

Food Prices in Africa: Quarterly Bulletin- March 2010

Regional Price Update and Responses

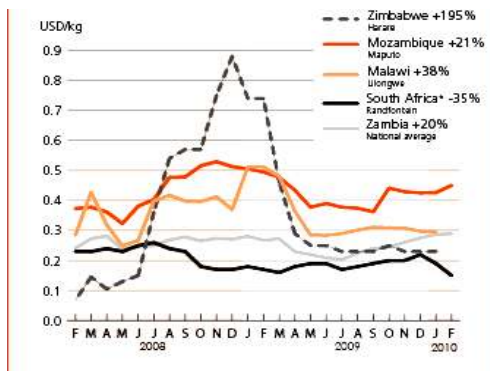
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Regional price update

Food prices have remained stable in the early quarter of 2010 following trends of the latter part of 2009. Estimates across commodity markets show a 22% average price increase. Lower international export prices and a good 2009 cereal harvest, have led to a decline in prices for food staples. However they remain well above pre-2008 levels. Severe cereal production deficits have occurred in several countries in the Sahel and East Africa contributing to falling levels of food security in Niger, Chad and Northern Nigeria. In West Africa, the savanna belt and Gulf of Guinea zones are generally food secure with moderate food insecurity due to maize surpluses from the savanna belt and the weakness of the Nigerian naira in relation to the CFA franc.

Prices are on the rise for major cereals in Burkina Faso, compared to 2009 levels, sorghum prices are up 7% and millet 6%, while maize price remains unchanged. In Niger, sorghum and millet prices are 3 to 4% higher compared to their level during the same period in 2009. Food production has been hampered by increasing climatic shocks affecting approximately 12,000 households. National reports show 1 in 5 households in Niger experience food consumption deficits.

White maize prices in selected African markets



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Regional food security conditions have gradually improved in East Africa since the last quarter of 2009, due to improved pasture and water availability, and increased livestock production and prices in the main pastoral areas, as well as improved crop production in the lowland marginal cropping and agropastoral areas caused by the mild-moderate El Niño rains. The 2009/10 short rains in the Eastern sub region have ended after continuing

uncharacteristically into mid-January, resulting in improved household food security prospects for drought-affected pastoralists and marginal agricultural farmers. However, while maize prices are declining in some harvest centres, the price of the staple remains up to 100 % above average levels. Forecast show a decline in food security conditions between January to March 2010 in southern Sudan, Ethiopia, central Somalia, and Djibouti, due to the combined impacts of poor 2009 rainfall, high food prices and several consecutive poor or failed seasons. Serious rainfall shortage has been reported in Chad causing a 31% reduction in cereal production. In contrast, food security conditions were expected to improve from January to March in parts of Kenya, Tanzania, Uganda, and southern Somalia. Cereal markets in Sudan show strong upward price growth with a 35% increase compared to 2009.

In Southern Africa as the hunger season approaches, the most vulnerable farming families have depleted food stocks and are switching to markets for household consumption. The rise in demand is putting upward pressure on prices, a trend that should continue until the next harvest. Despite this, the food security situation generally in the sub region is fairly good with moderate increases in food insecurity restricted to low producing areas. The poor rainfall reported in Mozambique, Zimbabwe, and Malawi combined with forecasts of a mid-season drought, will extend the hunger season, reducing income earning opportunities, contributing to deepening levels of food insecurity in parts of southern and central Mozambique and southern Zimbabwe

Sub-Regional activities

FAO's Initiative on Soaring Food Prices (ISFP), works in partnership with 35 African governments in the provision of targeted support to small holder farmers and rural households. FAO also partners with the EU Food Facility, operational in selected African countries to improve farmers' access to quality inputs and services.

Central Africa

National ISFP projects in Cameroon, Central African Republic, Chad and the Democratic Republic of Congo have moved into the final assessment phase. In Cameroon over 12,000 people were covered by the ISFP project extending over 10 regions. In total 15,671 kg of fertiliser

have been received by targeted households who used 99% of supply provided. The national impact assessments showed encouraging results on post intervention animal production trends. 4865 parcels of inputs have been distributed to individual households in addition to the *Groupe d'Initiative Commune*, a local producer organisation.

Eastern Africa

Impact assessments in the Eastern sub region show interventions have successfully increased food production. In Sudan, evaluations showed more than 12,000 targeted households received farming support as part of the ISFP. In relation to seed quality, 74% of beneficiary households were highly satisfied with the quality of seeds and 23% were satisfied. Almost a third of the farmers indicated that they had improved their ability to sell more of their products. Yield levels had improved markedly as a result of increased inputs, 46% of farmers were able to increase their yield in the range of 25% to 50% from a low base level while 15% of beneficiaries achieved a 100% yield increase.

Southern Africa

In Southern Africa, impact assessments received from Malawi, Tanzania, Madagascar and Zambia have presented a positive outlook for ISFP national projects. In Zambia, assessment results show that 95% of sampled households were pleased with input distribution methods applied. In addition, project beneficiaries of all crops were generally satisfied with the variety and quality of seed provided. On average, 48% of all sampled households indicated that their crop production increased as a result of the ISFP intervention. Nearly half of sampled households, (46%) stated that their ability to sell more agriculture produce had improved following support provided as part of the ISFP.

Western Africa

Reports so far submitted from 13 national ISFP projects across the sub region demonstrate the favourable impact of FAO's support to the beneficiaries of the project, particularly in relation to supply of inputs which facilitated the recovery of lost cropping and increased the acreage planted on average by 25% and production by 30%. In Ghana, a new phenomenon of "the third crop" has emerged as beneficiary farmers are able to produce three crops a year, an increase of over half from pre intervention levels. Over 80% of beneficiaries in Burkina Faso reported an improvement in food access as a result of higher production and increased household income due to surplus crops sold on local markets.

Country in Focus: Kenya

Despite its huge agriculture potential, Kenya suffers from widespread malnourishment. About one-third of the population is chronically undernourished. Approximately 20% of Kenya's 32 million people live on less than US\$1.25 per day. In June 2009, FAO launched a two-year project to help the government of Kenya enhance livestock production in an effort to ease the burden of high food prices on vulnerable communities.



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Government responses which have focused on targeted national fertiliser subsidy programme may need expansion to meet demand for effective investments. Strengthening the ability of small-scale farmers and pastoralists to cope with climate-related shocks is crucial to making Kenya more food secure. In response to growing levels of food insecurity, EU funding worth approximately € 4 million is being allocated to restore and improve the production capacity of livestock producers and to increase the availability of livestock products in the market.

Conclusion

Despite stable food prices in many African countries, there are concerns relating to pockets of food insecurity particularly in East and Western Africa due to production deficits. Rising food demand combined with weak productive capacity is likely to sustain prices above their pre 2008 level for the medium term. Erratic and volatile weather trends have played a critical role in recent below average harvests. As the hunger season takes roots, millions of low income rural producers and poor urban consumers face the risk of increased vulnerability to food price inflation. Targeted interventions to meet the needs of affected groups may need to be scaled up to secure food access.