



MOZAMBIQUE

Food Security Update

July 2006

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CONTENTS

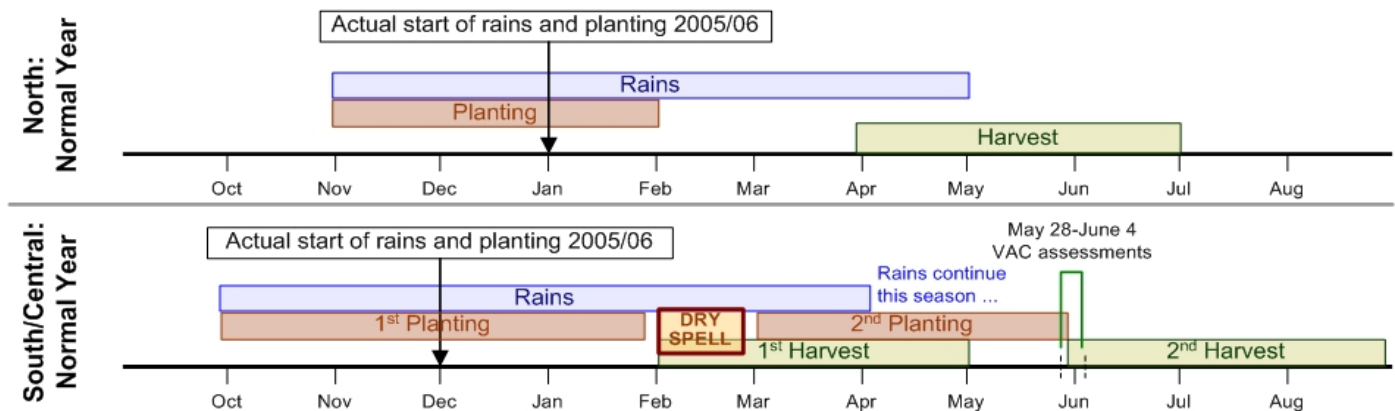
Summaries and calendar..... 1
 Food security summary 1
 Food Balance 2006/07 1
 Markets and trade.....2

Summary and Implications

Household food availability and access has been stable over the past few months. Second season production was satisfactory, and, in some places, the performance of second-season maize was superior to that of the main season, resulting in adequate food availability. Presently, food prices are favorable for consumers, increasing household food access. Despite this positive scenario, decision makers should bear in mind that the households have not fully recovered: this year is the first year

with good performance and relative stability after five consecutive years of production shocks. Thus, pockets of food insecurity are likely. Close monitoring in months ahead is deemed necessary. The current food balance reflects the substantial improvement in the agro-climatic conditions during the 2005/06 cropping season, although, it indicates a total cereal deficit of 437,000 MT. For other crops such as tubers, beans and peanuts, the food balance indicates good production that will cover the national consumption needs, especially in the northern and central regions. Commercial imports will fill the remaining gaps.

Seasonal Calendar



Food Security Summary

Household food availability and access remains adequate. Although the second-season contribution is about 15% of the overall production, field reports indicate that it was satisfactory, and, in some places, the performance of maize was superior to that of the main season. Overall, there is satisfactory food availability. In addition, there was greater than normal vegetable production in areas where a second season was possible due to the adequacy of moisture and the seed supply. Households are still relying heavily on their own crop production. Presently, food prices are favorable for consumers in contrast to this time last year when households in most areas were largely depending on market purchases to meet their minimum food needs. Because of high household dependence on markets, food prices in the southern region are key determinants of poor- and middle-income households' food security. Given the present outlook, the Mozambique Vulnerability Assessment Group (GAV) has identified a set of indicators to be monitored in addition to food prices: pasture and animal conditions; growing conditions, for cassava in particular; and nutritional status of children.

Despite the substantial contribution of this year's production to the household food security, decision makers should bear in mind that the households have not fully recovered from five consecutive years of shocks. Occurrences of localized food deficits are likely in chronically deficit and remote areas (areas with poor road networks and undersupplied markets even in normal years). Monitoring is deemed necessary, in particular, during the lean season which begins in October.

Food Balance

Cereal deficit for 2006/07

Food balance estimates recently released by the National Directorate of Commerce (DNC) indicate a cereal total deficit of 437,000 MT, which is expected to be covered by commercial imports and food assistance. The deficits are mostly in the form of rice, which is still produced in limited quantities, and wheat, which is not produced in the country. On other hand, the total available maize supply has exceeded total domestic consumption needs by 99,000MT. The DNC foresees a total of 806,000MT in cereal imports: 97,000 MT of maize, 337,000 MT of rice and 372,000 MT of wheat. Export figures include 130,000 MT of maize and only about 2,000 MT of wheat, mostly via informal trade.

Address : Av. Das FPLM, 2698
 Pavilhão Novo, IIAM
 Maputo, Mozambique

FEWS NET is funded by the US Agency for International Development
 (USAID)
www.fews.net

Fax: 258 21 460588
 Tel: 258 21 461872
 Email: mind@fews.net

Although final stocks appear adequate to meet the country's consumption needs at the national level, localized deficits may occur due to a combination of adverse growing conditions and the inability of some households to close production gaps through expanded purchases.

For other foods such as tubers, beans and peanuts, the food balance indicates good production, which is sufficient to cover national consumption needs, especially in the north and center of the country. For these commodities, the DNC foresees surpluses of 439,000 MT for fresh cassava, 61,000 MT for other tubers and 43,000 MT for beans/peanuts.

	Maize	Rice	Wheat	Sorghum/ Millet	Total cereals	Cassava	Other tubers	Beans/ Peanut
Total Available	1,618	207	90	415	2,329	6,146	519	407
Initial Stocks	84	91	90	33	298	105	41	42
Monitored	58	90	90	0	238	0	1	2
Not monitored	26	1	0	33	60	105	40	40
Gross Production	1,534	116	0	382	2,031	6,041	478	365
Consumption	1,518	493	369	381	2,761	5,708	459	363
Human Consumption	1,075	467	369	319	2,230	2,876	339	312
Industrial Consumption and ration	52	0	0	15	67	19	0	0
Seeds	42	20	0	9	71	0	0	14
Loss	350	6	0	38	393	2,813	120	36
Deficit (-)/Surplus (+)	99	-286	-279	34	-437	439	61	43
Imports	97	337	372	0	806	0	0	10
Formal	85	325	320	0	730	0	0	5
Informal	5	5	2	0	12	0	0	5
Food Aid for Market	0	0	50	0	50	0	0	0
Emergency Food Aid	7	7	0	0	14	0	0	0
Exports	130	0	2	0	132	5	0	5
Formal	10	0	0	0	10	0	0	0
Informal	120	0	2	0	122	5	0	5
Final stocks estimated	66	51	91	34	242	434	61	48

Source: Ministry of Industry and Commerce/ National Directorate of Commerce, 2006

Moving from a national perspective to a regional perspective reveals some differences in food supply and implications for food security. A brief description of the food security situation at regional level (northern, central and southern) is as follows:

North (Cabo Delgado, Niassa, Nampula and Zambézia): The situation is good with surpluses in maize, cassava, peanuts, beans and other tubers. The assessed situation suggests that surplus production could supply the central and southern regions. However, the small price margins for maize are generally insufficient to cover the high transaction costs, particularly transport costs. Alternatively, exports to neighboring countries, particularly to Malawi, are envisioned. Maize supplies are expected to exceed regional consumption needs by 431,000 MT, with a total cereals surplus of 358,000 MT.

Center (Tete, Manica and Sofala): The situation is fairly good but inter-provincial maize flows and rice and wheat imports are expected to cover the needs in deficits areas. Manica and Tete provinces experienced good maize production, although, there are pockets of food insecurity. There is a total cereals deficit of 282,000 MT and a maize deficit of 44,000 MT.

South (Maputo, Gaza and Inhambane): Cereal production is not sufficient to cover the consumption requirements until the next harvest. There is a cereal deficit (513,000 MT) that is expected to be covered by inter-provincial inflow, commercial imports and food assistance. Maize is also in deficit (288,000 MT).

The current food balance reflects the substantial improvement in the agro-climatic conditions during the 2005/06 cropping season. Although the rains had effectively started later than expected, there were no significant dry spells and the water satisfaction index of most crops was met. Consequently, the production levels were substantially better than those of the past five years.

Market and Trade

Traders' perception on season's performance and this year's trade dynamics

The Agricultural Market Information System (SIMA) of the Ministry of Agriculture carried out a "window" survey (a rapid assessment on trade prospects), from May 3-13, 2006. The main objective of this survey was to assess small-scale rural traders' perspective on current trade activity and the 2005/06 season harvest.

SIMA used "convenience sampling" method, in which the teams conducted informal interviews with as many key informants as possible in a short period of time. This method allows for a quick general overview of the current situation at a relatively low cost. In the past, such methods have yielded precise results on trading and harvesting.

The interviews took place in parts of the north and center of the country along the main routes that link production areas to the main consumption centers. Selected routes included Nampula-Entrelagos through Malema and Cuamba districts, Nampula – Milange through Mocuba District and Beira – Tete through Chimoio and Machipanda districts.

Most merchants interviewed by SIMA are ambulatory wholesalers who buy large quantities of food that they then transport to other locations for wholesale distribution. There is small number of buyers who resell at the same location to local consumers or to wholesalers in small quantities.

Main findings

Supply: In general, traders' perceptions are that 2005/06 production was better than the previous season. An indicator of increased maize supply is the reduced number of days required to assemble a certain amount of maize if compared with same period last year. Despite the general abundance, maize supplies vary from place to place due mainly to the following factors:

- *Trade fairs:* in various places, especially in areas in the northern region where there are trade fairs, marketing is more active. At trade fairs, traders can buy larger quantities of products in just one day. For example in Magige (Guruè District), one trader was able to buy a remarkable sum of 36 MT of maize in a single day.
- *Late harvest:* in some areas in the center of the country, the harvest was just getting started at the time of the survey (May), due to the late onset of rains. In other areas, the harvest was delayed by rains during the harvest period.
- *High purchasing prices:* in some places, producers and traders could not come to an agreement on price, which has limited the volumes traded in comparison with what would be considered the norm.
- *Intervention of local authorities:* along the Nampula-Entrelagos route, during the survey period, traders were not allowed to export to Malawi. This restriction affected the volume of commodities traded.

Destination: Major destinations for production are as follows: the northern production is mostly destined to the provincial capitals of the northern provinces, while central production is destined to the provincial capitals of Manica and Sofala and southern markets. At the regional level, Malawi is the largest recipient of maize produced in the north.

Information on prices: Most traders get information on current prices via friends and other traders (65% of respondents), cell phone communication (24%) and to a lesser extent the radio (16%). Given that cell phone coverage is still quite limited, especially in remote areas, the sharing of information on markets is still limited. Asked whether they would be willing pay to get information on prices, 82% of surveyed traders answered yes.

Access roads and transport: Many traders established their assembly points along the roads linked to the main consumer centers where road conditions and security are relatively good. The roads linking Nampula to Cuamba and Mutuali to Vila de Milange through Lioma are in bad condition. The form of transport being used depends on road characteristics and conditions; bicycles, 3 to 4 ton trucks, higher tonnage trucks and trains are used.

Lack of banking facilities: Access to banking facilities has been a serious problem for traders because they have to carry with them large amounts of cash and, consequently, fall prey to theft. Some traders have reported losing millions of meticals due to theft.

Poor condition of access roads: The commercialization process, especially in the remote rural area, is negatively affected by the poor condition of access roads. Secondary and tertiary roads are in the poorest conditions. Traders from the central region indicate that the worst conditions are over the Rio Púngue-Nhamatanda portion of the central road network and Maxixe-Massinga portion in the south.

Lack of markets: In response to the hunger experienced last year, authorities in some border villages, such as Entre-Lagos and Mandimba, have been prohibiting the sale or export of farm products to Malawi.

Local authorities in Milange District with jurisdiction over the Milange-Muloza border area have restricted the cross-border transportation of maize bags by bicycle. All such flows must be licensed as of the 1st of June.

Cross Border trade

As noted in our previous reports, the WFP and FEWS NET initiative on cross border monitoring between Mozambique and Malawi in Milange District is placing special attention on possible negative effects of the restrictive measures taken by local authorities in June. The district government imposed restrictions on bicycle transport of maize bags across the border at the Milange-Muloza border.

The June 2006 Informal Cross Border Food Trade in Southern Africa report recorded a decline in maize traded through the Muloza (Malawi) and Milanje (Mozambique) border over the past month: about a 17% decline from nearly 7,000 MT in May to 5,800 MT in June. However, according to the same report, it is too early to attribute the reduction in volumes traded to the restrictions imposed by the Milange District authorities, especially since there has been a reduction in trade flows at other border points as well. According to the same report, the reduced trade activity during the first quarter of the 2006/07 marketing year (April–June) reflects a reduction in demand for maize, rice and beans compared to last year's flows to the primary importing countries of Malawi, Zambia and Zimbabwe. The reduced demand for all commodities, especially maize, can be attributed to higher than average harvests in these countries.