

EDITORIAL

The format of this January Monthly Report has been slightly altered due to the recent holiday period. It will revert to its usual style next month including the regular nutrition update and regional highlights. This month, FSAU reports on an optimistic forecast for the *deyr* harvest, following the FSAU crop establishment assessment in November 2001. If the forecast is correct, the harvest should go a considerable way to easing current hardships particularly for the poorer and more vulnerable households in the south. Less positive developments are that Yemen re-imposed its livestock import ban at the end of December which is likely to delay the re-opening of the Somalia livestock export market and that the situation in Gedo remains critical and is of great concern as a crisis unfolds.

SITUATION IN GEDO CRITICAL

Food Security in Gedo region continued to deteriorate, with light patchy showers in the southern districts of Baar-Dheere, Buurdhuubo and Ceel Waq. Consequently, the outlook in the region is worse than that predicted by the scenario in September and recovery this year is impossible. Pastoral groups are attempting to move all their animals out of the northern districts; the few remaining larger animals are being moved to Bay, Bakool and Middle Juba regions. Smaller livestock are being herded to Ceel Waq and Baar-Dheere as well as neighbouring districts in Bay and Bakool (Berdale and Wajid, respectively) –this has not met with much success. The supply of fresh milk in local markets has decreased and is expensive, while whey (the residue after ghee manufacture) is unavailable. Those who have the means are hand-feeding their animals to keep them alive. This is all due to drastically reduced pasture and water availability in the usual grazing areas, attributed to the persistent drought (in its third year) and long-term environmental degradation. The poor rainfall has also wiped out almost all rain-fed crops, except in Baar-Dheere, while levels in the Dawa and Juba rivers are now bottoming. Households, especially in the rural areas, are resorting to more extreme coping strategies. Nonetheless, FSAU found a global malnutrition rate of 37% in Belet Xawo district (a similar figure is expected in Luuq district).

HIGHLIGHTS

DEYR CROP ESTABLISHMENT IN SOUTH SOMALIA : The 2001/02 *deyr* crop production assessment was conducted in southern Somalia in mid-November 2001 by the FSAU. The findings of this assessment indicate that 2001 *deyr* crop production prospects are good in many regions. According to FSAU Field Monitors, the expected cereal production is likely to exceed average *deyr* cereal production, which varies between 90,000-110,000 MT. The *deyr* 2001 crop estimates show that the combined cereal production of maize and sorghum could reach 161,000MT; this is double the postwar average and 68 % greater than the *deyr* 2000 harvest (96,000MT). Normally, the *deyr* season provides 25-30% of annual cereal production in Southern Somalia. **However, there are various factors which could undermine these optimistic figures—see page two.**

NORTH SOMALIA : The areas that received poor *deyr* rains, East Sanag, Sool plateau and parts of Bari caused livestock to migrate to the Nugal valley, *Hawd* areas and south to Mudug. High density of livestock in these areas has increased pressure on pasture and water. However, *Hais* rains have started in the Alma Dow mountains and it is predicted that approximately 30% of livestock which migrated to Nugal valley will return to their home areas helping to reduce the pressure on pasture and water resources there. *Hais* rains along the coastal belt are critical for survival during *Jilaal* but have thus far been poor.

BARI INTER-AGENCY DROUGHT ASSESSMENT MISSION REPORT

An inter-agency assessment on the drought in Bari region (estimated population of 300,000) was carried out by UNCU, FSAU, WFP and CARE with the support of the Puntland Water Authority and the Bari Regional Administration. (20-24 Dec 2001) *Deyr* and *Wajine/Hais* rains were almost a complete failure, leaving berkads empty and the price of water rising dramatically above the price of water last year. Grazing resources are depleted. This has not been helped by the fact that herd sizes have increased due to limited export opportunities as a result of the livestock ban. The presence of additional livestock that could not be exported is critically stretching key environmental resources.

Signs of wasting were observed in livestock that remain. They may not last the long dry *Jilaal* season. (December-March) Livestock that migrated to Nugal are expected to return later in the *Jilaal* season. (February/March)

In the hardest hit villages most vulnerable families are suffering food shortages due to unaffordable water prices and a lack of income due to reduced labour opportunities.

Milk consumption is critical during stressful periods but drought has severely curtailed production and most lactating

animals have been moved far from villages; the lack of milk affects the capacity of remaining households to gain access to sufficient income to obtain staples (both food and water). Quite unexpectedly pastoralist' children were showing signs of lethargy, even though children are normally physically fit after the end of the *deyr* season .

Although a full impact assessment of the political conflict involving the past and the present presidents of Puntland has still to be finalized, it is believed that Bari region has not yet been specifically touched by these events.

The impact of the livestock ban and the shut down of money transfer agencies are further curtailing household purchasing power and fuelling overall negative economic trends (especially hyper-inflation) These factors have not allowed Bari pastoralists to obtain sufficient income, and to fully apply coping strategies for current drought conditions. Some strategies, such as frankincense collection and fishing activities have already been overstretched, while remittances, livestock sales and milk production have been curtailed.

For the full inter-Agency Bari report and recommendations, please contact Alex. Williams@fsau.or.ke

OPTIMISTIC DEYR CROP PRODUCTION IS NOW FORECAST

The 2001/02 *deyr* crop production assessment was conducted in Southern Somalia in mid-November 2001 by the Food Security Assessment Unit. The findings of this assessment indicate that 2001 *deyr* production prospects are good in many regions. According to FSAU field monitors, expected cereal production will reach at least average *deyr* cereal production which varies between 90,000-110,000 MT. As seen in table One below, the 2001 *deyr* crop estimates show that the combined cereal production of maize and sorghum could reach 161,000 MT; this is double the postwar average and 68 % more than the *deyr* 2000 season (96,000MT).

- The long dry spell has not caused irreversible moisture stress
- There is no unusual insect damage
- There is noo insecurity in agricultural areas
- There is no outbreak of birds in the sorghum areas; and
- There are no unusual drops in river water levels

As usual, the bulk of the production in this *deyr* season is expected from Lower Shabelle (68,000 MT), Bay (43,000MT) and Middle Shabelle (20,000MT). The main factors, which have enhanced *deyr* crop performance in these regions, include fairly good rainfall rehabilitation of agricultural infrastructure in Lower and Middle Shabelle regions and stable river levels from August to November 2001, which allowed easy gravity-flow irrigation.

It is worth noting however, that this optimistic forecast will only be met if the following factors have not taken their toll on the crops :

TABLE ONE : DEYR (OCTOBER–DECEMBER) IS THE CROPPING SEASON DURING WHICH 25%-30% OF THE STAPLE FOOD CROPS (MAIZE AND SORGHUM) ARE GROWN IN SOMALIA.

SOURCE : FSAU

REGIONS	SORGHUM (MT)			MAIZE (MT)		
	AVERAGE 1993-2000	2000-2001	2001-2002	AVERAGE 1993-2000	2000-2001	2001-2002
BAKOL	1,734	1,173	2,320	71	48	230
BAY	23,778	31,840	43,100	246	0	0
GEDO	1,673	2,618	446	2,301	2,877	3,824
HIRAN	3,419	875	7,900	2,437	1,100	3,300
L/JUBA	378	230	340	1,864	1,598	4,730
L/SHABELLE	7,798	4,865	28,000	19,773	32,460	40,220
M/JUBA	2,390	2,415	2,170	2,490	1,610	4,080
M/SHABELE	3,224	2,034	6,223	6,063	10,200	14,000
TOTAL	44,394	46,050	90,499	35,425	49,893	70,384

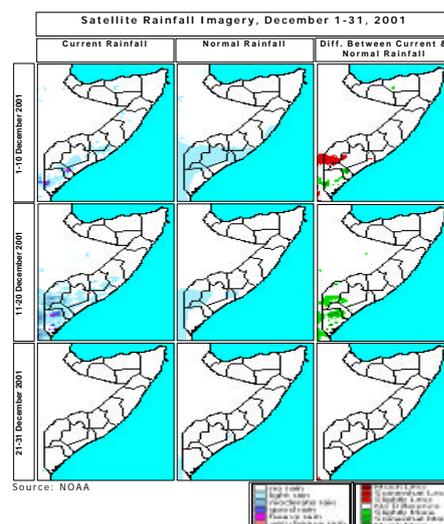
RAINFALL AND RIVER LEVELS

Satellite imagery shows light rainfall in parts of Bay, Middle Juba, Lower Juba, Hiran and Middle Shabelle regions during the 1st dekad (10 day period) of December. Heavy rainfall was recorded in only two locations in Middle Juba and Lower Juba regions over the same period. In the 2nd dekad of December, light to moderate rainfall fell in most of southern Somalia. There was virtually no rainfall in the central and northern regions of Somalia in the first two dekads of December. Somalia remained seasonably dry during the 3rd dekad of December.

A comparison of the current and normal rainfall for this time of year shows slightly less than normal rainfall (red area) in the southern part of Gedo region. In contrast, slightly above normal rainfall (green area) was recorded in parts of Middle Juba and Lower Juba regions during the 1st dekad and in Gedo and Lower Juba regions in the 2nd dekad of December.

A cross section of reports from the field confirmed that light rainfall fell in many parts of Lower Shabelle, Hiran, Bay and Middle Juba regions in the first half of December

Both Juba and Shabelle River levels significantly declined at the end of November. As a result, access to gravity-flow irrigation decreased in many parts of Lower Shabelle and Middle Shabelle regions. At this time of year, only small, low-lying areas at the bottom stretch of Lower Shabelle region normally have access to gravity irrigation but now, even these areas have little.



Source: NOAA

FSAU ASSESSMENT OF IMPACT OF REDUCED REMITTANCES IN MOGADISHU

It is widely known that the November closure of Al-Barakat, has affected the remittance industry in Somalia, which injects US\$ 500 million - 1 billion to the economy. What is less understood, however, is the impact of this closure on ordinary, and particularly poor, households. At the end of December 2001, FSAU investigated the matter in Mogadishu in an effort to clarify at least the bearing on the livelihoods of the urban poor in that city, as well as to determine some possible indicators for monitoring the situation further.

Al-Barakat used to handle around 60% of remittance transfers in Mogadishu, of which other smaller companies are trying to cover 50%, since Al-Barakat's closure. Big businesses have also suffered as many had their money trapped. This meant that flows of cash for investments such as housing purchases and construction projects almost ceased. This is likely to affect the associated employment opportunities. Nevertheless, small family remittances are still taking place, despite delays caused by extra bureaucracy, longer queues and higher commission charges. Other side effects are jammed telephone lines caused by the closure of Al-Barakat Telecommunications and laid off staff.

For the time being, import orders are expected to continue for at least three more months. The same applies to existing

construction projects as demand has continued for locally produced construction materials such as poles, bricks, sand, etc. (commodities produced largely through 'self-employment' coping strategies of the poor). One bad sign has been the reduced availability of largesse normally associated with Ramadan and the *Idd* festival as the donors (usually wealthy Somalis or Muslims abroad) have been unable to transfer large funds. However, household expenditure patterns have not shown any marked change (e.g. a switch away from imported items), despite the lower level of economic activity over *Idd* at Bakara market in Mogadishu.

FSAU will be watching the following indicators over the coming months:

- Changes in expenditure patterns;
- Investments in construction and associated industries;
- The labour market ; changes in labour demand will be investigated to see if they can be attributed to the 'remittance shock'.

More information on FSAU remittances research in Mogadishu which was carried out during the third week of December 2001, can be obtained from : Alex.Williams@fsau.or.ke

YEMEN RE-IMPOSES THE LIVESTOCK BAN

At the end of December 2001 Yemen authorities renewed the Somali livestock import embargo they had just lifted in the first week of December. This resulted in the return of 1700 heads of livestock to Northern regions of Somalia and Djibouti.

This re-imposition of the ban on Somali livestock import was motivated by the allegation that Somali traders had not followed up with agreed requirements concerning measures to immunise and treat exported livestock. Yemen authorities feared the presence of infectious diseases because some livestock showed signs of diarrhoeal problems. This import ban will mainly concern cattle, which constitutes Yemen's main imported livestock, which happens to be the animal most susceptible to disease. Yemen was in fact the largest buyer of Somali cattle before the ban was imposed (data from first half 2000), with almost 92% of the cattle market.

The overall implications of Yemen re-imposing the ban are extremely serious. It strengthens the arguments for imposing the ban in the first place and will delay a reopening in the Somali livestock export markets. In the short run it will not allow the potential Haj market to be exploited, with huge repercussions on the Somali pastoral livelihood and great overall economic loss.

Moreover, it is likely to lead to a consistent reduction in the demand for and prices of livestock, resulting in reduced income and labour opportunities. The opportunity to earn foreign currency through livestock exports will also reduce. As a result, the terms of trade for pastoral groups will become increasingly unsatisfactory. An abnormal increase in the price of water has been reported in many northern areas.

While the export of Camels to Egypt and the activities of Gal-

kayo slaughterhouse (with almost daily flights carrying chilled meat to the United Arab Emirates) are partially helping to overcome the import ban, the discouragement this new ban will bring among pastoral communities and livestock traders cannot be overemphasized.

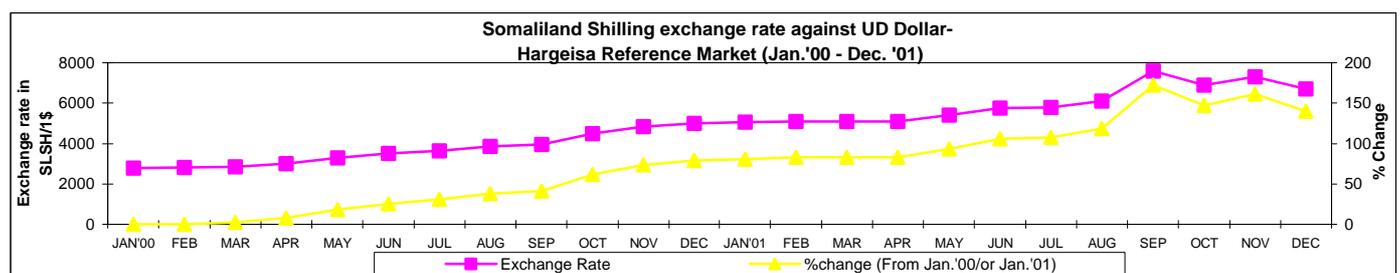
FSAU reports from NE Somalia during December were in fact showing clear signs of economic recovery, due to Ramadan and Haj livestock market peaks and the ban lift by Yemen authorities. The prices of livestock were increasing, for the first time in the year as well as pastoral terms of trade were improving, due to the rise in price of livestock and its associated products such as milk, meat, hides & skins. These trends were coupled with a decrease in cereal prices and a drop in the dollar exchange rate.

However, these positive trends mostly affected traders who were benefiting from the improved conditions, with little benefit being absorbed by herders. The uncertainty of current export conditions will increasingly leave pastoralists at the mercy of traders.

The environmental impact of the re-imposed import ban should also be considered, as the amount of unsold livestock (male herds) wandering in Somalia rangelands is becoming increasingly unbearable, especially in areas where little *deyr* and *Hais* rains did not replenish rangeland resources.

It is also worth recalling that this event will contribute to a situation where traditional coping strategies are already overstretched since pastoralists are about to enter the most difficult time of the year, the dry *Jilaal* season. Some worsening of human and livestock conditions are reported in localised areas, which could be indicators of situations, that have already become critical.

IMPACT OF THE LIVESTOCK BAN ON SOMALILAND SHILLING EXCHANGE RATE



The livestock ban was imposed by Gulf countries in September 2000, resulting in a higher depreciation of SLSH. On top of the effects of the persistent ban, drastic effects of continued government interventions and speculation also contributed to overall decreasing trends. In December 2001 Yemen (temporarily) lifted the ban, causing a temporary appreciation of the SLSH.

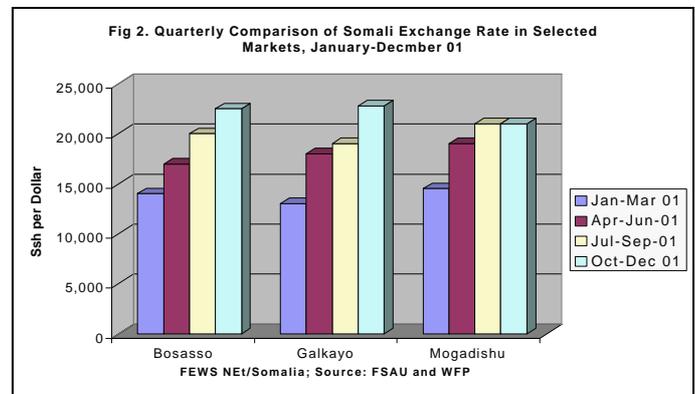
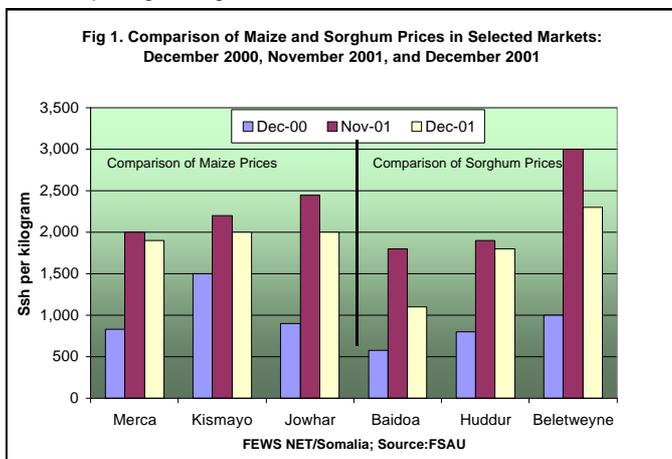
FOOD AVAILABILITY AND PRICE TRENDS

Possibly in response to the improved production prospects for the *deyr* season in riverine areas, the price of local cereal prices has been mixed in reporting markets. Maize is available in the irrigated riverine areas and market supplies are expected to increase as the *deyr* harvest begins, tending to lower prices. Indeed maize prices dropped in most markets, especially in maize production areas as farmers started to sell some of their old cereal stocks at local markets. In contrast, maize availability is below normal in the rain-fed areas and in the central regions of Somalia. Compared to the average monthly price one year ago in December 2000, prices doubled this year. However, compared to last month (November 2001), prices were lower in December 2001. Figure 1 compares average maize and sorghum prices in selected markets, between December 2000, November 2001 and December 2001. Low maize prices offer an inexpensive alternative to sorghum, particularly beneficial for poorer households. Reports from sorghum-producing areas indicate that sorghum prices decreased moderately in most markets. However, sorghum prices were still higher than their usual range of 700-900 per kg during December.

kets appreciated slightly against the dollar during December, which could be due to the temporary increase of livestock exports to Yemen, increasing transactions in hard currency, especially the US dollar, as well as low demand for imported commodities. For instance, in Mogadishu's Bakara market, the shilling appreciated an average 25 percent, from Ssh 24,000 in November to Ssh 18,000 in December. Figure 2, compares the Somali shilling/US Dollar exchange rate in selected markets, from January –December 2001. A similar trend was observed in other markets using the Somali shilling. However, in Somaliland markets, the Somaliland shilling remained stable against the dollar in December.

TRADE ACTIVITIES

In normal years, the livestock trade is very active during December. However, due to the livestock import ban, exports and trade related activities have slowed down in most markets. Generally, imports increase in relation to livestock exports as the proceeds from livestock sales are usually used to import of food and non-food items. Thus, the livestock trade has a significant impact on food security in Somalia, especially in Somaliland and Puntland.



For instance, in Baidoa market, sorghum prices decreased by 39 percent, from Ssh 1,800 per kg in November to Ssh 1,100 per kg in December. Other markets, including pastoral area markets, also reported that sorghum price decreased moderately.

Imported commodity prices increased slightly in most inland markets. On average, prices of imported commodities rose by some ten percent during December in most markets, compared with November prices. However, rice prices decreased moderately due to expected high supply of local cereals.

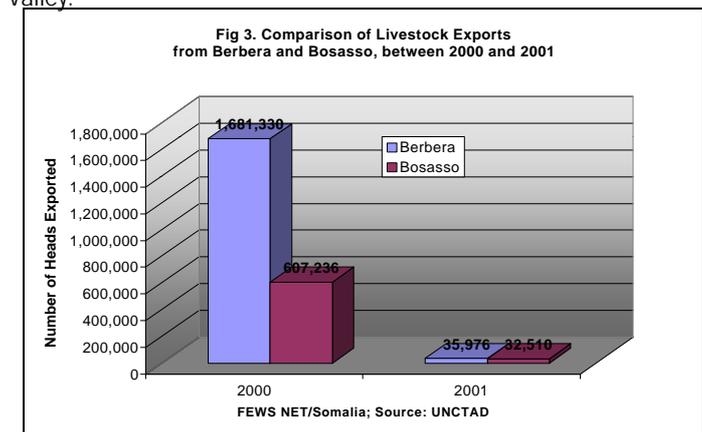
Livestock prices were near normal in most markets during December. However, cattle prices slightly improved in markets near the Kenya border due to higher demand for the Idd and Christmas holidays. Prices for local-quality goats continued to increase due to the ready availability and relatively high prices of export quality animals. In Galkayo, local-quality-goats increased by 19 percent, from Ssh 185,000 per head in November to Ssh 220,000 per head in December. Similar trends were observed in other markets. However, camel prices also declined by 2-5 percent in most markets. As a result of Yemen's reimposing the import ban, it's likely that prices will continue to decline in the coming months.

Terms of trade (ToT) is a term used to consider market prices by looking at how much of one product can be obtained in exchange for another product. As a result of low cereal prices, local goat/sorghum terms of trade improved in December in most markets for those selling goats. For example, in Baidoa, one local goat could be exchanged for more than four 50 kg sacks of sorghum but only one sack in Galkayo. However, herders from Lug (Gedo) received less than one sack. The sorghum/camel milk terms of trade for also favored milk sellers in most markets who received at least one kilogram of sorghum per liter of milk. Unfavorable sorghum/unskilled labor terms of trade were reported in most markets, due to lack of income of workers.

The exchange rate for the Somali shilling in most urban mar-

kets appreciated slightly against the dollar during December, which could be due to the temporary increase of livestock exports to Yemen, increasing transactions in hard currency, especially the US dollar, as well as low demand for imported commodities. For instance, in Mogadishu's Bakara market, the shilling appreciated an average 25 percent, from Ssh 24,000 in November to Ssh 18,000 in December. Figure 2, compares the Somali shilling/US Dollar exchange rate in selected markets, from January –December 2001. A similar trend was observed in other markets using the Somali shilling. However, in Somaliland markets, the Somaliland shilling remained stable against the dollar in December.

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(Export data from December 2001 are not included in this chart)