



GIEWS Update

Zimbabwe

Extreme levels of food insecurity triggered by a reduced 2019 harvest and high prices that have acutely impeded access to food

Highlights:

- The number of food insecure people in Zimbabwe is projected to rise to 5.5 million people between January and March 2020, which would be the highest number on record.
- The heightened food insecurity is mainly the result of a cereal production shortfall and extremely high food prices, while macroeconomic difficulties have exacerbated the situation.

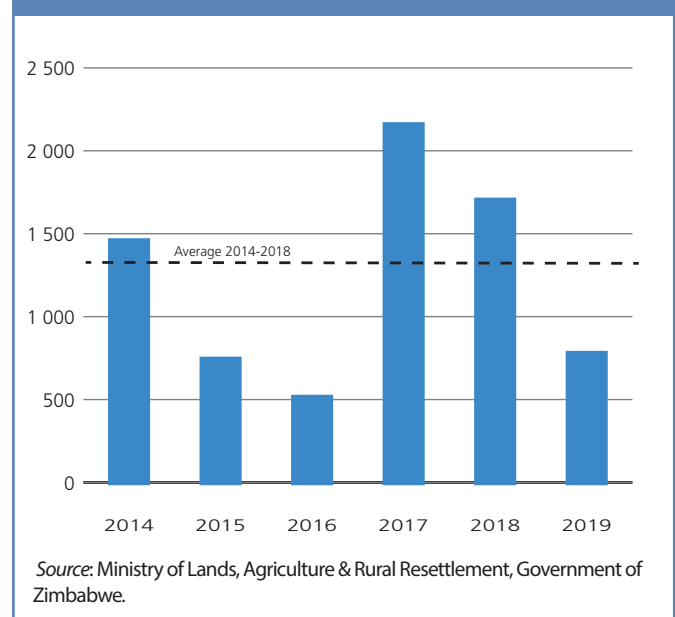
Zimbabwe is facing extreme levels of food insecurity and the situation is likely to deteriorate in the coming months. According to the latest Vulnerability Assessment Committee's (VAC) evaluation, an estimated 4.7 million people are in need of food assistance between October and December 2019. This number is projected to rise to 5.5 million people during the January to March 2020 period, which would be the highest number on record. The severe food insecurity levels are mainly driven by a steep reduction in the 2019 domestic cereal harvest and significantly high food prices that have resulted in severe food access constraints. In addition, economic difficulties have hampered the country's ability to access grains from the international market, with further adverse effects on domestic availabilities and prices.

Sharp reduction in the 2019 cereal production due to poor weather conditions

The country experienced adverse weather conditions during the 2018/19 cropping season (October-June), including extreme rainfall deficits and the impact of Cyclone Idai. The combined effect of these events caused a steep decline in the area harvested and lowered yields, resulting in a maize output of about 780 000 tonnes, more than 40 percent below the

previous five-year average (see Figure 1). Downscaled to the household level, cereal stocks have consequently been depleted earlier than normal, and incomes derived from agricultural activities have also declined.

Figure 1: Zimbabwe - National maize production
('000 tonnes)



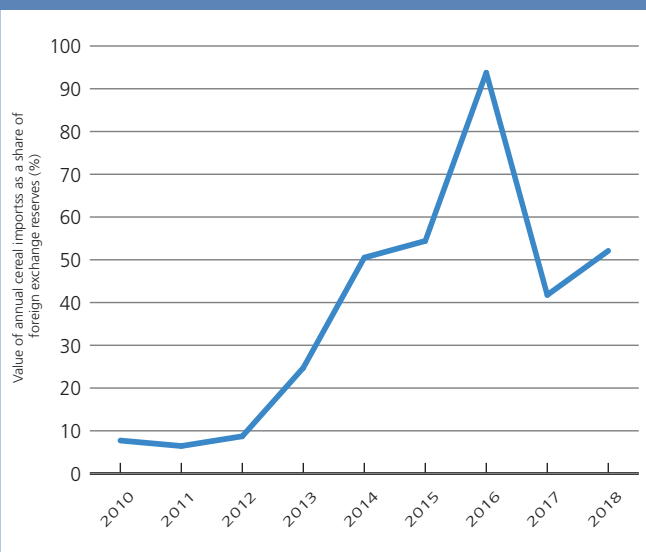
The 2019 domestic maize output is estimated to satisfy less than 50 percent of the national consumption requirement in the 2019/20 marketing year (April/March), compared to an average rate of about 80 percent in the past. As a result of the domestic production shortfall, maize import requirements have increased and stocks from the national strategic reserve and the commercial sector are expected to be drawn down to compensate for the lower output. Despite an estimated above-average national stock level at the start of the 2019/20 marketing year, due to two bumper maize harvests obtained in 2017 and 2018, import requirements are still forecast at 600 000-700 000 tonnes, compared to a yearly average of about 500 000 tonnes in the previous five years. However, the significant economic challenges that the country is facing have diminished its capacity to import, which could potentially result in reduced grain availabilities.

Cereal import capacity negatively impacted by severe economic challenges

This year, the country has experienced a steep depreciation of the currency that has weakened its capacity to import food. Acute shortages of foreign currency reserves, which are needed to pay the food import bill, have been the driving factor sustaining the currency weakness. Since its introduction in February 2019, the Zimbabwean dollar depreciated from USD 1 : ZWL 1 to USD 1 : ZWL 17 by late September¹. Figure 2 depicts the increasing value of cereal imports as a proportion of foreign exchange reserves, illustrating a weakening financial position to pay for imports. With prospects pointing to a continued shortage of foreign currency supplies, mostly reflecting diminished export revenues, this portends to difficulties in procuring sufficient grain supplies from the international market.

Moreover, in the cereal exporting countries of the subregion, notably Zambia and South Africa, reduced 2019 harvests have lowered export availabilities within Southern Africa. The country's access to maize supplies in the subregion has been further inhibited by export restrictions introduced in Zambia in 2019, in an effort to stabilize internal supplies following two consecutive years of below-average maize outputs. Zimbabwe also restricts the importation of GM (Genetically Modified) grains, which limits the quantities of imports available

Figure 2: Zimbabwe - Value of annual cereal imports as share of international currency reserves



Source: World Bank and Trade Data Monitor.

from South Africa, where maize production is mostly comprised of GM crops. Outside of Southern Africa, a proportion of the import requirement is expected to be satisfied with grain supplies from East Africa, principally the United Republic of Tanzania. Farther afield, Mexico is a large producer of white maize, and could be another potential source. Zimbabwe last imported the grain from Mexico in 2016, when it procured about 57 000 tonnes.

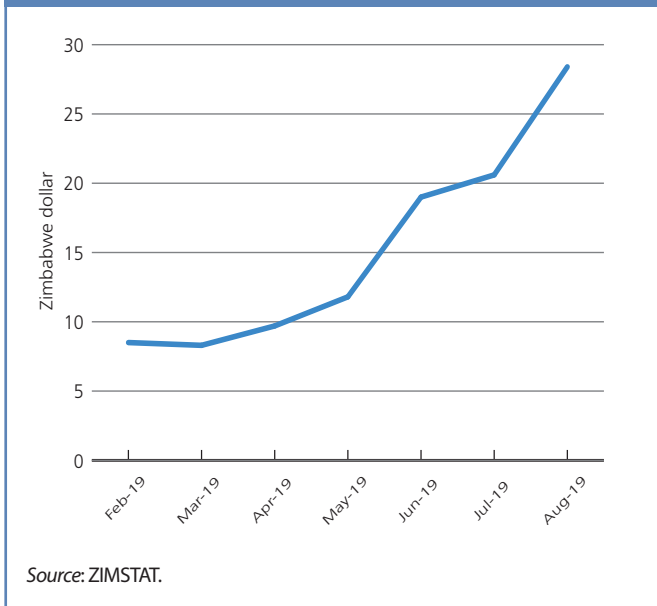
High prices constrain access to food for a large number of households

The substantial reduction in incomes from agricultural-related activities and high prices have been severely impeding households' ability to purchase food from markets. The steep production decline in 2019 significantly reduced the share of crops available for sale, eliminating a key source of income for households. According to the 2019 VAC evaluation, the proportion of households relying on crop sales as a principal source of earnings declined from 22 percent in 2018 to only 8 percent in 2019. Compounding this situation are the extremely high food prices. Between February (when the Consumer Price Index was rebased following the adoption of the new currency) and August 2019, the food price index increased by 200 percent and, more specifically, the average price of maize meal rose by nearly 250 percent, from ZWL 8.5 to ZWL 28 per 10 kg².

¹ IMF. Article IV consultation report. September 2019.

² ZIMSTAT. August 2019.

Figure 3: Zimbabwe - Average maize meal price
(10 kg bag of maize meal)



With food and beverage purchases accounting for approximately 45 percent of the rural households' expenditure³, even small rises in food prices can lead to reductions in food consumption and/or to a worsening of diet quality. Under the prevailing conditions, to sustain a stable consumption rate of only maize meal products, the primary food staples, rural households would need to spend an estimated 60 percent of their monthly income on these products⁴. Given that consumption responses to rises in staple cereal prices tend to be limited as the demand for these goods is generally price inelastic, households are more likely to reduce consumption of other food commodities, such as fruits, vegetables and meats, increasing the risk of nutritional deficiencies. Furthermore, the broad increase in all

food prices limits households' ability to substitute to cheaper foods (a key coping strategy) and could result in a net reduction of the overall food intake. In parallel, households may also reduce spending on other essential non-food items and services in efforts to maintain a sufficient consumption of staple foods.

Although the projected number of food insecure people for the October 2019 to March 2020 period already takes into account increases in food prices, the volatile economic situation warrants a continuous monitoring of food availability and access in order to inform humanitarian interventions aimed at mitigating food insecurity. Assistance for food is already being provided, and the World Food Programme (WFP) intends to scale up its programme to reach an estimated 2.7 million people.

Concurrently, an assessment of rural households' ability to access adequate agricultural inputs, and the general availability of these goods, is pivotal to help guide agricultural support programmes for the 2019/20 cropping season. Required interventions would also include early actions that seek to support farmers to restore their assets and productive capacities, as well as reinforce incomes, between October and December 2019, prior to the peak of the lean season.

Recommended early actions for agriculture include⁵:

- Provision of agricultural inputs (cereal and vegetable seeds, hand tools and other agricultural equipment) through direct, voucher and/or input trade fairs for the main season, depending on prevailing market conditions.
- Establish home gardens for short-cycle vegetable production and distribute off-season crop seeds.

³ ZIMSTAT. [Poverty, Income, Consumption and Expenditure Survey](#). 2017.

⁴ Data: monthly income of a rural household is estimated at ZWL 121 (source: ZimVAC, 2019); average number of people per household is estimated at 4.2 (source: ZIMSTAT, 2017); monthly per capita consumption of maize meal is set at 6 kg, which would be 7.5 kg in grain equivalents (source: FAO-GIEWS, 2019); and the average monthly price for maize meal is estimated at ZWL 2.8 per kg in August (source: ZIMSTAT, 2019).

⁵ Recommendations formulated by FAO's Early Warning Early Action team.

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