Food Security Situation Update for July 2020

Updated 12/08/2020

Highlights:

COVID-19 cases, in Zimbabwe, have increased from 985 cases reported on the 12th of July to 4,818 cases and 104 deaths by the 12th of August 2020. As a result, the government re-introduced restrictive measures in a bid to contain the rapid spread of the disease. Income from livelihood sources continues to be depressed rendering most households vulnerable across the country.

The year on year inflation marginally decreased from 787% in May to 737% in June 2020, while the month-on-month inflation increased from 15% in May to 32% in June 2020. Food remains the main driver of inflation and follows the same trend as the annual inflation, estimated at 836% in June 2020 down from 956% reported for May 2020.

Winter cropping season started in May and according to the Ministry of Agriculture by end of July 2020, the area planted to winter wheat was recorded as 44,399Ha. Most of the wheat crop was reported to be between the tiller formation and booting stages. The wheat condition is fair to good across all provinces.

Maize grain availability remains poor due to a combination of factors including the poor 2019/2020 harvest, lack of foreign currency to import adequate quantities and slow movement of trade due to COVID-19 pandemic and restrictive measures to contain the spread of the disease.

Prices of basic food commodities increased by an average of 19% over the month of July 2020. All commodities except sugar beans recorded an average price increase of 20% while sugar beans witnessed an 10% increase. These price increases are against a backdrop of decreasing income due to the COVID-19 pandemic and economic challenges.
1. Update on the COVID-19 Situation and Impacts on Food and Nutrition Security

Globally, the number of COVID-19 cases continues to increase and was estimated at 20.2 million people by the 12th of August, an increase from the 13.1 million people reported on the 12th of July 2020. Meanwhile, in Zimbabwe, the number of COVID-19 cases rose steeply by 252% from 574 cases reported on the 29th of June to 2,022 cases on the 31st of July 2020. The statistics have since risen to 4,818 cases and 104 deaths by the 12th of August 2020. Most of the new cases were reported to be from local transmissions, a situation which has resulted in the government re-introducing restrictive measures and differing reopening of schools. The World Health Organization projected potential increase in the number of cases from July to August 2020 at the start of summer, the pattern observed in other countries. At the same time different models have also placed the peak of the pandemic transmission in Zimbabwe to happen between July and August 2020.

The pandemic continues to increase exposure to economic shocks (mostly loss of livelihoods activities) especially for the most vulnerable in both rural and urban settings. Given the projections of an upsurge in the number of cases, the impacts of the pandemic on the livelihoods of the vulnerable populations will continue to be felt for a longer period. The main impacts of the outbreak on the household food security situation are summarised below:

- The country is highly informal with more than 80% of the urban population relying on informal employment and income sources like vending, trading, remittances and casual labour. The informal livelihood activities have been affected by the measures to contain the spread of COVID-19 and also have been significantly affected by economic challenges, meaning that households dependent on those sources of income have lost and will continue losing significant proportion of their income.
- Informal cross border trade plays a vital role as a source of income for more than 15% of households in urban and 7% in rural contexts and in complementing food imports given Zimbabwe’s dependency on commercial imports. Informal trade supply the informal markets and serves the most vulnerable populations who cannot afford the prices and standard units of sale practiced by the formal market.
- Remittances, one of the most important sources of income for 13% of the households in rural and 7% for urban contexts, has been serious affected since disposable incomes for those remitting from the diaspora has dwindled due to loss of employment due to COVID-19.
- At national level, the country has been a net importer of both food and non-food commodities and has started experiencing shortages and acute week-on-week price increases average of 19% for basic food items. Households that rely on the market for basic food commodities are increasingly finding it difficult to access adequate food quantities. Although the government relaxed some measures aimed at controlling the spread of the diseases, business is reported to be still very low, with most of the informal sector struggling to open. Vulnerable households continue to require support to save lives and protect livelihoods.

2. Macro-Economic Conditions Update

Zimbabwe is faced with one of the worst economic crisis in its history with the macro-economic conditions deteriorating as evidenced by high inflationary environment with annual inflation estimated at 737% in June from 787% reported for May. The month-on-month inflation increased from the 15%
in May to 32% in June 2020. Food remains the main driver of inflation estimated at 836% in June 2020 from 956% reported in May 2020 (https://dataviz.vam.wfp.org/Hunger-Analytics-Hub). The marginal decreases recorded for both annual and food inflation might be attributed to the stabilization in the exchange rate of the ZWL against stronger currencies (RBZ, 2020). The inflation has generally been on an upward trend from 64% in January 2019 to the current 737% (Figure 1). The Reserve Bank of Zimbabwe in a bid to control the run-away inflation which is driven by the exchange rate among other factors, introduced a foreign currency weekly auction in June 2020. This has seen the temporary stabilization of the parallel market exchange rate while the formal rate has been increasing steadily. The main aim of the auction system is to curb illegal parallel market exchange rate activities. The official exchange rate was pegged at ZWL80.47:1USD on the 4th of August from an exchange rate of ZWL76.76:1USD on the 28th of July 2020.

Figure 1: Zimbabwe Inflation Trends (2019 – 2020)

Source: RBZ, 2020

3. Winter Cropping Season and Livestock Condition Update

The main cropping season for Zimbabwe is the summer season due to lack of irrigation facilities. However, in winter commercial farmers and those with access to irrigation facilities practice winter cropping to increase food security by complementing the summer crop harvests. The crops mainly grown in winter include some horticulture crops, wheat, maize, tobacco nurseries etc. Winter cropping season normally starts in May with most crops harvested in August/September. Winter wheat production is estimated at 100,000MT, increasing cereal production for the 2019/20 cropping season to a total of 1.2 million Mt from the 1.1 million Mt from the April/June harvest (FAO, 2020). Therefore, winter wheat production contributes about 9% of the total annual cereal production in the country.

According to the Ministry of Agriculture by end of July 2020, the area planted to winter wheat was recorded at 44,399Ha with about 80% of this being under command agriculture. Most of the wheat crop was reported to be between the tiller formation and booting stages and the crop condition was also reported to be fair to good across all provinces. However according to Ministry of Agriculture, all the provinces are experiencing low/depleting dam water levels which may have an effect on crop irrigation at a later stage. This situation might compromise the potential harvest if the water is
inadequate to meet the crop water requirements at various stages of crop growth. Information regarding other crops could not be found and will be included once available in future bulletins.

Livestock condition was reported to be currently fair across all the provinces in the country. Availability of grazing and water was reported to be fair although some areas that received low rainfall, the condition has started to deteriorate and according to the Ministry of Agriculture Second Round Crop and Livestock Report, the situation is expected to become very poor by September 2020.

4. Market Performance Update

This section provides a summary of commodity availability and cost for both rural and urban contexts covering maize grain, maize meal, sugar beans and vegetable oil.

Maize grain availability and price

Maize grain availability remained low through the month of July estimated at an average of 4% of the markets, a situation similar to that reported in June 2020. The low availability is atypical of this time of the year after harvest when compared to the two-year average of 45%. This is due to unusual underlying factors which include: i) the late harvest mainly expected in June as a result of late onset of the rains; ii) slow movement of the commodity from surplus producing areas due to the outbreak of COVID-19 and measures to contain it and iii) low imports as, a result of slow movement of commodities across borders and general economic challenges.

The poor availability in rural formal markets was also attributed to households consuming from own production for those with harvests and through farmer to farmer sales which is not being captured by the Harmonised Markets Monitoring as they occur at household level. Availability at the urban market has marginally improved to 13% compared to 8% in June. However, the situation remains lower compared to the 2yr average of around 60% during this time of the year, immediately after harvest. Communal farmers usually dispose part of their harvest in exchange for cash to cover other basic commodities. This facilitates commodity movement to urban markets and to rural cereal deficit regions. However, currently these movements seem to be affected by the COVID-19 restrictive measures and the poor harvest.

Maize grain prices were mainly collected from urban centres and at most 5 rural districts which reported availability over the reporting month hence the averages might not be representative of the whole country. However, the average price for the commodity in USD terms the average of $0.29/kg, a price which is 26% higher than the $0.23/kg reported in June and 7% higher than the two-year average of $0.27/kg. In ZWL terms, the average maize grain price remained stable at any average of ZWL22.80/kg similar to the ZWL22/kg reported during the last week of May to ZWL22.80/kg reported during the last week of the month. Mobile money payments attracted an average premium of 16% selling at an average of ZWL25.70/kg for the month (Figure 2).
Although prices of the commodity remained relatively stable over the month of July, they are reported to be beyond the reach of many vulnerable households whose income has been adversely affected by the impacts of COVID-19 and the restrictive measures to contain the disease and also by the harsh economic climate. Without external assistance, most vulnerable households are facing challenges to meet their minimum food requirements thresholds.

Maize meal availability and prices

Unrefined maize meal, which is the closest substitute for maize grain, was more readily available in 49% of the markets surveyed, with all districts reporting availability in at least one of the markets monitored. The availability of the commodity is typical of this time of the year, immediately after harvest when compared to the two-year average of 55%. In a typical year, traders mainly from cereal producing areas stock the commodity at the start of the lean season in October, when demand for the commodity increase. Households usually consume from own production immediately after harvest in May/June and increasingly rely on the market when stocks from own production deplete usually in October. However maize production from the just ended season was low coupled with poor availability of maize grain on the formal market, hence demand for maize meal is likely to be higher than typical.

The sale of maize meal continues to be decentralized to discourage large gatherings and at the same time reaching out to more households, hence some of the selling points are not covered by the Harmonized Markets Monitoring. The availability of the commodity decreased from an average of 55% in June 2020 with urban markets reported slightly higher availability at an average of 65% compared to 43% of rural markets. The low availability in rural markets was attributed to the informal farmer to farmer maize grain sales which has resulted in low demand on the formal market for maize meal. Refined maize meal was reported available in more than 80% of the markets costing more than 35% compared to unrefined variety.

Unrefined maize meal sold at an average of $0.50/kg, a price which is stable compared to June 2020 and 9% higher than the 2yr average. During the last week of July 2020, unrefined maize meal sold at an average of ZWL42.70/kg, an increase of 21% from the ZWL35.40/kg reported during the last week of June 2020 (Figure 3). Mobile money payments were charged at an average of ZWL 46.08/kg a price which is 10% higher than the average price with bond notes.
The current bond notes price is 89% higher than the maize grain price. Considering the poor availability of maize grain, vulnerable households might find maize meal priced beyond their reach and they may fail to access adequate quantities, therefore affecting their food security. As maize is a staple for the nation, the government continues to put measures in place to ensure constant availability of the commodity. The government also subsides the price for the local produced unrefined maize meal brands resulting in the exported brands being more expensive compared to the locally produced brands.

**Sugar beans availability and prices**

Sugar beans availability decreased from an average of 63% reported in June to 56% over the month of July 2020. Households usually dispose some of their harvest on the formal market, a situation which seems to be limited as a result of the poor crop production. The commodity was selling at an average of ZWL 184/kg during the last week of July which is 10% higher than the ZWL 151.60/kg reported during the last week of June 2020 (Figure 4). The same commodity was selling at an average of ZWL 203.01/kg for mobile money, a price which is 10% higher than that of bond notes. The average USD price of $2/kg is 9% below the long-term average of $2.2/kg.

**Figure 3: Maize meal price trends**

**Figure 4: Sugar beans price trends**
Vegetable Oil availability and prices

Vegetable oil availability was stable at an average of 92% across the surveyed markets over July, similar to the 91% reported in June. The commodity was selling at an average price of $1.65/L, a price which is 13% lower than the $1.90 reported in June and 8% lower than the 2yr average of $1.79/L. In ZWL terms, bond notes average price of ZWL 159.30/L during the last week of July is 22% higher than the ZWL131.10/L reported during the last week of June 2020 (Figure 5). The commodity was selling at an average of ZWL165.60/L for mobile money payments during the last week of July, a price which is 4% higher than that of bond notes.

Figure 5: Vegetable oil price trends

5. Recommendation

Among the key recommendations emanating from the analysis above include;

i. Scaling up of current food assistance levels with focus on strengthening the urban interventions.

ii. The availability of commodities in rural markets continues to be poor hence the need to continue assessing feasibility and best modality of assistance by geographical level.

iii. WFP to continue monitoring the food security situation for decision making and programme adjustments.