Highlights:

- Production of cereals increased by 18% in 2010 compared to the previous harvest but might experience drawbacks in 2011 if current shortfalls in rainfall continue.
- Although stable at the current rate, real prices of cereals are likely to increase in the period to come due to potential local supply constraints and growing export prices on the international market, in particular for rice.
- Overall vulnerability to food insecurity of poorest households is predicted to be on the rise. Most likely to be affected are farmers, particularly in West Coast Region, North Bank Region and Lower River Region due to potential agricultural and income shortfalls, as well as poorest households in urban areas due to rising food prices and cost of living.

Context:

Cumulative Rainfall: May – June 2011 (Source: Department of Water Resources)

Countrywide, for the period of May – June 2011 cumulative rainfall has been 59% lower than in the same period in 2010 and 36% lower compared with the 30 year mean (1981 – 2010). Cumulative rainfall is also on average lower by 23% when compared with figures from the last dry spell (2007) which resulted in yield and agricultural output declining in relation to 2006 by 24% and 18% respectively. This may affect the timeliness of planting activities for cereals, in particular upland rice varieties, maize and early millet in West Coast Region (WCR), North Bank Region (NBR) and Lower River Region (LRR) which recorded lowest rainfall so far. The intermittent rainfall pattern has already resulted in germination failure for most crops, in particular groundnut.

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As a consequence, farmers reportedly had to purchase additional seeds for replanting activities, mostly in regions which are experiencing the most serious rainfall deficits (below 45mm). If the trend continues throughout July to September it may be expected that all other production activities will be delayed in these regions with the effect of overall yield and production figures for cereals falling compared to the 2010 harvest. The rainfall predictions for the months of July and August are not encouraging and it is expected that cumulative rainfall will generally remain below average in most of the regions.

Vulnerability Snapshot

While over half of the population still lives below the national poverty line and domestic food production meets less than 50% of the total national food requirements, poor households are highly susceptible to minor changes in their economic conditions, in particular high price increases. Given that an average Gambian household spends 58% of income on food, these conditions have a particular bearing on households’ access to basic food commodities, hence food security. (Source: WFP, CFSVA 2011).

Food Availability

Agriculture

According to provisional figures for the 2009/2010 agricultural season, overall production of cereals increased by 18% compared with the 2009 harvest and by 45% compared with the average harvest for the five year period of 2005 – 2009. This is mainly due to steadily increasing production of rice which reached 118,839 metric tons (MT) in 2010, representing an increase of 74% compared with 2009 and 300% compared with the five year average. To the contrary, the production of coarse grains has been stagnating throughout the period around 177,000 metric tons annually and is in slow decline since 2008. Even though the production of groundnuts as the main cash crop has steadily increased from 2007 onwards, in 2011 it dropped to 134,595 MT, which is 17% less than compared with 2009 but still 24% above the five year average.

Overall, increased production of cereals is linked to a gradual increase of area under cultivation since 2007, which can be attributed to various initiatives taken to boost agricultural production, such as the “Back to the Land Call” by the President, the rice expansion project funded by the Taiwanese mission and the introduction of NERICA rice funded by the African Development Bank. However, throughout the period average yield remains low between 0.75 and 1 MT per hectare.

Stock Levels - Total Imported Rice

At the end of June 2011 cumulative stocks of imported rice varieties of major traders in the country amounted to nearly 30,000 MT and since March they were in steady decline as the lean season approaches. Even though this is in accordance with the year on year trend, on average the stocks are at a 5-year low for that period of the year. Above average stock levels have been recorded for the period of April – June 2009, directly following the food price crisis in 2008, but have subdued ever since. Over the entire year, 80 – 90% of imported rice stocks in The Gambia are made up of 100% broken rice, which is at the same time the country’s preferred rice variety.

DID YOU KNOW?

“30% of Gambian cereal needs are covered by rice imports”

(Source: Cross Border Trade and Food Security in West Africa, March 2010)
Import Parity Price

For the calculation of the Import Parity Price (IPP) the most common and preferred imported rice varieties on the Gambian market have been used. The IPP for Thai rice and Pakistani rice is comparatively higher than the prevailing market price in The Gambia for equivalent rice varieties. At price and exchange rate levels for mid-July 2011 the IPP price for Thai rice is 105 GMD (11%) higher than for the equivalent variety (Saddam) while the IPP price for Pakistani rice is 181 GMD (19%) higher than for the current local market price of the same imported variety.

According to these price differentials there should be no incentive for traders to import these varieties. If importation is to continue at current cost levels this would necessitate a price increase on the local level.

Food Access

Nominal and Real Rice Prices

In June 2011 the average nominal price for imported rice (100% broken) reached 16.94 GMD per kg and has been gradually on the increase since July 2010. This is 18% higher than in June 2010 (14.36 GMD) but 13% lower than the price peak reached in December 2008 (19.54 GMD) at the time of the international food price crisis. If accounted for overall inflationary trends the general price rise for that rice variety seems less pronounced. In June 2011 the average real price has been 12.76 GMD per kg, which is 12% higher than the real price recorded in June 2010 (11.39) and 22% lower than the real price during the price peak in December 2008 (16.29 GMD).

Overall, both nominal and real prices have been moderately declining in the second quarter of the year, but are generally on the increase when looking at the 12-months trend.
Local Price Comparison

The comparison of prices for 100% broken rice at different levels of sale reveals that while wholesale and semi-wholesale prices remained stable throughout the period of January – June 2011, prices at the retail level have been gradually increasing in the first quarter of the year. Given the stability of wholesale prices it is expected that the initial rise of retail prices is locally conditioned rather than suffering from price transmission by the international rice market. A possible explanation of the price rise at the retail level can be the increase of fuel prices which occurred on repeated occasions in the first quarter of 2011 and the lower ability of retailers to absorb it through economy of scale.

Cross-Border Price Comparison

In order to have a better understanding of possible transaction costs and incentives for the cross-border trade of rice, price comparisons are made between three selected market pairs in The Gambia and Senegal. These include the comparison of rice prices in Gambian Dalasis between Banjul and Fatick (Western Corridor), Farafenni and Kaolack (Central Corridor) as well as Basse and Kolda (Eastern Corridor). The prices already account for the exchange rates between the CFA and Gambian Dalasi. Generally, a gradual depreciation of the Gambian Dalasi as against the CFA has been observed. Throughout the entire period under review (January – June 2011), in all three compared market pairs the prices of imported rice are generally lower in Gambian markets than in Senegal. The only exception occurs for the month of January between the market pair Banjul / Fatick where rice prices are higher by 20% in Banjul than in Fatick. Compared with their Senegalese equivalents, under the period under review rice prices in The Gambia are on average lower in the western corridor by 12%, in the central corridor by 7% and in the eastern corridor by 8%. Internally for The Gambia, the average prices are lower in Banjul compared with Farafenni and Basse by 8% and 6% respectively. Generally, price levels both in The Gambia and in Senegal are lower in January than at any other month of the period and gradually increasing as the lean season approaches, in particular in the Gambian provinces.

Terms of Trade

The terms of trade (ToT) reported here reflects the amount of rice (100 % broken) in kilogram that groundnut farmers can purchase in exchange for the earnings they receive for the sale of the same amount of groundnuts, based on the prevailing market price levels for rice and farm gate prices for groundnuts. Accordingly, in June 2009 a groundnut farmer was able to obtain 0.44 kg of rice in exchange for earnings made from the sale of 1 kg of groundnut. In 2010 his terms of trade improved by 34% as a kilo of groundnuts could buy him 0.59 kg of rice. In 2011 however, his terms of trade declined by 15.3% compared to the previous year to a ratio of 0.5 kg of rice for a kilo of groundnuts. On average, in the period of January - June 2011 the terms of trade for groundnut farmers is less favorable when compared with the same period in 2010 (decline of 12%) but more favorable than in 2009 (increase by 22%).
Food Utilization

In January 2011 WFP conducted a Comprehensive Food Security and Vulnerability Analysis (CFSVA), a nationally representative sample survey of household level vulnerability to food insecurity, covering a total of 2,592 households in 336 communities. The survey revealed that in times of comparatively high food and income availability 11% of The Gambian population is food insecure or vulnerable to food insecurity. The proportion of food insecure or vulnerable people is likely to rise during the lean season (May – September) when every second household finds it difficult to get sufficient amounts of food. Due to prevailing poverty levels an average Gambian household spends 58% of income on food (Source: WFP, CFSVA 2011).


According to the 2011 CFSVA, at the time when the survey was conducted, approximately 27% of Gambian households were engaged in a coping strategy by limiting portion size at meal times and more than 50% by relying on less preferred and less expensive food. Given the fact the CFSVA was carried out at a time when household food access is the best during the year, the proportion of households employing food related coping strategies is likely to increase during the lean season. These include more severe approaches such as reducing the number of meals per day or restricting adult consumption in order for small children to eat.

Outlook and Conclusion

If the climatic trends continue in the period to come there is a possibility that agricultural production will decrease compared with the harvest in the previous years, thereby adversely affecting farmers’ income and local food prices. In addition, even though falling at the moment, the overall annual trend for real prices of imported rice is geared towards a moderate increase. Given current price trends on the international market, where global rice price increased by 5% during the second quarter of 2011 compared to the previous year, it is expected that domestic rice prices will be further on the rise (Source: WFP, Market Monitor #12, April-June 2011).

In conclusion, given the current rainfall and price trends, the impact on household food security is expected to be negative for the period to come. Most likely to be affected are groundnut farmers whose terms of trade have already deteriorated in 2011, particularly those living in areas which experienced low rainfall in the period under review (i.e. WCR, NBR and LRR). Most at risk are also the poorest households in urban areas, in particular non-agricultural wage laborers and self-employed who have the highest and above average proportion of food insecure and vulnerable people as compared to other livelihood groups (WFP, CFSVA 2011). The vulnerability situation of the poor in general might be further aggravated by another looming global financial crisis.

Recommendations:

- Price levels for cereals and fuel as well as rainfall patterns should be monitored closely.
- Early warning predictions on potential agricultural output for 2011 should be readily available.
- Early warning information on rainfalls should be transmitted to farmers for timely planting and risk management.
- Monitor ToT for urban livelihoods (e.g. waged labour) and remittance levels to capture the food security outlook in urban and peri-urban areas.
- Conduct additional market assessments on cross-border trade flows and transaction costs.
At a Glance: Schoolfeeding as a Safety Net

Since the 1980s The Government of The Gambia together with the World Food Programme provides school meals to children in vulnerable schools across the country. Currently, the School Feeding Programme provides a daily nutritious meal to 176,000 school children in more than 500 pre- and primary schools located in vulnerable rural and urban areas, targeting over half of the school-going population in the country. Besides enhancing school enrolment and attendance and helping maintain the nutritional status of children, School Feeding serves as a vital safety net measure with a significant income transfer effect for the most vulnerable Gambian households.

About the Daa Nyeeno:

The Food Security and Market Information Bulletin is the first of its kind tool for The Gambia which attempts to inform decision makers, policy and research on key issues pertaining to the complex subject of food security in the country. The main objective of the bulletin is to offer a systematic and holistic view of food security by looking at a variety of socio-economic trends that may affect household vulnerability and coping. This includes the timely provision of objective data and analysis on issues such as but not limited to agricultural production, food trade and price trends, identification of groups most at risk to food insecurity, climate forecast etc. It serves relevant stakeholders for the identification of gaps, needs and proper responses to household vulnerability and food insecurity.

Daa Nyeeno is a joint effort of different government institutions, UN agencies and NGOs and is published on a quarterly basis. The next issue will be due in October 2011 and will cover the period of July - September 2011 (3rd Quarter). This issue of the bulletin includes contributions from: Department of Trade, Department of Agriculture (Planning), Department of Water Resources, Gambia Bureau of Statistics, World Food Programme, Food and Agriculture Organization, Concern Universal, Muslim Aid and Action Aid.

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