ZAMBIA Food Security Outlook October 2017 to May 2018

Minimal acute food insecurity outcomes expected to continue

KEY MESSAGES

• Acute food insecurity remains **Minimal (IPC Phase 1)** following the above-average harvest this year, resulting in increased food availability for farming households and improved food access for households that dependent on market purchases. Poorer households will be accessing additional food or cash when hired for labor by better-off households during the peak period (Oct-Dec) for agricultural labor demand for the 2017/18 production season. **Minimal (IPC Phase 1)** area outcomes are likely to continue throughout the entire outlook period.

• Since the arrival of harvest supplies on the market in June 2017, market activity has been lower than normal. Prices are at an all-time low due to the large harvest, large carryover stocks from the previous season, and limited regional markets for large traders. Maize prices are expected to remain below average and will peak at much lower levels than typical during the February and March 2018 period.

• Even in the absence of the export ban, formal maize export volumes this season are much lower than in previous years. In contrast, informal exports to the Democratic Republic of the Congo are normal and demand for maize meal is higher than demand for grain due to the reduced meal prices. High demand from Tanzanian traders in the northern parts of the country has increased the flow of maize to deficit areas in the East Africa region.

SEASONAL CALENDAR FOR A TYPICAL YEAR
NATIONAL OVERVIEW

Current Situation

The increased supplies of maize and seasonal foods have increased food availability for farming households and improved food access for market-dependent households, contributing to Minimal (IPC Phase 1) area outcomes across the country.

Since streams have dried up and river waters are lower in southern Zambia, water and pasture availability has resulted in fair to poor livestock conditions. In parts of the North-Western Province, Foot and mouth Disease has broken out and the Ministry of Livestock and Fisheries has started cattle vaccinations in a bid to contain the outbreak.

Land preparation for the 2017/18 season has commenced. Better off farmers are increasingly hiring casual labor. Some farmers have also started acquiring inputs in preparation for the next planting season. National E-voucher implementation is yet to effectively commence as most district offices are still registering farmers for the program and some are still providing last season’s inputs to farmers that did not receive them.

Information from the International Red Locust Organization revealed that the fall armyworm affected irrigated maize, as well as maize grown using residual moisture in the *dambos*, but the area was low, and control was in progress.

Maize production for the 2016/17 season was well above average at 3.6 million MT and these national supplies surpass national cereal demand by 1.18 million MT. While this surplus is quite large and available for export this year, regional demand has reduced considerably following a generally good maize season in countries previously impacted by the El Niño-induced drought in 2016 (Malawi, Zimbabwe, and South Africa). Market demand is greater in the East Africa region which has recently experienced large grain deficits.

The maize marketing activity has remained slow since the season started in May with fewer players, high grain supplies, and prices that are only half of the previous season (resulting in much lower returns). The limited market coupled with having last season’s stocks on hand has basically kept the large traders out of the market. Traders are buying maize from farmers at ZMW 0.80-0.90/Kg. These prices are much lower than usual for this time of the year and have remained at the same levels since August 2017. These below-average maize prices and reduced returns are discouraging internal trade (*Figure 1*). Meanwhile, farmers in most districts across the country have continued to sell their maize, but at lower volumes than usual, to meet their immediate cash needs and wait for higher prices later in the season. Based on this behavior, it is assumed that farmers have large maize stocks at the household level this consumption year. Even though the Food Reserve Agency (FRA) entered the market in August and offered ZMW 1.2/Kg to purchase 500,000 MT of maize for the SGR, farmers are still preferring to sell their maize to private traders for immediate cash. By October 30th, the FRA purchasing program ended and most purchases made by the FRA have been in Eastern Province. FRA purchases from
Northern Province have been atypically low because of the high demand from Tanzanian traders to service the lucrative market in East Africa.

A field assessment in August/September 2017 revealed that small and medium traders have been buying maize slowly due to price uncertainty and as a means of minimizing losses, with many doing so to sustain their long-standing relationships with the farmers. The millers in Lusaka are playing a larger than usual role in setting maize prices for the current season. This is because most small traders are transporting maize to Lusaka where demand is highest, and the forces of supply and demand are determining the prices. Based on a recent field assessment, few trucks were found to be delivering to mills in Lusaka. This is believed to be normal for this time of the year since peak deliveries are usually in August and deliveries are slower afterwards.

Formal maize export volumes this season are much lower than in previous years (Figure 2). In the absence of the export ban that was in place in 2016/17, volumes this year are still atypically low. In contrast, informal exports to the Democratic Republic of the Congo are normal and demand for maize meal is higher than demand for grain due to the reduced meal prices. High demand from Tanzanian traders in the northern parts of the country have increased the flow of maize to deficit areas in the East Africa region.

After advertising for the sale of 100,000 MT of maize from the previous season’s stock, very few of the successful applicants have come forward to purchase the commodity from the FRA. These few companies from Kenya are collecting the commodity upon payment.

Part of the stocks being held by the large traders will be sold to the WFP for humanitarian assistance in Southern and East Africa region. Committed maize contracts by the WFP stand at 13,000 MT for Zimbabwe, a combined total of 44,000 MT for East Africa (Uganda, South Sudan, Burundi, Kenya, and Rwanda). Deliveries to the various countries has not yet started.

According to UNHCR, since August 30th, a large population has fled violence in Haut-Katanga and Tanganyika provinces of DRC into northern Zambia. The refugees are entering at three key border points daily. As of late October, over 5,500 refugees (mostly minors) have been screened, registered, and moved to a transit camp in Nchelenge district of Luapula Province.

**National Level Assumptions**

From October 2017 to May 2018, the projected food security outcomes are based on the following key assumptions:
Staple food availability: Given the above average (3.6 million MT) 2016/17 maize production and an exportable surplus of 1.18 Million MT, staple food supply will be normal to above normal during the period for most parts of the country. Maize will be adequately available on the market to meet effective demand. Farming households have retained adequate stocks for own consumption however, during the lean season (November to February) poor households in marginal production areas will run out of own produced stocks and will mostly depend on the market until the new harvest becomes available in April/May 2018. From March, the green harvest will improve food availability and diversity at the household level.

Maize market and prices: The Food Reserve Agency (FRA) is likely to meet its targeted maize purchase volumes of 500,000 MT for the strategic food reserves during the extended purchasing period (beyond October). Given the above average market supplies, millers will access maize from the market at below average prices and therefore the FRA is unlikely to enter the market (sale to millers) during the lean period for price stabilization. Medium scale farmers who are holding some maize in expectation of better prices and are likely to offload some stocks by end of October to enable them purchase inputs and due to limited storage.

Maize price trends: Maize prices are expected to continue to decline until November, then stabilize by December. As household staple food dwindle in the lean period, increased demand is expected to push prices up gently from January and peak in February/March at levels lower than normal. Overall maize prices are expected to continue to be atypically low and remain below the previous season’s levels and be within or lower than the five-year average for the rest the marketing season. Similarly, maize meal prices are likely to continue to be below the five-year average due to millers accessing cheaper maize. By April/May when the new harvest begins, prices will start to fall as demand for maize and maize meal reduce with increased household supplies.

Maize flow and trade: Formal maize export volumes are likely to pick up slightly over the next few months because of the cereal deficits in the East Africa region. However, overall export opportunities are likely to remain limited considering most of our neighbors in the southern Africa have improved maize supply from their 2016/17 harvests. Informal maize and maize meal trade to DRC is likely to continue at normal levels. Informal maize exports to Tanzania are expected to continue at current levels, but begin to decline as farm-level supplies start to decrease by December.

Rainfall forecast and seasonal progression: The seasonal forecast released by the Department of Meteorology indicated that most of Zambia will receive normal to above normal rainfall for the 2017/18 season. In view of this forecast it is likely that the season will start on time and facilitate timely planting of maize and other crops. There is also a likelihood of localized flash floods in flood prone areas of southern and southwestern parts of the country.

Livestock conditions: Animal conditions will remain fair to poor in the October to November period due to low water availability and inadequate pasture. Nevertheless, this is likely to improve by December when the rains establish. Once the seasonal rains have started, water and pasture conditions will improve, and this will increase livestock value and milk production. Animal conditions are expected to remain good for the rest the outlook period due to abundant water and pasture expected from the normal to above normal rainfall over much of Zambia.

Agricultural Input Support: A targeted one million small scale farmers are expected to benefit from subsidized inputs through the Farmer Input Support Program (FISP) using the E-voucher. The use of the E-voucher is likely to improve timeliness in accessing both seed and fertilizers. On the other hand, farmers with financial capacity will readily access agricultural inputs available on the market.

Labor demand: Given the favorable 2017/18 rainfall outlook, and the expected improved timing of input access by small sale farmers, it is expected that both agricultural and non-agricultural labor opportunities will be average for the October to March period. Labor demand typically peaks from November to January (land preparation, planting and weeding) when poorer households mostly depend on working for the better-off households to meet their basic food needs through in-kind and cash payment. Labor demand is expected to pick up again at harvest time, in April/May.

Fall Armyworm: Given the country wide fall armyworm (FAW) outbreak in the previous season there is a high likelihood that the FAW will attack crops during the 2017/18 season. However, damage and impact are likely to be minimal as farmers are better informed about the pest from last season’s experience. The Department of Meteorology, Ministry of Agriculture and the DMMU will provide early warning information, sensitization on early detection and possible control measures. In addition,
farmers are being encouraged to budget/plan for chemical control of army worms and not to wait on government to provide chemicals.

**Most Likely Food Security Outcomes**

Minimal (IPC Phase 1) acute food insecurity outcomes are expected for the duration of the outlook period. These outcomes are expected to continue due to the increased household food supply due to the large harvest, as well as increased household grain given the limited market this season, and substantially below-average prices. The lean season is likely to start a month later than normal and will be mild. Labor demand will be high since better-off households have more food and cash to hire for labor for land preparation, weeding, and harvesting periods. Maize retail prices are expected to remain relatively stable up to December and then steadily increase in January until peaking in February/March. Given very positive seasonal rainfall forecast, a good harvest is expected in 2018.

**EVENTS THAT MAY CHANGE THE OUTLOOK**

Table 1. Possible events over the next six months that could change the most-likely scenario.

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<th>Area</th>
<th>Event</th>
<th>Impact on food security outcomes</th>
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| Most rural areas      | Delayed/erratic start of the 2017/18 rainfall season | - Reduced demand for planting and weeding activities  
                                           - Difficulty for poor households to make basic food and non-food purchases |

**ABOUT SCENARIO DEVELOPMENT**

To project food security outcomes over a six-month period, FEWS NET develops a set of assumptions about likely events, their effects, and the probable responses of various actors. FEWS NET analyzes those assumptions in the context of current conditions and local livelihoods to develop scenarios estimating food security outcomes. Typically, FEWS NET reports the most likely scenario.