 <p><b>The Famine Early Warning Systems Network</b></p>	<p><b>ZIMBABWE MONTHLY FOOD SECURITY UPDATE</b></p> <p><b>March 29, 2004</b></p> <p><i>Information in this report is valid as of the 29<sup>th</sup> March and does not reflect changes that occurred thereafter.</i></p>
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## Summary

- Although food aid grain distributions were regular and providing nearly adequate rations to over four million beneficiaries by the end of the marketing year, GMB supplies continued to be erratic and grossly inadequate for the communities they served. High inflation (602.5 percent in February 2004) has rendered available grain unaffordable. Reduced income options, high unemployment levels and subsequently high poverty levels have led to serious and widespread household food insecurity.
- Food aid distributions are reaching close to four million people in all rural districts and have played a major role in keeping people alive over the last year. Food aid is now being complemented with grain being harvested from the limited early planted maize crop that survived the November /December dry spells
- Food inflation in February rose 23.7 percentage points from January, up to 689.4 percent. Although industrial workers' minimum monthly wage rose more than 140 percent, the new wage covers only 13 percent of the cost of the total CCZ low-income household basket.
- Over the past four years, tobacco production dropped by over 77 percent, from about 236,000 MT in 2000 to just about 55,000 MT (forecasted for 2004). The drop is predominantly due to the replacement of large-scale commercial farming with smallholder farms through the land redistribution program.
- The Ministry of Agriculture and Rural Development released optimistic production estimates for 2003/04. However, historical data, the reduced contribution of large scale commercial farming sector to maize production, the poor rainfall distribution in the early half of the season, reduced use of fertilizer and limited labour for weeding provide bases for questioning this optimistic outlook. Assuming the government's area estimates are accurate, production ranges are likely to fall between 1,260,000 MT and 1,700,000 MT.
- Given the available production estimates (which need to be verified), the worst-case grain production scenario projects a total maize and millet deficit of 509,000 MT for the 2004/05 marketing year.
- As the main rainfall period draws to a close, Zimbabwe's dams are averaging around 90 percent of their capacity. The harvested water will be sufficient to support the winter wheat crop and to meet livestock watering needs in most districts.

## 1. Current Food Security Situation

### *Context*

About 60 percent of Zimbabwe's population live in rural areas and base their livelihoods mainly on crop production and livestock farming. Rural households in the central and northern districts are normally able to produce enough crops for their own consumption and have a bit leftover to sell. Livestock are rarely sold in these areas of the country but they play important roles in providing draft power and manure for crop production and are a store of wealth for households and a source of status within the community.

In the southern districts of the country, livestock (mainly goats and cattle) provide the main source of income for rural households. Crops rarely do well due to low rainfall, and livestock are sold to purchase necessary food and other items. As a result, when crops fail and local markets are disrupted, the rural population must rely on a number of coping strategies that have been developed over time, including reduced consumption, increased efforts to generate cash income and changes in expenditure. The urban population relies mainly on employment income to buy food. In urban areas, where households purchase almost all of their food, food security depends on the normal functioning of various markets (labour and food, in particular) to ensure households have adequate purchasing power to obtain the required food and non-food items.

### 1.1 National Grain Availability Outlook for 2003/04

Zimbabwe's Grain Marketing Board (GMB) has said that it will have close to 200,000 MT of maize in its silos when the 2003/04 marketing year ends on March 31. This stock is available despite serious cereal shortages which occurred during the same marketing year, highlighting the need to improve grain import planning and domestic grain distributions. As Table 1 shows,

a shortage of just over 100,000 MT of maize and millet was evident during the marketing year, based on an accounting of available maize and millet from domestic production and imports (excluding unmonitored on-farm stocks) compared to the estimated national requirements.

Food availability has been a problem throughout the marketing year, with disruptions in distributions resulting in serious food security problems for various communities throughout the country. Although food aid grain distributions were regular and providing nearly adequate rations to over four million beneficiaries by the end of the marketing year, GMB supplies continued to be erratic and grossly inadequate for the communities they served. Rampant inflation (602.5 percent in February 2004) continued to make available grain unaffordable; combined with reduced income options, high unemployment levels (about 80 percent) and subsequently high poverty levels, household food

**Table 1:** Maize and Millets Balance Sheet (MT)

<b>Maize and Millets Balance Sheet for the Period 1 April-31 March 2004</b>	
Production and Opening Stocks	986,535
Cereal Imports by 31 March 2004	
GMB estimate	375,200
Food Aid estimate	293,150
Private Sector estimate	40,000
Total Cereal Available for the Period	1,694,885
Estimated Consumption by 31 March 2004	1,800,000
<b>Foregone Consumption</b>	<b>(105,115)</b>

insecurity has been serious and widespread. Most households have been forced to employ a combination of strategies, including reducing consumption, seeking alternative income options and switching expenditure away from things like school, clothes and non-essential food items. Sustainable livelihoods in Zimbabwe have been undermined over the past few years, and a significant proportion of households will continue to face food shortages despite the current early harvesting of maize and millet. GMB supplies, accounting for over 80 percent of the current national stock, and food aid distributions need to reach these households through improved beneficiary targeting.

### **1.2 Rural food security**

Food aid distributions reaching close to four million people in all rural districts have played a major role in keeping people alive over the last year. Grain is currently being harvested from the limited early-planted maize crop that survived the November/December dry spells and this is supplementing available food aid; the southern districts of Masvingo Province suffered less from the dry spells than other areas and have more maize available as a result.

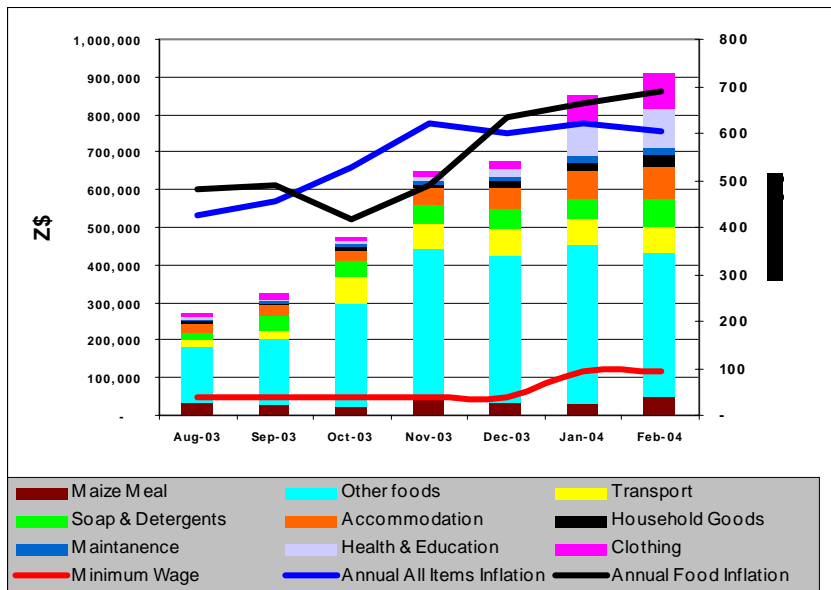
In addition, the crop planted in November-December 2003 reached maturity in March 2004, significantly increasing supplies of green maize. The November/December planting represents about 60 percent of the 2003/04 maize crop, and much of this production is limited to the traditional maize growing areas of Mashonaland and Midlands. In Matebeleland, watermelons are playing an important role by allowing households to reserve the existing food aid grain for the more important supper meal, thereby stretching the number of days a household can have *sadza* (the staple meal of thickened maize or millet porridge). Although this does not change the calories available to the household, it helps provide limited energy and fills empty stomachs temporarily.

Cattle sales from Matebeleland South were equivalent to around 13 percent of the total herd during 2003, which is comparable to the normal rate of sales in the province. Households were able to retain productive assets in large part due to the extensive and dependable food aid programs in these areas, which have helped to protect livelihoods and limit the use of damaging coping strategies. The Zimbabwe Vulnerability Assessment Committee (ZimVac) rural food security and vulnerability assessment, scheduled for April and May, should provide more detailed analysis on the effects of food aid during the 2003/04 consumption year, while highlighting key opportunities and constraints for rural households in Zimbabwe.

### **1.3 Urban food security**

Basic foodstuffs have remained readily available on both the formal and the parallel markets, but prices are too high for the majority of urban households to afford. The cost of the low-income urban household monthly basket in Harare, monitored by the Consumer Council of Zimbabwe (CCZ), increased by 7 percent between January and February 2004, reaching around Z\$907,055 (Figure 1). The increase is attributable to the non-food and the maize meal components of the basket. Maize meal increased by 54 percent while the non-food component of the basket grew by just over 19 percent. Household goods and soaps/detergents, with increases of 50 and 32 percent respectively, had the biggest impact on the cost of the basket. Despite a 140 percent increase in the minimum monthly wage rate for an urban industrial worker in January 2004 (up to about Z\$145,000) poor households' purchasing power is still woefully inadequate. The new minimum wage is only sufficient to cover 13 percent of the CCZ basket's cost.

**Figure 1: Cost of monthly expenditure basket for a low-income urban household of six in Harare, July 2003 – January 2004**



Source: CSO and CCZ

While still dangerously high, the annual inflation rate, as measured by the Zimbabwe’s Central Statistical Office’s (CSO) consumer price index (CPI), has remained relatively stable since November 2003, at around the 600 percent mark. In February 2004, the rate dropped 20.3 percentage points from the January rate of 622.8 percent. It is too early to say this marks the beginning of the much awaited decline in annual inflation. Inflationary pressures, including a high budget deficit financed by domestic borrowing,

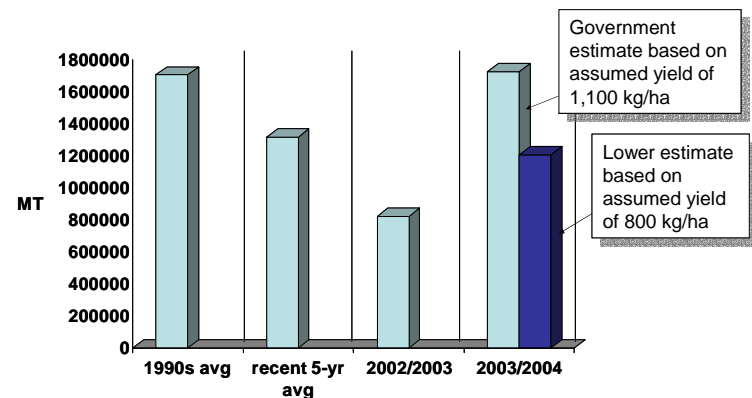
persistent foreign currency shortages, fuel shortages, and below normal agricultural seasons, are still at play. Even though overall inflation went down in February, food inflation (as shown in Figure 1) gained 23.7 percentage points on the January rate, up to 689.4 percent from 665.7 percent. Rampant inflation, relatively low incomes and high unemployment levels continue to limit household access to food in Zimbabwe’s urban areas.

## 2. Agricultural Prospects for 2003/04 Season

### 2.1. Cereal production estimates

The new Ministry of Agriculture and Rural Development (MoARD) presented its production forecast for the 2003/04 agricultural season during a workshop held in Harare in March (Figure 2). The fairly optimistic outlook presented by the MoARD generated a lot of debate, and questions were raised about the yield and area assumptions made by the MoARD. The MoARD’s maize production estimate is 1,700,000 MT, a figure more than double last season’s estimate and similar to the 1990s’ average; the estimate is over 30 percent higher than the recent five-year average for maize production. The production forecast is based on two crucial assumptions: (1) an average national maize yield of 1,100 kg/ha and (2) an estimated area of 1,571,000 ha.

**Figure 2: Ministry of Agriculture and Rural Development 2003/04 Maize Forecast Compared to Historical Data (in MT)**



Source: Ministry of Agriculture and Rural Development and CSO

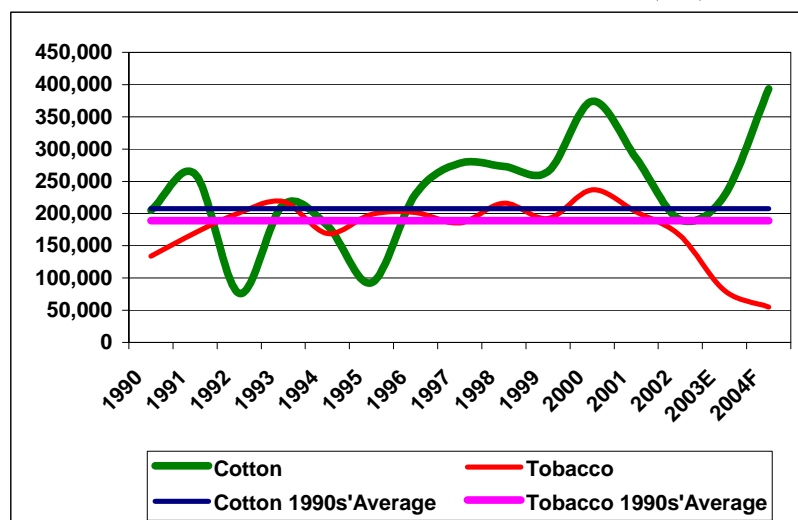
At the moment, there is no independent and credible way to crosscheck the government estimates for area planted. Farmers planted their own re-cycled maize seed because hybrid commercial seeds were too expensive, which makes it impossible to use the sales of seeds as a crosscheck on area. However, there are a number of factors that lead one to question the government's optimistic figures, including: recent historical data; the reduced contribution of the large scale commercial farming sector to maize production; the poor rainfall distribution in the early half of the season; reduced use of fertilizer; limited labor for weeding; and other problems farmers encountered. A more likely range for the national maize yield is 800 kg/ha to 1100 kg/ha, putting overall maize production for 2003/04 at between 1,260,000 MT and 1,700,000 MT, assuming the government's estimates on area planted are correct.

The National Early Warning Unit (NEWU) Crop Livestock Assessment, which is currently being finalized, is expected to help determine with more accuracy the cereal production estimates since it is based on a physical verification of yields. Pending the government's request, the WFP/FAO Crop and Livestock Food and Supply Assessment Mission (CFSAM), tentatively scheduled for April/May 2004, will further help to establish production estimates for this year.

## 2.2 Cotton and Tobacco Production Forecasts

As illustrated in Figure 3, tobacco production has dropped by over 77 percent since 2000, from about 236,000 MT to just about 55,000 MT (forecasted for 2004); the drop is attributed to the replacement of large-scale commercial farms with by smallholder farms in accordance with the land redistribution program. When the tobacco marketing season opens on March 30, farmers are expected to obtain higher prices for their tobacco in Zimbabwe dollar terms, since 75 percent of their sales will be paid at the higher foreign currency auction rate, which is currently about Z\$4,300/US\$; the government exchange rate is Z\$824/US\$.

**Table 3: Cotton and Tobacco Production Trends since 1990 (MT)**



*Source:* Tobacco Association Zimbabwe and CSO

Cotton production, on the contrary, has not been affected by the land redistribution program in the same way as tobacco production because smallholder production has always comprised most of the national production. However, much of the cotton crop is rain-fed, which makes it very sensitive to drought, and explains the close to 50 percent drop in production, from about 374,000 MT in 2000 to 190,000 MT in 2002. The cotton production forecast for 2003/04 is 293,500 MT.

### 2.3 Livestock condition and water supplies good

**Table 3:** Major Dam Levels as at 22 March 2004

Province	Full Supply Capacity (million cubic meters)	Present Capacity (million cubic meters)	Percent of Full Supply (%)
Matebeleland North	50.327	35.908	71.35
Matebeleland South	729.930	512.992	70.28
Mashonaland Central	245.113	187.665	76.56
Mashonaland East	48.759	41.588	85.29
Mashonaland West	1379.871	1101.538	79.83
Midlands	479.833	405.305	84.47
Masvingo	2505.123	2512.488	100.29
Manicaland	655.300	664.762	101.44
<b>Total</b>	<b>6094.256</b>	<b>5462.246</b>	<b>89.63</b>

*Source:* Zimbabwe Water Authority

As shown in Table 3, Zimbabwe's major dams are currently at around 90 percent of their total capacity as the main rainfall period draws to a close. All major dams in Masvingo and Manicaland Provinces were full to overflowing by mid-March, whereas the two Matebeleland

province dams were only about 70 percent full. The harvested water will be sufficient to support the winter wheat crop and meet livestock water needs until the next rainfall season in most districts of the country.

### 3. Food Security Prospects for the 2004/05 Marketing Year

Two grain availability scenarios can be developed for the 2004/05 marketing year, depending on the yield assumptions made. In both cases, a deficit is projected. The worst case scenario, given total grain production of 1,491,000 MT, results in a deficit of around 509,000 MT; in the best case scenario, with 1,930,000 MT of cereal production, a 70,000 MT deficit is projected.

**Table 4:** Maize and Small Grain Production Scenarios

Description	Worst Case Scenario	Best Case Scenario
Production	1,491,000	1,930,000
GMB Stocks	200,000	200,000
Total Grain Available	1,691,000	2,130,000
National Requirements	2,200,000	2,200,000
<b>Projected Deficit</b> (excluding strategic grain reserves)	<b>509,000</b>	<b>70,000</b>

*Source:* Ministry of Agriculture and Rural Development & FEWSNET

**Table 5:** Government Contributions to Closing Grain Deficit

Marketing year	Grain Deficit (MT)	Government Imports (MT)	Government Imports as % of Deficit
2001/02	460,000	88,660	19
2002/03	1,660,000	763,590	46
2003/04	860,000	375,200	44

*Source:* CSO and FEWSNET

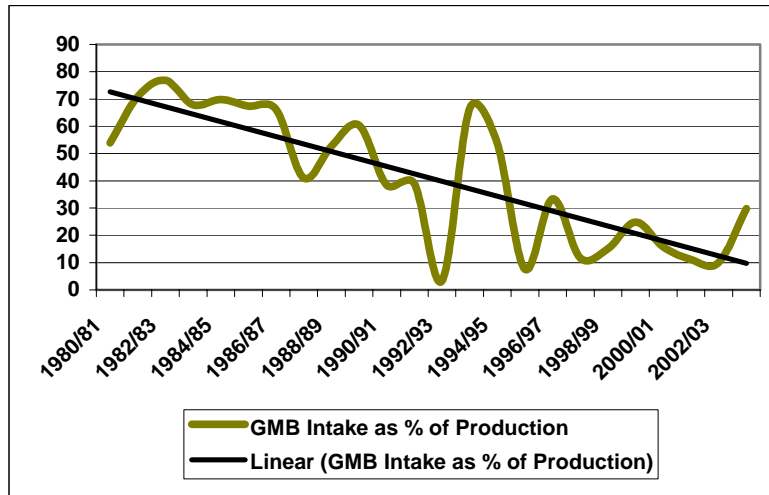
The government has already stated that it will not be appeal for food assistance and that it is prepared to import enough grain to make up for shortfalls in the coming marketing year. Hence, the government's capacity to import the required grain is critical and needs to be assessed carefully. During the last three years,

the government managed to import significant quantities of maize despite the severe foreign currency shortages. Based on the government's record over the past three years, and provided the foreign currency earnings situation remains at least the same as it was in 2001/02, it appears likely that the government will manage to import adequate amounts to close even the worst case scenario grain gap. However, this prediction needs to be assessed in view of the continuing economic decline and the poor export performance.

Ensuring that the production gap is filled at the national level is only part of the solution. Household food security depends on two additional factors: (1) the efficient distribution of the grain from surplus to deficit areas within the country; and (2) adequate purchasing power at the household level.

On the first point, the Grain Marketing Board (GMB) in its current state is not up to the challenge. As demonstrated in Figure 3, the GMB's uptake of

**Figure 3:** Grain Marketing Board Maize Intake Compare to National Production



Source: CSO

available grain has been decreasing as the contribution of large scale commercial farming sector to maize production decreases, limiting the GMB's ability to mobilize surplus grain for redistribution. While the participation of the Grain Marketing Board in the grain market is important and needs to be maintained, room for private sector participation has to be created together with other market incentives for surplus farmers to offer their produce for sale.

On the second point, it is clear that the purchasing power of both rural and urban households has been declining over the past few years, as the availability and value of income options decline and inflation rises. No matter how much food is available on the market, it will not fill household deficits if households do not have the means to buy it. The forthcoming ZimVac rural assessment should help to identify and quantify the number of households who will face a food deficit in the coming year (because of both production declines and purchasing power problems) in addition to establishing a better understanding of their livelihoods.