Food Security Monitoring Report

June 2019

Highlights

- The ZimVAC rural livelihood assessment estimated 59% (5,529,000 people) to be food insecure with limited access to food at the peak hunger period (January - March 2020) (Figure 1). This is the highest food insecurity prevalence ever experienced in the country in the past decade driven by drought and a declining economic environment.

- Sharp increase in prices since the introduction of SI142 or 2019 as the current average maize grain price is 33% higher compared to ZWL$0.78/kg reported in May 2019 for bond notes cash payments, Maize meal which is an alternative to maize grain selling at an average price of ZWL$2.01/kg for bond note payments, which is 40% higher compared to the last reporting period (May 2019).

- The Zimbabwe economy continued on a downward spiral trend in the month of June. The projected inflation rate for the month of June stands at 105% up from 97.85% projected in May 2019.

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The ZimVAC rural livelihood assessment estimated 59% (5,529,000 people) to be food insecure with limited access to food at the peak hunger period (January - March 2020) (Figure 1). This is the highest food insecurity prevalence ever experienced in the country in the past decade driven by drought and a declining economic environment. Currently about 38% of the rural households totalling 3,550,851 people, are in urgent need of emergency food assistance between July and September 2019.

The poor and highly volatile macroeconomic environment coupled with a poor agricultural season continue to be the major drivers of food insecurity in both rural and urban areas. Households are faced with deteriorating purchasing power amidst shortages of basic commodities such as bread, cooking oil and fuel. According to the ZimVAC households highlighted challenges of cash shortages (82%), cereal prices changes (79%), and drought (76%) which resulted in reduction of potential income from agriculture and agriculture related casual labour as the major shocks they experienced.

**IPC Acute Food Security Analysis**

The ZimVAC also conducted an Integrated Phase Classification (IPC) Acute Food Security Analysis (v3) after calls from the Donors and Development partners for an urgent IPC analysis of the same data. The Integrated Phase Classification (IPC) conducted in June 2019, estimated about 2.3 million people to be in phase 3 (Crisis) and 4 (Emergency) and in need of urgent food assistance (figure 2). For the period June to September 2019, the proportion of rural people facing a Crisis situation or worse (IPC Phase 3-4) was 25% corresponding to 2.29 million people, who require urgent action to protect/save livelihoods and reduce food consumption gaps. Another 2.49 million people (26% of the rural population) in Zimbabwe are in Stressed (IPC Phase 2) and require livelihood support. This is attributed to major food deficits and reduced income amid macro-economic challenges.

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During the projection period, from October 2019 to January 2020, the food security situation is expected to worsen with an estimated 3.58 million people (38% of the rural population) in Crisis (IPC Phase 3) or worse who will require urgent action to reduce food consumptions gaps and save livelihoods. Among these, an estimated 2.47 million people will likely face Crisis conditions (IPC Phase 3) whilst 1.10 million will likely be in Emergency (IPC Phase 4). An additional estimate of 2.68 million people will likely face Stressed conditions (IPC Phase 2). Compared to the current analysis, around 1.3 million people are likely to deteriorate into Crisis (IPC Phase 3) or worse. Nine districts (Buhera, Kariba, Binga, Gokwe North, Mbire, UMP, Chivi, Mwenezi and Mudzi) were classified to be in IPC phase 4 for the projected period. (Figure 4)

Drivers of the Deteriorating Food Insecurity Situation

The poor and highly volatile macroeconomic environment coupled with a poor agricultural season continue to be the major drivers of food insecurity in both rural and urban areas. Households are faced with deteriorating purchasing power amidst shortages of basic commodities such as bread, cooking oil and fuel. According to the ZimVAC households highlighted challenges of cash shortages (82%), cereal prices changes (79%), and drought (76%) which resulted in reduction of potential income from agriculture and agriculture related casual labour as the major shocks they experienced.

Commodity Pricing and Availability

Prices of most food commodities on the market remains stable in USD terms but very high in terms of the recently introduced Zimbabwean dollar. Market availability of farm produce such as maize grain, small grains, cow peas and sugar beans is still very low compared to the same time last year due to low production and prolonged mid-season dry spells. Government has proclaimed the Grain Marketing Board as the now sole bulk buyer of maize grain in the country creating a monopoly that will clearly result in farmers holding on to their stocks awaiting changed in policy or better still promotion of underhand dealings at the black market in search of attractive producer prices. Market response to this development requires close monitoring as this impact negatively on food availability and access. A total of 63 markets were monitored through face-to-face and telephone interviews across 13 districts. It is important to note that although the Zimbabwean dollar has been officially proclaimed as sole legal tender within the borders of the country, border areas, towns and cities continue to trade using the South African rand and other currencies including the USD as a medium for trade and access. A total of 63 markets were monitored through face-to-face and telephone interviews across 13 districts. It is important to note that although the Zimbabwean dollar has been officially proclaimed as sole legal tender within the borders of the country, border areas, towns and cities continue to trade using the South African rand and other currencies including the USD as a medium for trade and access.

Market Performance

Cereal availability and pricing

Maize grain was reported available in 84% of the markets at an average price of ZWL$1.17/kg for bond note payments and ZWL$1.19/kg for mobile money payments (2% higher than the bond cash price). The current average maize grain price is 33% higher compared to ZWL$0.78/kg reported in May 2019 for bond notes cash payments. The few traders accepting USD cash payments a few days after the introduction of SI142/2019 were selling maize grain at an average price of US$0.24/kg which is 17% lower than the price observed in May 2019 of US$0.28/kg. This reduction is as a result of a number of factors which include increased supply of the commodity from the recent ended harvest and the scarcity of the USD cash on the market. Highest maize grain ZWL prices were recorded in Chiredzi at ZWL$1.49/kg (bond notes), followed by Zvishavane at ZWL$1.37/kg (Bond notes). Meanwhile the lowest prices were recorded in Mwenezi and Masvingo at ZWL$1.10/kg and ZWL$1.12/kg respectively. Overall, there was a sharp increase in ZWL prices of maize grain in the month of June 2019 compared to May 2019 by an average of 46%. The potential impact of this on food access to the most food insecure households need no mention as affordability becomes into play making it difficult to access essential food commodities from the markets (figure 3).
Maize meal which is an alternative to maize grain was reported available in 81% of the markets at an average price of ZWL$2.01/kg for bond note payments, which is 40% higher compared to the last reporting period (May 2019) and 3% lower than prices recorded in mobile money payments averaging at ZWL2.07/kg. At the time of the survey, small grains (sorghum) were being sold at an average price of ZWL$1.17/kg for bond cash payments and at ZWL$1.17/kg for mobile money payments and were available only in 32% of the surveyed markets.

**Implications for Statutory Instrument 145 of 2019 – Control on Sale of Maize**

The government of Zimbabwe has introduced the SI145/2019 that regulates the sale of maize. In its interpretation, no person or statutory body or company or entity shall sell or otherwise dispose of any maize except to a contractor or to the Grain Marketing Board. Any maize which is required to be sold to the Grain Marketing Board in terms of this section shall be delivered to the Grain Marketing Board at such time, place, and quantities as the Board may direct and under such terms and conditions as the Grain Marketing Board may provide. No person who is not a producer of maize or who is not a contractor shall sell maize to the Grain Marketing Board. The Grain Marketing Board is hereby empowered to reject any maize delivered by a person other than a producer or a contractor. While this eliminates the middlemen who were offering lower and unviable prices to smallholder farmers and reports of then reselling the maize for a higher price at the Grain Marketing Board (GMB), there is need that it be complimented with a more decentralised GMB buying points to improve deliveries and accessibility particularly for the more remote and/or inaccessible households who previously relied on middlemen as their market.

**Pulses availability and pricing**

Sugar beans was reported available in 70% of the markets at an average price of ZWL$11.24/kg, which is 42% higher compared to ZWL$6.48/kg recorded in May 2019. Mobile money payments were being charged at 5% higher than those in bond notes citing commission charges of money withdrawals by money traders. Mobile money payments increased to an average of ZWL$11.87/kg from ZWL$6.99/kg in May 2019 – a 75% increase compared June 2018's at ZWL2.99/kg. Sugar beans remains the most easily accessible source of protein to poor households compared to meat probably due to its easiness to produce and also its adaptability to diverse climatic and environmental conditions. Cowpeas remains less preferred alternative probably due to its unavailable on local markets and its high farm gate price.

**Vegetable oil and other food commodities availability and pricing**

Vegetable oil was observed selling at an average price of ZWL$14.13/L for bond note purchases and ZWL$14.70/L for mobile money payments in June. These prices are 100% and 87% higher than prices observed in May 2019 for both bond and mobile money payments respectively. On average these prices are 92% higher when compared to May 2019 prices. The price variations/ disparities are a result of the rising food prices in the country driven by a poor macroeconomic environment.
Chipinge

Maize grain was available in all surveyed markets in Chipinge and was being sold at an average price of ZWL$1.23/kg for bond note payments and ZWL$1.26/kg for mobile money payments. Maize meal was being sold at an average price of ZWL$2.00/kg for bond note payments and ZWL$2.10/kg for mobile money payments. These prices are relatively the same with the overall average price for the district. Sugar beans was also available in all the markets selling at an average price of ZWL$8.56/kg and ZWL$10.46/kg for bond note and mobile money payments respectively. Vegetable oil was being sold at an average price of ZWL$10.86/L for bond cash payments and ZWL$10.54/L for mobile money payments. These prices are lower compared to the overall monitored districts average price of ZWL14.13/L and ZWL14.70/L for bond notes and mobile money payment respectively.

Chimanimani

A total 7 markets were surveyed in Chimanimani, maize grain and maize meal was available in all the markets. The average price for a kilogram of maize grain was selling at ZWL$1.23/kg for bond cash payments and ZWL$1.38 for mobile money payments. These prices are slightly higher by about 2% compared to the overall average price for the l district. Maize meal was selling at an average price of ZWL$2.40/kg for cash payments and at 4% higher for mobile money payments averaging at ZWL2.50/kg. Sugar Beans were being sold at an average price of ZWL$14.00/kg and ZWL$15.00/kg for bond note and mobile money payments respectively. Vegetable oil was readily available in all the markets and was retailing at an average price range of ZWL$16.21/L and ZWL$18.11/L for bond note and mobile money payments respectively.

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<thead>
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<th>Maize Grain</th>
<th>Sugar Beans</th>
<th>Vegetable Oil</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ZWL Cash</td>
<td>ZWL Mobile Money</td>
<td>ZWL Cash</td>
</tr>
<tr>
<td>Chimanimani</td>
<td>ZWL 1.23</td>
<td>ZWL 1.38</td>
<td>ZWL 14.00</td>
</tr>
<tr>
<td>Chipinge</td>
<td>ZWL 1.23</td>
<td>ZWL 1.26</td>
<td>ZWL 8.56</td>
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<tr>
<td>Overall</td>
<td>ZWL 1.21</td>
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<td>ZWL 11.24</td>
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</table>

Table 1: Cyclone Areas Basic Commodities Prices

Economic outlook

The Zimbabwe economy continued on a downward spiral trend in the month of June. The projected inflation rate for the month of June stands at 105% up from 97.85% projected in May 2019. This was influenced by rising prices and against stagnant incomes (Figure 6). The current inflation rate (May 2019) puts Zimbabwe as the country with the second highest inflation rate in the world after Venezuela. Government officially reintroduced the Zimbabwe dollar as the sole legal currency of tender, outlawing the use of the multi-currency system which had been in use since 2009. This move is said to be aimed at reviving the economy. However, failure to secure foreign currency for critical service providers as Zimbabwe is a net importer of most goods and services might lead to further deterioration of the situation.

Source: Reserve bank of Zimbabwe/WFP Zimbabwe
On a positive note this SI 142 could be the necessary sacrifice/commitment that might the country needs in order to turn around its fortunes. This will largely depend on whether the Zimbabwean dollar is based on sound economic/ production fundamentals to attract foreign investments thereby, reducing the import/export disparity. However existing economic indicators seem to suggest the opposite which could be suicidal. Its a paradox that the same day the Government introduced the SI 142, it also at the same time gave lenders the go ahead to increase interest rates on loans by up to 50% for interbank loans and more for commercial and retail customers which defeats logic. The SI 142 is expected to set the economy on the path to recovery through first and foremost the reduction on inflation. This is likely to increase urban vulnerability as most households live on borrowing particularly in difficult times such as this one.

Source: Reserve bank of Zimbabwe/WFP Zimbabwe

Figure 7: Zimbabwe Food Inflation rate