Food Prices in Africa: Quarterly Bulletin- June 2010

Regional Price Update and Responses

No. 5

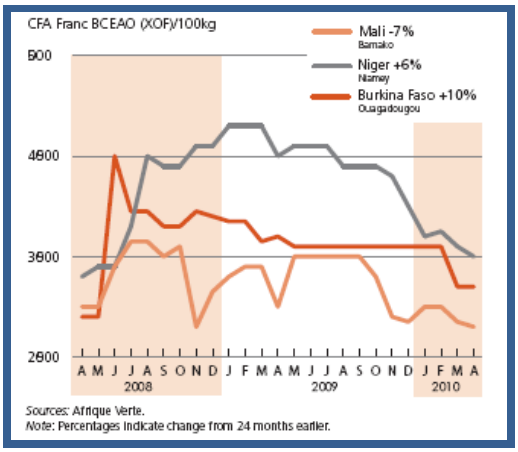
Regional price update

Regional trends show an overall moderate decline in food prices despite growing concerns over increasing food insecurity in Central, Eastern and West Africa. In Eastern and Central Sahel countries food prices remain well above pre crisis levels. In Niger, Mali and Burkina Faso millet prices are significantly higher despite the falling cost of livestock. Forecasts for Nigerian rice markets show that imports will remain high despite government tariffs. Total regional rice imports are likely to reach 9.8 million tonnes (Mt).

Cereal production is recorded at 15.9 Mt comparatively 10% lower than the bumper crop of 2008 but still well above the 5 year average. Poor cereal production as a result of bad weather in Niger, Chad and Burkina Faso contrasts with favourable conditions for cropping in the Gulf of Guinea. In Northern Nigeria coarse grain prices have risen sharply. Millet prices increased at 13-17% and maize at 25% in April 2010.

The depreciation of the naira has facilitated steady import and export flows throughout the Western sub region. A protracted food crisis in Mali continues with 629,000 people facing food insecurity in West, North and North East regions. The food crisis in Niger has prompted the government to launch an appeal for emergency assistance; approximately 7.1M people are currently facing food insecurity. Forecasts show that rates of food insecurity will peak in the Sahel in July and August 2010.

Imported rice prices in selected West African countries



Rice prices have remained stable reflecting falling international trends. Maize prices have experienced a moderate decline in Cameroon. A drop in millet and sorghum production in northern Cameroon is likely to aggravate food insecurity in the region. In Burundi, prices have increased due to expectations of worsening food availability prior to the harvest period. Market dependence on imports in DRC continues , consisting of 1/3 of national cereal supply. However cereal production is estimated to have increased due to favourable weather. High national food prices persist, yet they have not returned to the 2009 peaks.

Wholesale cereal prices in East Africa have declined sharply following the harvest period. In Kenya and Somalia above average prices are recorded in Nairobi at USD 302 per tonne in April 2010 compared to USD 266 in April 2008. Worsening security has contributed to rising prices in Somalia where restrictive trade movements have increased the cost of major staples. Civil conflict continues to aggravate the food situation in Central and Eastern Africa particularly in Sudan and DRC. Wholesale sorghum prices in Sudan have declined to USD 157 per tonne in April 2010 to less than half the average price of 2009.

In Southern Africa above average grain crops are expected in most countries in the sub region. Good weather throughout the 09/10 season in South Africa and Zambia have contributed to above average production of coarse grains. Estimates show that production reached 24.7Mt this year matching the 2009 record. Droughts in the southern parts of Madagascar have led to a fall in rice and wheat production while seasonal trends have explained moderate price increases in maize markets. Expectations of low wheat prices in South Africa are pushing down production trends which are expected to decline for a consecutive season.

FAO's Initiative on Soaring Food Prices (IFSP), partners with 35 African governments to provide targeted support to small holder farmers and rural households. The majority of ISFP activities have moved into the evaluation stage after the successful completion of input distribution.

Country in Focus: Democratic Republic of Congo (DRC)

FAO©

Despite an abundance of natural resources, decades of civil unrest in the Democratic Republic of Congo (DRC), have placed a heavy burden on the countries' poorest. More than 75 percent of its population lives on just one dollar a day.

According to World Food Program estimates, 1.6 million internally displaced persons (IDPs) are in need of food assistance. The World Food Programme estimates that up to 1.6 million internally-displaced persons (IDPs) and other vulnerable groups require food assistance. Fuelled by conflict, the number of hungry people in the DRC has risen four fold between 1990- 2005 to 40 million.

Severe droughts in eastern DRC have heightened food insecurity, creating widespread displacement and substantial crop losses. Prolonged dry periods in Central and Southern regions have negatively affected the productivity of staple crops such as sorghum and millet.

National food prices have increased sharply following the food price crisis. Current figures show that average food prices increased 28% from April 2009-2010.

Under the Initiative for Soaring Prices (ISFP), FAO is working in the DRC to improve food availability and raise production of targeted crops. Following FAO interventions 130 tonnes of rice seeds; 20 000 hoes and 20 000 machetes were distributed in preparation for the 2008 and 2009 planting seasons.

DRC has also received support from two other FAO projects focusing on capacity building and coordination activities in the Central Africa region. Under the Emergency Coordination and Rehabilitation Unit, FAO supports vulnerable populations affected by conflict by ensuring that agricultural inputs are available at the start of the planting season to boost food production.

European Union Food Facility

In association with national poverty reduction strategies, FAO launched a two-year project in May 2009 through the EU Food Facility to scale up agricultural production and help ease farmers' access to markets.

Around 36 000 vulnerable households (approximately 180 000 people) will benefit from interventions under the Facility. Project outcomes include increased access to quality inputs and improved transport and storage facilities. The goal is to increase food availability in the main urban markets in Kisangani, Kindu, Kananga, Mbuji-Mayi and Tanganyika and create income generation for small holder farmers.

FAO will focus on strengthening technical expertise in the production, storage, transformation and marketing of agricultural products, while improving the network of access roads to enable farmers to get their goods to the market. FAO will also support capacity building activities among farmers' associations.

Summary

Regional food prices have stabilized as result of favourable climate conditions and downward seasonal trends. Falling market trends point to an opportunity to capture gains from increased crop productivity to avoid future seasonal shortfalls.

Pockets of food insecurity persist where production deficits have reduced food availability. Responses to countries affected by food shortages, such as Niger, Sudan and Somalia, will need to be strengthened in order to avoid prolonged crises.

Prepared by the FAO Regional Office for Africa in collaboration with the Sub Regional Offices for Central, Eastern, Southern and West Africa.
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