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EXECUTIVE SUMMARY

A number of Southern African countries are facing reduced crop harvests this season—below both last season and the 5-year average—because of poor crop growing conditions, and, in some cases, poor access to requisite inputs. In particular, maize production, which was more adversely affected by the mid-season drought than most other crops, is forecast to decline significantly in many countries (by between 29 percent in Zambia and 69 percent in Botswana). Although there are yet no official estimates for Zimbabwe, cereal production is expected to be well below average, with some estimating a decline of as much as 60 percent below both the last season and the past five year average. However, in South Africa crop growing conditions were favorable this season. The excellent maize harvest in South Africa will boost regional maize availability to a level sufficient to meet the import requirements of the region’s maize deficit countries. The only other countries registering a better harvest than last year are Angola and Tanzania, where forecasts indicate an overall 23 percent and 10 percent increase, respectively.

Results of the national vulnerability assessments and crop estimation surveys as well as the joint FAO/WFP Crop and Food Supply Assessment Missions (CFSAM) to selected countries of the region indicate a very tight food supply and limited food access during the 2005/06 consumption year. The number of the food insecure people requiring humanitarian assistance in Lesotho, Malawi, Mozambique, Swaziland, Zambia, and Zimbabwe is estimated to be at least 10 million, significantly above last year’s assessment of 5.29 million, while food aid requirements are currently estimated at 813,000 MT. The countries most concern are, in order of priority, Zimbabwe, Malawi and Mozambique. However, Zambia, Swaziland, and Lesotho have populations at-risk. In order to revise current food aid projections and refine targeting criteria accordingly in each of these countries, FEWS NET recommends continued monitoring of food insecurity indicators, such as the availability of employment opportunities, labor rates, and staple food prices.

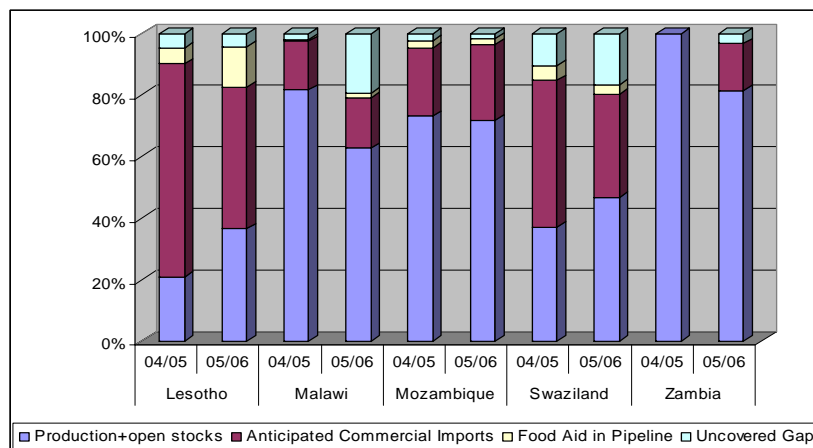
REGIONAL CEREAL HARVEST ESTIMATES AND CFSAM RESULTS

Joint Crop and Food Supply Assessments completed in affected countries

Results of the April/May 2005 FAO/WFP CFSAM missions to the SADC countries that faced adverse crop growing conditions in the 2004/05 crop growing season indicate critical food production shortfalls in Malawi, Mozambique, Swaziland, Lesotho and Zambia. In **Malawi**, the slight gains in production realized in the 2003/04 season were once again reversed because of a prolonged mid-season drought and the shortage of basal fertilizers. The mission assessed a decline in production of all crops from last year and the past 5-year average; maize production is assessed to be at the lowest level since the 1991/92 drought year. The worst affected are the southern and central regions, where the mid-season drought caught the crop at the tasseling and cobbing stage, when adequate soil moisture is critical.

In **Mozambique**, the mission findings suggest a reasonably good production overall (3 percent below last year’s), although the south of the country was badly hit by the mid season drought and experienced a 43 percent drop in production. Although the maize balance sheet shows a comfortable level of availability at the national level, the mission has assessed food shortages to be particularly acute in the south, with an estimated 480,000 people needing assistance from as early as July 2005. In **Zambia**, the mission findings suggest a sharp drop in cereal production following of a series of dry spells and the early cessation of rains,

Figure 1: FAO/WFP CFSAM Cereal Balance Analysis for 2005/06 compared to 2004/05



Source: FAO/WFP CFSAM Reports, July 2004, and June 2005. Note: No CFSAM conducted in Zambia for the 2004/05 season; information for that year obtained from Zambia NEWU.

especially in Southern and Western provinces. Other factors leading to a drop in production include poor availability and late delivery of inputs as well as a shortage of draught power. Although the mission has assessed a significant import requirement (269,000 MT), the national food balance sheet analysis suggests a much lower level of import requirement (85,000 MT). CFSAM findings in *Lesotho* and *Swaziland* suggest production increases of 15 and 10 percent, respectively, over last year's harvests, which were some of the lowest recorded in both countries. Despite the adverse impacts of the dry spells, both countries recorded higher production levels this season, although still below the past five year averages by 16 percent in Lesotho and 6 percent in Swaziland. Nonetheless, critical food shortages have been assessed in both countries, necessitating high levels of imports (both commercial and food aid). Although the government of *Zimbabwe* did not request for a CFSAM, the level of cereal crop production in 2004/05 is expected to be well below average, and much less than last year's production. No official estimate of crop production has been released by the Government of Zimbabwe. Based on the expected maize import requirements of 1.2 million MT and the poor growing conditions, maize production is unlikely to exceed 600,000MT.

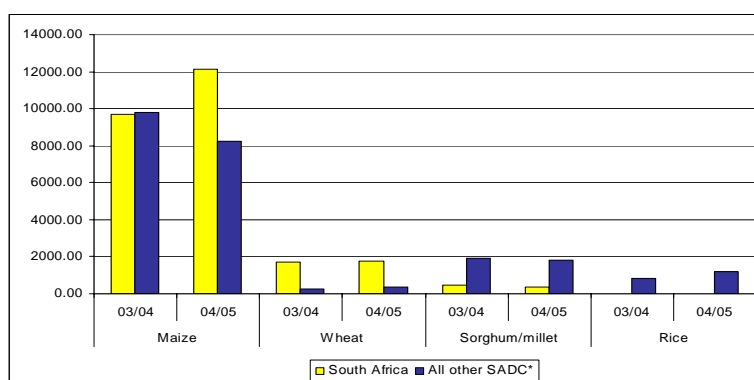
Figure 1 shows, by country, the share of total production against the necessary mix of commercial and food aid imports needed to meet cereal consumption requirements and compares this with the 2004/05 assessments. Planned commercial imports are based on historical trends of each country's import capacity. Where possible, informal cross-border food imports have been estimated. Malawi and Zambia stand out as the two countries where production shares have dropped significantly compared to last year. In Malawi, production fell from 80 percent of requirements to 60 percent, while in Zambia, the production fell from 100 percent to 80 percent. Uncovered cereal gaps have been assessed in all countries. These will have to be filled through additional pledges of international humanitarian assistance to top up current pipeline stocks. The level of deficit this year in Zimbabwe is expected to necessitate substantial imports, and the Government of Zimbabwe has stated their intention to import 1.2 million MT of maize. Although the maize is available in regional markets, this level of importation will be challenging given the available foreign exchange reserves in Zimbabwe.

Overall cereal production in SADC Region improves over last year

Available information from various sources suggests a total regional cereal harvest forecast of 25.931 million MT, a level that is 5 percent above last year's production of 24.68 million MT, and 9 percent above the past 5-year average. Maize production (the region's main staple crop) is projected at 20.42 million MT, marginally higher than last year's level of 19.53 million MT. This above average regional production is largely due to the good overall harvest expected in South Africa, where production is up 21 percent over last year, and 17 percent above the past 5-year average, mainly due to a very favorable production season. The South African maize crop is now estimated at 12.15 million MT, up from the May estimate of 11.79 million MT. Estimates from Angola and Tanzania also indicate significant increases in production. Angola recorded a 23 percent production increase over last year (and 42 percent over the past five-year average), mainly because of favorable rainfall and increased area under production. In Tanzania, where the growing season conditions were mixed, the 2004/05 cereal production increased 10 percent over last year (and 32 percent over the past 5-year average). As a result, Tanzania is the only other SADC country apart from South Africa to project a domestic cereal surplus in the 2005/06 marketing season.

At the other extreme, the majority of SADC countries are facing significant production shortfalls. Apart from the five countries noted above, which requested for the joint FAO/WFP CFSAMs, Botswana, Namibia, and Zimbabwe experienced significant declines in production this season because of the scarcity, early cessation and erratic nature of last season's rains. For Botswana, production is 45 percent less than last year's and 23 percent below the past five-year average, while for Namibia, it is estimated to have dropped 22 percent from last season's crop; with the Caprivi Region, which experienced the worst impact, recording a 76 percent drop in the production of coarse grain. In Zimbabwe, although official estimates have not yet been released, a maize import requirement of 1.2 million MT has been assessed.

Figure 2: 2004/05 Cereal production forecasts compared to 2003/04



Source: SADC FANR, SADC National Early Units and partners

FOOD SECURITY SUMMARY AND OUTLOOK

Deficit countries face high levels of cereal import requirements

Table 1: Estimated 2005/06 total cereal import requirements for SADC countries¹

	Deficit/Surplus ('000MT)			
	Marketing Year			
	2003/04 ²	2004/05 ²	2005/06 ²	2005/06 ³
Angola	-709	-813	-625	-601
Botswana	-281	-281	-293	-251
Lesotho	-321	-295	-178	-178
Malawi	-94	-477	-1013	-953
Mauritius	-203	-203	-203	-193
Mozambique	-654	-550	-445	-445
Namibia	-140	-148	-150	-113
Swaziland	-128	-99	-110	-99
Tanzania	-264	-98	465	606
Zambia	-66	134	-100	-100
Zimbabwe	-1287	-796	-1718	-1438
SADC	-4147	-3626	-4370	-3765

Source: SADC FANR, National Early Warning Units, and FAO/WFP CFSAM Mission reports - 2003, 2004, and 2005.

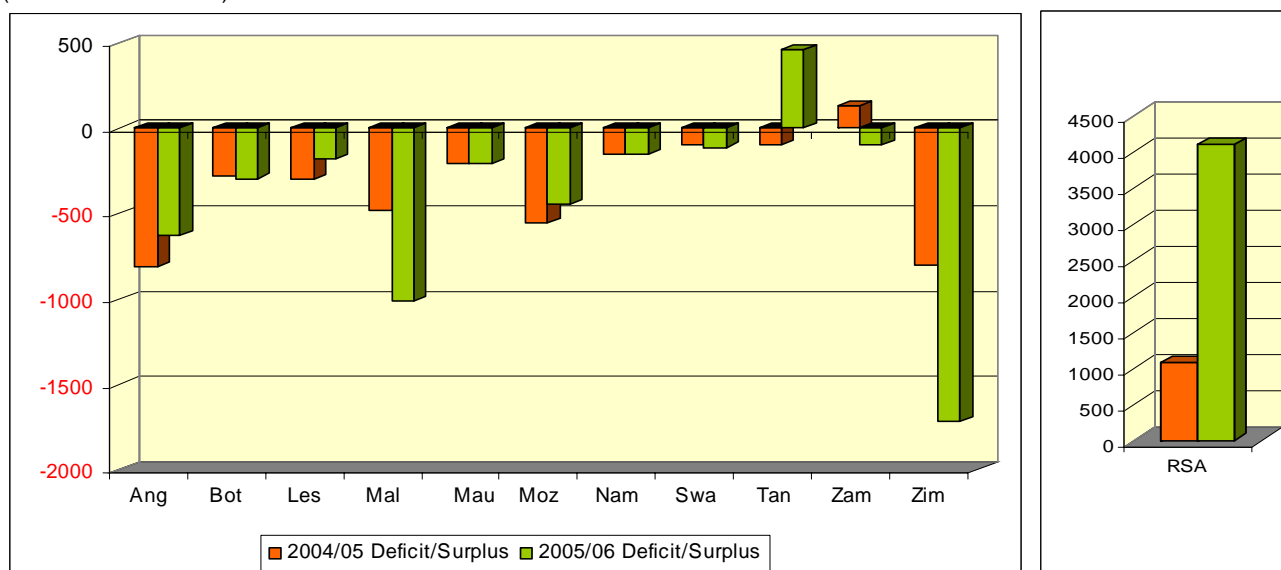
(1) Excludes South Africa, which had overall surpluses. (2) Deficit/ Surplus calculated with stock replenishment. (3) Deficit/ Surplus calculated without stock replenishment

Current food availability assessments, as well as estimates derived by the FAO/WFP CFSAMs in the five countries, indicate large cereal import requirements for the region (Table 1). According to these assessments, SADC countries (excluding South Africa) need to import 4.37 million MT of cereals during the current marketing year in order to meet consumption requirements. This figure shows a 21 percent increase over last year's regional (excluding South Africa) shortfall of 3.63 million MT and assumes a full replenishment of strategic grain reserves. (The figure drops to about 3.8 million MT without stock replenishment.) However, the shortfall is well below the 5.77 million MT (excluding South Africa) reached during 2002/03, when many member States faced critical food shortages. Some of the cereal shortfall this year will be filled through substitution of other non-cereal food crops, such as cassava, sweet potato, banana, and other commodities. In many countries (such as Angola, Malawi, Mozambique, Tanzania and Zambia), cross substitution plays a very important role in filling the cereal gap. However, estimation methods (for both availability and cereal equivalents) in most countries currently do not enable an accurate estimation of the proportion of consumption requirements that come from these non-cereal crops. Furthermore, the regional nature of production and consumption preferences of such crops, including transportation and processing costs (in the case of cassava) needs to be better

understood before these crops can be included in the national balance sheets.

In the graphic below (Figure 3), the projected cereal gaps represent calculated domestic cereal shortfalls before cross substitution. Individual country food balance sheets (from which this analysis is derived) indicate the level of uncovered cereal gaps after incorporating current import plans (commercial and food aid). For Malawi, cross substitution with cassava reduces the projected cereal shortfall (before trade) significantly, from about 1 million MT to 645,000 MT.

Figure 3: Domestic cereal deficit/ surplus : 2005/06 to 2004/05 ('000 MT)
(Note different scales)



Source: SADC National Early Warning Units and partners

High level of maize imports indicated

Although many countries this year are expecting below average harvests, domestic maize availability in the region for the 2005/06 marketing year is projected to be 24.11 million MT, which is about 7 percent higher than in the 2004/05 marketing year (22.6 million MT). This is due to South Africa's bumper harvest and its large carryover/opening stock (estimated at close to 3.0 million MT), which brings maize availability in South Africa alone to over 15.07 million MT. The projected South African domestic surplus of 5.23 million MT is more than sufficient to cover the projected deficits and import requirements of SADC member states and still leave an after trade surplus of 2.38 million MT. South Africa's current export plans (according to GrainSA estimates) are estimated at 1.22 million MT. Zimbabwe is set to import large quantities of maize from South Africa. According to South African Grain Information Service (SAGIS) records, between April 2 and July 8, 2005, Zimbabwe imported over 245,000 MT of white maize, representing a weekly average of some 18,000 MT. If imports continue at this pace, the country could import an annual amount just over 900,000 MT. Reports indicate that Zimbabwe is also likely to import substantial amounts from outside the region (including East Africa) to cover maize import requirements, currently estimated by government officials at 1.2 million MT. Other SADC recipients of South Africa maize exports within the same period include Botswana (41,379 MT), Lesotho (29,147 MT), Malawi (1,583 MT), Mozambique (21,168 MT), Namibia (16,359 MT), and Swaziland (7,298 MT).

National Vulnerability Assessments reveal acute needs in Zimbabwe and Malawi

National Vulnerability Assessments (NVAs) have been completed in Lesotho, Malawi, Mozambique, Swaziland, Zambia, and Zimbabwe. Zimbabwe and Malawi seem to be the highest priority countries requiring emergency assistance this year, but food insecure populations requiring food assistance have also been identified in Lesotho, Mozambique, Swaziland and Zambia.

Table 2 below depicts the food aid requirement and the numbers of the food insecure people in the affected countries as assessed by the national VACs for the 2005/06 consumption period and compares it to findings of the 2004/05 and 2003/04 assessments. The table shows that more people have been assessed as likely to suffer some degree of food shortage (or missing food entitlements) as compared to the 2003/04 marketing year, and last season, which was much better in terms of food crop production for Zambia, Malawi, Mozambique and even Zimbabwe. The amount of food aid required is however less than was assessed in 2003/04, because a large number of people in some of the countries will only require assistance during the critical hunger period.

Table 2: 2005/06 Food aid requirements and estimated numbers of food insecure people compared to 2004/05 and 2003/04

Country	2003/04 Marketing year		2004/05 Marketing year ⁴		2005/06 Marketing year ⁶	
	Assessed Number of Food Insecure ¹	Assessed Food Aid Requirements ²	Assessed Number of Food Insecure	Assessed Food Aid Requirements	Assessed Number of Food Insecure	Assessed Food Aid Requirements
Lesotho	375,000	32,900	948,300	43,000	548,800	20,244
Malawi	677,000	31,000	1,340,000	56,000	4,224,400	269,600
Mozambique	856,000	144,000	187,000	49,000	587,499	69,755
Swaziland	207,000	24,000	262,000	28,300	226,640	27,020
Zambia	430,000	37,300	215,665	14,548	1,232,661	118,335
Zimbabwe	4,002,000	610,000	2,341,000 ⁵	177,700	3,900,000 ⁷	308,000
Total	6,547,000	879,200	5,293,965	368,548	10,720,000	812,954

Notes:

1/ Numbers of food insecure sourced from WFP EMOP 10290.0 document. 2/ Assessed food aid requirements sourced from the FAO/WFP CFSAM reports of 2003. 4/ Assessments of food aid needs and numbers of the food insecure sourced from the July 2004 FAO/WFP CFSAM reports except for Zambia which was sourced from VAC report, June 2004. 5/ Numbers from VAC rural assessment only. 6/ Sourced from the June 2005 VAC presentations to the Stakeholders meeting of 7 - 8 July 2005 pending final reports, and June 2005 FAO/WFP CFSAM Reports. 7/ Preliminary results provide a range of 2.9 - 3.9 million people

An acute food crisis is assessed in **Zimbabwe**, where, the World Food Program is using a working figure of 4.0 million food insecure people pending the finalization of the VAC results. The Zimbabwe VAC's preliminary estimate of between 2.9 and 3.9 million people is expected to increase once the scenario analysis is completed using a more realistic set of assumptions (GMB grain supplies are short, and/or prices rise beyond inflation rates). Inclusion of other vulnerable groups, including those who have been made homeless through the urban "clean-up" campaign will raise the numbers further. Findings by the **Malawi** VAC indicate that Malawi will need about 270,000 MT of food to cover those missing food entitlements for an estimated 4.2 million people in the rural areas who cannot cover through further purchases from commercial imports, due to overstretched coping capacities. Figures presented for Malawi represent the best-case scenario; the food aid requirement of 270,000 MT (for 4.2 million people) is assumed if food price increases remain at par with the inflation rate throughout the consumption period. A much higher requirement (414,000 MT for 4.6 million people) is projected in a scenario that assumes much higher increases in prices. Assessed food aid needs by national VACs in the remaining four countries (Lesotho, Swaziland, Mozambique and Zambia) amount to just over 235,000 MT with a combined population of 2.6 million MT. In **Mozambique**, food aid needs have been assessed as most acute in the Southern Region and parts of the Central Region following the worst production season there since 2001/02. Mozambique VAC findings indicate that 429,000 people require immediate and continuous assistance until March 2006, with an additional 159,000

possibly needing assistance from the beginning of the hunger season in October. The **Zambia** VAC's findings indicate a food aid requirement of 118,000 MT among vulnerable households in the most drought affected southern and western parts of the country, most of which the Government of Zambia hopes to mobilize internally with the assistance of co-operating partners. National VAC findings in **Lesotho** and **Swaziland** point to localized areas of food insecurity among rural households who will also require food assistance (22,000 MT and 26,000 MT, respectively), particularly as the hunger season approaches later in the year.

In all the countries above, it will be critical to monitor labor availability and wage rates (an important source of income and food for poor households) from September through December; and staple food prices over the hunger period (November to March). This monitoring will be critical to refine food aid projections and targeting criteria.

WFP is addressing the current food aid needs through the on-going Regional Protracted Relief and Rehabilitation Operation (PRRO), which started in January 2005, and is aimed at addressing the impact of the "triple threat" of food insecurity, HIV/AIDS and weakened capacity for governance on vulnerable populations. WFP (ODJ) has announced that it will not launch an emergency appeal addressing the current acute and chronic food insecurity, but will instead expand the PRRO. On July 7, 2005, WFP indicated that some US\$266 million (or 477,000 MT) would be required to cover identified food aid needs. Table 3 shows that the current PRRO requirements of 487,000 MT for the period July 2005 - March 2006 fall far short of the assessed 813,000 MT (Table 2). Of this total, only 176,000 MT has been pledged, and a shortfall of 311,000 MT is projected. Pipeline breaks are expected in all countries from about November/December.

Table 3: WFP Southern Africa Regional PRRO: Cereal requirements for July 2005 - March 2006

	Total Required	Available in Pipeline	Shortfall/ Resourcing Needs
Lesotho	24,900	13,910	10,990
Malawi	114,090	37,770	76,320
Mozambique	57,282	28,970	28,312
Swaziland	11,353	6,480	4,873
Zambia	68,913	14,579	54,334
Zimbabwe	213,426	74,271	139,155
TOTAL	487,474	175,980	311,494

Source: World Food Programme (ODJ); July 2005. Excludes requirements for Namibia.

Humanitarian assistance from other agencies and NGOs such as C-SAFE (the Consortium for the Southern Africa Food Security Emergency) is expected to help fill some of the current food aid gaps at country level.

REGIONAL PRICE MOVEMENTS

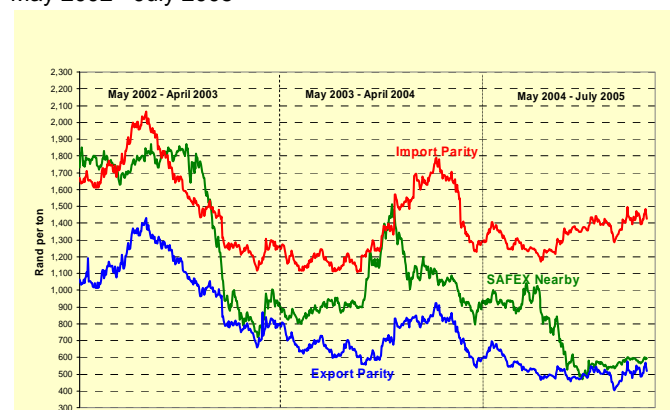
Maize prices on the South African Futures Exchange remain low

Nearby white maize prices on the South African Futures Exchange (SAFEX) remained below R600/MT over the month of June. By July 8, the September 2005 and December 2005 futures were trading at R613/MT and R651/MT, respectively. These levels are extremely low when compared with the same period last year (see Figure 4). The local over-supply situation (a total availability in the 2005/06 marketing season of 15.1 million MT against a domestic demand of 8.9 million MT) has continued to depress local maize prices. During the month of June, the Rand continued to weaken, falling from an average of R6.35 in May to R6.74 to the US dollar. Further weakening of the Rand may enhance the competitiveness of the local crop compared to overseas supplies, enabling neighboring states to source most of their supplies from South Africa.

Regional maize retail Price movements in April

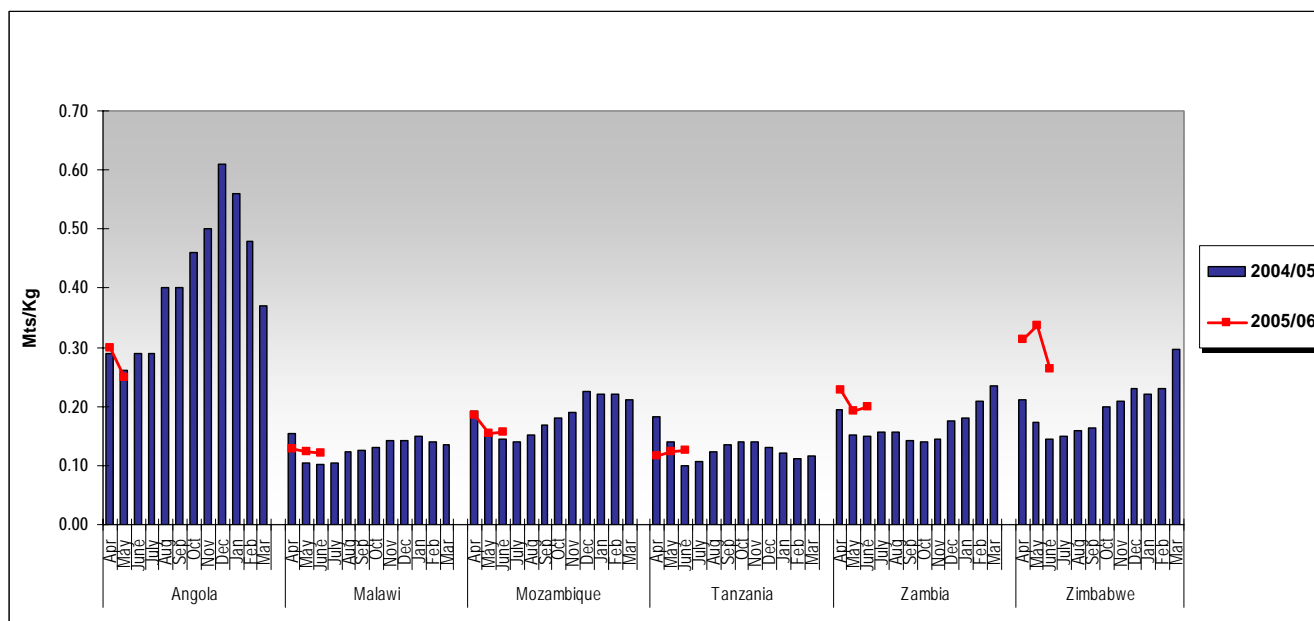
Retail maize prices began climbing in June; two months into the new marketing season in the monitored markets of Mozambique and Zambia, reflecting the tighter maize supply situation this year compared to a normal season. Prices remained stable in Malawi and Tanzania, but dropped in Zimbabwe (mainly because of a huge devaluation of the local currency).

Figure 4: Prices of white maize delivered in Randfontein, May 2002 - July 2005



Source: GrainSA

Figure 5: Average Maize Retail Prices at the Monitored Markets of Angola, Malawi, Mozambique, Tanzania, Zambia and Zimbabwe: 2004/05 and 2005/06



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

While June prices from **Angola** were not available, anecdotal evidence suggests that prices have continued to drop following a much improved harvest compared to last year. Prices have been falling consistently since January, dropping from a high of US\$0.61/kg in December, to US\$0.25/kg in May. The US dollar exchange rate has remained generally stable throughout this period. Maize prices in **Malawi** (averaged across Chitipa, Mchinji and Nsanje) fell from US\$0.13/kg in April to US\$0.12/kg in May and June. Although April prices across these three markets were lower than at the same time last year, the May and June prices are well above last year's levels, reflecting a much tighter supply situation at the back of poor harvest expectations.

Although the average retail maize price in **Tanzania** (Dar es Salaam and Mbeya) remained at US\$0.12/kg, prices have increased significantly in Mbeya, reflecting increased pressure on available supplies both locally and from neighboring Malawi and Zambia. FEWS NET Tanzania reports that this harvesting season, maize prices on all markets monitored are above the five-year average and last year's prices. The increases are being attributed to a slower rate of deliveries to markets when compared to previous seasons. This may reflect a perception that available national supplies could be tighter over this year in many areas (especially the northern highlands). Similar price behavior has been observed in **Mozambique**, where prices on monitored markets are higher than the same period last year, having risen earlier than normal. Price increases have been more significant in the drought affected southern region (Maputo) and central region (Beira) of the country; while in the north (Nampula), they have remained stable or are dropping. On average however, prices bottomed out in May at US\$0.15/kg; in June, the average rose to US\$0.16/kg.

Retail price levels in **Zambia** are significantly higher during this period compared to the same time last year; reflecting the poor harvest expectations. The average price at two selected markets (Lusaka and Choma) indicates an upward trend, picking up from its lowest level in May of US\$0.19/kg to US\$0.20/kg in June. Although prices are higher than at the same time last year (which was a good year), last year's surplus has helped to contain price hikes this season, cushioning them from spiraling in the same way as in the previous drought years (such as 2002). The June average retail price in **Zimbabwe** (Bulawayo and Mutare) dropped from US\$0.34/kg to US\$0.26/kg in June mainly following a 45 percent devaluation of the local currency. Nonetheless, retail maize prices in Zimbabwe remain the highest among the monitored countries this season, underlining the severe scarcity of maize supplies in that country. No sales were made at the Harare market in June because the government's urban "clean-up" operation destroyed stalls at the city's informal markets. Prices are likely to remain high due to poor harvest prospects countrywide.

The Southern Africa Food Security Brief draws from the FEWS NET monthly reports and contributions from 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.