



# ETHIOPIA NETWORK on Food security

Monthly Report

Number 5/03

19 May 2003

## Highlights

> A multi-agency team recently concluded a re-assessment of food aid needs in Ethiopia. Its objectives were to review the adequacy of current emergency responses and determine whether additional food aid was required. The team concluded that while in some areas, food aid distributions until now have helped to save lives and protect household resources from further depletion, in other areas an inadequate and irregular distribution of food aid has not prevented out-migration, malnutrition and in some cases, mortalities.

> The teams further concluded that 1,229,453 beneficiaries should be added to the January appeal figures, translating into an additional 79,336 MT of food aid required between May and October 2003.

> April is normally the month when the *belg* season (mid February to May) reaches its peak in Ethiopia, with rains extending over most parts of the country, including the southern lowlands and the northern *belg* growing areas. Although the first delaid of April saw below normal precipitation in most parts of the country, the second and third delaid of the month were characterized by extensive rains across all but the northwestern corner of the country.

> Despite the above normal rainfall in April, erratic and insufficient rains during February and March in some of the southern areas, where the 2002 drought was worst, lessened the potentially beneficial effects of the recent rains. Furthermore, there is growing concern regarding southeastern pastoral and crop dependent lowlands areas, where rainfall has been patchy. The recent rainfall caused flooding in some areas (due to heavy rains in Bale highlands of Oromiya region) while in other areas the dry spell continues.

> This year's Cereal Availability Study was conducted between 13 March and 10 April 2003 by the European Union, WFP, CIDA and FEWS NET. According to this recent study, it is estimated that 207,410 MT of maize, wheat and sorghum will be available on the local market for local purchase of food aid in 2003. Nevertheless, several organizations have already started local purchase from the 2002/03 harvests. Therefore, the amount left for local purchase in subsequent months is estimated at 161,514 MT (67,362 maize, 40,576 sorghum, and 53,576 MT wheat).

> Cereal prices continue to be high, but stable. If the current high prices persist, farmers who are not categorized in the food aid beneficiary list may have to sell their productive assets at depressed prices to obtain enough food for their families and to secure input requirements.

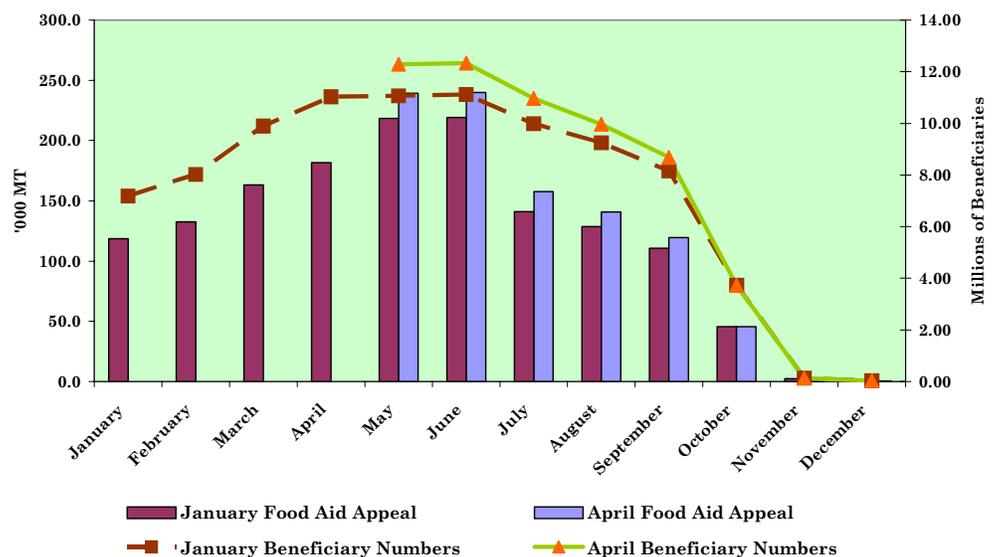
## Assessment finds additional 1.2 million in need of food aid between May and October 2003

The food security situation in the country is worsening. Eight multi-agency teams, led by the DPPC (Disaster Prevention and Preparedness Commission), were dispatched to four drought affected Regions (Tigray, Amhara, Oromiya and Southern Nations, Nationalities and Peoples (SNNP)) between March 20 and April 14. The mission's objective was to review the adequacy of current emergency responses and determine additional food aid needs.

The teams concluded that while in some areas the food aid distributions until now have helped to save lives and protect household resources from further depletion, in other areas an inadequate and irregular distribution of food aid has not prevented out-migration, malnutrition and in some cases, mortalities.

The teams further concluded that 1,229,453 beneficiaries should be added to the January appeal figures, translating into an additional 79,336 MT of food aid required between May and October 2003 (Figure 1). The main reasons stated for this increase include poor livestock

Figure 1: Food Aid Beneficiaries and MT Requirements in 2003



Data source: Disaster Prevention and Preparedness Commission.  
Graphics by FEWS NET/Ethiopia.

The Ethiopia Network on Food Security is an initiative by USAID's Famine Early Warning System Network (FEWS NET) and what used to be the EU's Local Food Security Unit (EU-LFSU) to coordinate and disseminate early warning and food security information.

Contributors to this report include the National Early Warning Working Group, whose members include the following organizations: the Disaster Preparedness and Prevention Commission (DPPC), Ethiopian Grain Trade Enterprise (EGTE), National Meteorological Service Agency (NMSA), Save the Children UK (SC-UK), World Food Program (WFP), USAID's Famine Early Warning Systems Network (FEWS NET). In addition, this report uses satellite data from the US National Oceanic and Atmospheric Administration (NOAA) and US Geological Survey (USGS) EROS Data Center.

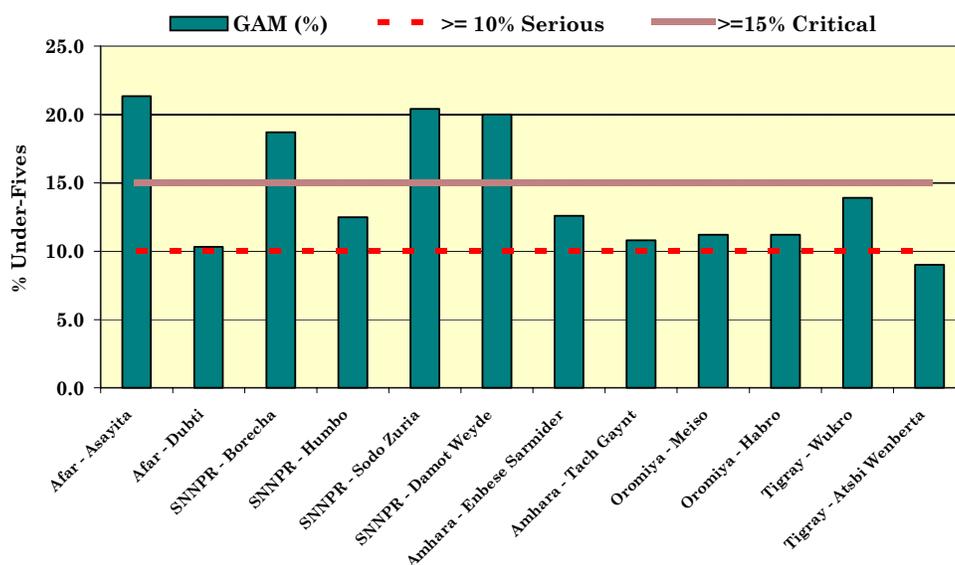
**Table 1: National Relief Food Assistance Requirements and Contributions between January and December 2003**

Description	Cereals	Blended Food	Vegetable Oil	Total
<b>Gross Requirements</b>	1,374,919	135,375	6,750	1,517,044
<b>Total Contributions</b>	1,045,197	95,084	11,790	1,152,071
<b>Unmet requirements (MT)</b>	<b>329,722</b>	<b>40,291</b>	<b>( 5,040)</b>	<b>364,973</b>
<b>Percentage of Requirement unmet</b>	<b>24%</b>	<b>30%</b>	<b>(75%)</b>	<b>24%</b>

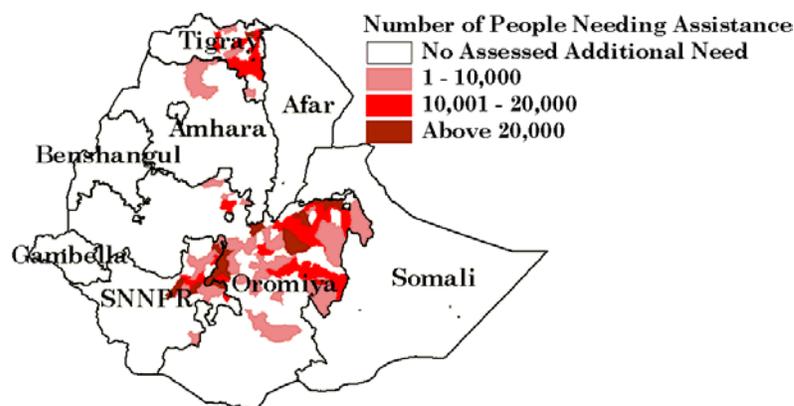
Source: WFP Pipeline, as of 09 May 2003.

conditions (and hence a decline in the terms of trade) and the absence of other off-farm income options; post-harvest crop losses; an original under-estimation of those in need of food aid, poor targeting and a dilution of relief resources at household level.

Both the January and subsequent April appeals are based on the assumption of a normal 2003 *belg* harvest in June-July. If the *belg* harvest is not normal, the current figures for the second half of the year may have to be revised once again. Beneficiary numbers will peak at 12.3 million in May and June, up from the previously predicted 11.2 million. This latest increase, which is a further boost from the 200,000 MT added in the March 14 addendum, will further stretch the already precarious food aid pipeline. The pipeline as of May 9 is supplying only 76 percent of the assessed needs (Table 1: assuming 15 kg/person/month). In addition, only 70 percent of the required food for supplementary feeding programs has been pledged thus far. These aggravating factors, coupled with delays in distribution of the already pledged resources have contributed to the high malnutrition rates illustrated in Figure 2.

**Figure 2: Global Acute Malnutrition (GAM) Surveyed between January and March 2003 for Selected Areas**

Data source: Disaster Prevention and Preparedness Commission.

**Figure 3: Areas and Number of People Needing Additional Emergency Food Assistance between May and October**

Data Source: DPPC, Update on Current Food Situation and Additional Food Requirement, 24 April 2003.

Graphics by FEWS NET/Ethiopia.

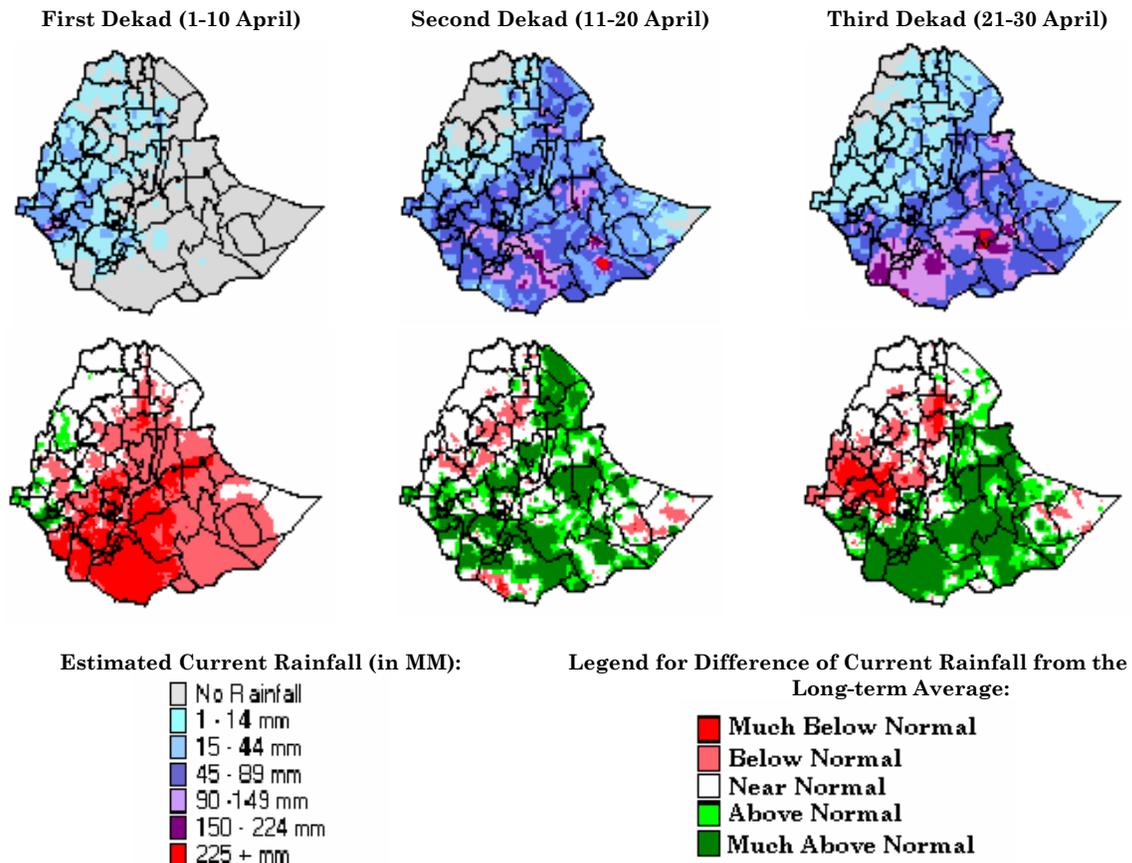
The eastern half of SNNP and Oromiya regions and the southern parts of Tigray account for many of the new beneficiary numbers (Figure 3), with the relative increase in number of beneficiaries in SNNPR (29 percent) higher than all the other regions. The main reason stated for the increase in SNNP is an initial under-estimation of those in need and increasing malnutrition due to a late start to the food aid distribution, which should have begun in January, but in fact started in March/April. Post-harvest losses, mis-targeting and mismanagement of food aid resources have also contributed to the increase in these areas. According to the recent assessment, immediate distribution of both cereal and supplementary food aid is required to save more than 20,000 people.

## April Rainfall Update

April is normally the month when the *belg* season (mid February to May) reaches its peak in Ethiopia, with rains extending over most parts of the country, including the southern lowlands and the northern *belg* growing areas. Although the first dekad of April saw below normal precipitation in most parts of the country, the second and third dekads of the month were characterized by extensive rains across all but the northwestern corner of the country (Figure 4). Much of the rain in the south and east was heavier than normal, although the west experienced below normal levels. The western areas are not usually as dependent on *belg* rainfall, however, so this may not have a negative impact.

In the pastoral areas of the South and Southeastern lowlands, the main season (*Gu*) rains normally begin in March and end in late May. Field reports indicate that rainfall in these areas started about three weeks late (in the second dekad of April) and were below average in both amount and distribution over parts of Somali Region, including Warder and the southeastern part of Korahe Zones (Figure 4).

Figure 4. Satellite Estimated April 2003 Rainfall Compared with the Long-term Average



Source: United States Geological Survey (USGS) Eros Data Center.  
Graphics by FEWS NET/Ethiopia.

## Likely Impacts of April Rainfall

The impacts of April rainfall in the country are mixed. The north and central parts of the country, where localized dependency on *belg* crop production (with a harvest normally in June/July) is relatively high, have so far benefited from an early start to the season, which may increase the length of the growing period and enhance crop growth. Field reports suggest that these rains also helped farmers to prepare for the long cycle *meher* crops. The outlook for May rainfall is also good, suggesting that prospects for crop production and livestock are more promising this year than last. However, based on field reports, excessive rains in Oromiya Zone of Amhara region have caused a minor disruption to the planting of long cycle crops (maize, sorghum, and millet) and teff crop ripening and harvesting in pockets of some lowland areas.

Despite the above normal rainfall in April, erratic and insufficient rains during February and March in some of the southern areas, where the 2002 drought was worst, lessened the potentially beneficial effects of the recent rains. All perennial (coffee and *chat*, a mild stimulant) and root crops, which are very important sources of income and food during the hungry season, are planted and harvested during the *belg* season. While April rains helped lowland area farmers prepare their land for long cycle crops, it did not help the short cycle crops recover. It is also reported that heavy rainfall accompanied by hailstorms in Derashe and Konso special districts damaged *belg* crops which were planted early in the season and were at their flowering and tassel stages.

Afar Region, a dominantly pastoral area, also benefited from April rains, where it is reported that pasture and browse have regenerated, along with wells and traditional water reservoirs. Some damage has been reported due to flooding of the main Awash River; however in general, the outlook is positive and modest recovery is expected.

There is growing concern regarding southeastern pastoral and crop dependent lowlands areas, where rainfall has been patchy. Recent rainfall has caused flooding in some areas (due to heavy rains in Bale highlands of Oromiya region) and in other areas the dry spell continues. Despite an early start to the *belg* season in East and West Hararge, an extended dry spell during the month of March and the first dekad of April, might have disrupted the normal crop cycles, especially that of *chat*, the main cash crop of the area. So, while there is an overall positive outlook for the coming month, the prospects in some pockets of Fiq, Korahe and Warder Zones of Somali Region and East and West Hararge Zones of Oromiya region are less promising.

## Over 160,000 MT of cereals are estimated to be available for local purchase of food aid

Since 1996, the Government of Ethiopia has encouraged donors to procure relief food locally, where possible, in order to both assist the population in need and stimulate production and markets in surplus producing areas. The average quantity of grain (wheat, maize and sorghum) locally purchased per year by donors, NGOs and the Government of Ethiopia (GoE) between 1996 and 2002 is estimated at over 125,000 MT.

Since 1997, Cereal Availability Studies (CAS) have been undertaken to determine the amount of maize, sorghum and wheat available for local procurement without distorting the market. These studies have been instrumental in guiding local purchase operations over the past six years. This year's CAS was conducted between March 13 and April 10 by the European Union, WFP, CIDA and FEWS NET. According to this recent study, it is estimated that 207,410 MT of maize, wheat and sorghum will be available on the local market for local purchase of food aid in 2003. This amount could be purchased from the estimated 766,099 MT of marketable surplus<sup>1</sup> without adversely affecting the local market. This year's estimate of cereal available for local purchase is 58 percent lower than that of 2001/02, mainly attributed to a significant decline in harvests during the two consecutive seasons of 2002.

Nevertheless, several organizations have already started local purchase from the 2002/03 harvests. Although information on the amount purchased and delivered from this year's harvest is difficult to obtain, available data from WFP suggests that some 61,956 MT has already been obtained. Therefore, **the amount left for local purchase in subsequent months is estimated at 161,514 MT (67,362 MT maize, 40,576 MT sorghum, and 53,576 MT wheat).**

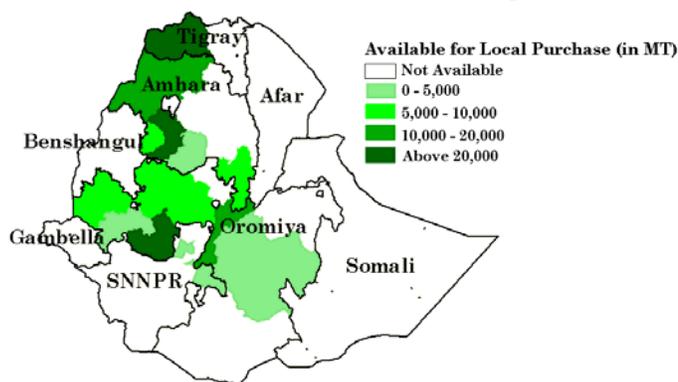
<sup>1</sup> *Marketable surplus* refers to the residual surplus from the farm family after meeting the requirements for seed, household consumption and in kind payments at a zonal level.

Despite available surplus in the western half of the country, there remains a large food shortage in the eastern half for nearly 12.6 million people (Figures 5 and 6). It should be noted that estimated surpluses and food aid beneficiaries may co-exist in the same Zone, implying that people in that same Zone may not be able to access the available grain due to various reasons.

The current price trends and comparisons with Import Parity Prices (IPPs) indicate that prices, though stable, are higher than historical averages and also higher compared to IPPs (Table 2). It should be emphasized that the remaining local purchases need to be undertaken before the ensuing hunger season (typically, June – August) as prices are expected to further escalate during these months. These local purchases, if timed inappropriately, may inflate prices even more, hurting particularly poor consumers in rural and urban Ethiopia. Close monitoring of prices is necessary in the next two months in order to ensure that local purchase recommendations remain consistent with existing market conditions.

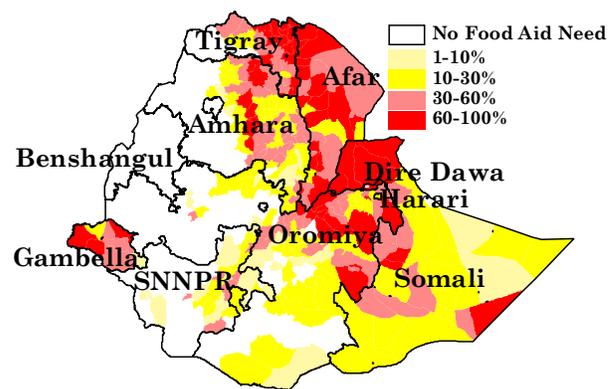
Furthermore, coordination between the various agencies engaged in local purchase and monetization is necessary to avoid speculations and consequent price hikes. Tender launching for local purchase in subsequent months, therefore, has to be synchronized preferably under the auspicious of the National Local Purchase Steering Committee.

**Figure 5: Potentially available maize, wheat and sorghum for local food aid purchase in 2003**



Data Source: Cereal Availability Study (April 2003).  
Graphics by FEWS NET/Ethiopia.

**Figure 6. Food Aid Need in 2003 by District: Percent of Rural Population in Need of Food Assistance**



Data Source: DPPC.  
Graphics by FEWS NET/Ethiopia.

**Table 2: Comparison of Import Parity (IPP) and Domestic Prices for Maize, Sorghum, and Wheat (for Duty Free - Food Aid Imports) (US\$) as of March 2003**

	Cost Component	Maize	Sorghum	Wheat
A	Free On Board (FOB) price in March 2003	105	104	127
B	Ocean freight + Insurance	20	20	20
C	Cost, Insurance and Freight (CIF) Djibouti price [A+B]	125	124	147
D	Port handling charges + Loading/Unloading Costs	15	15	15
E	Transport: from Djibouti to Addis	45.22	45.22	45.22
F	<b>IPP Addis Ababa bagged [C+D+E]</b>	<b>140</b>	<b>139</b>	<b>162</b>
G	<b>Domestic wholesale prices bagged, in Mar 2003 (Addis Ababa)<sup>1</sup></b>	<b>167</b>	<b>239</b>	<b>236</b>
	<b>IPP as percent of domestic wholesale prices [(F/G)*100]</b>	<b>84</b>	<b>58</b>	<b>69</b>

Sources: Exchange Rate (March Average) was obtained from National Bank of Ethiopia (1 US\$ = 8.5867 ETB).  
F.O.B. price and freight rate obtained from FAO/GIEWSFA Website.  
Domestic wholesale prices are from EC/EGTE Market Information System.

- Notes:
- Prices in Addis Ababa includes cost of bagging, which is US\$16.30 per metric ton (14 ETB/quintal).
  - Ocean freight from a European port to the Port of Djibouti is estimated at US\$ 18 per metric ton.
  - Insurance is assumed at 1% of FOB plus ocean freight.
  - Djibouti - Addis freight transport rate in March was 0.42 ETB/MT/km (45.22 US per MT).

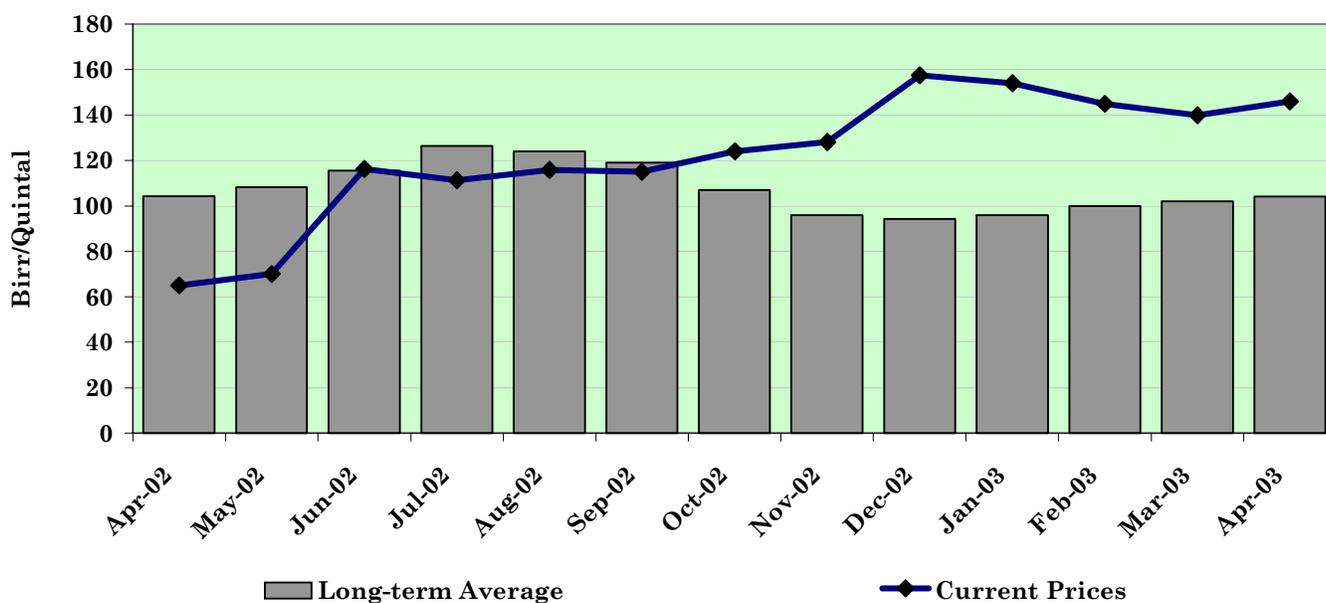
## Cereal prices still high

The decline in cereal production has led to significant price increases in the major markets of country. For instance, in Addis Ababa (the major terminal market and price setter) maize prices in April 2003 were about 2 times higher than in 2002, and 65 percent higher than the historical average (1995 - 2002). Furthermore, the local wholesale cereal prices are also significantly rising much above the import parity prices (see the previous section). Despite significant price increases since May 2002, prices tend to be stable for the last four to five months (see example on Figure 7). Food aid distribution, though it may play a role in stabilizing local prices, has not brought overall prices down to their historical average levels. Recent good performances of *belg* rains in many crop dependent areas might have also contributed to stabilizing current prices, though prices have persisted to be high.

In addition to the considerable increases in cereal prices, the typical seasonal behavior of prices altered throughout 2002. Prices increased all through the year, even during the harvest season of September – December when prices usually decline. Currently, however, price trends (high but stable) are reflecting the current favorable rainfall patterns. There were also notable shifts in terms of trade disfavoring livestock owners, due to both poor livestock condition (fetching lower prices) and higher food grain prices. For instance, in Haro Maya district, one of the drought affected areas in East Hararge, households were able to acquire about 1 quintal of sorghum by selling one goat in April last year, but currently they need to sell more than two goats to procure the same amount.

At the household level, the large drop in production translated into large reductions in farm employment and subsequent income. The combination of reduced income and higher food prices is seriously affecting poor households' purchasing power. If the current upward trend persists, farmers who are not categorized in the food aid beneficiary list may have to sell their productive assets at depressed prices to obtain enough food for their families and to secure input requirements.

Figure 7: Real Retail Prices of White Maize in Addis Ababa: 13 Month Trend and Historical Monthly Average



Source: Market Information System of the Ethiopian Grain Trade Enterprise (EGTE) and European Commission (EC); data archives of FEWS NET/Ethiopia.

Notes: 1 Quintal = 100 kg; 1 Ethiopian Birr = 12 US Cents.

: Cereal prices up to 2002 are deflated by their respective Consumer price index values.

**Table 3: Retail Prices for Selected Cereals by Market**

CEREALS & MARKETS	April 2003 (Birr/Quintal)	Percentage Change from	
		Previous Month (Mar 2003)	Last Year (April 2002)
<b>WHITE MAIZE</b>			
Addis Ababa	146	4	125
Nekempte	109	4	173
Jimma	126	5	187
Dire Dawa	171	1	85
Mekele	166	-5	80
<b>WHITE SORGHUM</b>			
Addis Ababa	224	7	69
Gonder	171	4	69
Dire Dawa	233	1	46
Mekele	200	3	61
<b>WHITE WHEAT</b>			
Addis Ababa	218	12	69
Bale Robe	157	6	127
Hossaena	169	1	90
Dire Dawa	236	3	49
Mekele	214	3	32
<b>MIXED TEFF</b>			
Addis Ababa	254	10	20
Hossaena	200	14	46
Bahir Dar	208	6	70
Dire Dawa	261	4	23
Mekele	236	-2	48
<b>WHITE BARLEY</b>			
Addis Ababa	186	9	47
Gonder	221	4	47
Jimma	168	0	48
Assela	138	-5	15
Mekele	221	-6	36

Source: Market Information System of the Ethiopian Grain Trade Enterprise (EGTE) and European Commission (EC); data archives of FEWS NET/Ethiopia.

Notes: Quintal = 100 kg; 1 Ethiopian Birr = 12 US Cents.

**Disclaimer:**

This document should not be construed as an official pronouncement by FEWS NET/Ethiopia or members of the Early Warning Working Group. Comments and suggestions regarding this report should be addressed to:

FEWS NET/Ethiopia  
P.O. Box 1014  
C/o USAID Ethiopia  
Addis Ababa, Ethiopia

Tel: (251-1) 510088 or 510488  
Fax: (251-1) 510043  
Email: [ethiopia@fews.net](mailto:ethiopia@fews.net)  
Web site: [www.fews.net](http://www.fews.net)