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Chief Economist Complex



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**Update on the Food Situation in the Sahelian  
Countries<sup>1</sup>**

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**1 - Introduction**

Unfavorable weather conditions in some of the Sahel countries in 2009 led to significant declines in cereal production. Compared to 2008, the decline in production in 2009 ranged from 11% in Chad to an alarming 30% in Niger. This situation has effectively developed into a new Sahelian food crisis, setting in against the backdrop of relatively high global food prices. Despite a huge drop from their peak in mid 2008, global food prices stabilized at above their pre-crisis levels (Annex 1). In particular, food prices in some African countries failed to adjust to global trends in the last months, due largely to structural deficits particularly poor infrastructure, and partly due to market inefficiencies.

The immense *geographical challenge* of most Sahelian countries – landlocked; low, variable and unpredictable rainfall; and marginal soil conditions – limits the food

production potential and aggravates the cost of trade, including food imports. With these geographical limitations and inadequate infrastructure, Sahelian countries grapple with very high transportation costs, not only for transporting farm inputs to high potential areas but also food from surplus to deficit regions. Thus, food prices are subject to aberrant seasonal fluctuations that do not necessarily conform to global trends, with relative food prices in landlocked countries generally higher than in coastal countries in the same sub-region.

This brief highlights the unfolding food crisis in the Sahelian region. A detailed assessment of the food situation in general is presented with a particular focus on the cereals market conditions and the vulnerability of countries to food insecurity. Country responses to the situation and actions from the international community are also briefly reviewed and discussed.

Mthuli Ncube  
[m.ncube@afdb.org](mailto:m.ncube@afdb.org)  
+216 7110 2062

Charles Leyeka Lufumpa  
[c.lufumpa@afdb.org](mailto:c.lufumpa@afdb.org)  
+216 7110 2175

<sup>1</sup> Prepared by the following staff: A. Mafusire ([a.mafusire@afdb.org](mailto:a.mafusire@afdb.org), Tel: +216 7110 2521), L. Kouakou ([k.l.kouakou@afdb.org](mailto:k.l.kouakou@afdb.org), Tel +216 7110 3058), and T. Bedingar ([t.bedingar@afdb.org](mailto:t.bedingar@afdb.org), Tel +216 7110 2279)

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*“...about 8 million people are at risk of food insecurity in five Sahelian countries<sup>4</sup>, with about 63% living in Niger.”*

## 2- Current Food Situation in the Sahel Region

The food supply situation in the Sahel can be described as worrisome to say the least. The decline in cereals production in the region has driven prices way above their 2008 levels for the same periods. In Ouagadougou (Burkina Faso) in April 2010 for instance, coarse cereal prices were 28% higher than their mid-2008 levels. Similarly, prices are observed in Bamako (Mali) and Niamey (Niger), with respective price increases of 27% and 12% over the same period. It is also observed that better food availability in coastal countries in the region has resulted in cereals trade between coastal Sahelian countries and the others, as traders take advantage of higher prices arising from cereal deficits in the affected countries.

The Food and Agricultural Organization (FAO) appraises serious food deficits in the region as follows: 203 thousand tons in Burkina Faso, 114 thousand in Chad, 37 thousand tons in Niger, 85 thousand tons in Cape Verde and 700 thousand tons in Senegal. The total cereal deficit in the entire Sahel region stands about 1.6 million tons (Annex 3a), which translates into about US\$ 503 million

to cover the import bill (Annex 3b)<sup>2</sup>. The relative severity of the shortages also differs across countries, with Niger's cereal deficit in value terms having more than doubled from US\$73 million in 2007/08 to US\$ 155 million in 2008/09. Similarly, Mauritania's cereal deficit has increased from US\$ 90 million to US\$ 120 million over the same period, threatening the lives of some 5 million people in Niger alone.

The severity of the situation is captured in the FAO May 2010 report<sup>3</sup>, which cautioned that about 8 million people are at risk of food insecurity in five Sahelian countries<sup>4</sup>, with about 63% living in Niger. This is happening at a precarious moment as Africa starts to regain the lost growth momentum imposed by a crisis they did not create. While the need to meet critical food demands and to provide social safety nets is recognized, the macroeconomic fundamentals of the affected countries were significantly eroded by the recent financial and economic crisis, making them even more vulnerable in terms of weakened capacity to pay for food imports.

<sup>2</sup>Cereals in the analysis include rice, wheat and coarse grains. Prices obtained from IMF Primary Commodities Online Database.

<sup>3</sup> FAO (2010), The Food Situation is of Grave Concern in Parts of the Sahel, Notably in Niger, *Global Information And Early Warning System On Food And Agriculture*, Special Alert No. 329

<sup>4</sup> Burkina Faso, Chad, Mali, Mauritania and Niger.

### 3- Increased Vulnerability to Food Insecurity in the Sahel

*“Given these deficits, the affected Sahel countries (Burkina Faso, Chad, Mali, Mauritania and Niger) require much more external assistance to alleviate the food situation. Food inflation pressure in the region has also not abated since the last global food crisis of 2008 (Annex 2), reflecting the persistent food shortages in the region.”*

*“Additional risks associated with food crisis in the Sahelian region relate to land grabs, both by foreign governments and private companies, displacing local populations and thus increasing land-use pressures.”*

The vulnerability to the current food crisis in some Sahelian countries has been worsened by weakened macroeconomic fundamentals, notably fiscal and current account deficits (Table 1). Food scarcity in these food importing countries is particularly exacerbated by their inability to finance the food imports, reflected in the widening twin-deficits, current account and fiscal. Given these deficits, the affected Sahel countries (Burkina Faso, Chad, Mali, Mauritania and Niger) require much more external assistance to alleviate the food situation. Food inflation pressure in the region has also not abated since the last global food crisis of 2008 (Annex 2), reflecting the persistent food shortages in the region.

Additional risks associated with food crisis in the Sahelian region relate to land grabs, both by foreign governments and private companies, displacing local

populations and thus increasing land-use pressures. Poor local farmers without capital and investment options for land improvement are at risk of being squeezed out to marginal and less productive land, with subsequent increase in poverty. In Mali for instance, over 160,000 hectares of rice land have been annexed by foreigners. Local food security implications would be determined by whether such rice is produced for local consumption or export. Similar developments are observed in the Sudan and in Mauritania.

Increased cereal trade between coastal and landlocked Sahelian countries has also been reported, as traders take advantage of higher prices in the cereal deficit regions. However, supplies from these countries remain inadequate and would have to be met by significant supplies from outside the region.

**Table 1: Current Account and Fiscal Balances, 2008 - 2011**

Country	Current Account % GDP				Fiscal Balance % GDP			
	2008	2009	2010	2011	2008	2009	2010	2011
Burkina Faso	-11.8	-7.9	-7.4	-6.7	-4.4	-5.6	-4.7	-4.5
Chad	-10.3	-31.8	-26.7	-22.8	5.2	-10.8	-9.6	-11.6
Mali	-9.7	-9.1	-11.1	-12.5	-2.2	-0.9	-1.9	-1.9
Mauritania	-15.9	-17.3	-22.8	-24.1	-7.4	-5.5	-5.1	-6.3
Niger	-13.6	-15.2	-18.3	-18.5	6	-1.2	-0.4	-0.6

Source : African Economic Outlook (2010)

#### 4- Responses to the Food Situation in the Sahel Region

Governments in the Sahelian region, with the support of development partners have initiated numerous programs of assistance to remedy the situation (Annex 4). In all the five most affected countries (Niger, Mali, Chad, Burkina Faso and Mauritania), the emergency food assistance and support for increased production in the form of seed packs constitute the dominant responses. Other government interventions include food subsidies, safety nets, stock draw-downs and price controls. In **Niger**, responses included food-for-work programs, release of stock cereals at subsidized prices, provision of seeds, and distribution of livestock feeds. **Mali's** responses focus more on increasing production of rice and livestock while also trying to address the emergency needs.

**Chad** has responded through free distribution, or subsidized sale of about 23,250 tons of its cereal stocks, 10,350 tons of cereal seeds and 6,000 tons of livestock feeds. In addition, the country is importing 30,000 tons of cereals to replenish stocks. Also, the U.N. World Food Programme (WFP) has approved food assistance to nearly 800,000 people in parts of Chad that have been hit by drought.

Similarly, **Burkina Faso** and **Mauritania** are drawing down cereal stocks and agro-industrial byproducts at subsidized prices with a view to stabilizing food prices. In addition, Mauritania is targeting the most vulnerable population where it has distributed about 7,000 tons in emergency food.

Mauritania is reported to have placed restrictions on imports from neighboring countries (Senegal and Mali) in spite of the prevailing precarious food crisis. Such action has negatively impacted food availability, leading to food price escalation.

In **Niger**, the WFP plans to provide food to an additional 850,000 people. The European Commission has also allocated Euro 24 million in support of the affected populations in the Sahel countries. However, pledges are short of requirements with the UN operations being only 30% funded as of early April 2010.

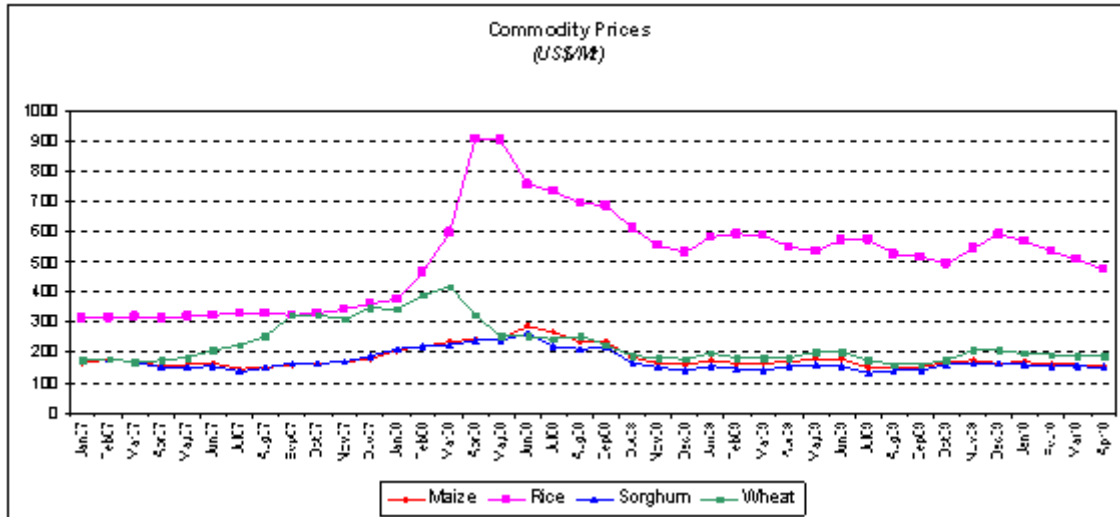
Meanwhile, the governments of Niger and Chad have submitted emergency assistance requests to the Bank which are being processed by the Regional Departments and will be submitted to the Board before the end of June 2010.

## **5- Conclusion**

The emerging food crisis in the Sahel is a reminder of the need for greater action by governments and their development partners. Focused development of the agriculture sector in Africa in general, and in the perennially vulnerable Sahel countries in particular, will reduce the risks faced by the region.

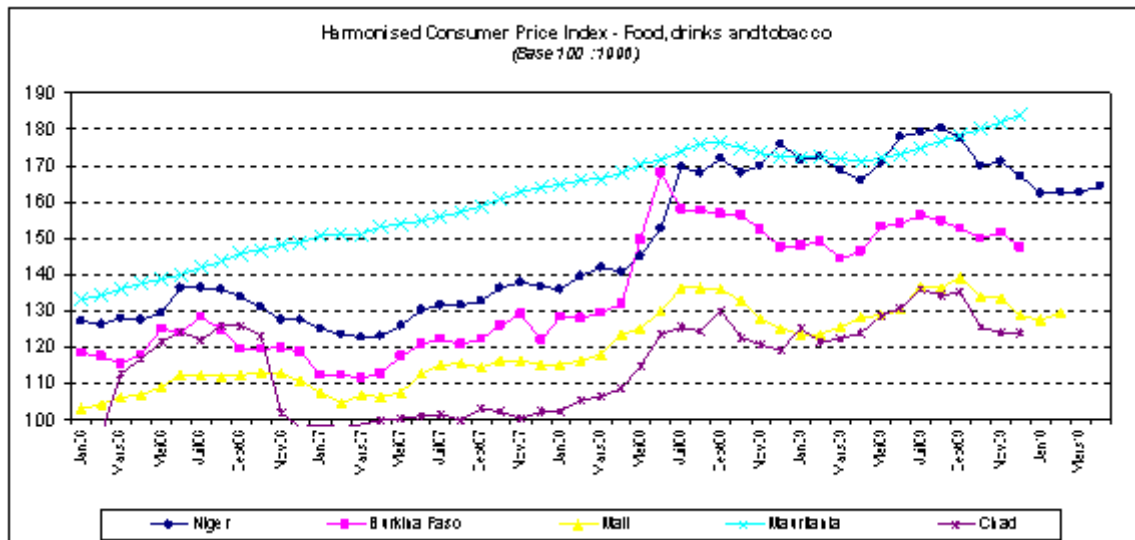
Furthermore, the affected countries are facing a deteriorating macroeconomic environment that has the potential to trigger unrest and political instability as was experienced in 2008. In particular opposition to land grabs by local populations may require careful attention to foreign investment agreements in agriculture, to ensure that they do not increase domestic food insecurity.

**Annex 1: Monthly Commodity Prices, 2007 - 2010**



Source: AfDB Statistics Department and World Bank.

**Annex 2: Harmonized Food Price Index (2006 – 2010)**



Source: AfDB Statistics Department.

Annex 3a : Cereal Balance (Values in thousand tones) (2008/09)

Country	Cereal Production	Cereal Imports (contracted or delivered)	Possible Stock Draw Down	Cereal Exports	Cereal Availability	Consumption (Food)	Consumption (Non-Food)	Requirements	Cereal Balance
	thousand tones								
Burkina Faso	3,627	5	165	180	3,617	3,162	658	3,820	-203
Cape Verde	7	2	3	0	12	96	1	97	-85
Chad	1,575	25	149	155	1,594	1,414	294	1,708	-114
Gambia	310	10	0	58	262	285	51	336	-74
Guinea-Bissau	207	13	4	7	217	248	22	270	-53
Mali	4,639	19	0	347	4,311	3,198	719	3,917	394
Mauritania	164	85	25	96	178	477	108	585	-407
Niger	3,514	10	255	20	3,759	3,453	676	4,129	-370
Senegal	1,874	156	95	51	2,074	2,223	517	2,740	-666
<b>Total Sahel</b>	<b>15,917</b>	<b>325</b>	<b>696</b>	<b>914</b>	<b>16,024</b>	<b>14,556</b>	<b>3,046</b>	<b>17,602</b>	<b>-1,578</b>

Source: AfDB Statistics Department and FAO.

Annex 3b: Cereal Balance (Values in US\$ million)(2008/09)										
Country	Cereal Production	Cereal Imports (contracted or delivered)	Possible Stock Draw Down	Cereal Exports	Cereal Availability	Consumption (Food)	Consumption (Non- Food)	Requirements	Cereal Balance 2007/2008	Cereal Balance 2008/2009
	USD Million									
Burkina Faso	688	1	27	30	687	651	122	773	-89	-86
Cape Verde	1	1	1	0	3	33	0	33	-23	-31
Chad	315	6	27	26	321	277	55	332	-12	-11
Gambia	84	5	0	24	65	91	12	103	-39	-37
Guinea-Bissau	98	7	1	3	102	117	9	126	-14	-23
Mali	1,425	4	0	99	1,330	877	217	1,094	11	236
Mauritania	55	27	6	48	40	134	26	160	-90	-120
Niger	618	5	46	3	666	705	116	821	-73	-155
Senegal	518	70	20	8	600	769	106	876	-192	-276
<b>Total Sahel</b>	<b>3,803</b>	<b>126</b>	<b>127</b>	<b>242</b>	<b>3,815</b>	<b>3,654</b>	<b>664</b>	<b>4,318</b>	<b>-521</b>	<b>-503</b>

Source: AfDB Statistics Department and FAO.

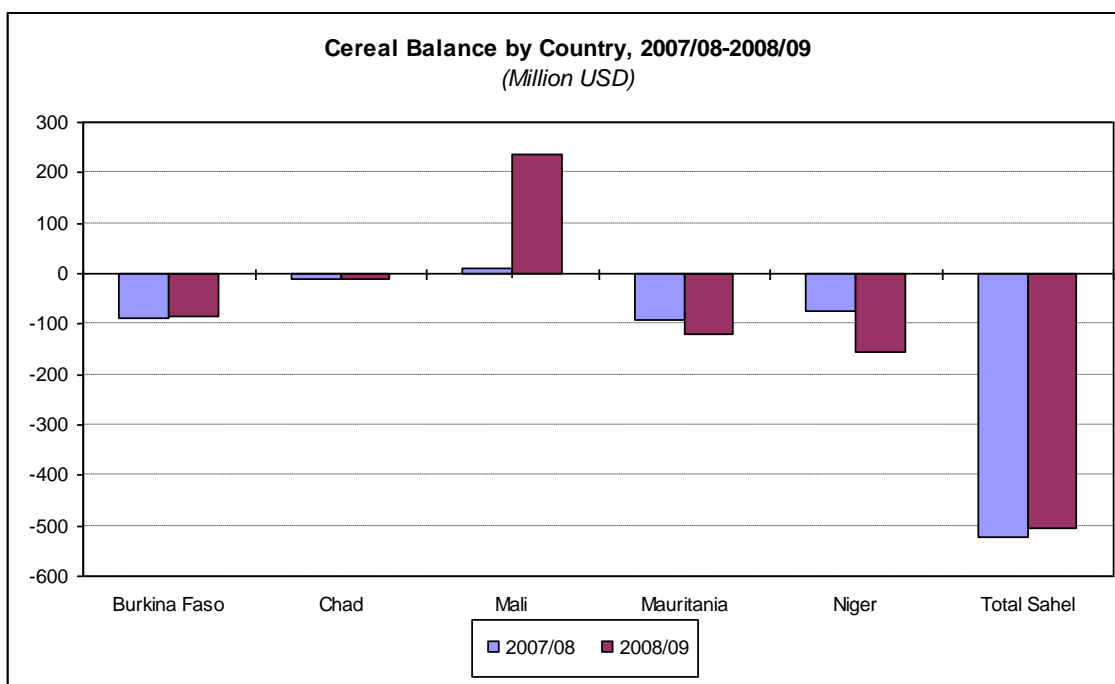


Annex 4: Responses to the Food Price Crisis

Country	Consumer Oriented						Producer oriented		Trade oriented	
	Social			Market			Production support	Market management	Import	Export
	Food assistance	Food subsidies	Safety net & other	Price controls	Release stocks	procurement & other				
Burkina Faso	•	•		•	•	-	•	•		
Chad	•	•		-	•	•	•		-	
Mali	•	-	-	-			•			-
Mauritania	•						•		•	
Niger	•	•	•		•	•	•			

Source: AfDB Statistics Department and FAO.

Annex 5: Cereal Balance of selected Sahelian Countries



Source: AfDB Statistics Department.