

ZAMBIA Food Security Outlook Update

November 2010

Food prices remain stable as the lean season commences

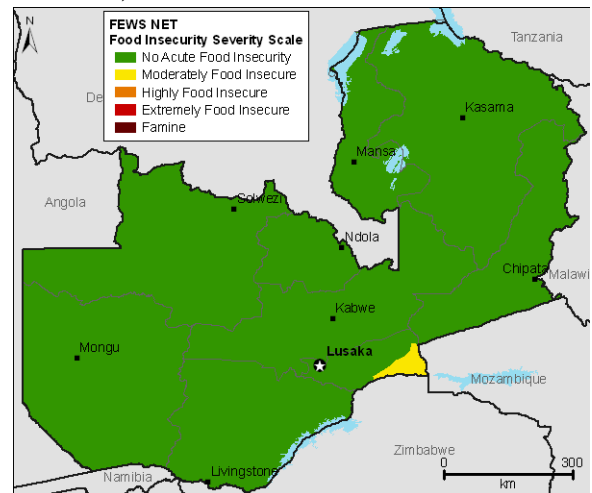
Key Messages

- The food security situation in most parts of the country remains stable as the lean season commences. Food availability remains good with large in-country maize stocks and limited exports ensuring lower food prices for consumers. Supplies from surplus areas continue to mitigate shortages in low production areas and localized areas adversely affected by poor rains in the previous season, maintaining relatively stable food prices.
- Prices for maize remain largely stable and are close to the five-year average yet lower than comparable prices in the 2009/10 marketing season. In some areas maize prices have started increasing as is expected with the commencement of the lean season as household demand for maize increases and market supplies decline. Retail maize meal prices are also following a similar trend. Due to surplus availability however, maize prices are expected to peak at the height of the lean season in February/March at levels lower than in comparable months last year.
- The rainy season has commenced in the western half of the country with some areas receiving above average rainfall in the first dekad of November, while the northern parts of the country are experiencing a slight delay in the commencement of the season. Should above-normal rainfall be received in the southern half of the country, flooding is anticipated. Areas of major concern for flooding from January through March will be Lusaka, the Southern and Western provinces, southern parts of North western Province as well as Mambwe in Eastern Province.

Updated food security outlook through March 2011

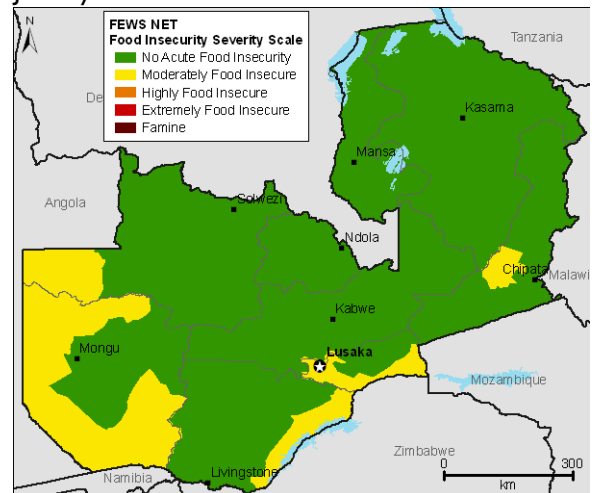
Food security conditions generally remain stable countrywide with fairly good food availability in both local and retail markets due to surplus maize crop production in the 2009/10 agricultural season. Although the supply of seasonal crops such as groundnuts, sweet potatoes, and squashes has declined, some households still have stocks of maize for their own consumption from last season. The excess supply of maize on the market in the current marketing season has resulted in lower prices for food purchasing households. Even in the localized areas of Western, Southern, and Lusaka provinces

Figure 1. Current estimated food security outcomes, November-December 2010



Source: FEWS NET/ZVAC

Figure 2. Most likely food security outcomes, January-March 2011



Source: FEWS NET/ZVAC

For more information on FEWS NET's Food Insecurity Severity Scale, please see: www.fews.net/FoodInsecurityScale

This report provides an update to the October 2010 FEWS NET Food Security Outlook report which estimated food security conditions in Zambia in October 2010 through March 2011. The next Outlook report will be released in January and will cover the January through June 2011 period.

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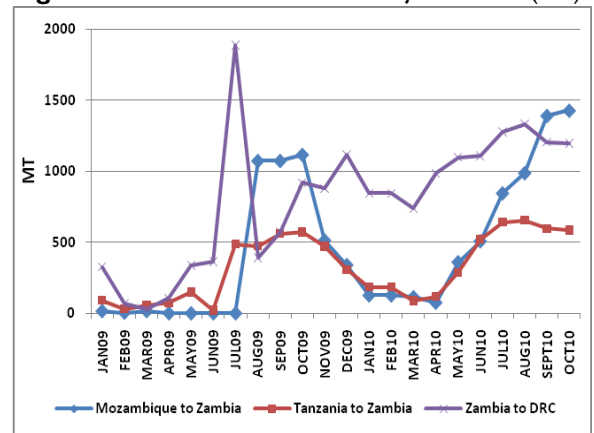
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adversely affected by dry spells and floods in the last agricultural season, food security has remained mostly stable with no widespread acute food insecurity evident. Although some affected households in these areas have run out of food stocks and have started purchasing food from the market, they are facing much lower prices than the previous season, making food more accessible. Food insecure households are employing seasonal coping strategies such as labor sales, fishing, and the sale of smaller livestock, with labor opportunities for poor households expected to remain good during the land preparation and planting periods. During the first part of the lean season, from November to December, the food security situation in the affected areas is expected to remain stable due to adequate inflows of maize from surplus areas, with grain prices increasing more gradually as the lean season progresses. Moderate food insecurity situations are expected to increase in the latter half of the season should significant flooding occur. This is most likely in flood-prone valley areas where the green harvest may be reduced for households due to destruction by floods. Such households will therefore face an extended period of food insecurity until the main harvest period.

Over the lean season, the Luangwa district in Lusaka province will remain an area of concern. In the 2009/10 agricultural season some localized areas of the Luangwa district were affected by dry spells and flooding leading to reduced harvests for households. Food stocks for affected households ran out earlier than usual (around July /August instead of October/November) as the harvest was reduced due to prolonged dry spells in the 2009/10 production season. This resulted in increased demand which triggered increases in average grain prices from ZMK 20,000 to ZMK 25,000 per 18kg from July to August. The market did respond to meet the shortfalls with local traders sourcing maize from the Eastern province (Petauke and Nyimba districts), Mozambique, and Zimbabwe, leading to maize prices stabilizing at ZMK 20,000 per 18kg in October. Grain prices in the area are expected to increase gradually with the progression of the lean season, decreasing purchasing power for food insecure households that have to purchase grain over longer periods this season. Poorer households in Luangwa will therefore meet their food needs with difficulty until the next harvest, and will need to intensify coping strategies such as increased labor sale (for planting and weeding), fishing (until the fishing ban in December) and the selling of crafts, while better-off households will increase small livestock sales to secure much needed income for food purchases.

Grain availability on the market remains higher than in comparative periods last year due to surplus production. The Food Reserve Agency (FRA)'s major challenge remains inadequate good storage facilities, having purchased an estimated 873,779 MT of maize (from a revised target of 700,000 MT) from small and medium-scale farmers by the 31st of October. When combined with carry-over stocks, the FRA has at least one million MT of maize in stock. The marketing and storage of the surplus maize presents a key challenge for the FRA this season, as formal exports remain constrained by uncompetitive Zambian prices within the regional context. The FRA has inadequate holding depots for the surplus maize, as well as inadequate storage facilities at satellite depots. With the start of the rainy season maize that is poorly stored at satellite depots is likely to be damaged through soaking and pest infestation. Small-scale farming households remaining with grain stores also face similar problems due to poor storage facilities. The FRA has signed contracts with traders for the export of 82,000 MT of maize, advertised 250,000 MT for export and listed 17,000 MT of maize for sale on the Zambia Agricultural Commodity Exchange (ZAMACE), of which 10,000 MT is for local purchase and 7,000 MT for export. The FRA is set to enter the local market to sell purchased maize at the end of November; given that they bought the maize at prices above the prevailing market prices, it's unlikely they will get much returns. If FRA maize is sold at the market price, it will contribute to stable maize prices at the height of the lean season. Most millers have sufficient maize stocks for at least two months, hence the demand for FRA maize is likely to be initially low. Therefore, the FRA is still likely to remain with significant maize stocks which will be carried over into the 2010/11 marketing season.

Figure 3. Informal maize trade at major borders (MT)



Source: FEWS NET

The large in-country stocks and low exports are supporting lower prices for consumers. Maize prices remain largely stable around the five-year average and lower than in comparative months in the 2009/10 marketing season. Maize grain prices were stable in 59 percent of the districts monitored, while in 28 percent of the districts, prices had started increasing as is

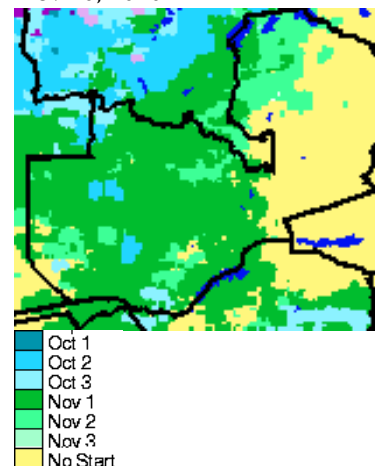
expected with the start of the lean season. Kasempa, Mpika, Mwinilunga, and Nchelenge districts faced the greatest increases in maize prices of 20 percent and above from September to October. Localized shortages in these and other areas are however being mitigated by ample supplies from surplus areas. In three districts representing: an urban area (Lusaka), a low-producing area (Luangwa), and a high-producing area (Choma), grain prices continued to stabilize in the month of October. Average maize prices in these areas were ZMK 1033.13 per kg in October 2010, compared to ZMK 1355.17 per kg in October of last year, a 24 percent reduction. Retail maize meal prices also remain largely stable, with prices generally remaining lower than in comparative periods in the 2009/10 marketing season, although higher than five-year average prices. In some areas, maize meal prices have also started to show signs of increasing as is seasonal due to decreasing maize supplies.

While formal maize exports remain low, there is significant informal maize trade taking place. In October, volumes of maize informally traded with neighboring countries exceeded 3,890 MT, with maize exports accounting for 39 percent (1,237 MT) of the volumes traded. The Democratic Republic of Congo (DRC) remains the major market for Zambian maize accounting for approximately 97 percent (1,195 MT) of the informal maize exports. Despite the production surplus, trade trends also indicate an increase in informal maize inflows from Mozambique and Tanzania (2,006 MT) driven by price differentials

November marks the start of the new agricultural season. By the second dekad of November the rainy season had commenced in the western area of the country but was yet to start in the eastern half. The start of the season is attained when 25mm of rainfall is received in the first dekad followed by at least 20mm total rainfall in two consecutive dekads. There has been more rainfall activity in the western parts of the country than the east. Comparatively, the rains have been late to start in the northern area with respect to average and previous seasons, though this should not be a cause for concern this early in the season. Farmers are busy preparing land in different parts of the country and as rains increase in the coming weeks, planting will be well underway and carried out on time.

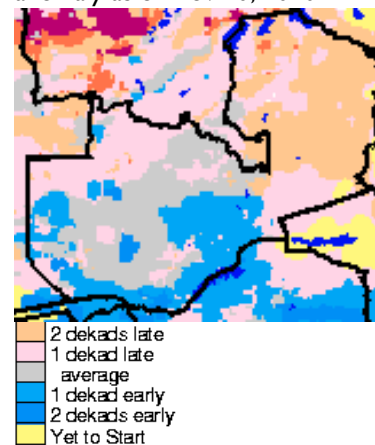
According to the seasonal forecast issued by the Meteorological Department, Zambia has an increased chance of receiving normal to above-normal rainfall during the 2010/11 agricultural season in the southern half of the country while normal rainfall is likely in the northern half. With the water table already high due to last season's heavy rains, flooding could occur during the January to March period in the flood prone areas. Areas likely to be most affected include parts of the Southern, Lusaka, Western, and the southern areas of the Central and North Western province. The Government and partners under the leadership of the Disaster Management and Mitigation Unit have already released the 2010/11 National Contingency Plan in anticipation of floods. Under the worst case scenario, should extensive flooding occur, the contingency plan indicates that about 25,162 people (less than one percent of the population) will be at risk of food insecurity with an estimated 1,773 households displaced. The affected population would require an estimated 4,504 MT of cereal as food relief between December and April. Even with this situation there are adequate maize stocks in-country to meet cereal relief needs which may arise with only logistical support require. In rural districts, water logging and flooding would result in the loss of/reduction of the green harvest which could prolong the lean season for poorer households and increase dependency on markets. It could also result in lower than the normal meager harvests in chronically low producing valley areas (Luangwa, Sinazongwe, Siavonga, and Gwembe districts), which are also prone to floods.

Figure 4. Onset of rains as of Nov 20, 2010



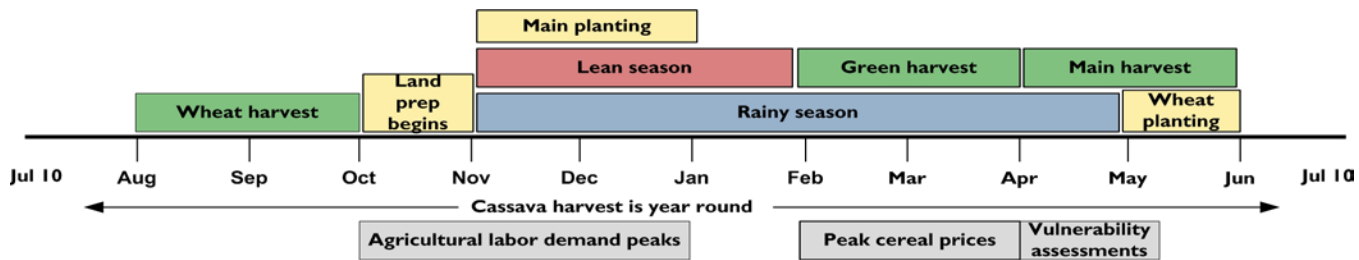
Source: FEWS NET/USGS

Figure 5. Start of season anomaly as of Nov 20, 2010



Source: FEWS NET/USGS

Seasonal calendar and critical events timeline



Source: FEWS NET