

*Learning from the 2002/03 Food Crisis in  
Southern Africa:  
Lessons for the Current Year*

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# Focus

- Southern Africa is likely to face cyclical droughts every 3-5 years
- How to ensure an efficient and effective humanitarian response while avoiding negative impacts on long-term development objectives
- Examine this through the lessons of the 2002/03 crisis

# Road Map

- Brief review of events in 2002/03
- Situation in the 2005/06 marketing season
- What needs to be done

# Review of 2002 Experience

- Production in 2002 was only slightly below average
  - Pockets were badly affected, not whole region
- Widely understood that crisis caused by slightly low production plus:
  - Low initial stocks
  - Governance failures
  - Poverty exacerbated by HIV/AIDS
    - Increased vulnerability

# What was done?

- Early warning really was early
  - Sounded the alarm early,
  - Made regular updates,
  - Clear communications,
  - Mobilized international and national (regional) communities

***Early warning worked!***

***By year end, about half the estimated gap filled by registered inflows***

***Three-quarters of these were from official trade, not food aid***

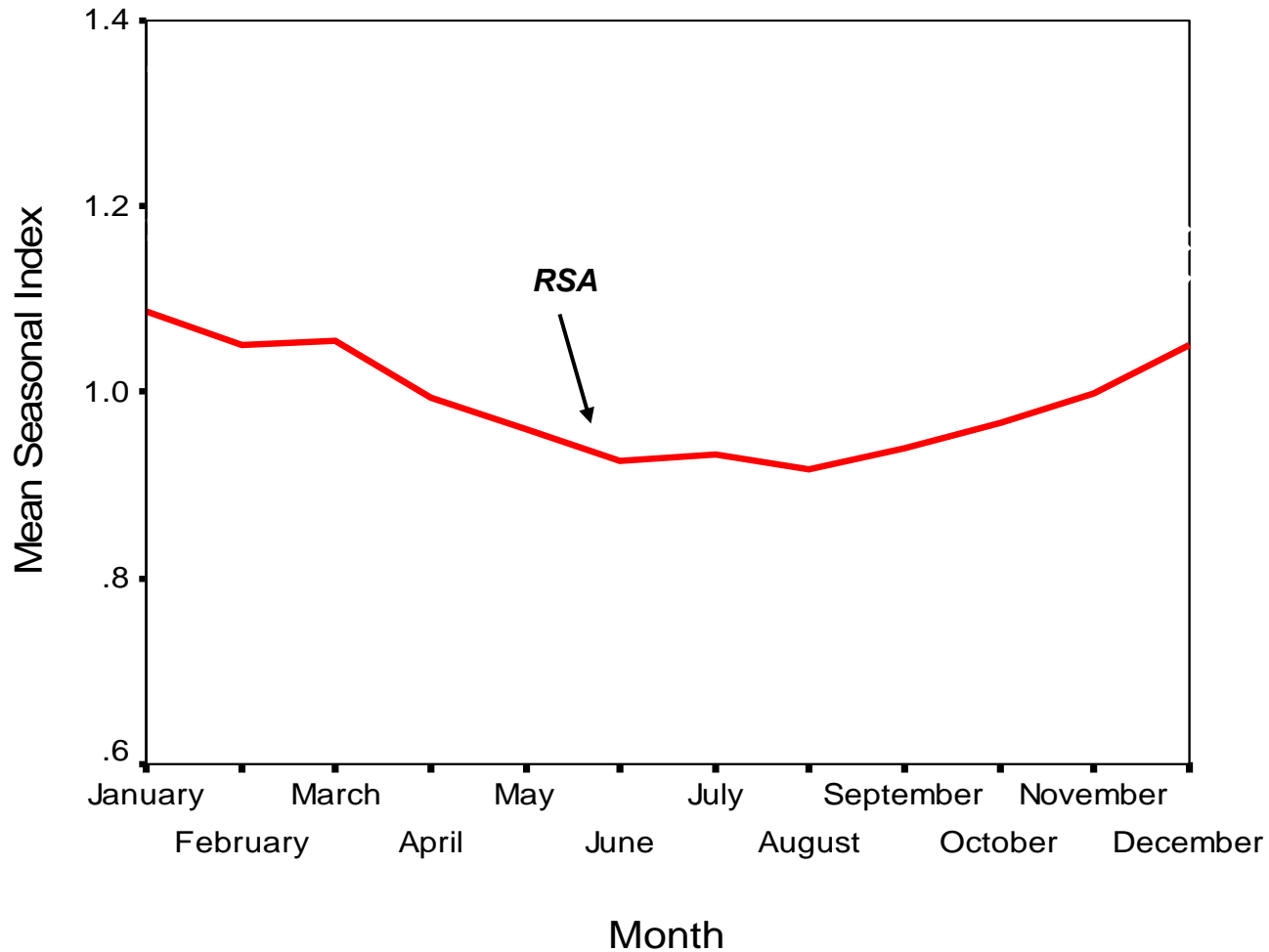
# What was done?

- All countries in the region had timely information
  - Could have designed the “right” policies
- South Africa was very transparent in information and kept doors open
- Mozambique kept its borders open
- Zambia did a bit better than in 2001/02
- Donor and trade response was sufficient to avoid “humanitarian crisis and potential famine”
  - 77% of the food aid appeal had been “committed” by international community
  - Trade inflows 3X greater than food aid inflows

# What was done?

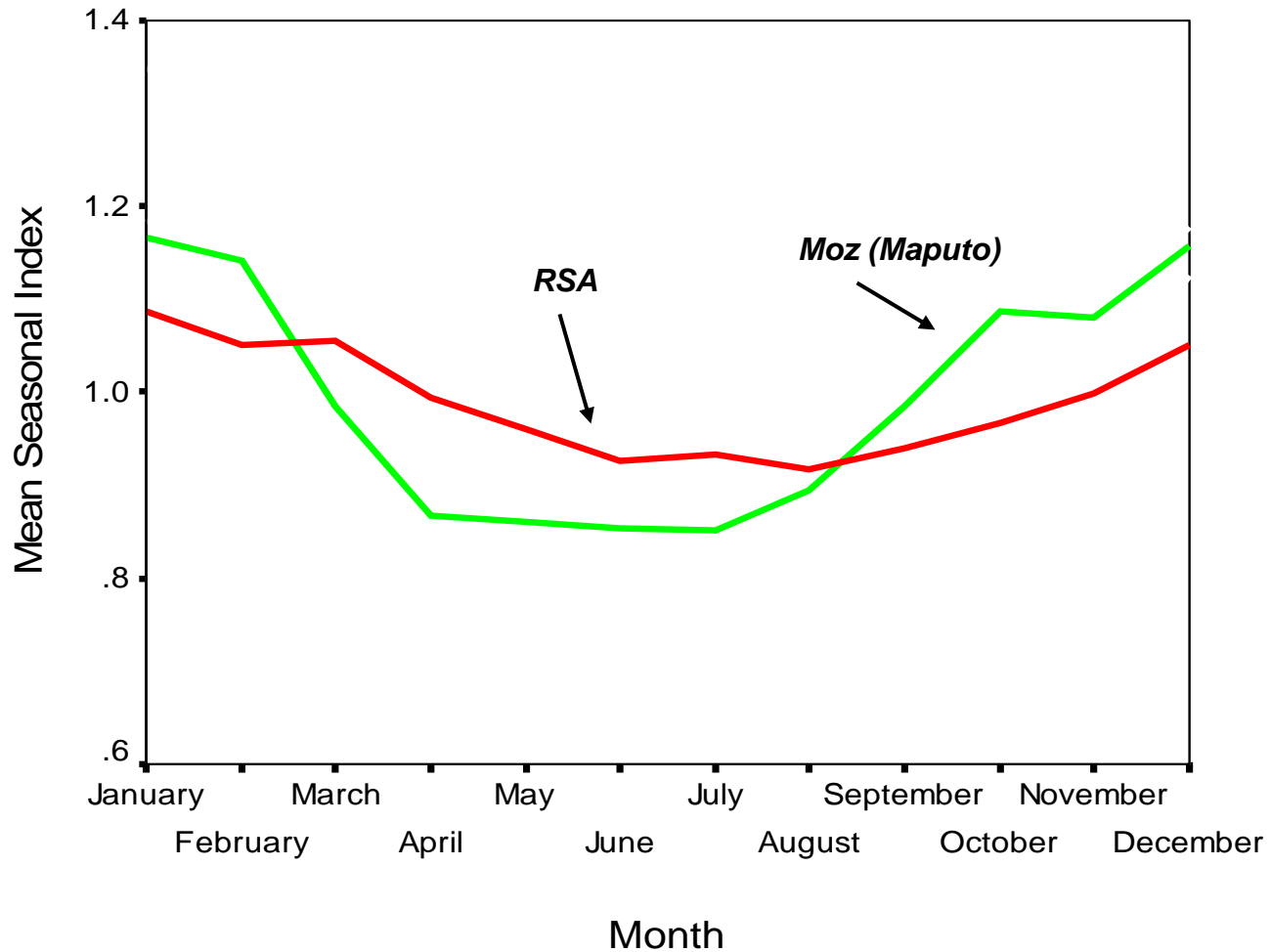
- Food Aid needs were almost certainly overestimated
- Vulnerability Assessment data were collected, but use was very uneven and data were not broadly available
- Malawian Government underestimated private sector's role
  - Ignored informal imports, which arrived early
  - Malawian government handled commercial imports and mobilized food aid, which arrived late
  - As much as 250,000 MT arrived under Government programs
    - Too much maize in the country
    - Extremely low prices throughout 2003/04
  - Government unable to sell very large stocks except at very low prices

**Seasonal Indices of Maize Grain Prices at Retail**  
**1994-2005**  
*(RSA at Wholesale)*



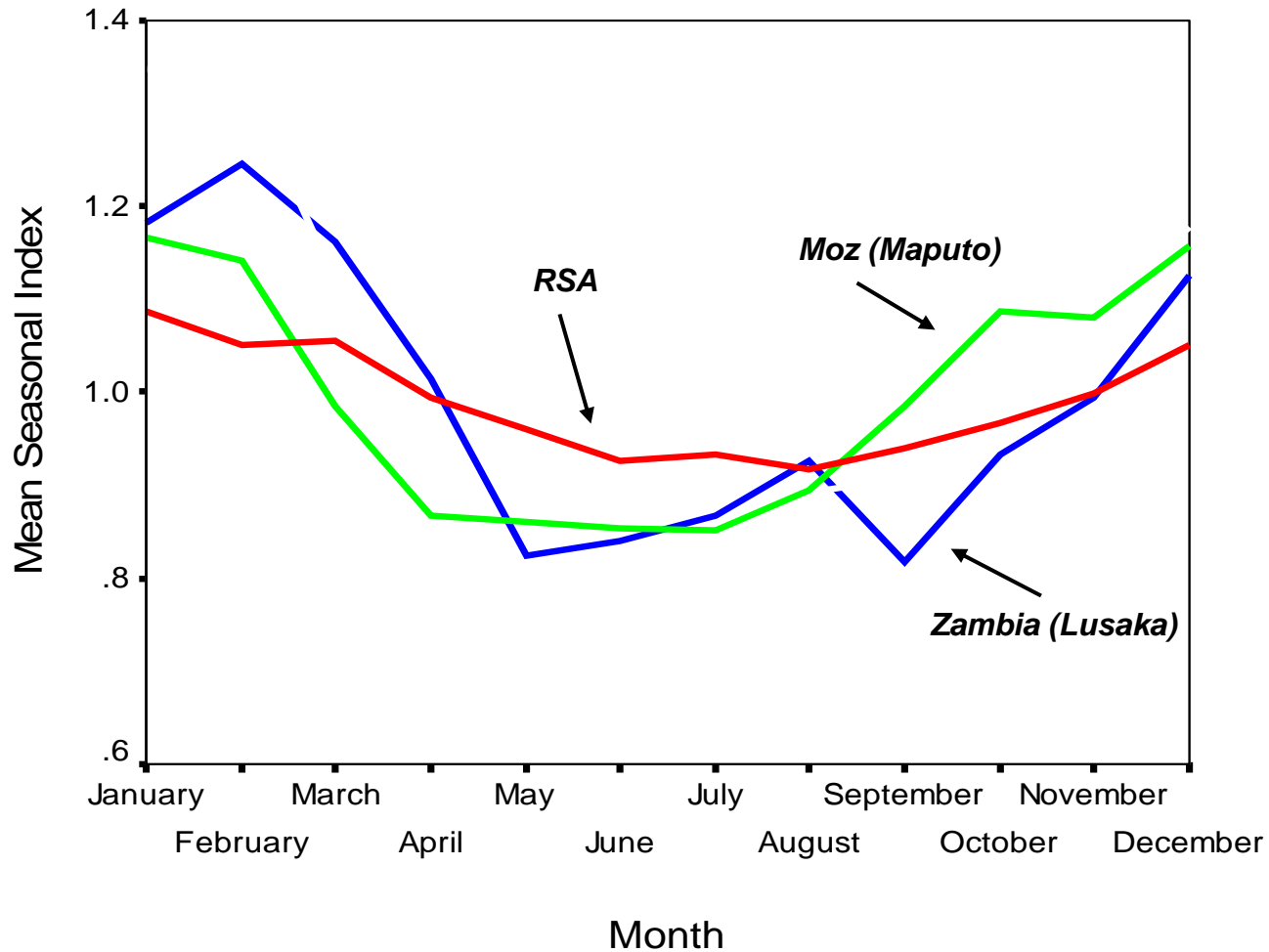
***RSA is the “gold standard” on markets in the region: good transport, communications, and storage infrastructure, efficient capital markets, SAFEX***

**Seasonal Indices of Maize Grain Prices at Retail**  
**1994-2005**  
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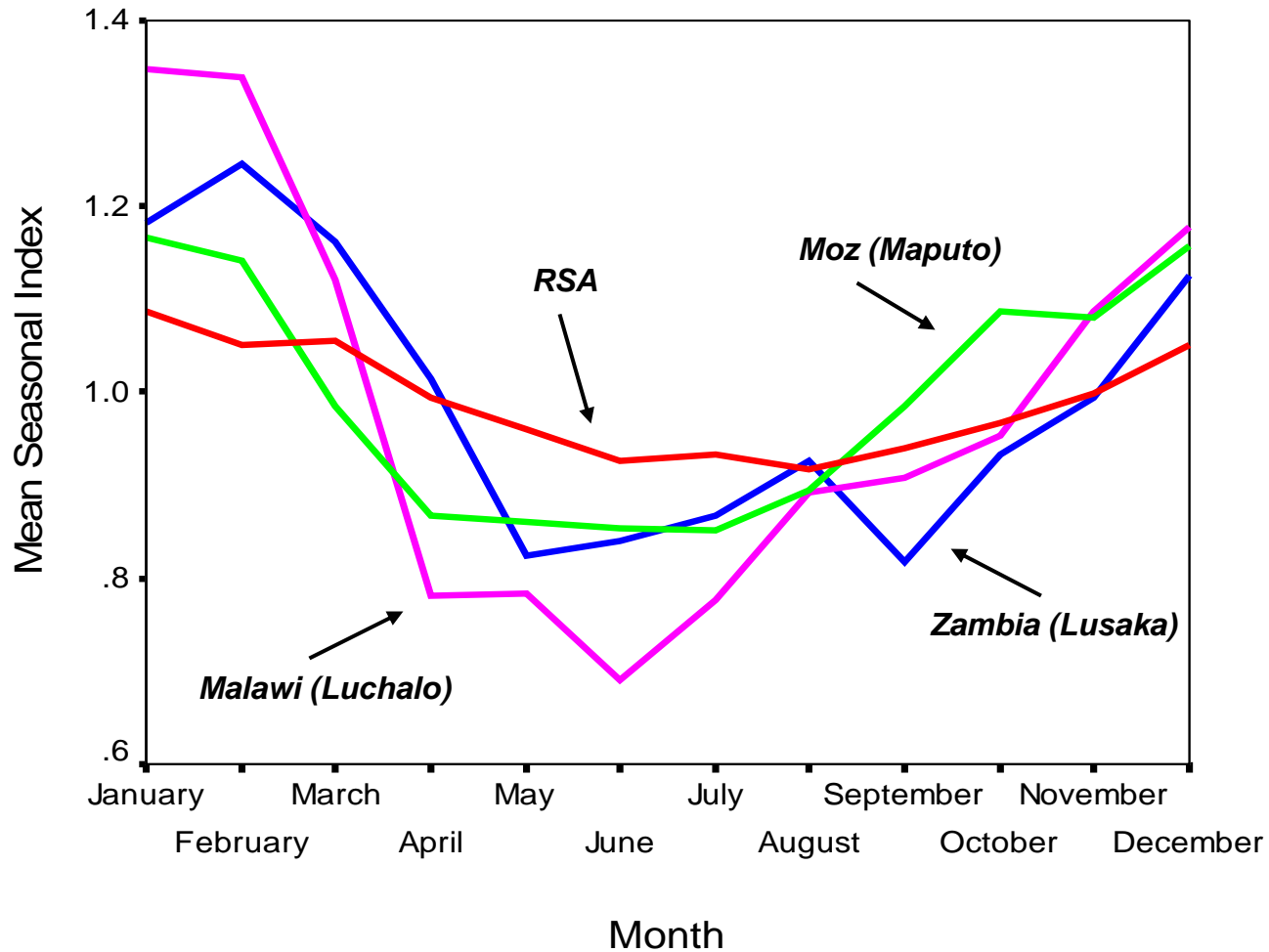
***Mozambique has no direct state intervention of any kind in the maize market; Maputo relies heavily on domestic and regional trade***

**Seasonal Indices of Maize Grain Prices at Retail**  
**1994-2005**  
*(RSA at Wholesale)*



***Zambia has substantially more intervention than does Mozambique (FRA, periodic import/export controls) ... and more seasonal price variation***

# Seasonal Indices of Maize Grain Prices at Retail 1994-2005 (RSA at Wholesale)



**Malawi has the most intervention ... and the greatest seasonal price variation**

# What was done right?

- Early warning systems worked
- Transparency in information by some countries
  - Investment in public MIS
- Private Sector played an important role
- Humanitarian crisis was avoided

# What was done wrong?

- Direct interventions by some governments inhibited private sector response
  - Probably lead to greater price instability
- Food aid needs almost certainly overestimated
- Communication between governments and private sector could have been better
  - Governments need to send clear signals to avoid uncertainty by private sector

***Answers are important for improving future responses***

# Current Situation

- Total maize production in 2004/05 in SADC countries excluding South Africa
  - -16% compared to 2003/04
  - -5% compared to 5-year average
- SADC including South Africa
  - 3% above 2003/04 production
  - 8% above 5-year average

# How is current situation similar to the 2002/03 crisis?

- Early warning is still in place
- South Africa continues leading transparency in information in the region
- Northern Mozambique is again exporting maize to Malawi
  - The reality of this trade is much more widely known now
  - 2002/03, Whiteside estimated as much as 250,000 flowed into Malawi
  - FEWSNET documented 71,000 Tons July 2004 - May 2005
  - SIMA Windshield Survey shows much greater presence of Malawian traders in Mozambique this year compared to last, including in areas they did not previously reach

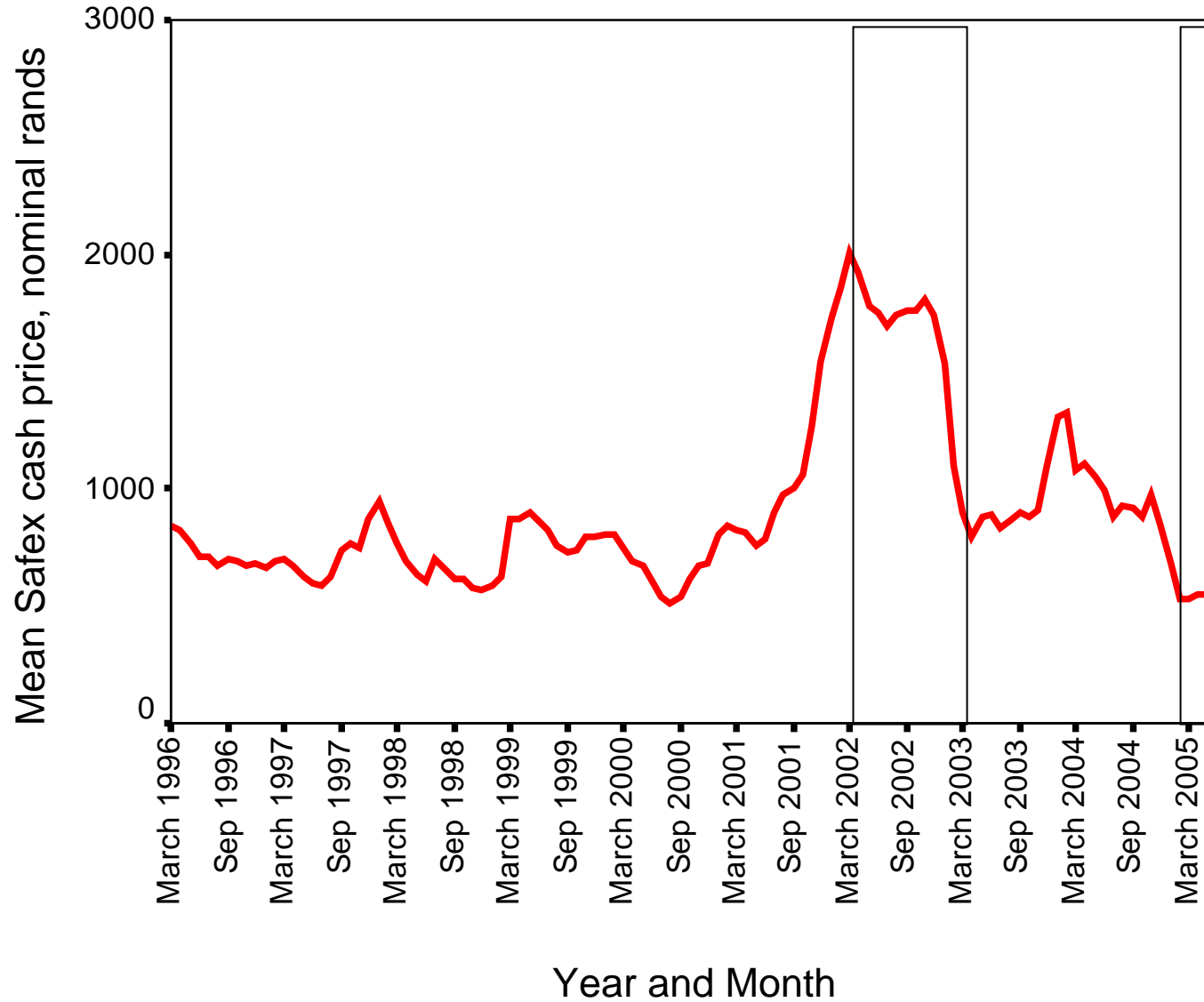
# How is current situation different from the 2002/03 crisis?

- Much higher supplies in RSA, could cover the entire deficit in rest of region
  - Projected maize surplus in RSA: 4.9m MT
  - Projected maize deficit and import requirements in all other SADC countries: 2.8m MT

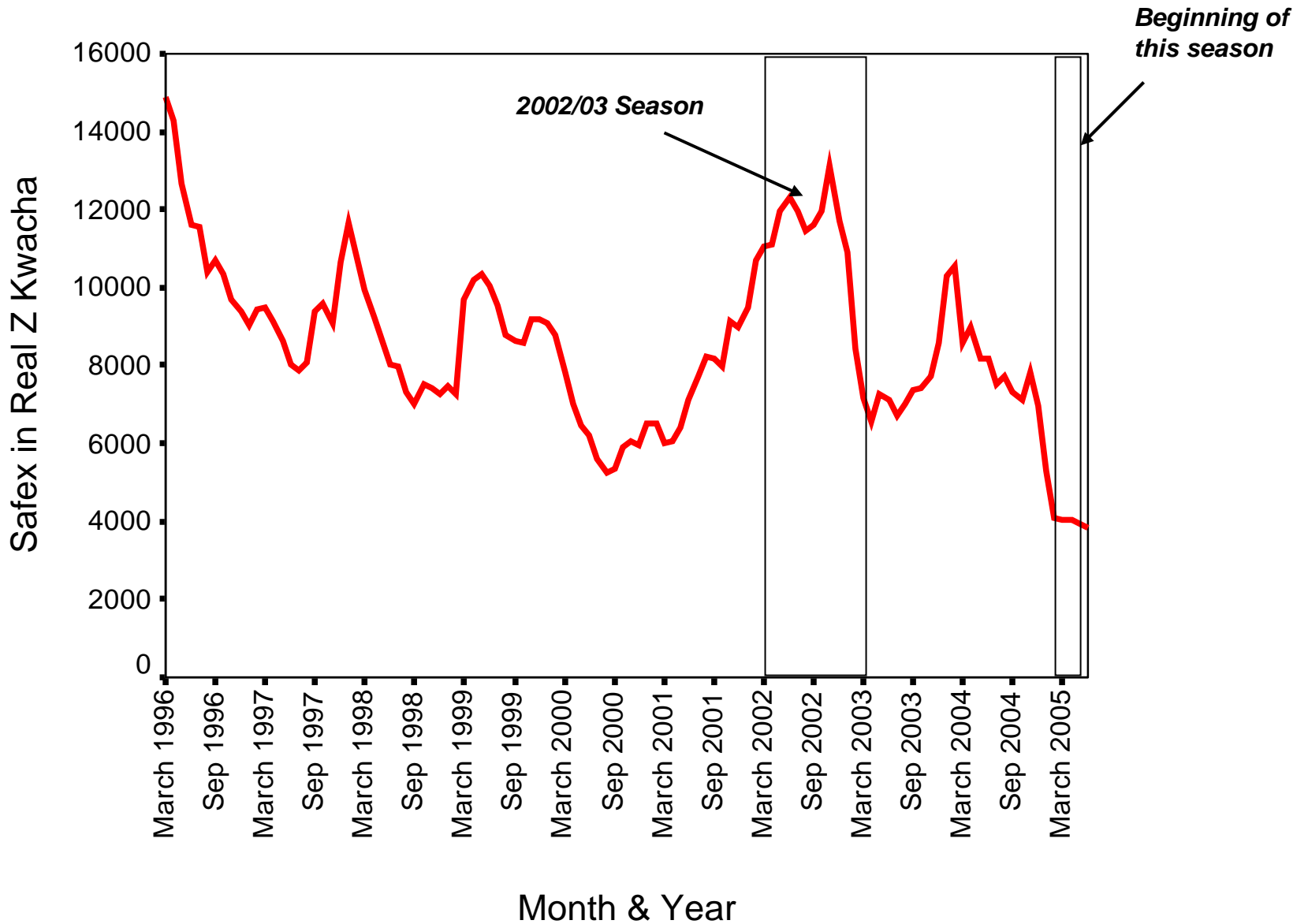
# How is current situation different from the 2002/03 crisis?

- RSA prices, and their equivalent in Kwacha and Meticaais, are much lower this year

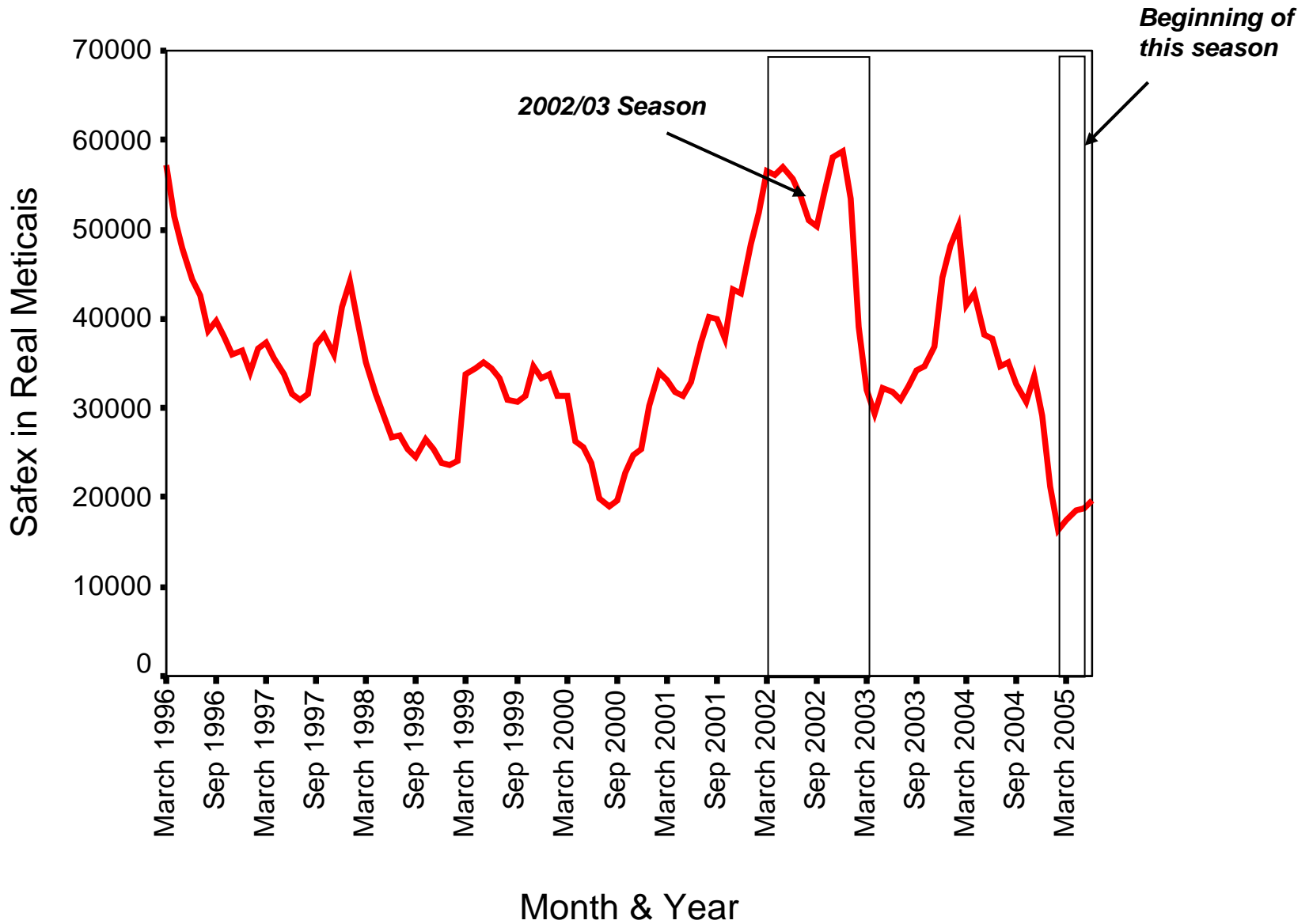
# SAFEX Cash Prices in Nominal Rand, 1996-2005



# SAFEX Cash Prices in Real Z Kwacha, 1996-2005



# SAFEX Cash Prices in Real Meticais, 1996-2005



# What needs to be done?

- Learn from the 2002/03 crisis
  - Commercial imports in 02/03 accounted for 75% of official inflows
    - Food aid only 25%
  - There is scope for trade even in poor years

## Correlation Coefficients on National Maize Production in selected SADC Countries, 1992-2002

	South Africa	Zambia	Zimbabwe	Mozambique	Malawi
South Africa		0.59	0.80	0.25	0.27
		sig.	sig.	not sig.	not sig.
Zambia	0.59		0.65	-0.07	0.30
	sig.		sig.	not sig.	not sig.
Zimbabwe	0.80	0.65		0.16	0.29
	sig.	sig.		not sig.	not sig.
Mozambique	0.25	-0.07	0.16		0.62
	not sig.	not sig.	not sig.		sig.
Malawi	0.27	0.30	0.29	0.62	
	not sig.	not sig.	not sig.	sig.	

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	not sig.	not sig.	not sig.	sig.	

# What needs to be done?

- Governments need to send clear and consistent signals to private sector
  - In 2003, response was a major success in Southern Africa
    - Early warning worked
    - Collaboration among Governments and donors
    - Strong involvement of private sector
  - In 2005, we need to keep open borders
  - Reduce uncertainty for private sector
    - Markets can play larger role

# What needs to be done?

- Food aid estimates
  - Continue to refine food balance sheets
    - Better estimates of tuber production
    - Better estimates of informal trade
    - Food aid is important, but markets also work
  - Continue to strengthen VAC systems to better understand HH's real needs
    - Vulnerable HHs need more than food
    - Experiment with non-food aid interventions

# What needs to be done?

- Trade Regulations and Coordination
  - Trade regulations need to be simplified in the region
    - Facilitating customs services
    - Facilitating regional trade policies
  - Improved transparency among governments
    - Domestic trade policies
      - Import intentions
    - Active and detailed information sharing with private sector



Thank you