of 723,000 MT of its white maize surplus. This analysis shows that despite the cut back in the production of white maize in South Africa, it will still be able to supply most of the white maize requirements of its neighbors.

Table 2. Maize domestic deficit/surplus: 2006/07 projections compared to 2005/06 marketing year ('000MT). Updated Oct. 20, 2006

	Current: 2006/07 Year			Last: 2005/06 Year		
	RSA	Other SADC*	Total SADC	RSA	Other SADC*	Total SADC
Opening stocks	3,024	342	3,366	2,903	862	3,765
Gross Production	6,597	10,899	17,496	11,716	8,277	19,993
Availability	9,621	11,241	20,862	14,619	9,139	22,592
Gross requirements	8,519	12,343	20,862	9,090	11,645	20,735
Desired stock req's	976	566	1,542	991	547	1,538
Demand	9,495	12,909	22,404	10,081	12,192	21,012
Deficit/Surplus	126	-1,668	-1,542	4,538	-3,053	1,580
Deficit/Surplus**	1,102	-1,102	0	5,529	-2,506	3,177

Source: National Early Warning Units and partners, and SADC FANR
Excludes DRC. * Excluding South Africa, DRC and Madagascar
** Deficit/Surplus calculated without stock replenishment

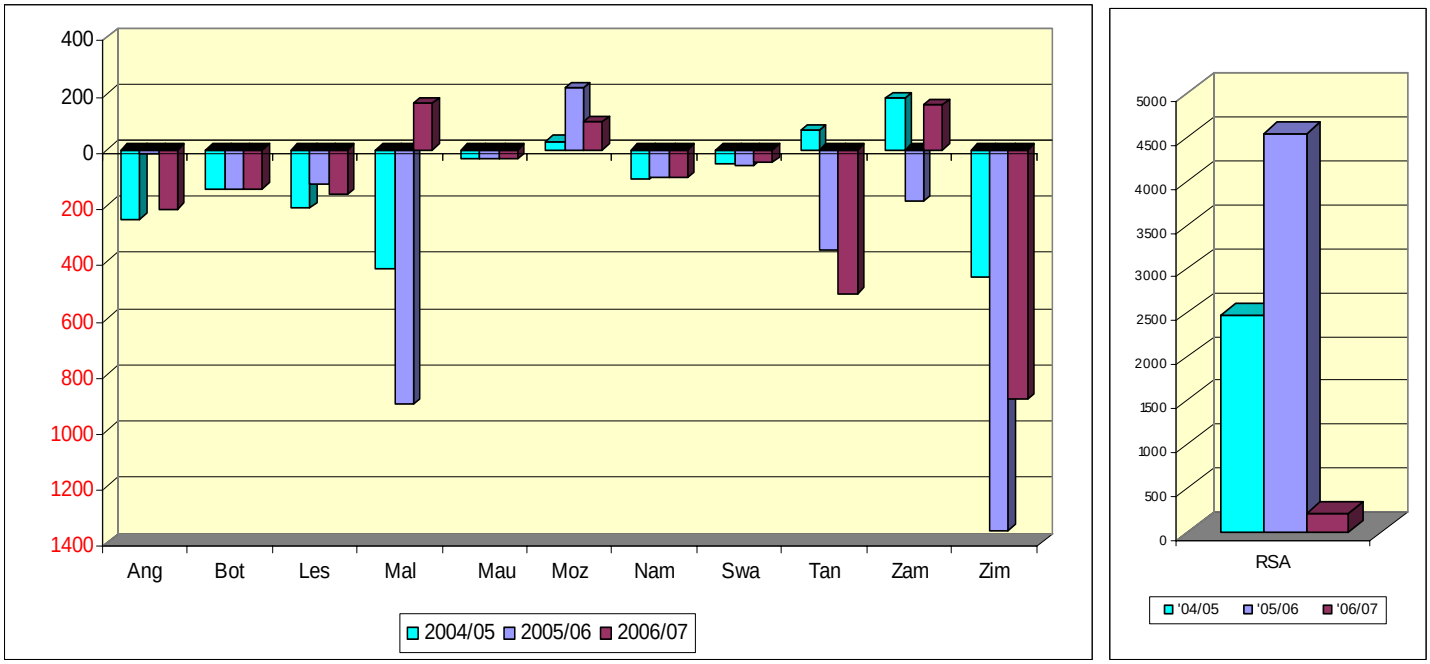
Table 3. All Cereals domestic deficit/surplus: 2006/07 projections compared to 2005/06 marketing year ('000MT). Updated 20 Oct 2006

	Current: 2006/07 Year			Last: 2005/06 Year		
	RSA	Other SADC*	Total SADC	RSA	Other SADC*	Total SADC
Opening stocks	4167	723	4890	3935	1233	5168
Gross Production	8919	14272	23191	13926	11565	25491
Availability	13086	14995	28081	17861	12797	30659
Gross requirements	12400	18132	30532	12997	17167	30164
Desired stock req's	1594	681	2275	1624	656	2280
Demand	13994	18813	32807	14621	17823	32444
Deficit/Surplus	-908	-3818	-4726	3240	-5026	-1785
Deficit/Surplus**	686	-3137	-2451	4864	-4370	494

Source: National Early Warning Units and partners, and SADC FANR
Excludes DRC. * Excluding South Africa, DRC and Madagascar
** Deficit/Surplus calculated without stock replenishment

In terms of overall cereal supply and demand (Table 3), the reduced availability in South Africa (a deficit of 908,000 MT compared to a surplus of 3.24 million MT last year) has meant a much larger regional deficit this year when compared to last year. But outside South Africa, the rest of SADC projects a smaller deficit this season (3.82 million MT) compared to last year (5.03 million MT). Apart from the maize expected to be imported from South Africa, the region will need to procure the remaining cereal requirements (especially wheat) from international sources. Informal cross border trade also continues to play an important role in filling some of the maize gaps; especially at the sub-national level. Cross substitution with non-cereal food crops will also contribute significantly in filling the cereal gap, especially in Tanzania and Angola, where production and consumption of tubers (mainly cassava) and other non-cereal crops like bananas (in Tanzania) and sweet potatoes are significant. Tanzania has recorded a very good harvest of non-cereal crops and, at the macro level, this is assessed as sufficient to cover the estimated cereal deficits.

Figure 1. Domestic maize deficit/surplus: 2006/07 compared to 2005/06 and 2004/05 ('000 MT) (Note different scales). Updated October 2006



Source: National Early Warning Units and partners, Central Statistics Offices, and SADC FANR.

Vulnerability Assessments and proposed interventions

National Vulnerability Assessments and response interventions

The results of National Vulnerability Assessments (NVAs) carried out in many of the southern African countries indicate that food security in the region this current season has improved significantly when compared to the previous 3 years. Most of the countries have released the results of the 2006 assessments, some of which were rapid (as in Zambia) and others more comprehensive (as in Swaziland and Zimbabwe). In the six previously most affected countries (Lesotho, Malawi, Mozambique, Swaziland, Zambia and Zimbabwe) numbers identified as vulnerable to food insecurity have declined from about 10 million last year to 3 million, a decrease of 70%. This decline is attributable to the good food and cash crop harvests realized in most countries, as a result of favorable rainfall performance, and the success of some government led input subsidy programs (as in Malawi and Zambia). However, despite spectacular improvements in production levels this year, assessments in most countries reveal pockets of food insecurity where access and utilization still remain problematic. Food insecurity in most of these areas is attributable to chronic vulnerability, which in some areas has been exacerbated by growing poverty, the steady erosion of household assets, and reduced resiliency as households deal with adverse impacts of varied shocks (including HIV/AIDS, policy related shocks, and inclement weather) that have occurred in the past few seasons. Outside these pockets, apart from the reduction in the number of populations assessed as food insecure, the VACs assessed a general improvement over recent years in some of the indicators monitored, including those for nutrition, markets and access and coping capacities. Performance in the other sectors such as health, education water and sanitation varies within communities and across the region, depending on hazards (such as floods and policy action) that posed risks for particular populations. For the chronically vulnerable populations, their food security has generally been assessed to have deteriorated compared to previous seasons. Year on year comparisons on all indicators however is not easy as each round of assessments are usually tailored to meet specific objectives in individual countries, and not all indicators are routinely evaluated. A full regional synthesis report is being finalized by the SADC RVAC and will be available on www.sadc.org.

Table 4. 2006/07 VAC estimated numbers of food insecure compared to 2005/06

	Assessed Number of Food Insecure[1]				WFP PRRO
Country	2003/04	2004/05	2005/06[2]	2006/07[3]	Beneficiaries[4]
Lesotho	375,000	948,300	548,800	245,739	150,000
Malawi	677,000	1,340,000	4,224,400	833,000	904,000
Mozambique	659,000	115,843	428,235	121,542	461,000
Swaziland	207,000	262,000	226,640	465,890	200,000
Zambia	430,000	215,665	1,232,661	0	620,000
Zimbabwe	4,002,000	2,341,000	2,900,000	1,392,548	1,900,000
Total	6,350,000	5,222,808	9,560,736	3,058,719	4,235,000

1/ Sourced from the 2003, 2004, 2005 and 2006 VAC reports.
2/Through further monitoring, the 2005 numbers increased over the hunger season in Malawi, Mozambique and Zimbabwe.
3/Based on 2006 April/May VAC reports
4/WFP numbers based on VAC assessments and other on-going programs including the Southern Africa PRRO

In recommending actions, many of the VACs have ruled out the use of emergency food aid as a stand alone to mitigate assessed food insecurity, and suggest that non-food based interventions that have a strong development focus also be considered. There is recognition that short term interventions, though useful in meeting immediate food needs of the chronically food insecure are not sufficient to deal with the underlying causes that have resulted in chronic vulnerability. These include medium to longer term strategies such as poverty reduction strategies, implementation of policies that will address issues of access to basic infrastructure, services and farm inputs, implementation of productive safety nets, and support to agricultural recovery and diversification, among others. The implementation of cash transfers as an alternative to food aid assistance has also been highlighted, especially during this year when national food supplies are generally adequate. However the need remains to ensure that markets are functioning effectively before embarking on cash transfer programs. Where transitory food insecure populations were identified (as in Malawi's central and southern regions that suffered through floods and dry spells), the VACs do recommend tightly targeted emergency food aid assistance that will help avert hunger in those situations and to prevent further deterioration of livelihoods.

Table 5. Food aid (cereal) distributions for April – September 2006 and Pipeline Requirements October 2006 – March 2007. WFP Southern Africa PRRO. (MT)

	Apr - Sep 2006		Oct 06 - Mar 2007		
	Planned	**Distributed**	**Requirements**	**In Pipeline**	**Shortfall**
Lesotho	9,585	5,271	5,220	422	-4,798
Malawi	21,467	13,779	16,230	37,061	20,831
Mozambique	20,810	15,899	15,642	4,490	-11,152
Namibia	3,927	2,282	6,510	1,225	-5,285
Swaziland	8,758	6,601	7,065	349	-6,716
Zambia	32,629	15,561	18,198	24,211	6,013
Zimbabwe	61,916	45,667	85,187	41,470	-43,717
TOTAL	**159,061**	**105,060**	**154,052**	**108,228**	**-44,824**

Source: WFP (ODJ) - September 2006 pipeline reports

Humanitarian agencies are expected to respond to chronic cases of food insecurity through on-going targeted programs for specific vulnerable groups, such as orphans and vulnerable children (OVCs) and those affected and infected by HIV and AIDS. WFP assistance will continue to be provided through the Southern Africa PRRO that was launched in January 2005. The PRRO allows for expansions/ revisions to provide emergency assistance whenever required. Table 5 above shows the scale of planned and actual cereal distributions undertaken by WFP through the PRRO from April to September 2006, and provides projections up to March 2007. The data indicates that from October through to March, most countries (except Malawi and Zambia) will face shortfalls, with pipeline breaks occurring from October in most countries. The C-SAFE programs in Lesotho, Zambia and Zimbabwe are better resourced, but are currently scheduled to end in September in Zambia and in December in Lesotho and Zimbabwe. Recent reports also seem to suggest that on-going assistance programs have not yet been revised to take into account the VAC findings. FEWS NET Malawi for instance reports that as at the end of September, there has been no direct response to the findings; and urges the need to ensure that interventions are programmed for the seriously affected areas, especially in Kasungu district. WFP regional office reports that it is facing a regional funding shortfall of US$60 million between December and March 2007 which has forced local offices to scale down their operations since September; cutting back food distributions by between 80 and 100% in countries such as Malawi, Namibia and Swaziland. The agency warned that this comes at a critical time as the lean season that starts in October/November is fast approaching. Due to lack of donor support, only US$58 million of the estimated US$118 million required to meet the needs of the 4.3 million targeted beneficiaries until March 2007 is available. At the same time, reports from WFP Angola also state that, due to a lack of funds, the agency will now close down all operations under the Angola PRRO at the end of December 2006 and transfer responsibility to the government. Food deliveries for most programs (except the refugee vulnerable population program) have been suspended since September due to the shortage of funds.

Regional trade and price analysis

South Africa remains the region's major source of maize

As discussed above, many countries in the region still need to import significant amounts of grain to cover assessed gaps. Table 6 below shows how much each of the southern African countries has imported from South Africa beginning in April 2006. This data shows that apart from Zimbabwe, all the high importers of last season have drastically reduced their imports this year. Most of South Africa's export program is to Zimbabwe and the structurally grain deficit BLNS countries. Imports to Zimbabwe make up 41 %, while total exports to the BLNS comprise 39 % of total exports thus far. By the 20th of October, Zimbabwe had imported 121,094 MT of maize from South Africa. In other reports, the Zimbabwe Grain Marketing Board is reported to have planned an import program of 565,000 MT; 85,000 MT of which will be imported from Zambia. South Africa's white maize exports are entirely from domestic production while yellow maize is also being imported. Between May and October 20, South Africa has received a total of 552,896 MT of yellow maize from Argentina. Table 6 also indicates South Africa's wheat exports to SADC countries. The regional wheat import requirement this year is currently estimated at just over 2 million MT. Wheat imports coming through South Africa but destined for neighboring states (calculated from April to October 20 in line with grain marketing seasons in the region) amount to 78,094 MT. However, most countries import their wheat requirements directly from international markets without going through South Africa.

Table 6. South African cereal exports: April 2006 - October 20, 2006 (MT)

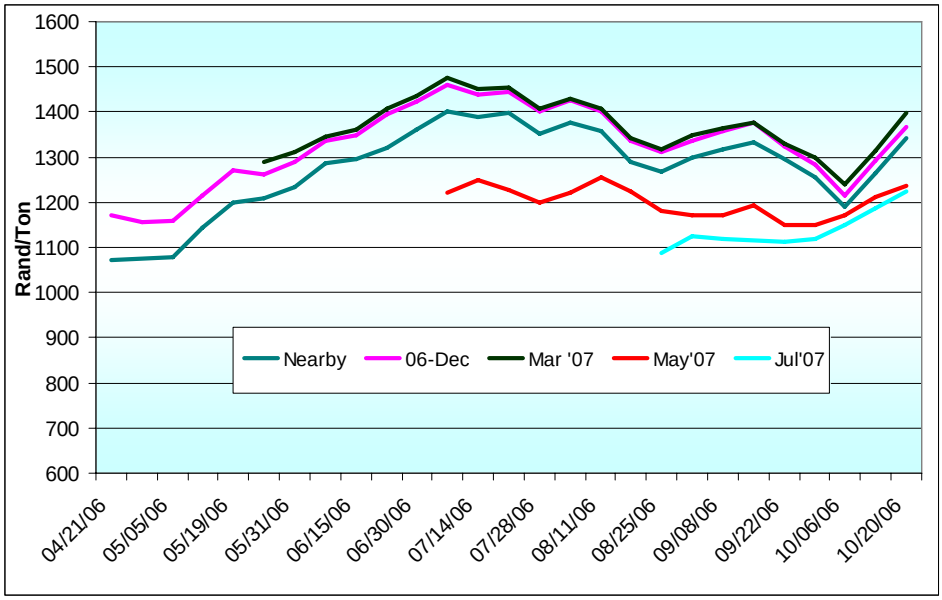
	Exports to SADC member States												TOTAL
	Ang	Bot	DRC	Les	Moz	Mal	Mad	Nam	Swa	Tan	Zam	Zim	
White Maize	3,742	52,093	280	48,983	23,030	1,339	-	6,093	8,528	9,289	9,378	121,094	269,957
Yellow Maize	-	10,987	-	2,100	880	-	-	9,968	24,702	-	189	1033	49,859
Wheat	-	51,037	-	22,551	-	-	-	12,319	15,336	-	27,778	2,484	131,505

Source: South African Grain Information Service (SAGIS) – October 20, 2006

Prices on the South Africa Futures Exchange remain relatively high

Nearby white maize prices on SAFEX dropped significantly after reaching the high levels of over R1,400/MT (or US$198/MT) in the month of July. By October, nearby prices had come down to an average of R1,288/MT or US$167.70/MT (October 1-24). The drop in prices was partly in response to the re-introduction of the No2 Grade white maize to be traded on SAFEX after the industry realized that a higher percentage of this year's maize harvest was of lower quality than normally expected. Late planting and excessive rains in parts contributed to the lower quality crop. The No2 grade maize is not normally used for human consumption but in the feed industry. Up until early October, futures contracts on this maize were still trading cheaper than yellow maize. The September 20 announcement by the Department of Agriculture's Crop Estimates Committee of farmers' intentions to plant summer crops (including maize, sorghum and legumes) in the ensuing season indicates that the area planted to maize will increase from 1.6 to 2.64 million HA, an increase of 65%. This is a reflection of the high prices that farmers have been able to get for their crop this season, and prices are expected to remain favorable as demand is expected to expand with alternative uses of maize. At the current levels of intended plantings, a crop of up to 10 million MT can be expected, assuming average yield levels (Maize Vision No71).

Figure 2: Prices of white maize delivered in Randfontein: SAFEX – Nearby and Futures Contracts



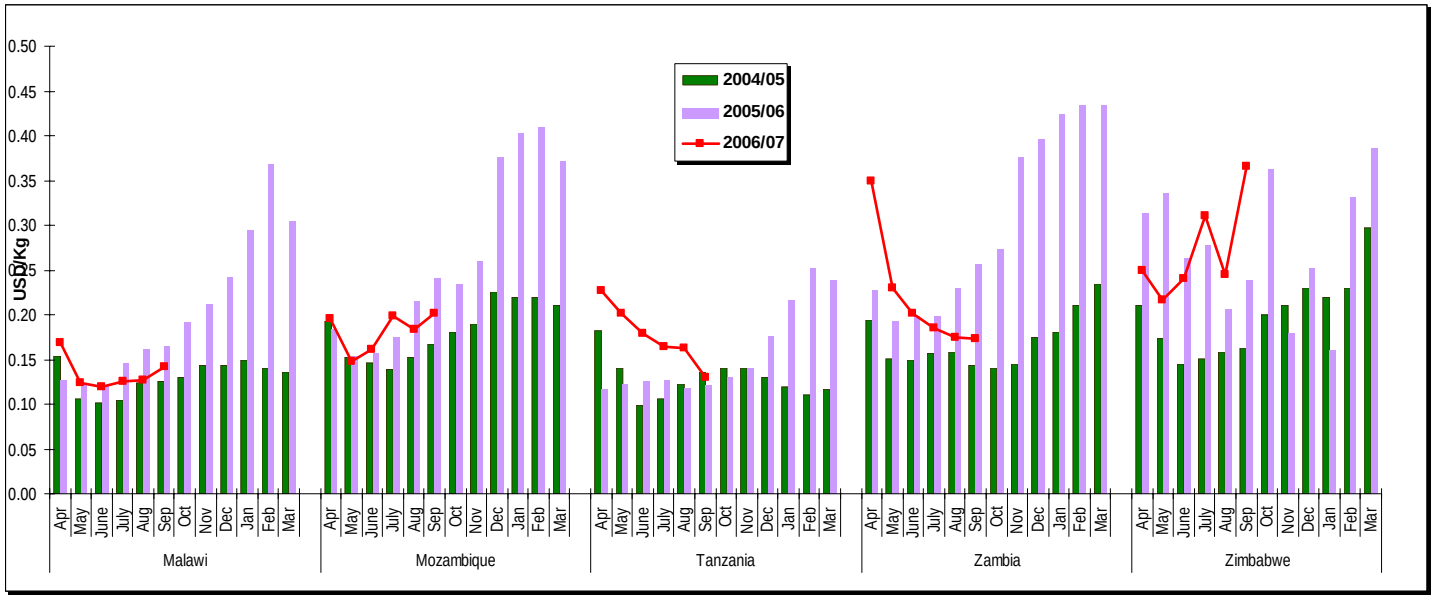
Source: SAFEX, and GrainSA

Although SAFEX prices remain below the July level, there has been a sharp increase since the first week of October for both nearby and futures contracts (see Figure 2). Despite the volatility and weakening of the local currency (averaged R7.68 to US$1.00 over the month of October) and the rise in international maize prices, South African maize prices remain relatively high. On October 20, Argentine white maize was quoted at US$139/MT FOB (compared to US$118/MT FOB on September 29), and SAGIS calculated a landed price in Durban of US$197/MT (R1483/MT) compared to the Durban import parity of US$233/MT (R1755/MT) calculated by GrainSA for South African white maize on the same day.

Retail maize price movements across the region

In the period following the April/May harvest, retail prices of the main staple food have remained lower than at the same time last year, confirming that food supplies across the region have improved significantly compared to the previous two seasons. Figure 3 confirms these observations among the monitored markets of selected countries. However, as the graphic shows, maize retail prices (measured in US Dollars) have started to rise in the monitored markets of Malawi, Mozambique and Zimbabwe, while in Tanzania they have dropped considerably in response to the July/August harvest. In Zambia, prices remain generally stable, reflecting better market and household availability. The rise in prices is in line with the normal trend observed for this time of the year, when most farmers and households have sold the majority of their surplus production, and market supplies begin to tighten.

Figure 3: April 2005 - September 2006 retail maize prices (US$ per KG)



Source: FEWS NET Malawi, Mozambique, Tanzania, Zambia and Zimbabwe. Based on average price among key markets in each country.

In **Malawi,** most of the price increases have been observed in areas that experienced adverse weather that led to crop failure. The highest prices were found in Kasungu market (US$0.21/kg), a district facing severe food shortages. This price is 17% above the government administered ADMARC selling price of MK25.00/kg (US$0.18/kg); and 50 % above the average of US$0.14/kg calculated for Chitipa, Mchinji and Nsanje. Where production surpluses were recorded, prices remain stable and well below the ADMARC price. Following recent cereal harvests in **Tanzania**, prices have dropped considerably and have now reached the levels recorded at the same time last year. The average price (for Dar es Salaam and Mbeya) has dropped from US$0.16/kg in August, to US$0.13/kg in September. However, since the country is facing a cereal shortfall, prices are expected to remain relatively high and will start rising again sooner than normal. The export ban announced in August is expected to keep prices stable by reducing out flows to neighboring countries.

In **Zambia**, prices seem to have bottomed out as the September average for Choma and Lusaka Rural remains at US$0.17/kg. Despite the surplus production this season, prices are relatively higher than those recorded at the same time during the 2004/05 season, during which Zambia also produced a maize surplus. It is expected that prices will remain stable and start rising only as the hunger season approaches. In **Mozambique** the latest data from SIMA indicates stable prices in Nampula, but sustained increases since June for the monitored markets of Beira and Maputo. This has raised the average price by about 11% to US$0.20/kg over the August average calculated for the three markets. Prices however are below last year's levels at the same time, and SIMA reports that in all their monitored markets, prices are below the last five year averages. Prices are expected to start rising as the hunger season approaches.

In **Zimbabwe**, the volatility in maize prices is in response to both maize availability and foreign exchange rates. While prices dropped in April and May in response to improving food supplies, there was an upturn in June and July, with the average going up from US$0.24/kg in June to US$0.31/kg in July. A devaluation of the local currency in August resulted in a sharp drop in the US Dollar price for August, though it has risen sharply once more in September (with the exchange rate unchanged) to US$0.37/kg. This indicates that in local terms, maize prices have risen sharply in Zimbabwe, as the small household stocks from the last harvest have dwindled, and very little is available on local and GMB markets. With the onset of the hunger season, prices, which are already well above last year's levels, are expected to continue to rise, exacerbating food access problems in a year when most people will be dependent on markets for their food supplies.

2006/07 Seasonal outlook

Current status of El Nino and its implications for Southern Africa

El Nino conditions were confirmed in September 2006. The impacts that these conditions will have on rainfall in Southern Africa are still uncertain, but the signal should be better defined by mid-November or December. At that point, the implication of the El Nino Southern Oscillation (ENSO) and sea surface temperatures for the growing season rainfall in southern Africa should be much clearer. El Nino is traditionally associated with reduced rainfall in parts of southern Africa, but the actual effects can vary significantly depending on the actual conditions of the atmosphere and the oceans.

Given the potential impacts of El Nino conditions in Southern Africa, there is need to closely monitor the developments in the atmosphere and oceans. The current state of the oceans and atmosphere is such that conditions can change quickly, and given the potential variability that can occur, it is too early to give definitive statements on the potential impacts. Climate conditions do not look favorable at present, but this may change. Due to rainfall and cropping patterns in southern Africa, December and January rains are very important for determining crop outcomes, and the ability to forecast these more accurately will increase as the said dates draw nearer.

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.