

ZIMBABWE Food Security Update

October 2007

Domestic food supply

- Assuming a national requirement of 1,816,000 MT, when both commercial and food aid imports to date are considered, a maize gap of about 441,000 MT remains for the 2007/08 consumption year. However, the gap could be closed if all the planned food aid and commercial imports are realized before March 2008.
- The positive current and projected national maize balance sheet has not translated into easy access to maize and other staple cereals for both urban and rural cereal deficit households due to, among other things, maize and maize meal price distortions as well as in country maize distribution challenges.
- The wheat harvest for 2007, estimated at 145,000 MT, is expected to meet about 40 percent of national annual wheat consumption requirement, estimated at 400,000 MT. The deficit could increase if more wheat is spoiled by the rains.

Food prices and availability

- Since early July, to encourage market supply of basic commodities, the Government of Zimbabwe (GOZ) has raised controlled prices of basic commodities and implemented various financial support programs. Nevertheless, basic goods continue to be scarce on the formal market but are generally available on the parallel market, albeit at significantly higher prices. Parallel market prices for some basic commodities like maize meal, sugar, fresh milk and bread were over 200 percent more than their controlled prices during the first week of October 2007.
- Using various consumption, expenditure and income coping strategies, both the urban and rural poor and other food insecure households have managed to cope with the food insecurity challenges. Various government and NGO food security monitoring exercises has observed only limited cases of extreme consumption coping strategies (such as skipping meals) among rural households.

International food assistance

- The Crop and Food Supply Assessment Mission (CFSAM) projected that 3.4 million people will require food assistance in both rural and urban areas of Zimbabwe during the period from October to December. By January the population in need of food assistance will have risen to around 4.1million.
- International food aid plans include assistance to about 3 million people in November, representing about 100 percent of those estimated by the CFSAM to be in need during the period from October to December.
- Little international food assistance is directed to the urban population. Humanitarian agencies need to find ways of increasing assistance to vulnerable urban populations through implementation of food assistance programs do not necessarily have comprehensive assessments as their prerequisite.

Figure 1. Current food security conditions, October-December 2008

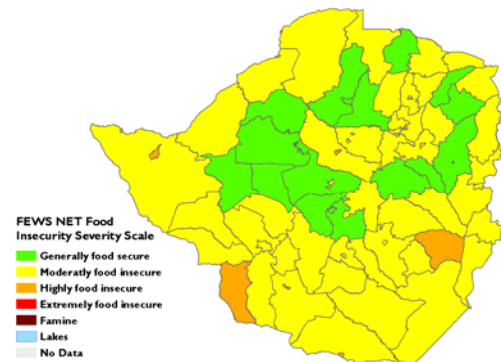
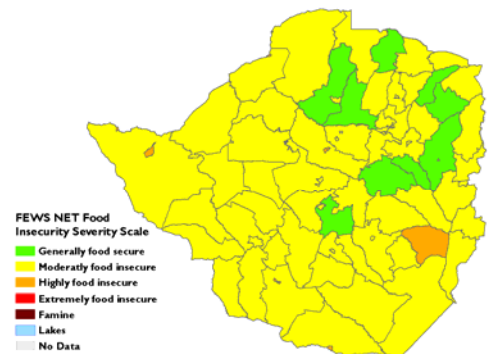


Figure 2. Estimated food security conditions, most likely scenario, January-March 2008

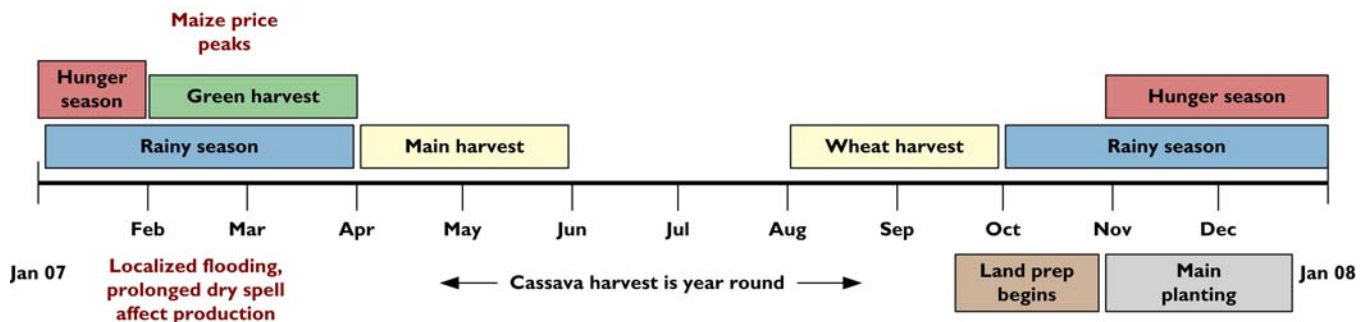


Source: FEWS NET

Agriculture

- Though the forecast for the season is good, shortages of fertilizers continue to dampen prospects of a good 2007/08 agricultural season. Current efforts by the government to import the critical input are likely going to fall short in addressing the problem given the realities of procuring the required fertilizers and putting it into farmers' hands in time for planting (November-December).

Seasonal calendar and critical events



Source: FEWS NET

National level cereal availability

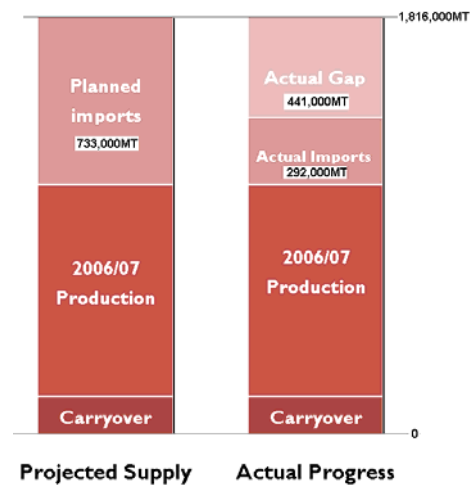
The 2007 maize harvest, plus the 159,000 MT held in stock by the Grain Marketing Board (GMB) as at 1 April 2007 left Zimbabwe with an estimated maize gap of 733,000 MT for the 2007/08 consumption year. Combined plans by the government to import 400,000 MT of maize from Malawi and by humanitarian agencies led by WFP and C-Safe (which appealed for 272,370 MT) can close the initial consumption year maize gap, assuming the national requirements of about 1,816,000 MT (see Figure 3).

By the end of October 2007, the government had imported about 231,500 MT from Malawi. If the same pace of imports is maintained, the whole consignment of 400,000 MT of maize should be in Zimbabwe by early February 2008.

The WFP and C-Safe appeal had a shortfall of about 82,000 MT around mid October 2007. In addition to these major sources of staple cereals, there are smaller independent pipelines bringing in between 1,000-2,000 MT of cereals per month. These include the Joint Initiative, which provides food aid for vulnerable populations in Zimbabwe, as well as some parcels coming through informal cross border trade with Mozambique Zambia and South Africa.

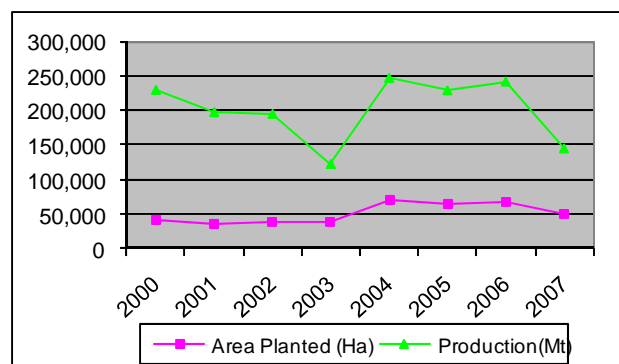
Harvesting of the winter wheat crop is almost complete and, according to the Ministry of Agriculture, the harvest is expected to be 145,000 MT from an area of about 50,694 ha. The 2007 harvest is expected to be one of the worst in the last three years, only about 60 percent of the harvests in 2004-06 (figure 4). Under this scenario, Zimbabwe faces a

Figure 3. National maize balance sheet as at 25 October 2007



Source: FEWS NET

Figure 4. Winter wheat production trends (2000-07)



Source: Ministry of Agriculture

wheat deficit of about 255,000 MT. The deficit could increase if more wheat is spoiled by the current rains. The total area planted under wheat this year was 25 percent lower than last season's of 67,201 ha. This decrease was attributed to inadequate tillage equipment and fuel shortages. Erratic power supplies prevented some farmers from irrigating their crops adequately. Consequently, national yield level was only 1.1 MT/ha, far below the expected yield of 4.0 MT/ha.

It is anticipated that with the newly announced wheat producer price of ZW\$ 71.25 million/MT (inclusive of a bonus of ZW\$ 29.25 million/MT), most farmers are likely to take their wheat to GMB and avoid side marketing.

Sub-national cereal availability

The sub-national level maize availability depicts a situation worse than that suggested by the national level maize availability situation. The availability of maize and other staple cereals remains unstable in most parts of the country. This is partly explained by the reduced household level stocks from last season's harvest, intensification of price controls and the traditional restrictions to domestic maize trade emanating from the GMB monopoly over maize trade in Zimbabwe.

While maize meal was readily available in most urban shops before June 2007, the heavy enforcement of price controls in the subsequent period resulted in maize meal disappearing from shops. Intermittent maize meal deliveries have become the order of the day. In October, the government increased the prices of most of the controlled commodities, including maize meal. The Reserve Bank of Zimbabwe complemented this effort by providing financial support to manufacturers of basic commodities, including millers, but supply response is not yet evident.

GMB supplies of maize grain to rural communities seem to be concentrated in a few isolated cereal deficit areas to the south of the country. Monthly food security monitoring by Agritex early October identified the GMB as the main source of maize in only one out of the 10 rural sites they monitor. In other areas, purchases from the informal market were more important.

International food aid

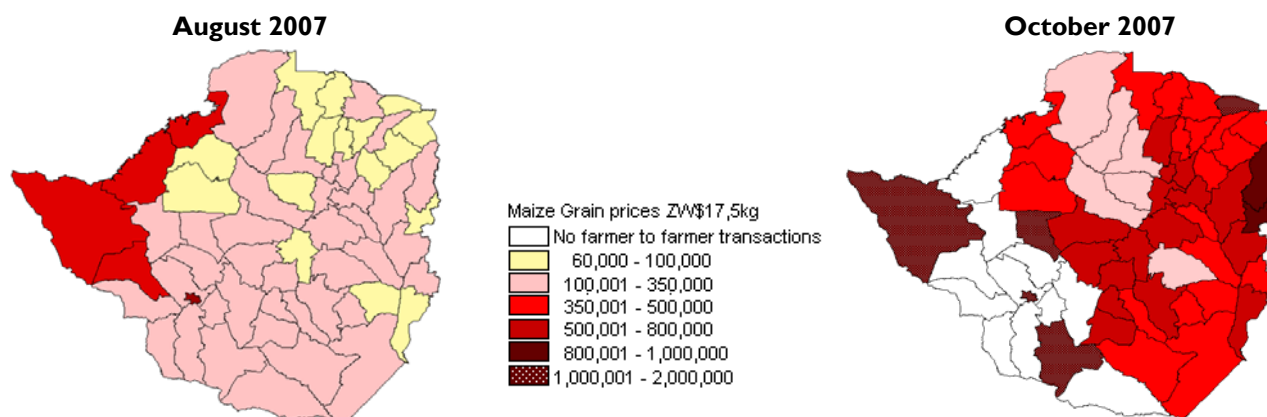
International food aid through WFP and C-safe provided cereal, oil and pulses to about 2.8 million people in October 2007. Beneficiary numbers will increase to cover at least 3.8 million people in November 2007, which is more than the total population estimated by the CFSAM to be food insecure at this time. Vulnerable Group Feeding by WFP and Safety Net food aid programs by C-Safe are expected to cover all of Zimbabwe's rural districts save for thirteen in the north central parts of the country that were assessed to have a low prevalence of food insecure households.

However, food assistance is heavily skewed towards the rural areas, with minimum attention in both current and planned interventions given to the urban population. WFP currently assists about 300,000 people in the urban areas and expects to expand coverage to reach around 324,000 people in January. This effort is complemented by C-SAFE's Market Assistance Programme (MAP) and other smaller scale initiatives, such as those implemented by CAFOD, Action Aid and the Joint Initiative. Humanitarian agencies need to find ways of increasing assistance to vulnerable urban populations through implementation of food assistance programs do not necessary have comprehensive assessments as their prerequisite.

Maize prices

The combined effect of limited cereal availability and the hyperinflation in the Zimbabwean economy has fueled rapid increases in the open market price of maize throughout the year (Figure 5). Maize prices were between Z\$6,000 and Z\$20,000/kg in August 2007 in most parts of the country and they increased to between Z\$20,000 and Z\$46,000/kg in October 2007. Figure 3 does not only illustrate how the most common maize grain prices increased during the period from August through to October 2007, but also show the erratic nature of maize grain availability. While maize grain transactions could be observed in all districts of the country in August, they were not evident in most of the Matabeleland and Mashonaland Central provinces in October 2007.

Figure 5. Prices for maize grain in August and October 2007



Source: FEWS NET

Markets, trade and food access

Supplies of all controlled commodities to the formal market continue to be grossly inadequate despite more price reviews by the government. Table 1 shows that controlled prices have remained lower than parallel market prices. Informal trade provides an important opportunity for employment for many poor Zimbabweans, and the large differences between controlled and parallel market prices has been a major incentives for parallel market trade in the basic commodities. Police patrols have not crushed the parallel market, which continues to be the main source of most basic commodities.

In October, the government, through the Reserve Bank of Zimbabwe, unveiled a financial support facility whereby producers and suppliers of basic commodities access finance for their operations. The facility is expected to improve capacity utilization and increase supply of basic commodities at controlled prices onto the formal market. Industry and commerce leaders commended this government effort, but the initiative is yet to bear fruit.

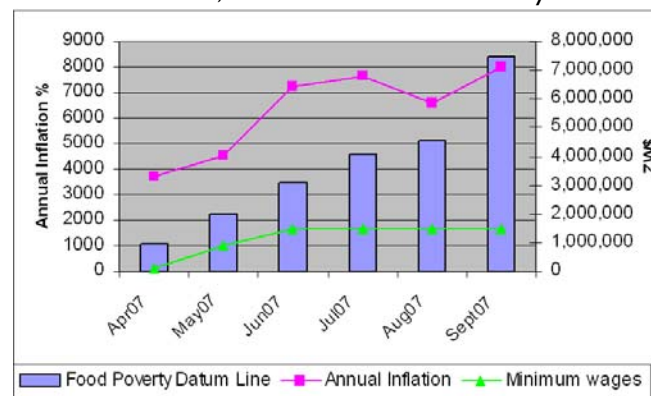
The annual rate of inflation recorded by the Central Statistical Office (CSO) in August 2007, based primarily on controlled prices, was 6,593 percent. In October the annual inflation rate went up 1,389 points to 7,982 percent as prices of most of the basic goods were reviewed upwards. Considering that households accessed most of their goods and services on the parallel market at much higher prices than the controlled prices, the actual rate of inflation affecting these households was much higher than the official rate. The low-income-urban household monthly basket as monitored by the CSO increased by about 28,000 percent between September 2006 and September 2007.

Table 1. Controlled prices of selected commodities compared to the parallel prices as at mid October 2007

Item Description	Controlled Price (Z\$)	Parallel Market Price(Z\$)
Margarine 1kg	1,189,814	NA
Mealie meal 20kg	300,000	1,000,000
White sugar 2kg	82,000	400,000
Tea leaves 250g	100,000	250,000
Fresh milk 500ml	40,000	150,000
Cooking oil 2 liters	800,000	2,000,000
Bread (ordinary loaf)	35,000	500,000
Flour 2kg	50,000	NA
Rice 2kg	220,000	700,000
Salt 500g	27,754	NA
Vegetables (cabbage)	150,000	250,000
Beef 8kg (economy)	600,000	1,000,000
1kg bar of washing soap	880,000	1,000,000
500g washing powder	594,000	800,000
Bathing soap	68,818	150,000

Source: Ministry of Industry and Commerce and FEWSNET

Figure 6. Annual inflation compared to minimum wage of a low-income earner, indexed on the Food Poverty Line



Source: CSO and LEDRIZ

Minimum wages continue to lag behind cost of living. Commercial sector wages covered only 19 percent of total food poverty line (FPL) for an average family of five persons, which was ZW\$ 7,473,400 in September 2007, according to the CSO (see Figure 6). Given this high cost of living, civil servants who include teachers and doctors have been on strike in October, demanding higher salaries and better conditions of service.

Coping strategies

Despite the difficulties poor urban and rural households have experienced in the current consumption year, they have managed to cope with the food insecurities they faced by employing a combination of various consumption, expenditure and income coping strategies. Anecdotal evidence from NGO and government food security monitoring in October suggests that most poor households were managing two maize-based meals per day, which were generally adequate in calories, but they ate limited relish.

Gardening and various off-farm casual labor employment opportunities were the main sources of income for the majority of poor households in the rural areas. In the wheat-growing commercial farms, farm workers could be seen collecting wheat left behind by combine harvesters. Limited cases of food aid sharing between bona fide food aid beneficiaries and non-beneficiaries were reported amongst relatives, neighbors and friends.

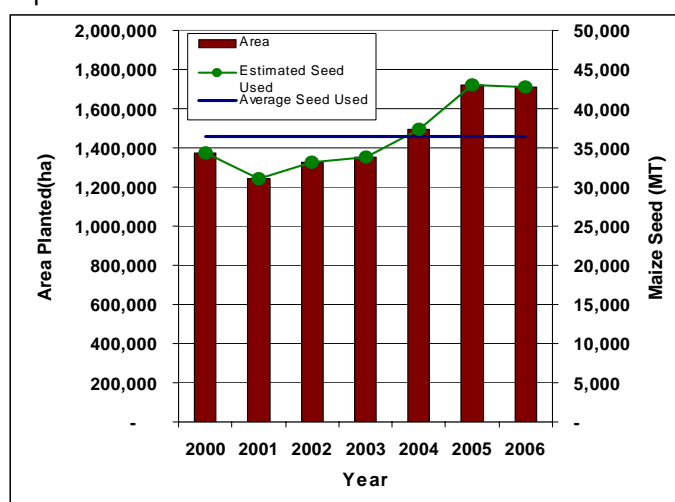
In urban areas, vending and trading in basic commodities that are in short supply provided some income to a significant proportion of poor households. Walking and/or cycling to and from work continue to be one of the major expenditure reduction strategies poor urban households employ to make ends meet.

The 2007/08 agricultural seasonal outlook

The Zimbabwe Meteorological Services, in collaboration with SADC and some international climate experts, reiterated in October that Zimbabwe has increased chances of having a normal to above normal rainfall season in 2007/08. However, fertilizer shortages continue to dampen prospects of a good 2007/08 agricultural season. It is not clear how much fertilizer is available in the country for this year, but there is a general consensus that current stocks are critically low compared to national requirements. In the recent past, Zimbabwe has used between 400,000 MT and 500,000 MT of fertilizers annually. Most conservative estimates put current fertilizer requirements between 500,000 MT and 600,000 MT. Given that fertilizer should be in farmers’ hands before planting begins in November, current government efforts are likely to deliver too little too late.

Until October 2007, seed houses reported that they jointly expected to produce about 50,000 MT of maize seed from the 2006/07 agricultural season, i.e., enough to plant 2 million hectares. In the recent past, Zimbabwe’s farmers have planted an average of 1.5 million hectares of maize, which required about 36,000 MT of seed maize (Figure 5). Since 2005, the total area planted to maize seems to have grown to around 1.7 million hectares, which requires about 42,000 MT of seed. This analysis indicates there should be no seed shortages of maize seed. However, in October the government reported that seed houses in Zimbabwe jointly held maize seed stocks of about 35,000 MT, and they have plans supported by the government to import about 15,000 MT of seed maize from neighboring countries. It is unclear why the status of the maize seed situation has changed.

Figure 5. Trends in area planted to maize and maize seed requirement



Source: CSO

Commercial sorghum seed is estimated to be 2,558 MT short of the estimated requirement of 4,000 MT. Smallholder farmers usually rely on retained seed for their small grains and ground nut crops and on farmer to farmer transactions involving money or social capital. Soybean seed stocks are estimated at 8,400 MT, compared with a requirement of about 12,000 MT. Cotton and tobacco seed are estimated to be adequate.

Of the estimated 96 million liters of fuel required for the 2007/08 agricultural activities, the government reported that 26 million was available for immediate use in October 2007. Plans to import the rest of the required fuel are in place, and the success of these efforts will be crucial to ensure a good 2007/08 agricultural season.

The GOZ has embarked on a massive program to support agriculture in general and the 2007/08 agricultural season, in particular. Commercial and subsistence farmers were given an assortment of farming machinery and implements, which include 50 combine harvesters, 1,200 tractors, 50,000 ox-drawn ploughs, 20,000 ox-drawn harrows and 45,000 ox-drawn carts. There are plans to give the same farmers fertilizers, maize seeds, chemicals and fuel. In addition, government has put in place a loan facility for farmers with a concessionary interest rate of 25 percent, and farmers have been promised import parity prices for their cereal produce. These measures should encourage real farmers to produce more. However, in the recent past, similar programs were undermined by unscrupulous people who diverted some of the inputs and financial support to speculative non-agricultural activities. In addition, similar programs faced enormous logistical problems that delayed farmers' access to critical inputs. By channeling massive amounts of inputs into sluggish institutions, these programs have created artificial input shortages on the market in the past. It is therefore imperative that the government delivers farming inputs to real farmers on time and limit the misappropriation of the inputs to ensure a sound return to its investment.