

African Market Observatory on staple foods in East and Southern Africa

High food prices in Africa: Causes, consequences and agenda for action

www.competition.org.za

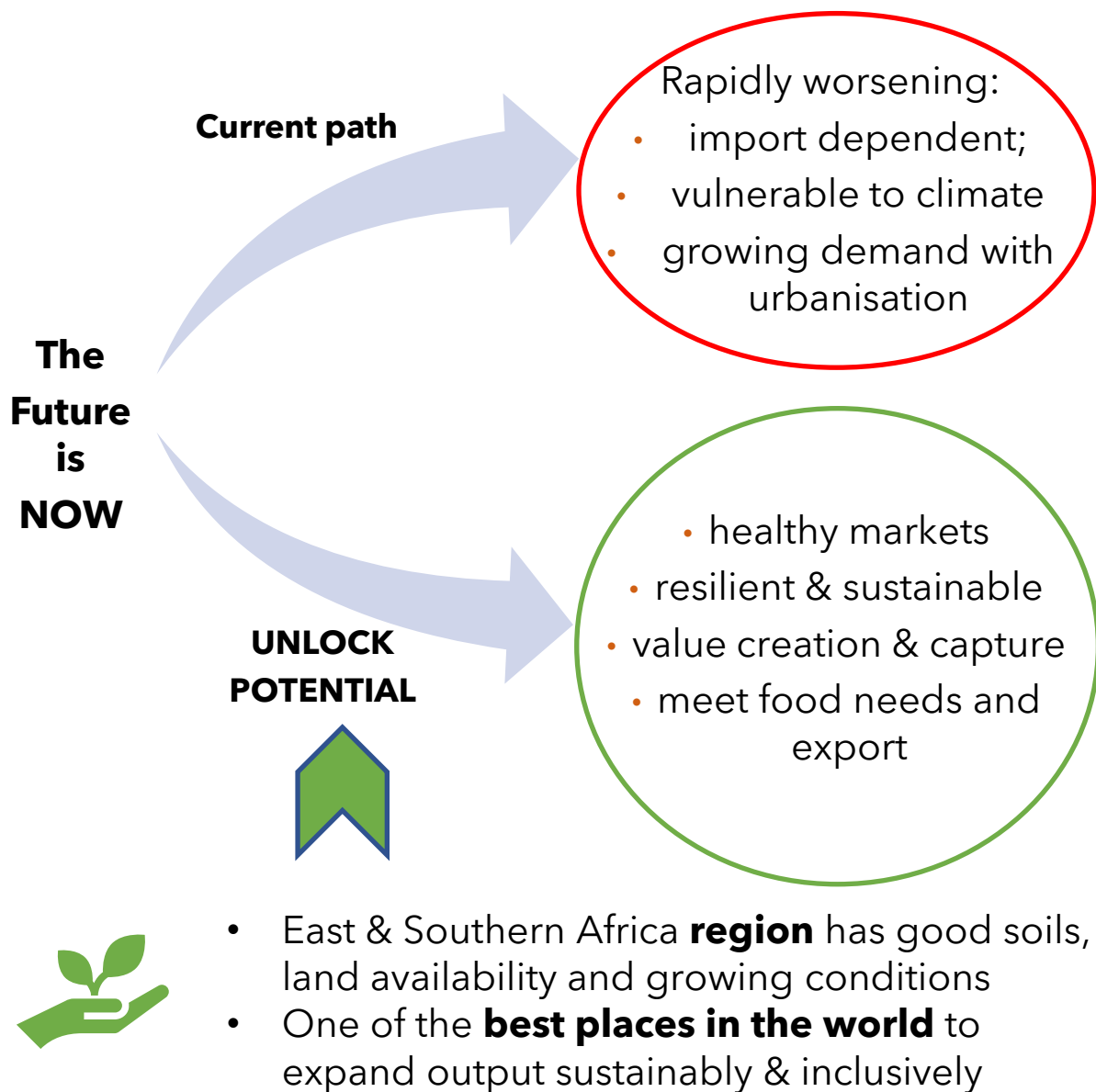
18 August 2022



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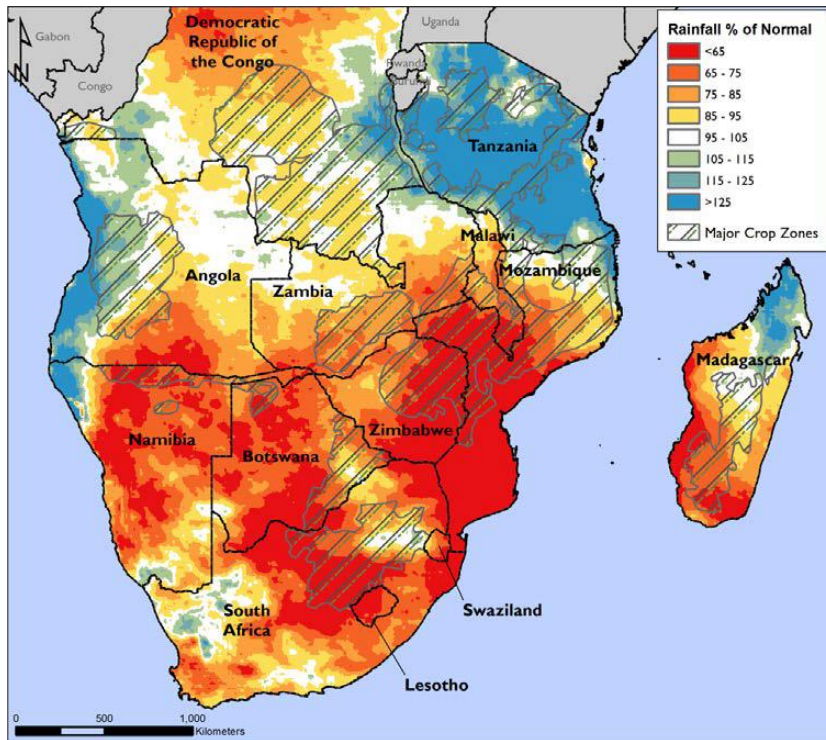
Food markets are not working well

- Africa is a big net food importer yet abundant arable land, water
- Vulnerable to climate change: droughts & floods
- But: regional food markets are **broken**
- Production volatility and supply chain disruptions
- Low income and vulnerable suffer most:
 - Price to small farmers is very low
 - Prices to consumers is extremely high
- Crucial to tackle this for Africa's development

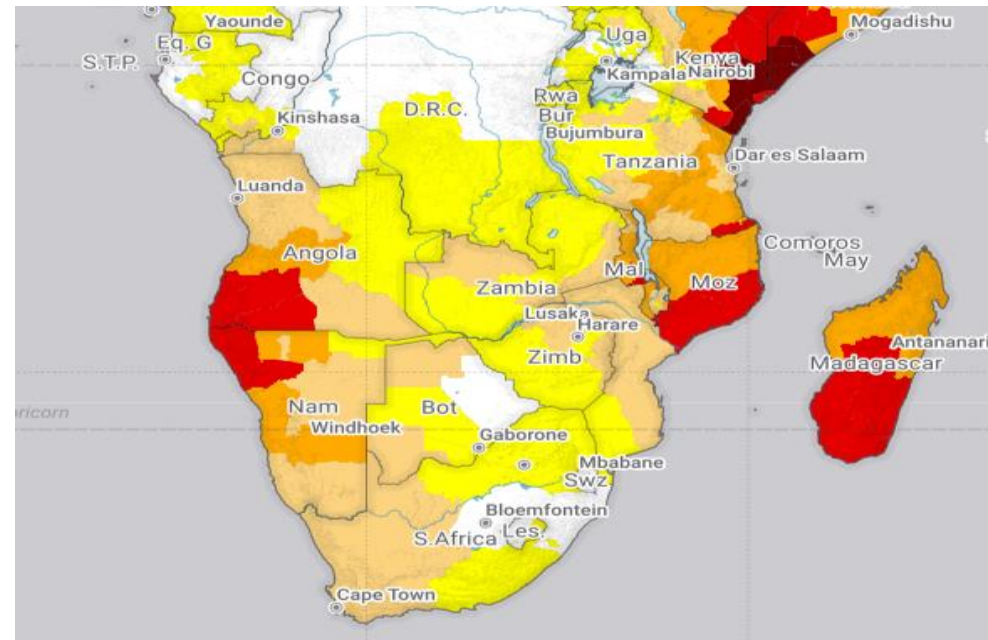


Climate change implications for production, trade and regional integration

2015/16: Southern Africa El Niño drought



2021/22 La Niña drought in East Africa

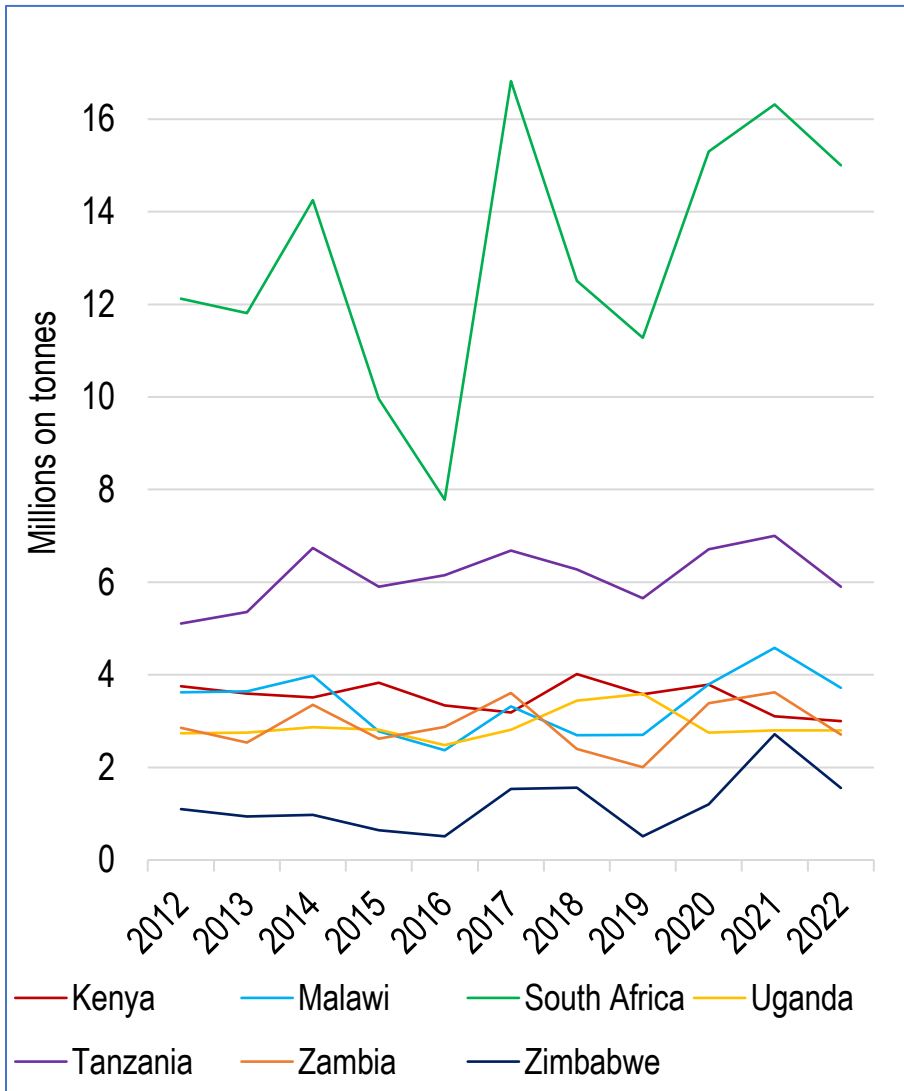


The Gro Drought Index (GDI) provides measurements of drought severity on a scale from yellow: no drought, to red: severe drought.

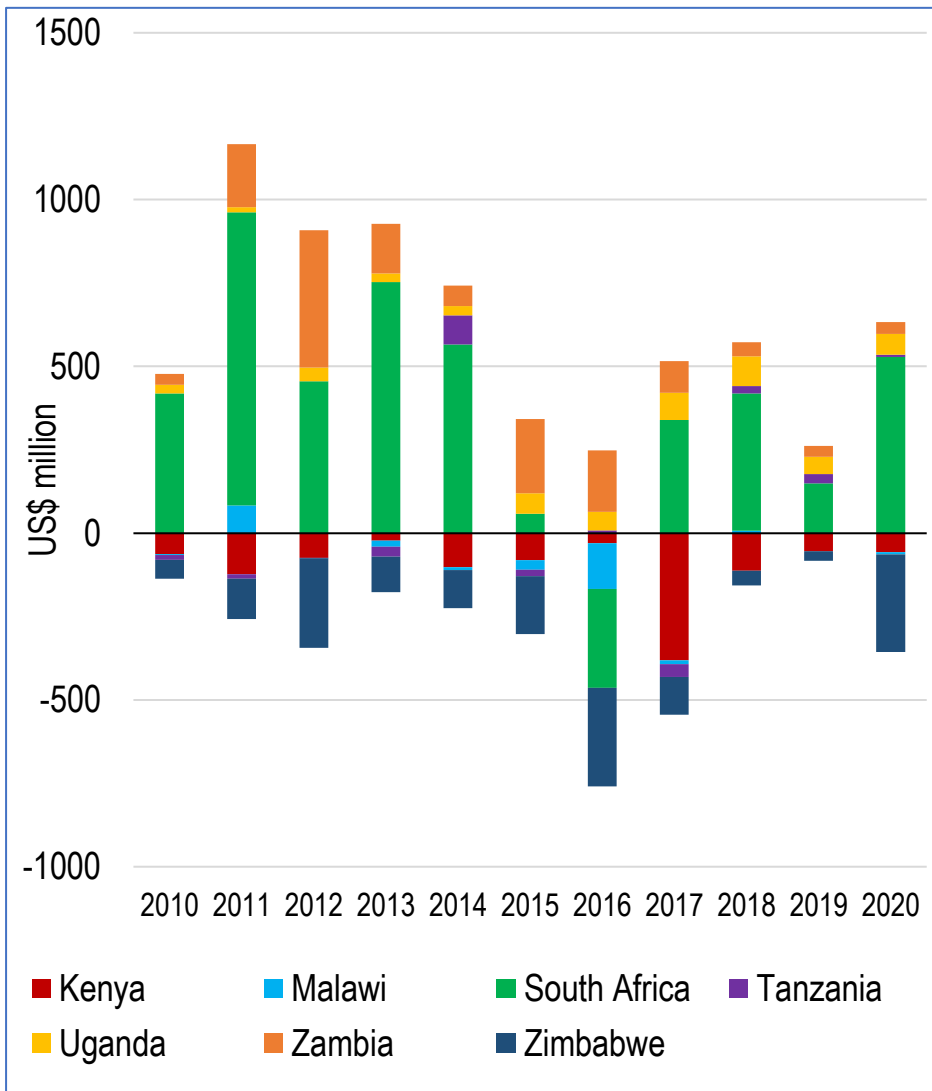
- Extreme weather in different parts mitigated by trade
- Drought in one part of the region with good rains in other areas
- Extreme weather causing huge market swings, exploited and not lessened by traders
- ***Markets & competition are essential to changes***

Cross-border markets are essential: maize

Production

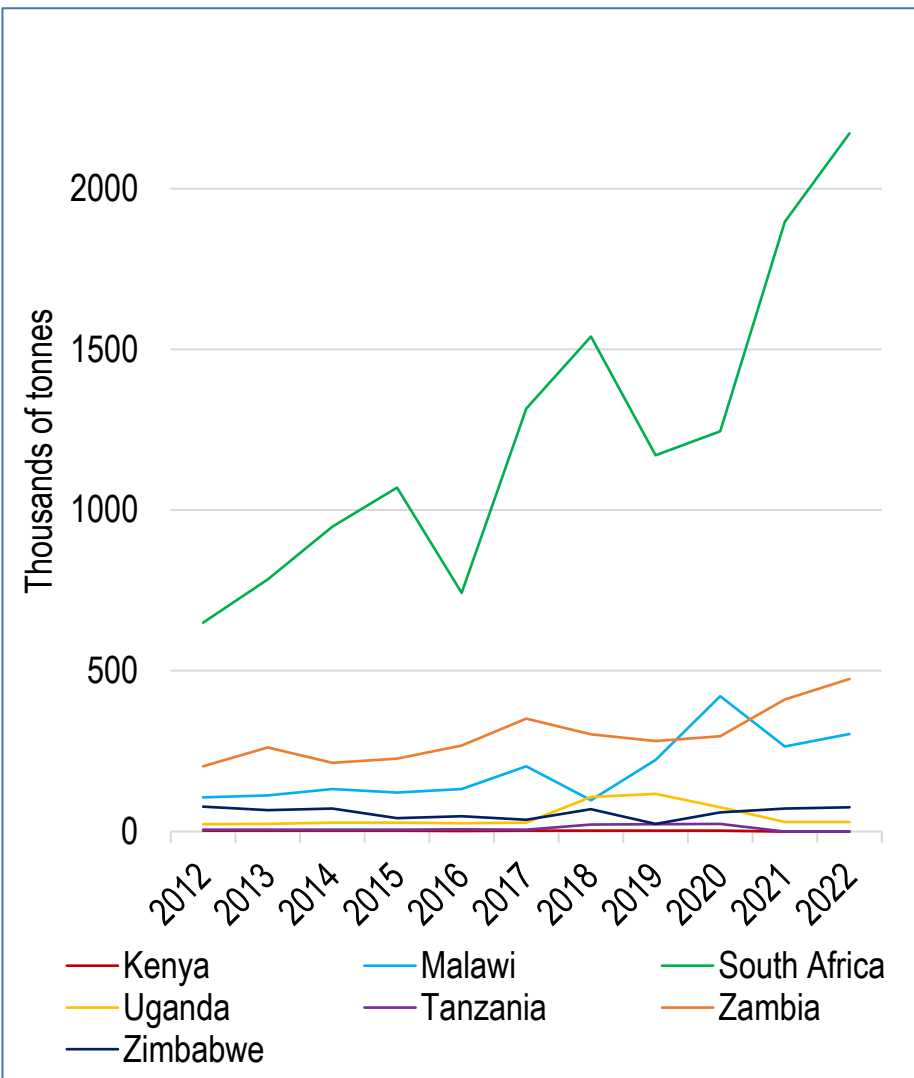


Maize net exports

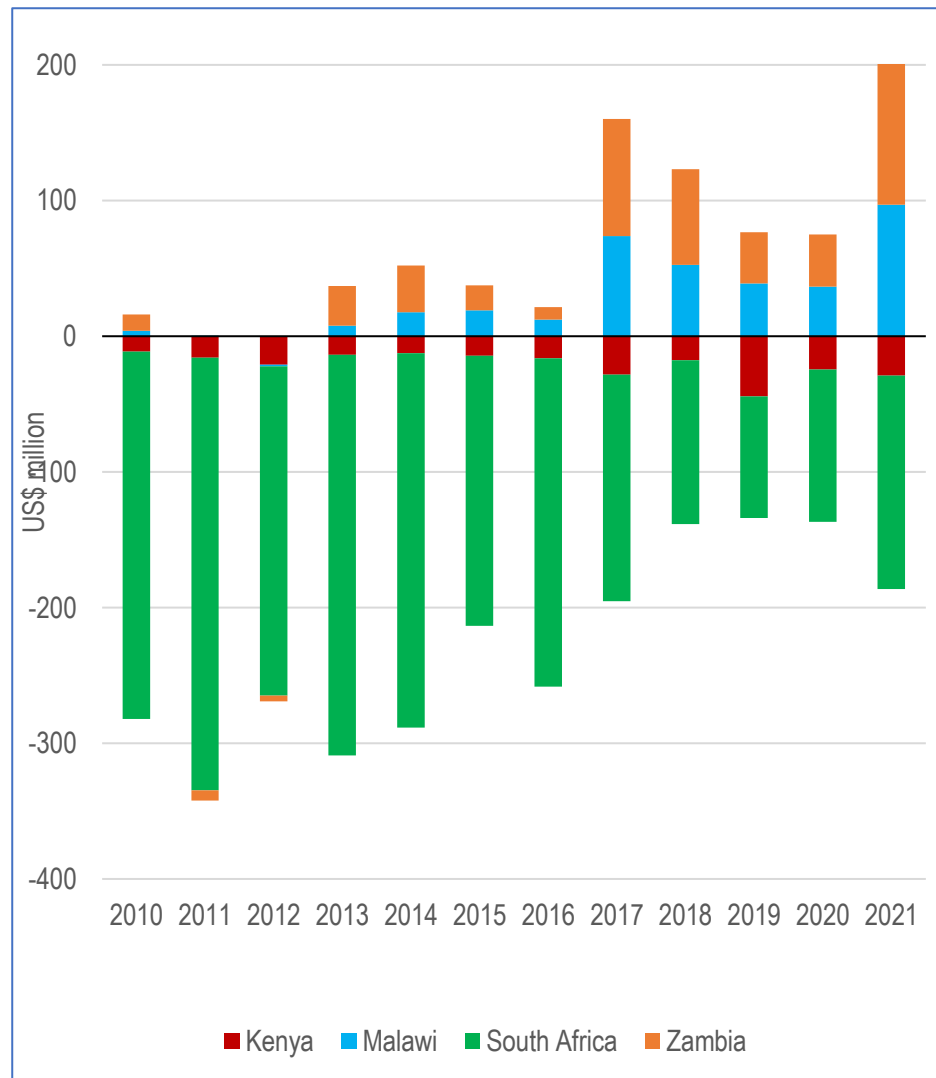


Cross-border markets are essential: soybean

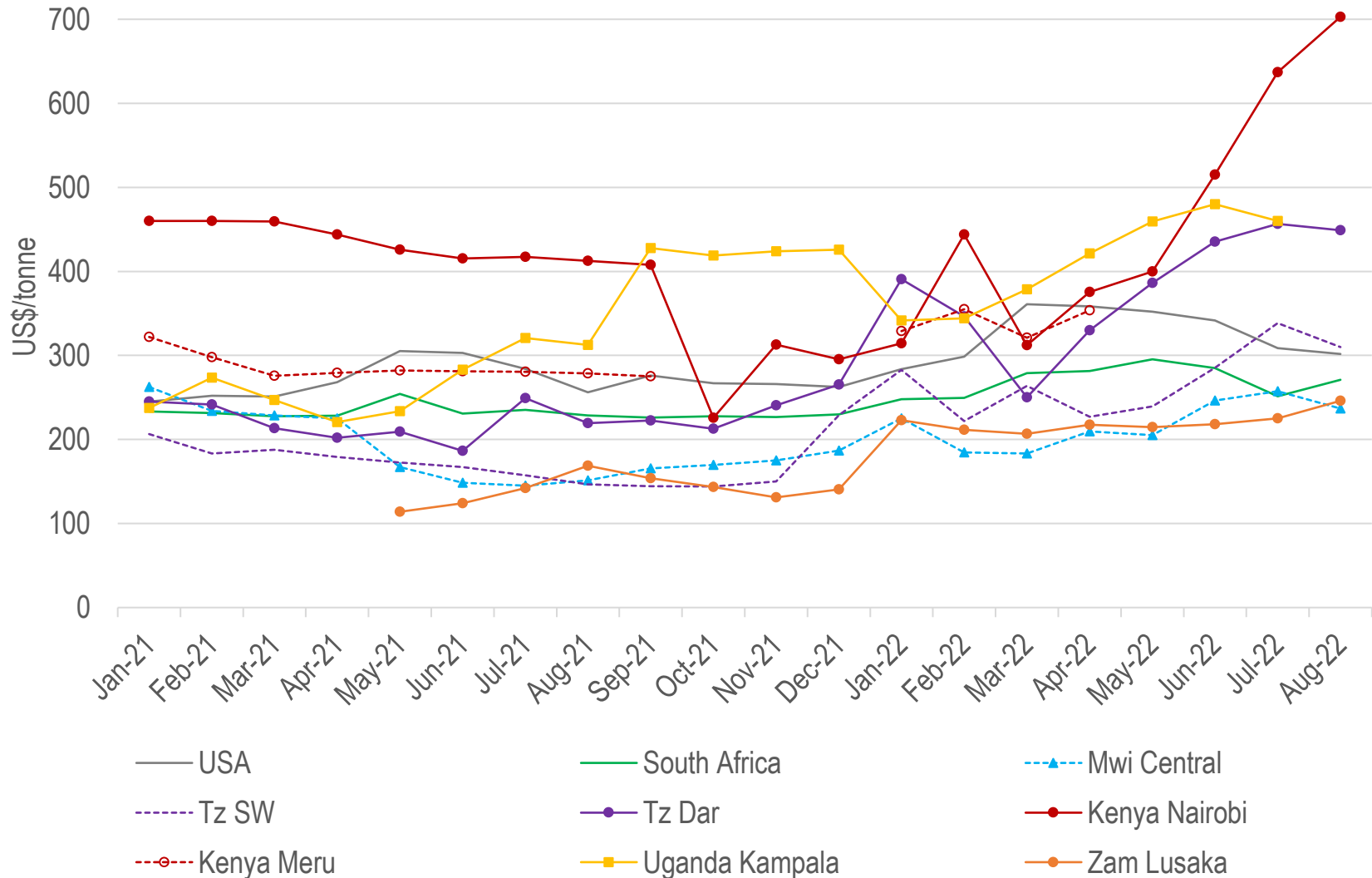
Production



Soybean and oilcake net exports



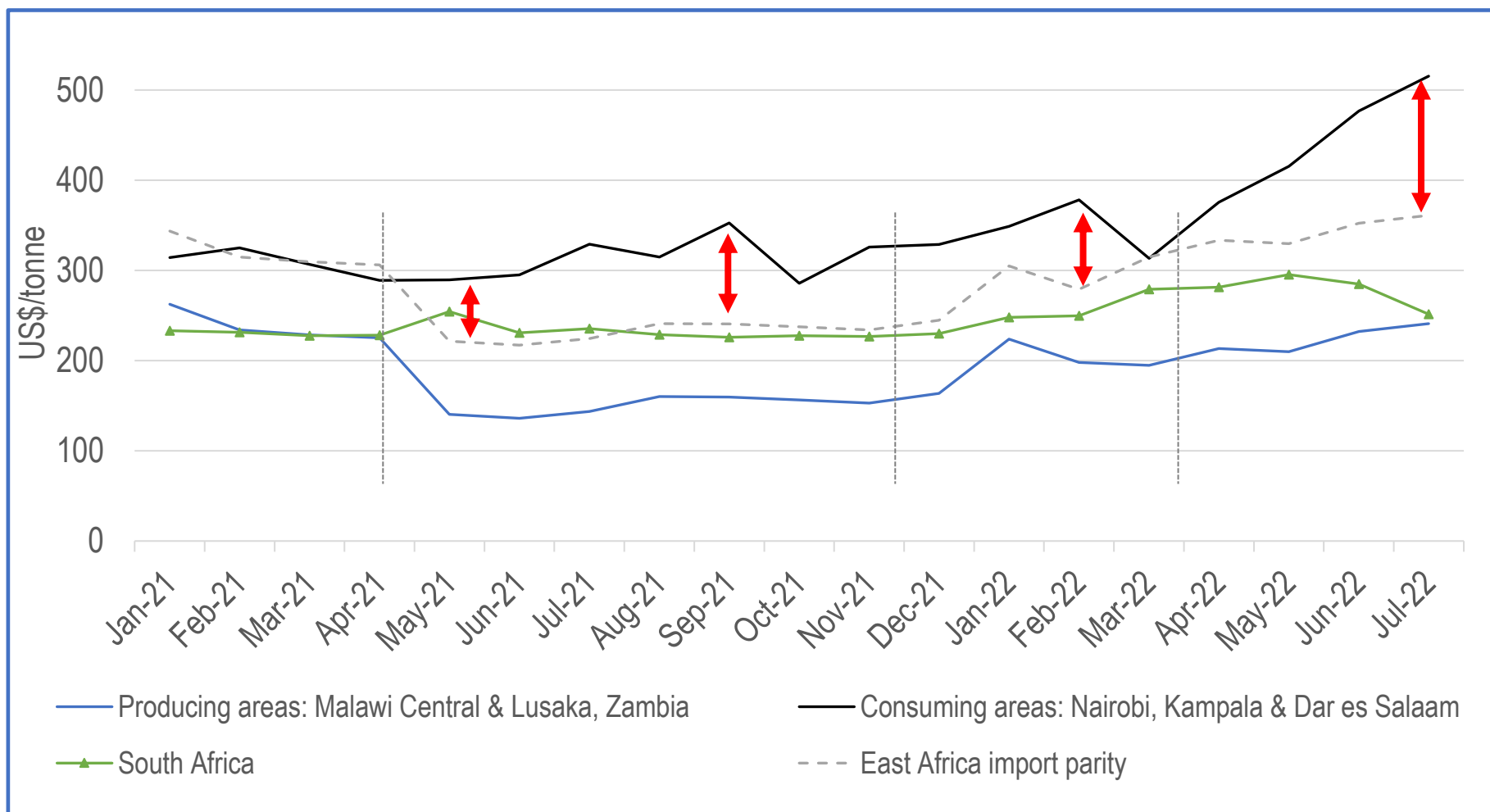
Maize prices in wholesale markets



Source: based on African Market Observatory price tracker data from multiple sources

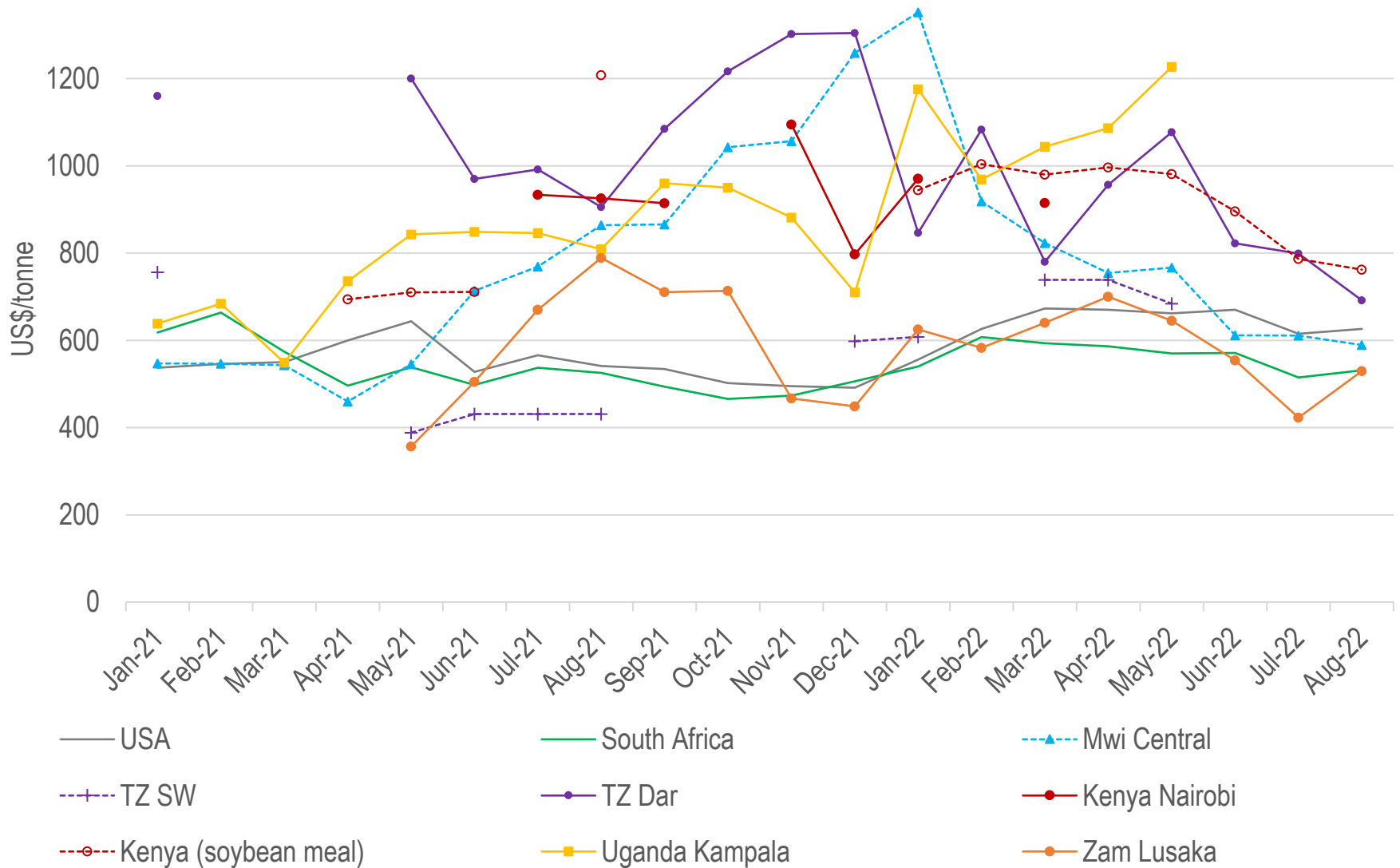
Huge excess margins in wholesale markets for maize

Maize prices in East Africa far above international prices, reflected in South Africa, and... big mark-ups over supplying regions in Zambia & Malawi plus transport



Source: based on African Market Observatory price tracker data from multiple sources

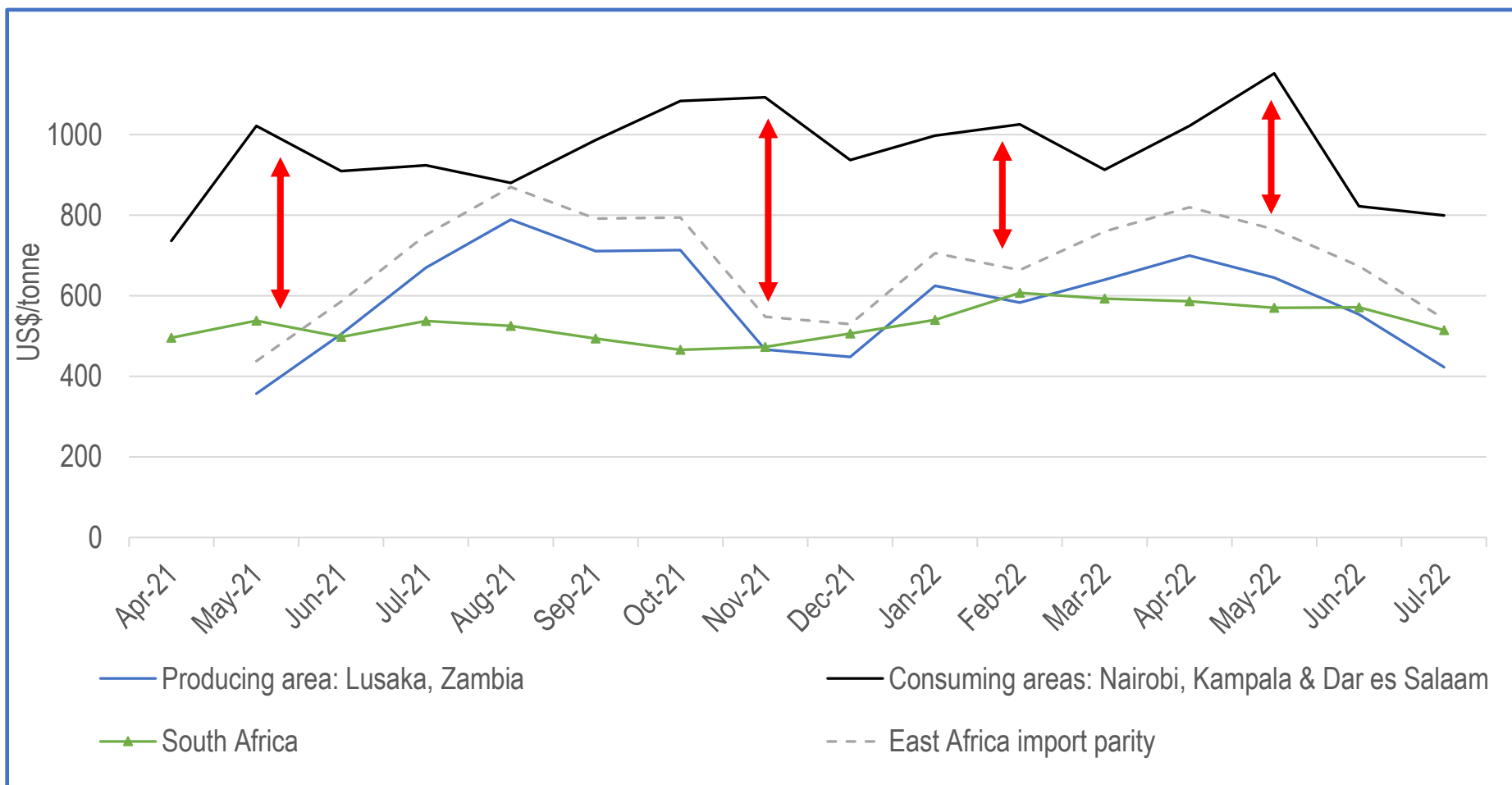
Soybean prices in wholesale markets



Source: based on African Market Observatory price tracker data from multiple sources

Huge excess margins in wholesale markets for soybeans

Soybean prices also show huge margins between Zambia and and locations of demand in East Africa



Source: based on African Market Observatory price tracker data from multiple sources

A view from the ground



"I invested in an incubator to hatch layers for my own and other agribusiness. Many have gone out of business over the last year, my incubator now only serves my internal production activities." **Female agribusiness owner in central Malawi, 11 August 2022**

Kenya's cost of living surges amid rising food and fuel prices

By **David Ochieng Mbewa** - April 2, 2022



WFP raises concerns about soaring food prices in Malawi

"At the current prices, I'll make a massive loss if I sell my soybeans now" - **Female farmer in central Malawi, 1 August 2022**

Amidst the problems, there is potential

“With 5 other women, I harvested 17 tons of soybeans this year...most will be used in our poultry businesses, some will be sold later this year” - Female poultry producer in central Malawi, 12 August 2022



“I decided not to sell my soybeans given the prices...I've gone into producing a porridge flour mix using soybeans, groundnuts and millets...sold 2 tons into Harare and 1 ton into Lusaka in the first 3 months of production.” - Female agribusiness owner in central Malawi, 12 August 2022

African Market Observatory - Key facts and actions

- Kenya
- Malawi
- Tanzania
- Uganda
- Zambia
- Zimbabwe

Crowd-sourcing app
official statistics and
other sources

- Maize
- Maize meal
- Soybean
- Soybean meal
- Rice
- Fertilizer

**Collating of up-to-date
price data**

ANALYSIS

- Monthly Price trackers
- Opinion pieces/blogs
- Webinars
- Working Papers & Articles

KNOWLEDGE BASE

For policy options on:

- cross-border trade
- inclusive regional development
- the effects of climate change on ESA food markets

AMO

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Agent for Change

- **Healthy & fair markets with strong referees**
- **Resilience & sustainable production**
- **Less dependence on oversea imports**