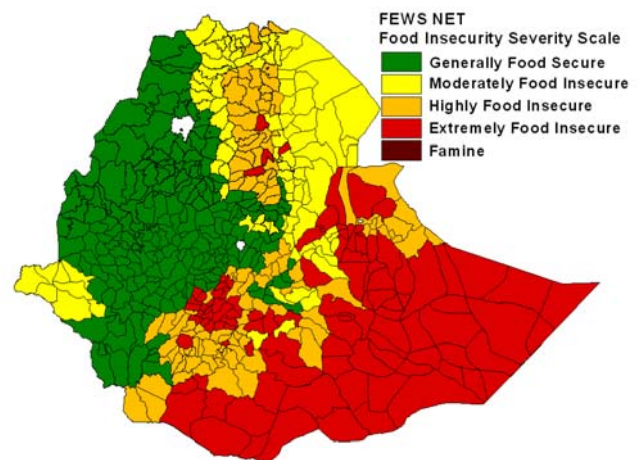


ETHIOPIA Food Security Update

August 2008

- High and extreme levels of food insecurity persist in southern and southeastern Ethiopia following successive seasons of below-average rains, flooding in riverine areas, livestock disease, an armyworm infestation, conflict, inadequate humanitarian assistance, and extremely high and rising food prices. Preliminary findings of a government-led, multi-agency assessment suggest that about 12.8 million people require immediate food assistance for four to six months beginning in August in Gambella, Harari, Dire Dawa, Benshangul Gumuz, Somali, Afar, Tigray, Amhara, Oromia and Southern Nations, Nationalities, and People's (SNNP) Regions (Figure 1). Shortfalls of food and non-food assistance are currently impeding the size, scope, speed, and quality of the relief response to date.
- Oromia, SNNP, Tigray, Amhara, and Somali regions are currently the most food insecure, with 297 woredas considered hotspots, with critical and serious levels of acute malnutrition reported in some areas. In particular, all of Somali Region, but mainly Fik, Warder, Gode, Dagabhur, Korahe, Liben and Afder zones, requires urgent assistance given the rapid declines in food security conditions in the region over the past year and a half.
- Prices for food and non-food items continue to rise, reducing food access for the urban poor, poor rural farmers, and pastoral and agropastoral populations. Cereals prices are extremely high compared to the same time last year, as well as the five-year average. In Addis Ababa, for example, the nominal retail price of white maize was 176 percent and 224 percent higher, respectively.

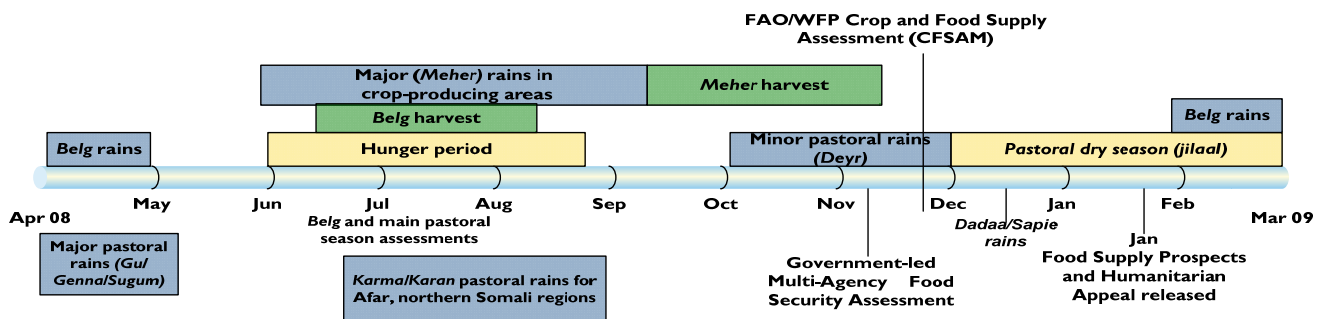
Figure 1. Current estimated food security conditions, July to September 2008



Data: FEWS NET Ethiopia, WFP/VAM
Graphics: FEWS NET Ethiopia

For more information on FEWS NET's Food Insecurity Severity Scale, please see: www.fews.net/FoodInsecurityScale

Seasonal calendar and critical events



Source: FEWS NET Ethiopia

Food security summary

Crop-dependent, western parts of the country remain generally food secure following four consecutive years of good agricultural production in the main *meher* season, October to January. While prices for basic goods and inflation rates remain high and continue to rise, particularly during the current June to September hunger season, food security in these areas remains stable given the continued relative access and availability of food. In the eastern half of the country, however, high and extreme levels of food insecurity persist, largely due to the poor performance of the March to May rainy season that led to a near failure of the *belg* harvest (June-August) and a continued rise in cereal prices. The start of harvests for haricot beans, maize, potatoes, and *teff* beginning in August 2008 in some isolated *woredas* of SNNP and Oromiya regions has slightly improved the food security conditions of the affected populations, but high rates of malnutrition and extreme levels of food insecurity still remain in most areas, where harvests won't arrive until the months to come.

According to the Disaster Prevention and Preparedness Agency's (DPPA) Emergency Nutrition Coordination Unit (ENCU) update on hotspots and responses for August, the number of hotspot *woredas* (those with deteriorating food security indicators, such as moderate or high rates of malnutrition and serious food shortages), reached 297 across the country, but mainly in Amhara, SNNP, Oromia, Tigray, and Somali regions. The near failure of the *belg* harvest, following the poor performance of the February to May rains in *belg* producing areas of the country, including parts of SNNP, northeastern Amhara, southern Tigray and Oromia regions, has exposed households in these areas to high and extreme levels of food insecurity. Pastoral and agropastoral populations in Somali and Oromia Regions, including the lowlands of Bale and Borena, are also experiencing extreme levels of food insecurity due to well below-average April to June rains, and subsequent poor crop production and livestock conditions. In addition, the failure of the transitional root crop harvest, mainly sweet potatoes, due to a lack of short December/January *Sapie* rains in the *belg* benefiting areas of SNNPR, has further deteriorated the food security situation and significantly contributed to the current high rates of acute malnutrition among the most vulnerable groups of the population, i.e., children and lactating and pregnant women. Currently, cropping areas are in the middle of the hunger period until the next harvest this October, while the dry season is progressing in pastoral and agropastoral areas of the south and southeast. Beyond seasonal increases of cereals prices during the current hunger season, as a result of declining stocks from the previous year's harvest and reduced supply to markets, prices and inflation are unusually high and have exacerbated the food security situation among net purchasers of food, including poor households in urban areas, poor farmers, and pastoralists and agropastoralists.

Shortages of pasture and water have affected the physical conditions and productivity of livestock among pastoral and agropastoral populations. The collective effects of three poor rainy seasons, including the 2008 *gu* rains (March to May), coupled with the long, dry *jilaal* season (December to March) and an armyworm infestation, have devastated pasture availability in Somali region, particularly for cattle and sheep, and food security conditions there remain most severe. Where available, existing pasture and browse is inadequate and in short supply, due to heavy concentrations of livestock in such areas. Livestock migrations have increased in search of pasture and water. For example, reports indicate that animals from Gode, Warder, and Gunaagado *woredas*, as well as from other neighboring zones and from as far as Somalia, have migrated to Kebridahar *woreda* of Korahe zone. In addition, high cereals prices and deteriorating livestock body conditions have led to unfavorable terms of trade for pastoral and agropastoral populations, and the current dry *hagaa* season (July to September) will only lead to further declines in food availability and access in the region. For example, in Gode, while on average (2003-2007), pastoralists were able to buy 50 Kgs of maize per 0.67 goat, in July of this year, 3.39 goats were needed to buy that same amount of maize, an increase of over 500 percent. The situation is worst in Fik, Gode, Degehabur, Warder, and Korahe zones, where security-related problems since June 2007 are limiting movement and trade. As a result, the Somali National Regional State Disaster Prevention and Preparedness Bureau's (DPPB) Food Security Update for August 2008 reported abnormal and extreme coping strategies being implemented by affected households, including large-scale livestock movements, migration of entire households to urban areas, a reduction in the number of meals consumed, and the sale of productive animals in some areas. The situation is expected to deteriorate further through the end of the year should additional, more timely, and appropriate responses not be provided, especially in the seven *deyr* rains (October/December) receiving zones of Fik, Warder, Korahe, Gode, Degehabur, Afder, and Liben. Critical water shortages have also been reported since February in parts of Elidaar, Korea, Dubti, Teru, Biduu, Erebtu and Berhale *woredas* in Afar Region, and have continued due to the poor performance to date of the current *karma* rains (mid-July-end of August) in these areas.

Preliminary findings of the government-led, multi-agency *belg/gu* season needs assessment conducted between June 23 and July 24, 2008 indicate that approximately 12.8 million people require immediate food assistance, including those covered by the Productive Safety Net Program (PSNP). Food assistance for all 12.8 million people in need, at reduced ration sizes, is expected to be covered through either the PSNP or relief programs for a period of four to six months beginning in August in Gambella, Harari, Dire Dawa, Benshangul Gumuz, Somali, Afar, Tigray, Amhara, Oromia, and SNNP Regions. This marks a significant increase from the estimated 10 million people cited as in need of such assistance in June 2008. An updated Humanitarian Requirement document is expected to be released in the coming weeks and will provide updates on the level of need and assistance required.

Food aid to most of the affected regions, including Somali, Afar and SNNP, has continued, though slow and inadequate as compared to the requirement. Seeds were also provided to the most affected areas in SNNP and Oromia regions. However, food resources remain of the highest priority, having remained scarce and below requirement levels to cover even the 10 million people identified to be in need of emergency food aid in June 2008 (via the PSNP and relief programs), with cereals rations reduced to 10 kgs per person per month in July and August 2008 against the standard rate of 15 kgs. According to the UN's Office for the Coordination of Humanitarian Affairs (OCHA), the total national requirement faces a shortfall of 157,789 MT of mixed food commodities to cover needs through November 2008 for these 10 million beneficiaries alone, and not inclusive of increased needs based on the *belg/gu* season needs assessment findings.

In terms of response options, borrowing grains from the Emergency Food Security Reserve Administration (EFSRA) is still unlikely due to its very low stock level, at just 20,000 MT as of August 21. A prioritization exercise has been initiated among the government and major donors to primarily address the most affected areas (hotspots) with the limited resources available in country until the pipeline improves. Cases of malnutrition and food shortages are the major factors considered during the prioritizing process. However, while the prioritization process for August has been completed, food allocation is not yet completed, and prioritization for September has not even commenced. To prevent a further deterioration of food security conditions, especially in the pastoral areas of the south and southeast, there is an urgent need to fill the food aid shortfall to increase ration sizes to standard levels as well as to meet the additional needs identified during the *belg/gu* assessment. Increased assistance is likely needed through at least the end of the year, depending on the performance of the *deyr* (October-December) rains.

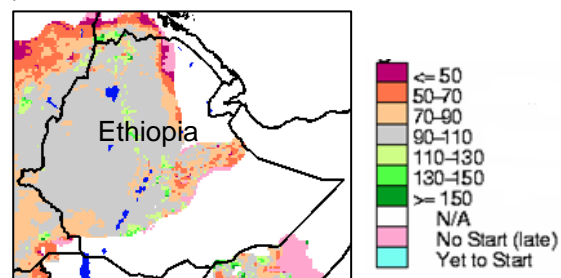
Seasonal progress

Since March 2008, *belg* rainfall totals and distribution have been generally normal to above-normal in the western parts of the country, with crop performance being generally good for most of the western zones of the country. At the same time, an erratic and delayed rainfall season has been reported in the eastern parts of Amhara, Oromia, southern areas of Tigray, and much of SNNP Regions. Hence, planting of *belg* and *meher* crops was delayed by two to three months for some areas. Presence of late-planted *belg* crops in some of these areas also caused *meher* crops to be planted late, especially in SNNP Region. To offset this, farmers are intercropping maize with *teff* and haricot beans. As a result, reduced *meher* production yields are likely given the decreases in land area planted as a result of the overlaps between *belg* and *meher* agricultural activities.

The *belg* harvest (June to August) has faced a number of challenges this year, mainly from the aforementioned delayed planting due to late rains, but also due to armyworm infestations in some *woredas* along the Rift Valley that also extended into the highland areas this year. A complete failure of *belg* crops has been reported in some areas of Amhara and Tigray regions. Despite these challenges, however, late-planted *belg* crops such as maize are at the flowering stage in most of SNNP and south Oromia regions, while at the vegetative stage for most eastern *woredas* where planting was particularly delayed due to the late onset of *belg* rains. Following the delayed planting and harvesting of the *belg* crops, planting of long-cycle *meher* crops was also delayed in some highland areas of SNNP, Oromia, and Amhara regions. In the lowlands, however, harvesting of major *meher* crops (*teff*, potatoes, haricot beans) has begun in Shashemane and Shala *woredas* in SNNPR, Siraro *woreda* in West Arsi, and Bale and Guji zones of Oromia Region. In Gambella Region, food availability has improved as harvesting of *meher* crops began in August 2008, easing the high levels of food insecurity reported in some *woredas* there between May and July 2008.

Field reports have indicated that despite delayed planting in some areas, *meher* crops (wheat, *teff*, barley, beans, and potatoes) that are currently in the field are performing well in most of Amhara, Oromia, SNNPR, Tigray, Benshangul Gumuz and Gambella regions due to the ongoing, sufficient, and well-distributed rainfall, except in eastern parts such as East and West Harerghe, where moisture stress on sorghum and maize was reported in mid-July 2008, and the lowlands of southern SNNPR, where replanting took place after crops wilted due to a shortage of rainfall. The Water Requirement Satisfaction Index (WRSI) for this year compared to last year also confirms these findings from the field (Figure 2). Crop growth stages range from germination (wheat, *teff*, barley, beans, and potatoes) and vegetative (haricot bean, sorghum) to the flowering and seed filling stage (maize). Planting of short-cycle *meher* crops was underway in July 2008 in most parts of the central and western parts of Oromia region, including West and South West Shewa, East and West Wollega zones, the highlands of Bale zone, and in Southern Tigray.

Figure 2: Percentage comparison of WRSI for grains for *meher* 2008 vs 2007



Source: USGS/FEWS NET Ethiopia

In most of the eastern parts of the country, including much of Tigray region, however, crops (*teff*, wheat, barley, maize, sorghum, and pulses) are largely at the germination and early-growth stages, while potato is at the flowering stage. *Meher* crop production has faced challenges however, including weak draft power in drought-affected areas, a shortage of diesel fuel for tractor tillage, a shortage of short maturing seed varieties, high prices for agricultural inputs (seed, fertilizer), hailstorms affecting pocket areas and damaging crops, water logging in some pocket areas, armyworm infestations, and dry spell damages. For example, in July 2008, demand for early maturing seed varieties was reported to be very high in Goro Gutu, Kersa, Metta, Gurewa, Kurfa Chellie, Haramaya, Beddenno, and Fedis *woredas* of East Harerghe zone as farmers replanted crops in areas damaged by armyworm infestations and dry spells. The Government and humanitarian partners provided early maturing seed varieties to some of the affected areas; however, supplies remained insufficient. As a result of these challenges, therefore, early crop production prospects by the Netherlands-based Earth Environment Monitoring (EARS) in August 2008 indicate that yields of maize, millet, and sorghum will be 10 percent lower than that of 2007 and the most recent five-year average (2003-2007) for areas including Tigray region, North and South Wollo zones of Amhara, parts of North and South Gonder zones in Amhara region, Afar, Somali and Oromiya regions. At the same time, moisture availability is good in some areas, leading to predictions for maize, sorghum, and millet yields as much as 10 to 20 percent above the past five years' average in zones like Wellega and Illubabor in Oromia and Gambella regions.

Markets, trade, and food access

Cereal prices continue to be extremely high, and continue to rise, despite the fact that production in the past *meher* 2007/2008 season (21.5 million MT) was one of the highest in recent years (seven percent higher than the previous year, and 45 percent higher than the 2003-2007 average). Being the hunger season in most areas, prices are usually high between June and September, when stocks from the previous years' harvest are low before the *meher* harvest begins in October. However, prices this year are exceptionally and extremely high, have been rising at an unprecedented rate since January 2008 (Figures 3 and 4), and are not following the normal seasonal pattern. For example, in Addis Ababa, the nominal retail price of white maize, the staple food most widely consumed by the poor, was 224 percent higher than the five-year average, and 176 percent higher compared to the same time last year. Nominal retail prices for white maize in Bahir Dar and Mekele markets were also similar, with increases of 259 and 232 percent, respectively, compared to the same time last year.

The general national inflation rate based on the monthly moving average is reported at 29.6 percent in July, while the inflation rate for food and non-food items was 41.3 (a seven percent increase from the previous month alone) and 13.8 percent, respectively. The increase in the inflation rate is mainly attributed to the increase in the food consumer price index (CPI) that increased by 91.7 percent compared to the same month last year, with cereals prices increasing by 171.8 percent. The Ethiopian Government has made several attempts to stabilize these high and rising food prices, as well as the high level of inflation. Efforts to do so have included: (1) banning the export of cereals, beginning in early 2006; (2) lifting value-added and turnover taxes on grain in March 2008; (3) increasing the reserve requirement of commercial banks from five to ten percent in July 2004, and from ten to fifteen percent in March 2007; (4) increasing interest rates from three to

four percent in March 2007; (5) selling wheat at a subsidized price to approximately 800,000 urban poor in major urban areas, since March 2007; (6) increasing the salaries and pensions of government employees to help them cope with the high cost of living, as of July 2007; and, (7) imposing restrictions on cereal traders earlier this year that it viewed as selling at unreasonably high prices. Despite all of these measures, however, prices continue to rise at alarming levels in both urban and rural areas, and are now above import parity for major cereals.

Figure 3. Nominal retail prices of white maize in Mekele and Bahir Dar, July 2004 – July 2008

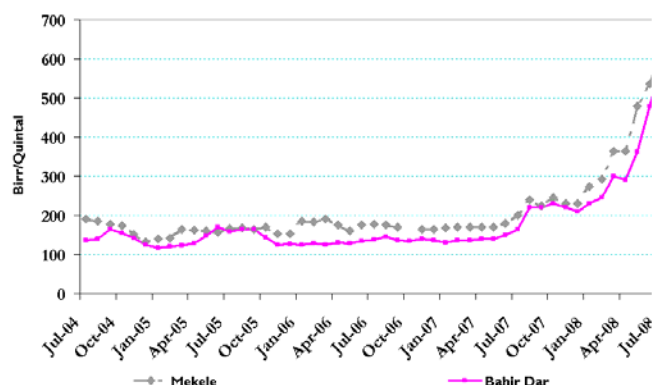
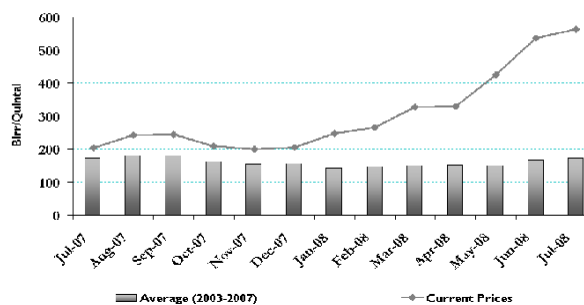


Figure 4. Nominal retail prices of white maize in Addis Ababa compared to 2003-2007 monthly average



Source: FEWS NET/Ethiopia, Ethiopian Grain Trade Enterprise (EGTE). Graphics: FEWS NET/Ethiopia.
Notes: (1) Prices in Ethiopian birr per quintal. (2) One *quintal* = 100 kg; 1 Ethiopian birr ≈ 11 US cents.

More recently, the government has changed its approach to addressing the high cost of living and decreased access to food. Activities will now focus on improving market availability by targeting millers, bakeries, wholesalers, and retailers who can buy in bulk at subsidized prices and sell to consumers at retail - but regulated - prices. Accordingly, some of the 150,000 MT of wheat imported by the Ethiopian Government through the Ethiopian Grain Trade Enterprise (EGTE) will be used for this project, which has just begun, with full deliveries expected by the end of September 2008. The impact of this new approach will be seen in the months ahead. In the meantime, existing efforts to stabilize the market need to continue as poor households cope with high inflation, especially impacting the cost of food. Given the current unprecedented levels of inflation, the amount of emergency support required to meet needs is expected to increase, unless food prices improve significantly following the start of the *meher* harvest in October.