PRICE & POLICY
Bi-Weekly **Monitor**

AFRICA FOOD TRADE AND RESILIENCE INITIATIVE

EDITION **01**

April 2022

Wheat – Major import food commodity

AGRA is working with Akademiya2063 on better understanding the impact of the RUC on African continent and early findings on level of exposure with respect to wheat and fertilizers show the following:

- As of 2019, around 60 percent of African countries (30 countries) imported wheat products directly from Ukraine, Russia or Belarus (URB), with at least 20 countries accounting for 25% wheat volume
- Many African countries (23) import more wheat than their domestic consumption needs, because they re-export to their neighbors making the situation look even more murkier (indirect impact)
- Majority of African countries rely significantly on wheat imports for consumption

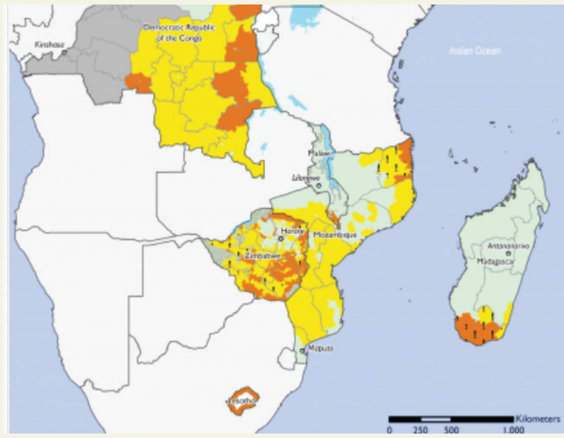

Figure 1: Wheat import penetration (import/ consumption) percentage

Fertilizer outlook

For fertilizers, this direct exposure is a little bit higher, with at least 36 African countries importing from URB region

- Fertilizer price index is a weighted average price of five types of fertilizer: phosphate rock, DAP (Di-ammonium Phosphate), TSP (Triple superphosphate), Urea, and Potassium chloride.
- International price of fertilizer increased substantially in 2021 compared to the relatively stable trend in 2019 and 2020 (Figure 2).
- Following the intensification of the Ukraine-Russia crisis in late February 2022, fertilizer price index increased substantially by 21 percent between March and February 2022, reversing four consecutive months of stable or slowdown trend
- In March 2022, fertilizer price index reached US $238, close to the record high level of US $256 in August 2008

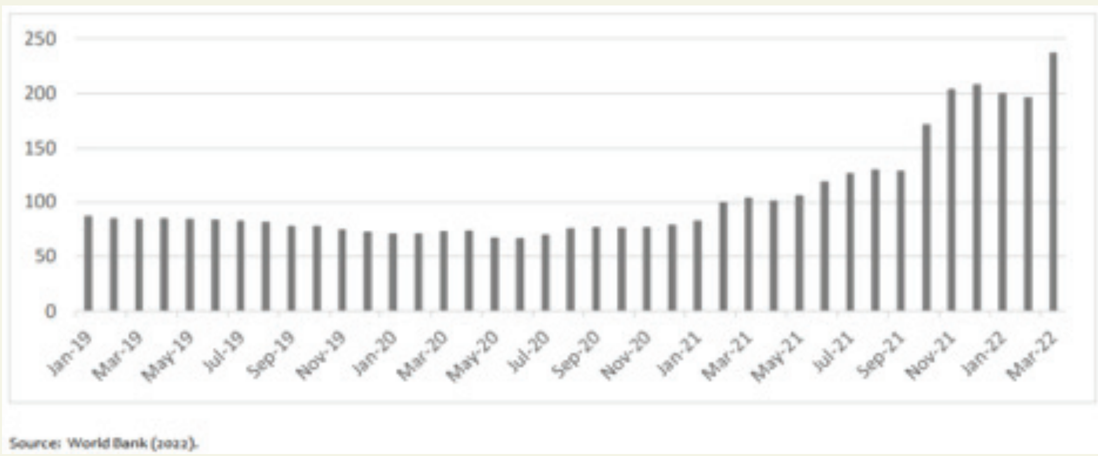

Figure 2: Monthly Price Indices of Fertilizer from January 2000 to March 2022 (nominal US dollars, 2010=100)

1 | Africa Outlook

1.1 East Africa Food Security Outlook

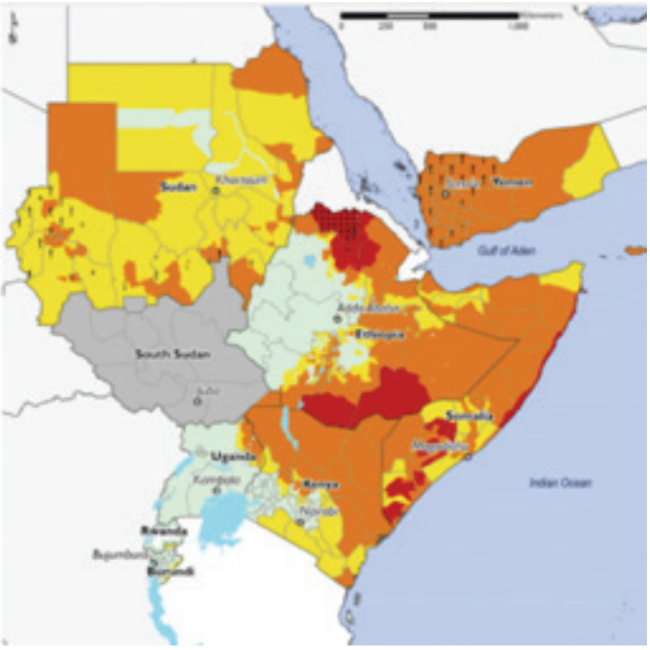

Figure 3: East Africa countries Food Security Outlook, Feb-May 2022

Food insecurity continues to persist across the East Africa Region driven by multiple shocks including rising food prices,knock on effects of conflicts/insecurity, displacement/migration, and destitution following loss of livelihood assets.

Tanzania: Prolonged dry spells and erratic rainfall have resulted in poor crop and livestock production, which have led to limited food availability. The poor season performance has also contributed to a reduction in the availability of on-farm and post-harvest labour opportunities thus limiting the income for food purchases.

Kenya: The poor performance of the 2021 short rains, which resulted in poor crop performance continues to be the main driving factor behind the prevailing food insecurity situation in the country. This has resulted in a lack of adequate food supplies, which have pushed food prices up, further worsening the food security situation.

Rwanda: Localized floods and high food and fertilizer costs have placed pressure on some households particulalry in the Northern Province. Floods and subsequent post-harvest losses have reduced incomes for bean farmers leading to a predominatley IPC Phase 2 (Stressed) outcome across most parts of the affected province. However, IPC Phase 1 (Minimal) ouctomes are expected to persist across most parts of the country where adequate food and incomes from the Season A harvest and Season B cultivation labour income are being recorded.

1.2 Southern Africa Food Security Outlook

Malawi: As the harvest season approaches, the Northern and Central parts of the country are projected to experience IPC Phase 1(Minimal) outcomes despite a poor start to the season, while the Southern parts of the country are projected to experience IPC Phase 2 (Stressed) outcomes driven by back-to-back tropical cyclones. However, these improved food security outcomes are set to be eroded by poor macroeconomic conditions which may lead to food price increases that will worsen the food security situation towards September.

Mozambique: IPC Phase 3 and Phase 2 outcomes persisted during the month of March driven by the conflict in Cabo Delgado, below-average rainfall in southern and

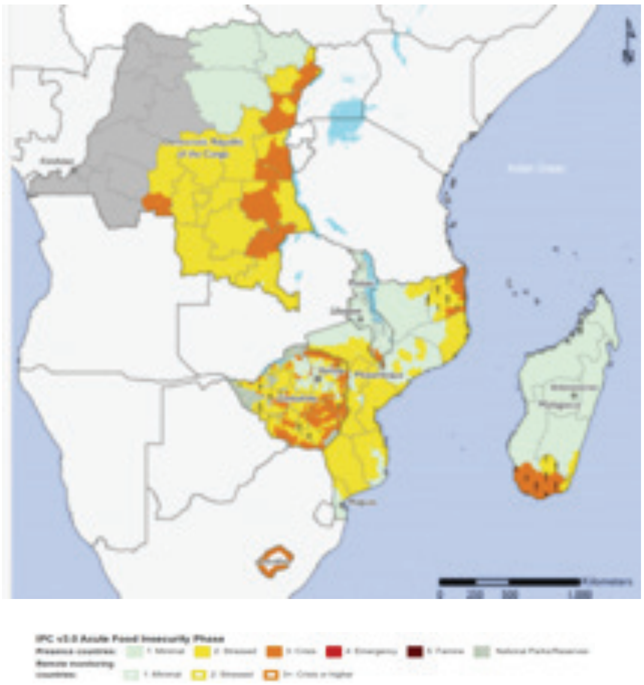

Figure 4: Southern Africa countries Food Security Outlook, October 2021- January 2022

parts of central Mozambique, and flooding and damage from tropical storms Ana and Dumako, and tropical cyclone Gombe. The harvest period for the upcoming season is likely to be delayed by a month across the country because some households engaged in post-flood planting.

Zambia: The sharp increases in staple food prices - mainly maize and maize flour - in the Northern province have been contributing to food insecurity situations in affected areas despite the country reporting above average maize stocks during the same period. Despite the prolonged dry spells at the beginning of the season, the maize crop is reportedly in good-to-fair condition, which may lead to improved food security outcomes as the harvest season approaches

Zimbabwe: IPC Phase 3 and IPC Phase 2 outcomes persisted across most deficit producing regions as the lean season continued. The surplus producing regions on the other hand continued to enjoy benefits from the above-average 2021 harvests, which led to IPC Phase 1 (Minimal) outcomes. The general poor season performance across most parts of the country as a result of erratic rainfalls and prolonged dry spells has seen more that 50 percent of the maize crop being written off in some eastern, southern, and western districts. In addition, and due to the ongoing Russia-Ukraine conflict, fuel costs have risen contributing to an increase in the prices of basic commodities and affecting the food security situation

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1.3 West Africa Outlook

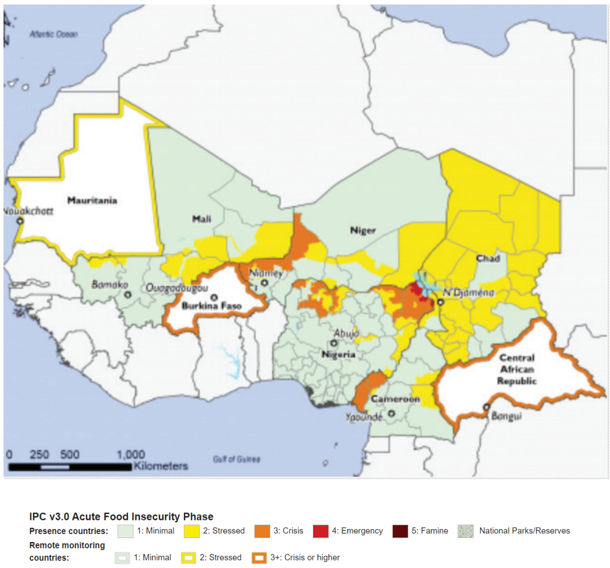


Figure 5: West Africa countries Food Security Outlook, Feb-May 2022

The region is facing its worst food crisis in a decade as 27 million are reported to be currently hungry with the number expected to increase to 38 million by June this year. Cereal production in parts of the Sahel region have dropped, and food reserves are declining leading to significant increases in food prices across most countries in the region. This has also been attributed to the ongoing Russia-Ukraine conflict, which has seen food prices rise by more that 20 percent.

Mali: Economic disruptions, population displacements, thefts and subsequent fatalities have been disrupting access to food for most people in the country leading to Stressed and Crisis food security outcomes. Food prices have risen by 20 to 30 percent further limiting access for many low-income households, whose incomes have been declining. However, off-season rice harvests between May and June are expected to contribute to improved outcomes

Niger: Food prices are near record levels despite the stable macroeconomic situation. IPC Phase 3 outcomes are being experienced across most parts of the country as access to food from own production and purchasing remains limited. Conflicts continue to disrupt food access in the North-Western parts of the country, where bandit attacks were reported in March[1].

1 https://reliefweb.int/report/nigeria/nigeria-key-message-update-while-macroeconomy-remains-stable-food-prices-are-expected Accessed 3 April 2022.

2 | Policy Measures

As the realization that the Russia-Ukraine Conflict poses as significant threat to the food security situation in Africa continues to grow, several countries have begun identifying and putting in place measures to mitigate and minimize severe food security situations. Over the past few weeks AGRA has held several discussions with a number of African countries to identify some of these measures. These measures are presented in the map below.

2.1 East Africa

2.1.1 Tanzania

- No measures put in place yet, however the country has set up a task force within the Ministry of Finance to conduct a deeper analysis of the crisis to help inform their response plan.

2.1.2 Rwanda

Country has put in place several measures in response to the crisis including

- Increasing investments in local fertilizer production. Government together with the private sector is investing a USD 38million factory with the capacity to blend 100,000 tonnes of fertilizers annually.
- The country has also addressed non-tariff barriers with Tanzania to allow for easy access to fertilizer stockpiles in Tanzania and from global markets.
- There are plans underway to expand area under food production, cost-sharing of fertilizer cost with farmers, stocking SGR, boost fertilizer blending production
- Government is currently developing food system transformation plan for Rwanda to increase investments by government and private sector through Public, Private Partnerships.
- Government is also putting some restrictions and cap prices and reinforcing some controls on exports.

2.2. Southern Africa

2.2.1 Mozambique

- No measures employed yet but the country has identified the need for more support around building resilient systems such as strategic food reserves and investments in climate proof agriculture systems and infrastructure namely storage at both household and national level.

2.2.2 Malawi

- No measures in place yet, however the MwAPATA Institute has proposed several measures including changes to the Affordable Inputs Programme (AIP), to promote alternatives for wheat and maize, and facilitating local production of edible oil crops, such as sunflower and soya.
- The Institute has also called for Malawians to diversify their diets and consider increasing reliance on other foods such as cassava, sorghum, rice and potatoes in order to reduce their expenditures on maize and wheat products.
- Government has been encouraged to explore ways to work with the large millers to blend sorghum or other locally produced grains with wheat for bread products and to invest in increased productivity of commodities which are typically imported but which could be produced locally, such as wheat and wheat substitutes.

2.2.3 Zambia

- Has not implemented any measures but Government has called for quick identification of measures to shield Zambia's food security against the impact of the war in Ukraine. The minister was speaking in Lusaka today, when he opened the first high level discussion meeting centered on the impact of the Russia-Ukraine war.

2.3 West Africa

2.3.1 Burkina Faso

- Government has identified the need for support in establishing and restocking their Strategic Grain Reserve and a credit facility for bulk procurement of fertilizer.

2.3.2 Mali

- The country is looking for immediate humanitarian support as they have no food reserves stored. The country also reported a need for to addres the trade embargo among other issues.

2.3.3 Nigeria

- Measures put in place aimed at ensuring subsidized critical inputs reach farmers and the stocking of Strategic Grain Reserves.
- Government has also reportedly imported 13,000 tonnes of seed wheat for the production of 160,000 Ha of heat across the country.

2.3.4 Ghana

- Government has reduced fuel prices by 60 pesos and salaries of government officials by 30%.
- Govt has imposed export restrictions on maize and soya beans to ensure domestic food security.

2.3.5 Togo

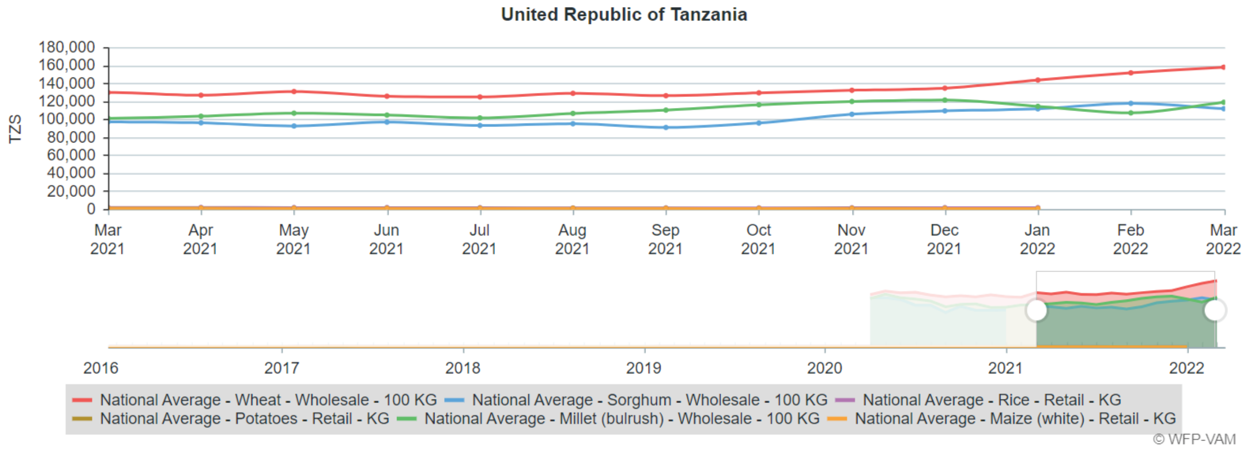
- Government has put a price control on energy.

3 | Commodities Prices

3.1 East Africa

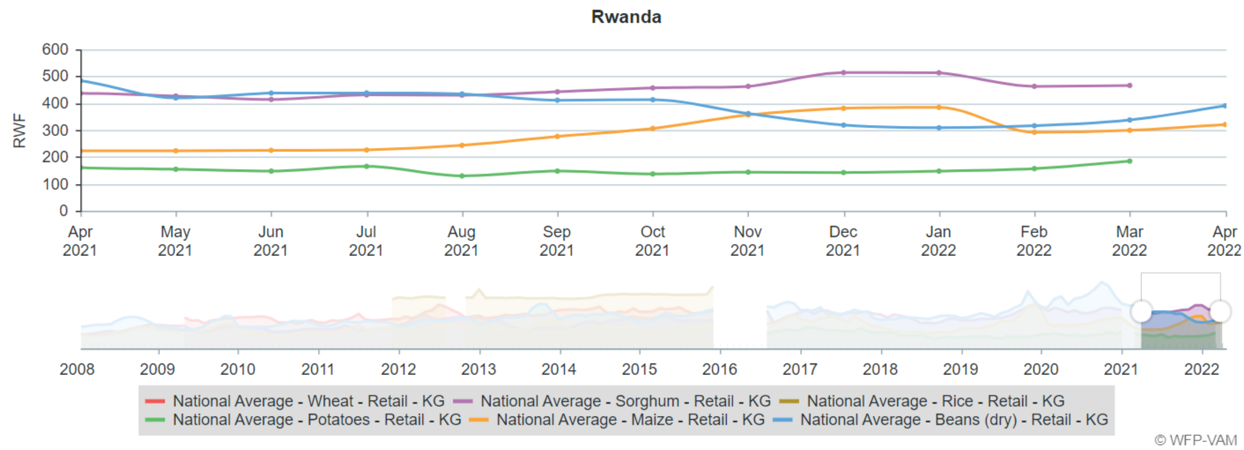
3.1.1 Tanzania

- Maize, rice, wheat, and soyabean prices in Tanzania have increased marginally of about 1% over the past months with wheat seeing the most increment.



3.1.2 Rwanda

- Price updates on the East African Commodity Exchange shows that Maize and mixed beans prices have surged[2] which is also supported by the WFP data in the graph below.



2 http://www.ea-africaexchange.com/pages/market-data/current-prices

3.1.3 Kenya

Commodity	Unit of Measure	Feb price (Ksh)	March price (Ksh)	1st Week April	22nd April
Maize	90 Kg bag	3,110	3,300	3,500	3,840
	1Kg	41	43	47	50
Rice	50 Kg	5,800	5,950	5,980	5,890
	1Kg	128	132	133	131
Wheat	90Kg	4,390	5,057	5,333	5,180
	1kg	66	76	79	75
Beans	90 Kg	7,440	7,436	8,262	8,160
	1kg	102	102	111	112
Irish potatoes	50 Kg	1,870	2,100	2,365	2,893
	1Kg	52	58	60	75
Fresh Milk	500 ml	50	54	54	80
Eggs	Tray	350	350	350	350
Fish (Tilapia)	1 Kg	353	365	360	360
Cattle	Mature cattle	40,000	36,000	36,000	36,000
Goat	Mature goat	4,500	3,800	3,800	36,000
Maize flour	2kg Packet	120	120	120	142-148
Wheat flour	2kg packet	154	159	174	179-185

S/No	Fertilizer Type	Current retail price range	Prices as at July 2020
1.	DAP	5,900 - 6,500*	2,800
2.	NPK 17:17:17	4,950 – 6,500	2,700
3.	NPK 23:23:0	4,950 – 6,500	2,700
4.	Urea	6,500 – 7,000	2,600
5.	CAN	4,500 – 5,500	2,300
6.	Baraka Blend	4,800 – 5,500	3,000
7.	Yara Blends	5,000 – 5,500	3,000

Source: FSMC report

- Maize prices have increased by 7% over the period 1-22nd April 2022 while rice, wheat and beans prices have declined over the same period.
- Irish Potatoes, maize flour, and wheat flour has also increased over the period

3.2 Southern Africa

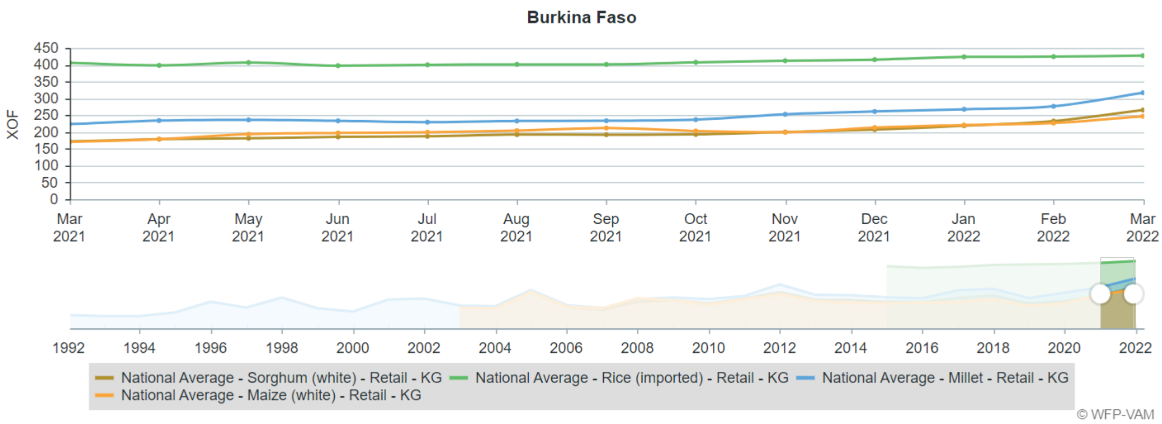
3.2.1 Malawi

- Malawi national average price has declined by 1.6% between February and March 2022 (FAO, April 2022).

3.3 West Africa

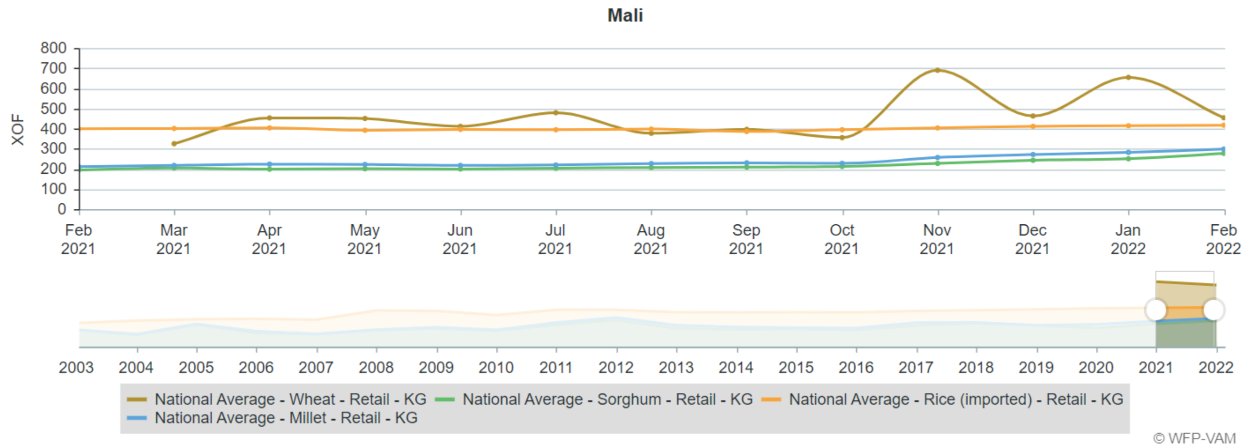
3.3.1 Burkina Faso

- Maize, sorghum, and millet prices have increased over the last month while rice price have remained largely constant.



3.3.2 Mali

- Wheat price has fallen from January to February, while sorghum and millet prices have increased minorly with imported rice price remaining largely constant.



3.3.3 Nigeria

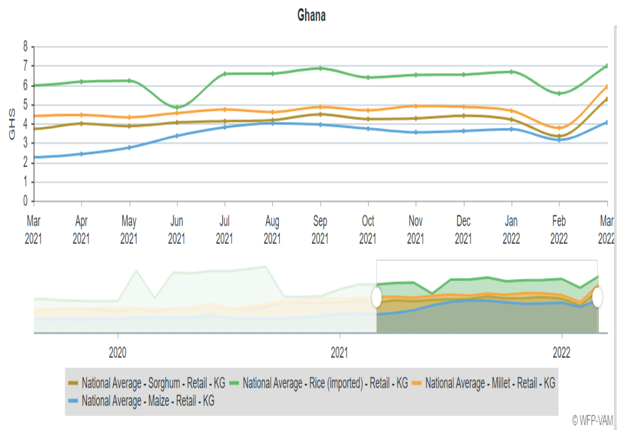
- AFEX weekly commodities Market monitored on ***afexnigeria.com*** reports that: across all commodities captured in the open market, there was marginal increases in price.
- Although a mixed performance on the Exchange, Maize, Paddy Rice, Cocoa, and Cashew mirrored performances in the open market, increasing 2.64%, 2.83%, 6.81%, and 0.94% w-o-w respectively.

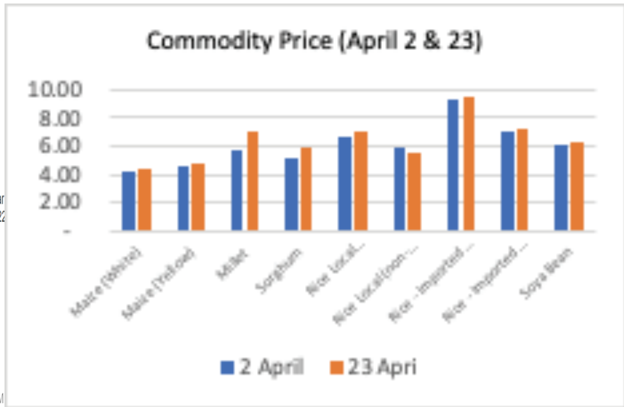
	Exchange Price Week Close	Exchange Prices	Open Market Prices	International Prices	Exchange Prices	Open Market Prices	International Prices
	NGN/Contract	**% ΔW-o-W**			**% ΔY-t-D**		
Maize	231.93	2.64	0.68	3.33	9.57	7.82	25.22
Soybean	398.60	0.66	1.18	3.20	1.83	4.07	19.15
Paddy rice	242.37	2.83	0.61	0.61	30.31	5.54	1.60
Sorghum	226.00	0.00	0.72	0.08	7.76	6.40	0.35
Cocoa	1,282.79	6.81	0.16	1.59	11.64	12.30	0.38
Ginger	1,027.14	0.00	3.57	3.57	0.00	3.76	8.18
Sesame	481.17	0.00	1.84	5.31	0.00	0.65	1.42
Cashew	605.64	0.94	2.32	0.00	26.18	8.05	0.00

Source: Bloomberg, CBOT, Tridge, AFEX- KAINOS Research

3.3.4 Ghana

- Prices of all commodities, i.e. maize, rice, millet, and sorghum, have increased over the last month.
- Comparing prices recorded on 2nd April with 23rd April, millet and sorghum have surged up substantially compared to other crops. Rice (local, non-perfumery) had actually declined.



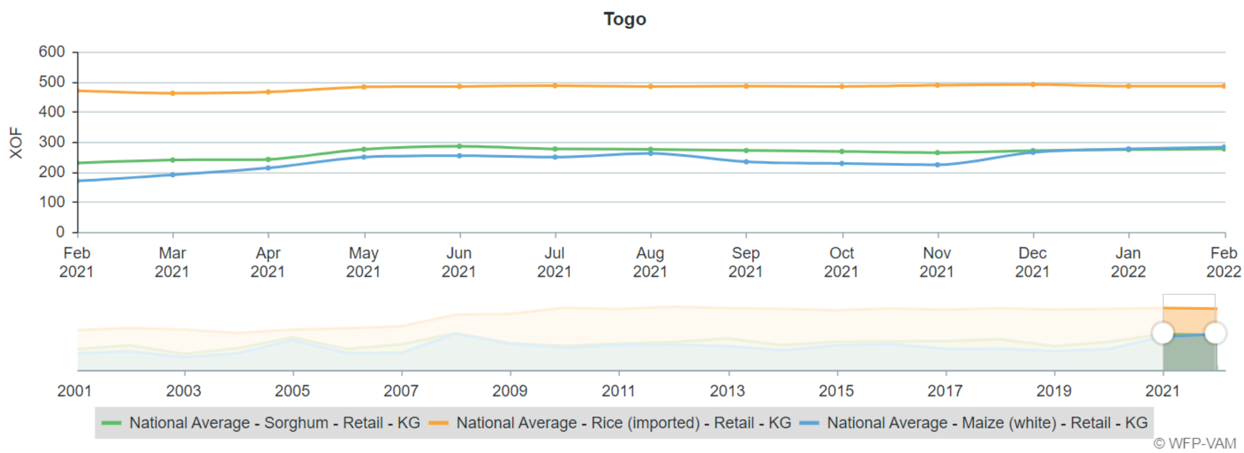


Source: WFP

Source: MOFA

3.3.5 Togo

- Largely, prices of maize, rice, and sorghum have remained constant over the January-February period in Togo.



For more information contact:

Food Trade Unit, Policy and State Capability (PSC) Division
E-mail: foodtrade@agra.org

AGRA Growing Africa's Agriculture

Alliance for a Green Revolution in Africa (AGRA)
West End Towers, 4th Floor
Muthangari Drive, off Waiyaki Way, Nairobi, Kenya
PO Box 66773, Westlands 00800, Nairobi, Kenya