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### EXECUTIVE SUMMARY

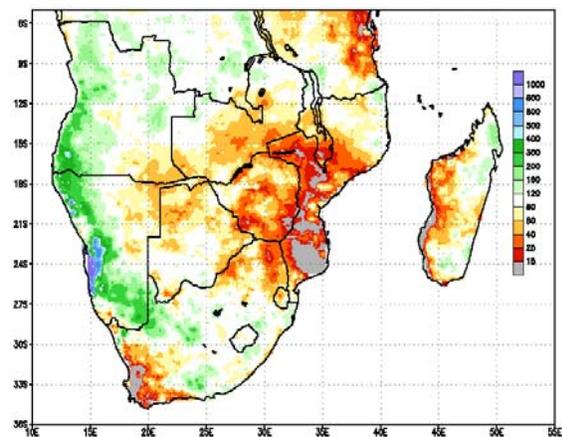
Dry conditions in the month of February have raised concerns of possible failed harvests in Southern Africa's most affected areas, which include southern Malawi, southern and central Mozambique, and most parts of Zimbabwe. The dry spell (particularly in Malawi) occurred at the tasseling and grain filling stages where adequate soil moisture is most critical. However crops at the vegetative stages have been equally affected as permanent wilting has been reported in the severely affected areas. The dry spells came on the backdrop of a generally poor rainy season performance marked by an erratic start, intermittent dry spells up to the first dekad of January, and flooding in parts. This, together with reported poor availability of agricultural inputs at the start of the season is expected to result in reduced crop yields, and subsequent production shortfalls. Timely food security and vulnerability assessments are recommended.

The supply of the main staple (maize) continues to tighten in most countries, but the availability of early season food crops and food aid interventions is reported to have eased the situation in some of the worst affected areas. Nonetheless, retail maize prices are now rising steadily as last year's stocks are drawn down. Exceptions include parts of Malawi, Tanzania and South Africa where February prices are reported to have dropped over January levels. Trade has largely contributed to help stabilize prices in Malawi, while for South Africa; surplus availability (among others) is exerting downward pressure on prices. New season crops (short rains harvest) have improved maize supplies in Tanzania.

### SEASON PROGRESS AND PRODUCTION OUTLOOK

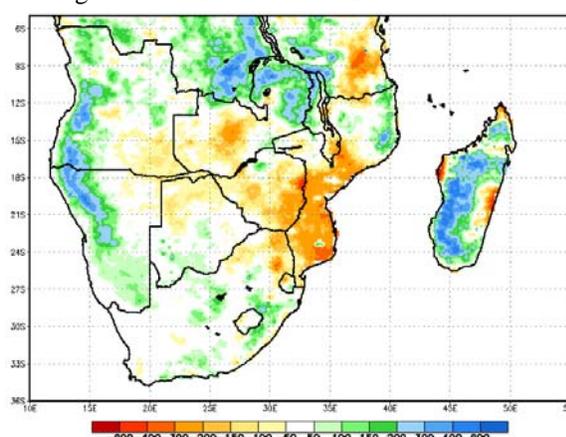
#### A prolonged dry spell prevails in February

**Figure 1a:** February 2005 rainfall as a percent of normal



Source: NOAA CPC

**Figure 1b:** Rainfall Anomaly – difference from Average: 01 Nov 2004–03 Mar 2005



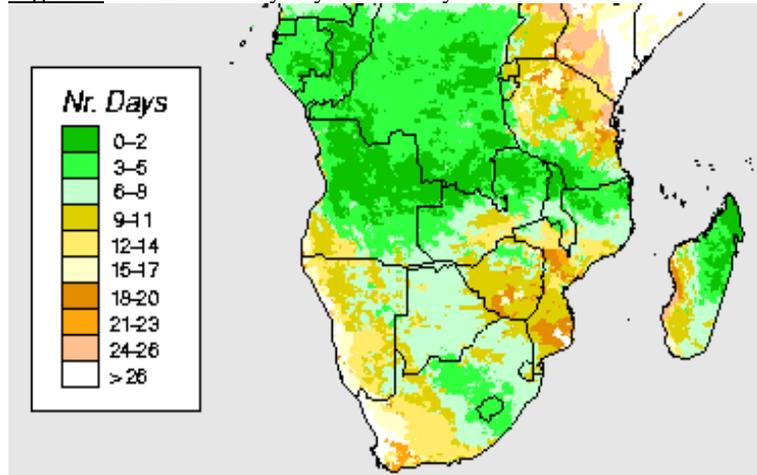
Source: NOAA CPC

Following an erratic start to the 2004/05 rainy season, many areas received good rains in January, which significantly improved crop growing conditions and in many areas broke the dry spells that had persisted from the end of December till the first ten days of January. The January rains improved cumulative rainfall levels, raising them to near normal levels and improving soil moisture and crop conditions. However the month of February, which in the region is critical in determining final harvest expectations, was characterized by a prolonged dry spell in many parts of the SADC region. Areas affected include southern and central Malawi

(particularly southern Malawi), southern and central Mozambique, southern half of Zimbabwe, Swaziland, northern-most parts of South Africa, southern Zambia, and Botswana (Figure 1a - brown, red and grey colors). Overall, rainfall received since November 2004 has been normal (Figure 1b - white colors) in some parts, but below normal in all the areas affected by the February dry spell (Figure 1b - brown and red colors). While the poor rains have already affected crops in many areas, the situation may start to adversely affect the hydrological reserves as well if rainfall performance does not improve soon. The latest rainfall forecasts from the SADC Drought Monitoring Centre covering the March-April-May period does not paint a very positive picture either, as the forecast suggests greater likelihood of below normal or normal rainfall for much of the southern half of the region.

### Dry spells dampen 2004/05 harvest prospects in some countries

**Figure 2:** Number of dry days - February 2005



Source: USGS/FEWS NET

The prolonged dry spell in the southern half of the region has adversely affected the condition of crops, some of which had reached the tasseling and grain filling stages when adequate soil moisture is most critical. Field observations as well as analysis of satellite imagery and crop models indicate that maize crops in southern and central Malawi, southern and central Mozambique, southern Zambia, southern and eastern Zimbabwe, and northern South Africa have been adversely impacted by the dry spells, dampening crop harvest prospects in most cases. Southern Malawi and the areas around the Limpopo Basin in southern Mozambique appear to have been most hard hit by the dry spells (Figure 2). In many of the areas mentioned above, the dry spells (which lasted for up to 20 days in the most severe cases), coupled with high temperatures severely affected crops, resulting in permanent wilting before the crops reached maturity. As a result, any rains received from the first dekad of March onwards will not resuscitate the crops to a reasonable condition, as some have been completely scorched by the sun. However, adverse effects have

been less pronounced on earlier planted crops which had already reached maturity by the time the dry spell set. On a more positive note though, the highly productive area of central South Africa has been receiving good rains, and has been performing well so far this season, with prospects for a good yield.

### Food Security Implications for the 2005/06 marketing year

Unfavorable crop growing conditions (an erratic start to the season, intermittent dry spells, and the prolonged February dry spells), coupled with widespread input availability and access problems, are likely to heighten food security concerns in the region during the 2005/06 season. Many, if not all of the areas hard hit by the dry spells were similarly affected by poor crop conditions last year, resulting in food production shortfalls that left many of the poorer and vulnerable households struggling to access adequate food. Another below normal crop will have a more devastating effect on people's ability to cope with continuing food shortages. Much of last year's food shortages have by and large been addressed through targeted relief assistance from governments and the humanitarian agencies. While the scale of needs will vary across the different countries and communities, FEWS NET advocates early (forward) planning both by national governments and the humanitarian and donor communities which will help avert any food crisis that may arise as a result of failed harvests. It will be critical for national governments and partners to undertake timely food security and vulnerability assessments (in April/May) to determine the level of food insecurity and the assistance that may be required as a result of the production shortfalls and other underlying factors that compounded food access difficulties in several countries in the region.

## CURRENT FOOD SECURITY SUMMARY

As the hunger season reaches its peak, current food security conditions remain a concern in the countries that experienced a poor production season in 2003/04. Surplus producing countries, such as Mozambique, Zambia and Tanzania, have a satisfactory food security situation, with food insecurity reported only in selected areas due to localized poor crop growing conditions.

Reports from **Malawi** suggest an increased number of households (especially in the affected areas of the Southern Region) have run

out of own production, and are now depending on the market for food, or on the relief food distributions. Overall, food aid has ensured food access to the most vulnerable households; while active cross border trade has helped stabilize retail maize prices keeping them significantly lower than predicted based on last year's poor harvest. Current maize prices throughout the country are much less than those recorded in 2002, at the height of the 2001-03 food crisis, while in some markets, prices have even dropped below January levels indicating continued adequate supplies. In their latest assessment, FEWS NET Malawi noted that, as a result of relief interventions, ready availability of maize on local markets, and the lower prices, the food security situation has remained under control even in the worst affected areas of the south.

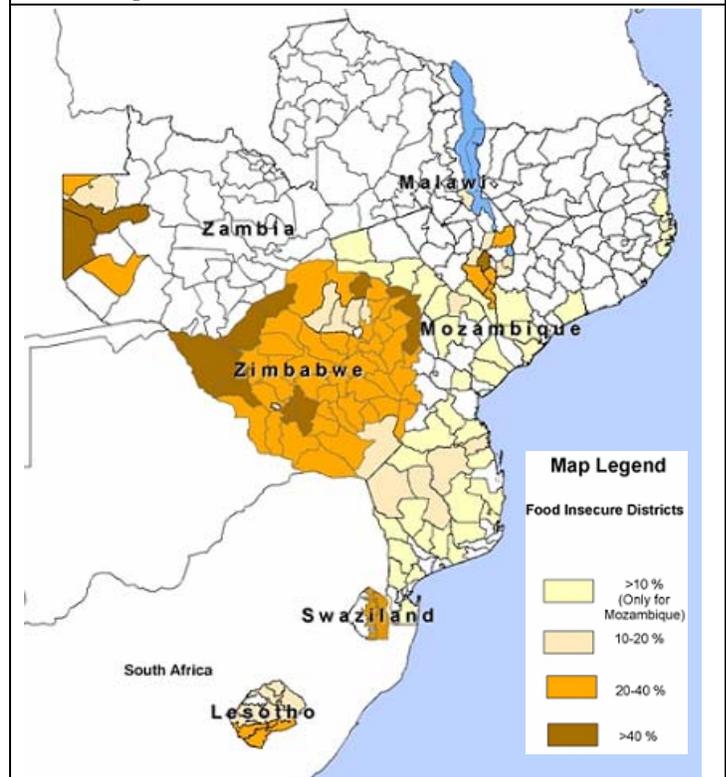
In **Zimbabwe**, concern about poor households' access to food remains. Despite the continued availability of staple cereals and other basic food stuffs such as cooking oil, sugar, bread and salt in both rural and urban parallel and formal markets throughout the country, a significant proportion of urban and rural households are finding it extremely difficult to access adequate amounts of food. Zimbabwe is also going through the peak of the hunger season, where own food production has largely been depleted, and many households have become market dependent. High levels of inflation continue to erode income levels, already at low levels for the poorer households. Although annual inflation had dropped from an all time high of 622.8 percent in January 2004 to 133.6 percent in January 2005, it remains one of the highest in Southern Africa. For example, after a 50 percent increase in January 2005 in minimum monthly wages for commercial employees, from Z\$500,000 to Z\$750,000, the new minimum monthly wage still covers only 42 percent of the total value of a monthly food basket for a low-income urban household of six. Food security prospects for the 2005/06 consumption year have been dampened by late planting of major cereal crops, a critical shortage of top dressing fertilizers and long dry spells that caught the cereal crop at a critical growth stage. An early crop assessment is required to ascertain the food security implications of the 2004/05 cropping season production.

Apart from the isolated locations where poor harvests were realized last season, the food security situation over much of **Tanzania** remains satisfactory. Average maize prices have been declining in most major markets, making food more accessible to market dependent households. A follow up assessment of the areas covered by the Food Security Information Team (FSIT) rapid vulnerability assessment last August; has established that a higher number of people (77,658 compared to 47,058) require assistance in the period January to March 2005. The government is responding through the release of more maize from the SGR, which will be distributed at subsidized prices to the targeted beneficiaries.

In **Zambia**, despite the good harvest realized last season, there are isolated areas that had poor results due to floods (western Zambia), and prolonged dry spells (eastern Zambia). A field verification exercise late last year estimated that some 5,001 MT of food would be required to assist 176,388 beneficiaries in the period February - March 2005. The response led by the governments' Disaster Management and Mitigation Unit (DMMU) has however been delayed, and plans are now to begin distribution in the first week of March. The food security situation in these areas may not improve after March as many of them have again experienced adverse growing conditions this season with many reporting crop failure. This means there will be no green harvest coming in early to augment available supplies. Two more districts in the north (Samfya and Kawambwa) have also signaled requests for assistance following excessive persistent rains since the start of the cropping season.

In **Mozambique**, the Food Security and Nutrition Technical Secretariat (SETSAN) carried out a rapid assessment from February 9 - 15 to monitor progress of the crop growing season, and to assess current food security in those areas that had been identified as at risk in July 2004. These are the same areas that are experiencing prolonged dry spells once more this season. The assessment established that ongoing mitigation measures (such as food aid distributions) in these areas have successfully contained levels of food insecurity. In addition, average staple food prices are low, enabling an increased number of poorer households to access food through purchases. The Agricultural Market Information System (SIMA) reports that prices in the markets monitored in the south

**Figure 3:** Food insecure districts in Lesotho, Malawi, Mozambique, Zambia and Zimbabwe, June 2004



Source: WFP-Based on results from the FAO/WFP Crop and Food Supply assessment Missions, May 2004 and Nutrition Data

(Maputo) have generally been below average since June 2004.

In **Lesotho** and **Swaziland**, where last year's harvests fell far short of domestic consumption requirements, food access for the most vulnerable is still a concern. While food prices have remained relatively stable in Lesotho (year on year food inflation rates stayed within the 5 percent range from December 2004 to January, 2005), prices have increased in Swaziland with food inflation rates rising from 6 percent in December to 8 percent in January. Ongoing food aid distributions and commercial import deliveries have ensured continued availability of most staples and other basic food stuffs in both rural and urban areas and have contributed to the relative stability of prices. However, despite continued food availability on urban and rural markets, some of the most food insecure households (estimated in May 2004 at 948,000 in Lesotho and 600,000 in Swaziland) are unable to purchase adequate amounts of food. Production prospects in both countries have again been compromised by unfavorable crop growing conditions, raising concerns of continued food shortages. FAO and the Ministry of Agriculture in Lesotho are planning to conduct a pre-harvest assessment from March 18-29, which will provide an early indication of harvest expectations. A similar assessment is being considered for Swaziland.

Targeted relief interventions aimed at food insecure and vulnerable people in affected countries (Figure 3) have successfully contained levels of food insecurity in most affected communities. Apart from the assistance from the World Food Program (WFP), the Consortium for the Southern Africa Food Security Emergency (C-Safe), and other humanitarian agencies, national governments have also implemented relief programs (such as the release of subsidized maize from the SGR in Tanzania, and the DMMU food distribution in Zambia). Beginning in January, WFP food assistance in the region has been supplied through the Protracted Relief and Recovery Operation (PRRO), a three year program designed to assist a monthly average of 1.5 million people in the region. At the end of February, WFP indicated that it intended to assist 4.3 million people between January and March 2005 through the PRRO. Food stocks have been assessed as sufficient to cover the needs of all targeted beneficiaries in Swaziland (250,000), Zambia (250,000), and Zimbabwe (1.3 million). For the remaining three countries however, available stocks can only cover 75 percent of the assessed 630,000 in Lesotho, 80 percent of the assessed 1.3 million in Malawi, and 60 percent of the assessed 350,000 people in need in Mozambique. The specter of yet another food crisis means the numbers requiring assistance are likely to rise, highlighting the need for advance import planning and renewed donor response to the currently under resourced PRRO.

## REGIONAL PRICE MOVEMENTS AND TRADE FLOWS

### Imports and Exports progress

**TABLE 1:** SADC summary of imports and exports progress, April 2004 - February 2005 ('000 MT)

|                           | Maize       | Wheat       | Rice        | Sorghum /Millet | SADC* All Cereals |
|---------------------------|-------------|-------------|-------------|-----------------|-------------------|
| <b>Imports Received</b>   | <b>893</b>  | <b>878</b>  | <b>104</b>  | <b>21</b>       | <b>1896</b>       |
| Commercial                | 755         | 878         | 104         | 16              | 1752              |
| Food Aid                  | 138         | 0           | 0           | 5               | 129               |
| <b>Imports Expected</b>   | <b>999</b>  | <b>1543</b> | <b>1359</b> | <b>60</b>       | <b>3961</b>       |
| Commercial                | 755         | 1483        | 1298        | 52              | 3589              |
| Food Aid                  | 255         | 60          | 60          | 8               | 372               |
| <b>Total Imports</b>      | <b>1888</b> | <b>2421</b> | <b>1463</b> | <b>81</b>       | <b>5852</b>       |
| Exports shipped           | 780         | 255         | 35          | 20              | 1074              |
| Exports yet to be shipped | 484         | 0           | 9           | 34              | 527               |
| <b>Total Exports</b>      | <b>1253</b> | <b>255</b>  | <b>44</b>   | <b>54</b>       | <b>1601</b>       |

Source: SADC FANR, National Early Warning Units, FEWS NET/WFP Cross border initiative, East Africa RATIN, FAO/WFP CFSAM-July 2004 and WFP (ODJ)

\*Excludes DR Congo

Table 1 indicates the progress made as at the end of February in completing import (commercial and food aid) and export plans based on available data. At the beginning of the marketing year, the level of planned imports by individual member States across the region was sufficient to cover assessed macro level food gaps during the 2004/05 marketing year. Timely and successful implementation of import programs is indicative of cereal availability levels at the national scale, especially in the grain deficit countries. Table 1 however suggests that with only two months remaining in the 2004/05 marketing year, import progress remains very slow, with, for example, only 47 percent of maize imports so far completed. On a

disaggregated level, the structurally grain deficit BLNS countries have done much better in completing their imports programs; at the end of February, they had collectively received 65 percent of the total planned cereal imports with maize as high as 70 percent, while wheat was at 66 percent. It is possible that higher delivery levels have been achieved as these data are reported by SAGIS and include only those imports from South Africa.

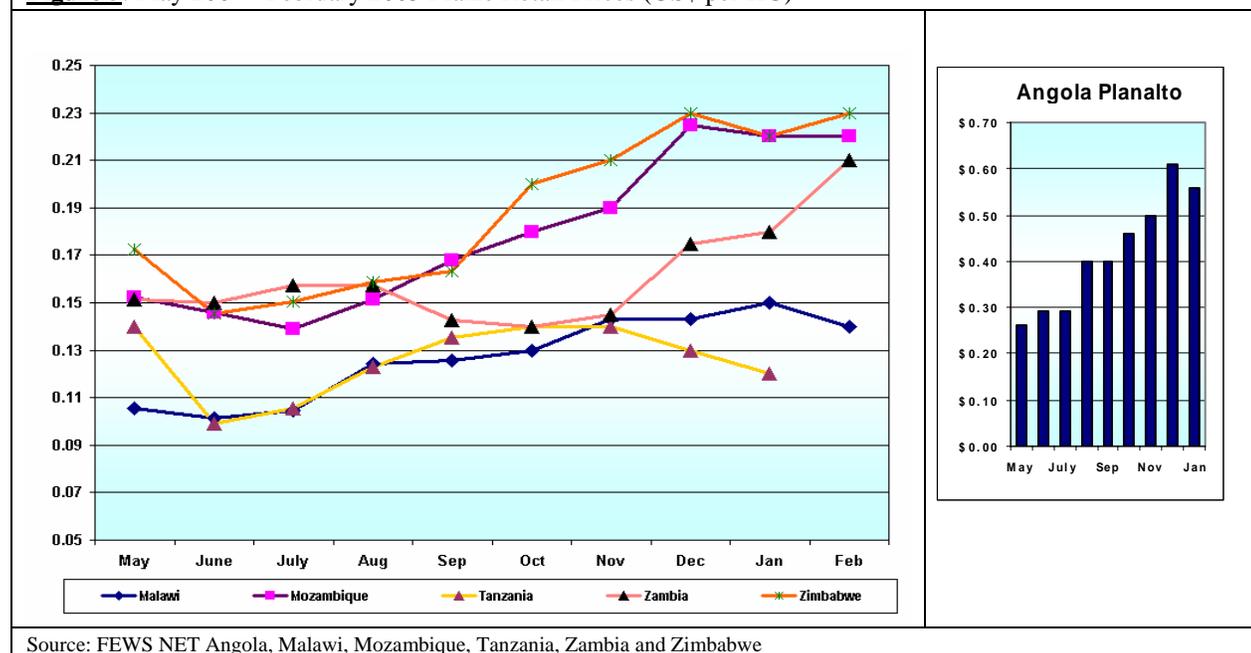
Low levels of effective demand in some countries (as a result of deepening levels of poverty) could be the reason why delivery rates have not matched initial commercial plans. It is however important to note that Table 1 is only *indicative*, as real time data on net imports received is usually incomplete. There is a need to strengthen information systems that track food imports and exports data (both formal and informal) as this information is crucial in assessing the extent to which food shortages are addressed by markets and is key in forward planning both by the private and public sectors.

For South Africa, despite the low maize prices prevailing since December, exports have been quite slow; the South Africa Grain Information Service (SAGIS) records indicated that of the exportable surplus of over 2 million MT, a total to 575,457 MT had been exported since May 2004. Zimbabwe is now the largest recipient, having imported in excess of 136,000 MT of white maize, while the BLNS countries imported 259,967 MT. Other SADC recipients include Angola (23,760 MT) and Mozambique (31,973 MT). According to the maize Supply and Demand estimates by Grain SA, a total of 750,000 MT of maize were to be exported over the 2004/05 marketing year, with 410,000 destined to the BLNS countries. With only two months left to the marketing season, it is unlikely that these targets will be reached, and the result will be an even larger opening stock in May 2005. South Africa's low level of exports may be explained by the existence of other surpluses last year in Tanzania, Zambia and Mozambique. The fact that SAGIS has not reported any exports into Malawi, despite the national shortages in that country, could be explained partly by the recorded level of informal maize exports from Mozambique into Malawi in the months July 2004 – January 2005, which are reported to have been in excess of 60,000 MT, while formal exports from Zambia are estimated at 35,000 MT.

### Retail maize price movements

Retail maize prices increased marginally over January levels in the monitored markets of Zambia and Zimbabwe. In Mozambique, prices maintained January levels, while in Malawi, average prices dropped. February retail prices were not available from Tanzania, but the East Africa Regional Trade Intelligence Network (RATIN) reports that wholesale maize prices have been declining as harvesting of the short rains maize crop progresses in the northern bimodal areas. Prices in the southern surplus producing areas have remained low, and by February were reported the lowest in East Africa region. There was a sharp rise in average prices in Zambia from the January level of US\$0.18/kg to US\$0.21/kg, reflecting the recent poor harvest expectations as a result of widespread dry spells. The adverse growing conditions prompted the Minister for Agriculture at the end of February to put a ban on further maize exports pending an assessment of harvest prospects.

**Figure 5:** May 2004 - February 2005 Maize Retail Prices (US\$ per KG)



Despite a further devaluation of the local currency in Zimbabwe, average maize prices in February (Bulawayo and Harare) increased by 5 percentage points back to the December level of US\$0.23/kg (after having dropped to US\$0.22/kg in January). In Zimbabwe dollar terms, prices in Bulawayo maintained the January level while those in Harare increased 12 percent. In Mozambique (Maputo, Beira and Nampula), average maize prices remained stable from January to February, maintaining the US\$0.22/kg level. However, prices in Maputo have been increasing steadily since September; and were as high as US\$0.29/kg in February. This steady increase is indicative of declining supply flows from the surplus producing areas of the north and center to the south both as a result of depletion of on-farm supplies and transport logistics from the north to the south. Stable prices in Nampula are reflective of continued adequate availability in the northern areas of the country.

Maize prices in Malawi (averaged across Chitipa, Mchinji and Nsanje) fell marginally from US\$0.15/kg to US\$0.14/kg in February. This downward trend, registered in 23 out of the 39 markets monitored in Malawi over the month of February, suggests that markets have remained adequately supplied, and could be receiving further inflows as a result of previously held stock now

being off-loaded on the markets in preparation for the next harvest. Targeted food distributions as well as informal maize imports from Mozambique have contributed to the stability and low price levels this consumption season. Retail maize prices in the Planalto region of Angola (recorded in Huambo Province) have been persistently higher than those from neighboring states, rising to as high as US\$0.61/kg in December. However, improved food supplies (enhanced by the recent naca harvest) have eased the pressure on available maize, lowering average prices to US\$0.56/kg in January 2005. The decline in prices is expected to be maintained as food availability continues to improve.

### **Maize prices on the South African Futures Exchange continue falling**

Maize prices on the South African Futures Exchange (SAFEX) have continued to drop: the February average (nearby) for white maize was recorded at R537/MT, down from R673/MT, in January, and 45 percent down from the November 2004 high point of R974/MT. Expectations of a South Africa harvest in excess of 10.5 million MT for the 2004/05 season, relatively low international maize prices (Argentina at US\$86/MT and US Gulf at US\$103/MT), and large carryover stocks (in excess of 3 million) expected at the end of this marketing year continue to exert this downward pressure on local prices. Despite the low prices, exports out of South Africa have not increased significantly. By the end of February, SAGIS records indicated that only a further 75,000 MT had been exported, bringing the total exports since May 2004 to 575,457 MT. The strong South Africa Rand has also contributed to the sluggish export trade by lowering the competitiveness of the local maize crop. The Rand remained strong throughout the month of February exchanging at an average of R6.00 to the US dollar. Grain industry analysts expect the fall in prices to continue over the next few months - especially if South Africa production prospects remain good - to levels that could be as low as R400/MT. March 2005 futures for white maize were trading at \$471/MT.

The Southern Africa Food Security Brief draws from the FEWS NET monthly reports, with additional contributions from network partners: including FEWS NET/USGS, the SADC Regional Remote Sensing, 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.