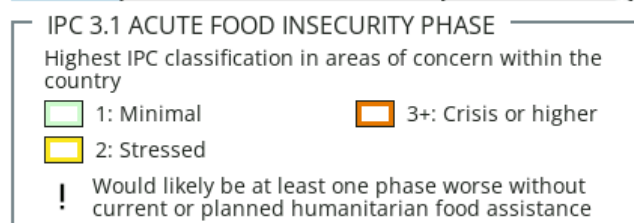


Food security outlook worsens amid removal of subsidies and forecast El Niño

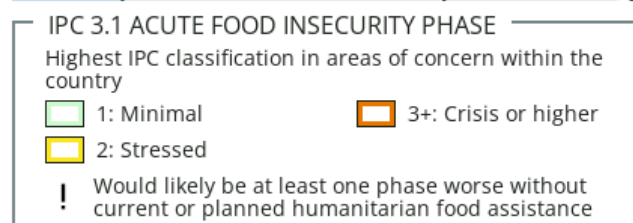
Projected food security outcomes, June - September 2023



FEWS NET classification is IPC-compatible. IPC-compatible analysis follows key IPC protocols but does not necessarily reflect the consensus of national food security partners. As of IPC 3.0, the IPC no longer assesses the impact of food assistance on classification and thus no longer maps the (!). However, FEWS NET continues to produce food security maps inclusive of the (!) as well as maps compatible with IPC 3.0/3.1, which include the mapping of food assistance bags.

Source: FEWS NET

Projected food security outcomes, October 2023 - January 2024



FEWS NET classification is IPC-compatible. IPC-compatible analysis follows key IPC protocols but does not necessarily reflect the consensus of national food security partners. As of IPC 3.0, the IPC no longer assesses the impact of food assistance on classification and thus no longer maps the (!). However, FEWS NET continues to produce food security maps inclusive of the (!) as well as maps compatible with IPC 3.0/3.1, which include the mapping of food assistance bags.

Source: FEWS NET

Key Messages

- In June, the Government of Angola removed fuel subsidies and halted support measures to the Kwanza as a result of lower-than-anticipated foreign currency earnings following declining oil prices. This has led to atypically shallow food price decreases during the harvesting period and, in some cases, food price increases. Additionally, some businesses are operating at lower-than-normal levels as the country faces difficulty

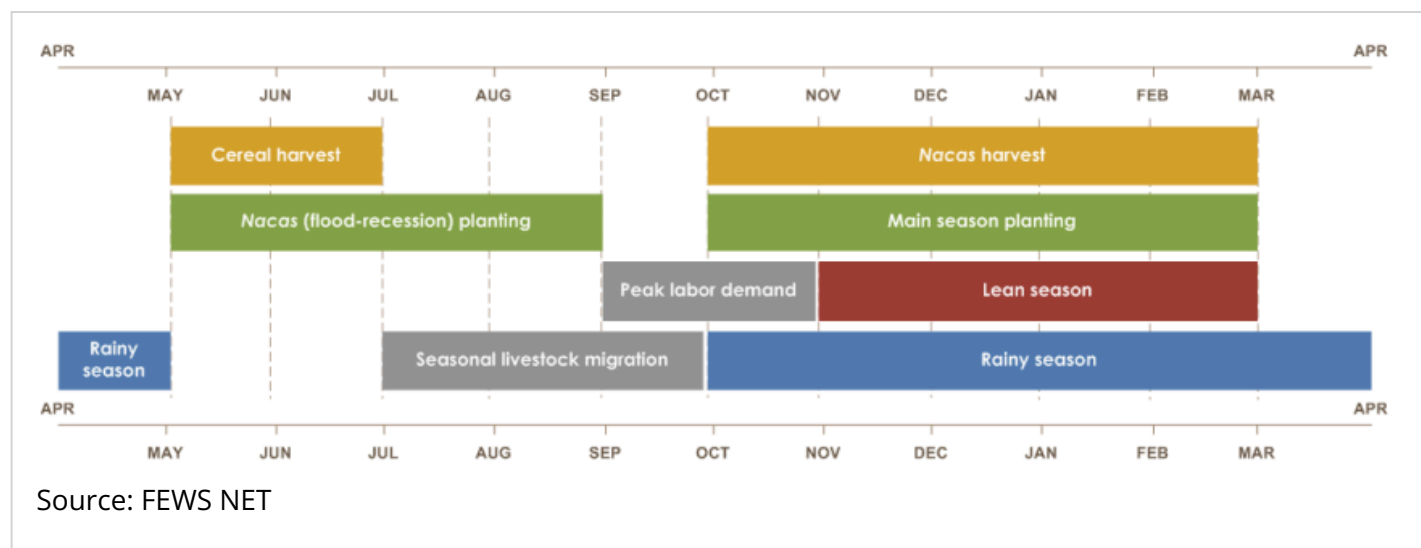
importing inputs with decreasing foreign reserves. As a result, it's likely poor households in urban areas, who do not have the buffer of food stocks from the harvest, are facing increased difficulty meeting their food and non-food needs.

- In rural areas, poor households are not significantly affected by the increase in fuel and food prices, as they are more reliant on their own crop production during the ongoing harvesting period, and they are also the target of government interventions and social safety nets. The exception to this is poor households in the southwest for whom consecutive years of drought has negatively affected their capacity to cope with additional shocks to food systems. Given that crop production in these areas was also below average in the current 2022/2023 season, poor households' ability to rely on own production is low, and they face higher food prices amid atypical reliance on markets.
- As the lean season begins earlier than normal for populations in the southwest, area-level Crisis (IPC Phase 3) outcomes are expected in these areas by end of August. Poor urban households will likely continue to face high food prices, and an increasing number of these households are likely to be Stressed (IPC Phase 2) or in Crisis (IPC Phase 3) throughout the projection period. In other rural areas of the country, concern for acute food insecurity is relatively lower as access to own crops and labor income will be available for poor households. Through January 2024, significant impacts to food security are not expected due to the El Niño forecast, as the rainfall deficits are most likely during the January to March peak of the rainy season. Concern is higher, though, for acute food insecurity outside of this projection period, specifically in 2024 should the 2023/2024 rainfall performance be significantly below average.

Zone	Current Anomalies	Projected Anomalies
National	<ul style="list-style-type: none"> • Removal of fuel subsidies and halt to currency support is leading to an atypically shallow decrease in food prices during the harvesting period and, in some cases, food price increases. • The removal/partial phase-out of fuel subsidies will reduce costs on the treasury but raise the cost of transportation and business operations. The accrued savings is enabling the expansion of the Kwenda, a targeted cash transfer program that benefits poor households. • The reversal of previously implemented intervention policies by the Bank of Angola to stabilize the Kwanza, due to a decline in oil prices, has led to an acute depreciation of the Kwanza and stalled the disinflation observed in Angola over the past 15 months. • The decline in the oil price and domestic oil production adversely affected Angola's trade and fiscal balances, worsening its credit rating by major rating agencies, and increasing their debt-to-GDP ratio. 	<ul style="list-style-type: none"> • The economy is likely to cool even further as more austerity measures, intended to correct economic performance, are rolled out. The resulting speculation is likely to dampen the positive effect of increased food availability from harvest. • Reduced petrol-price subsidies and further cuts in fuel subsidies later in the year will most likely put further upward pressure on transportation prices. Inflation is expected to rise, which will negatively affect the value of current wage rates and remittances. • Declining foreign reserves and lower foreign currency earnings is likely to lead to further depreciation of the Kwanza. The currency weakness is most likely to result in a resurgence in food price inflation in the coming months. • Persistently low oil prices are likely to lead to a narrowing of the trade surplus and a reduction in government oil revenues, with deterioration in economic growth prospects and restrictive monetary policies likely to follow.

Zone	Current Anomalies	Projected Anomalies
National	<ul style="list-style-type: none"> Rainfall during the October 2022 to March 2023 season started late and performed average-to-below average in most of the country, with most areas observing below-average moisture conditions. Southwestern regions of the country had the worst conditions, with negative effects on crop production, pasture, and water for animals. 	<ul style="list-style-type: none"> Based on the forecast available from FEWS NET's science partners at NOAA, USGS, and UCSB CHC, an El Niño event is considered highly likely for the remainder of 2023. El Niño events are typically associated with increased dryness over southern Africa. As such, the start of the October to December 2023 rainy season is likely to be mixed with a potential delayed start. From January to March, during the height of the wet season, below-average precipitation is considered most likely.

Seasonal Calendar for a Typical Year



Projected Outlook through January 2024

Crop production for the ongoing 2022/2023 agricultural season is expected to be close to the five-year average and approximately 6 percent above last year. The provinces of Huambo, Cuanza Sul, Huíla, and Benguela contributed around 87 percent of national crop production. The Government of Angola estimates 3.18 tons of crops were produced, nearly 97 percent of which is maize. Despite relatively favorable production, Angola still requires imports of maize, sorghum, and millet to meet national needs.

The Angolan economy continued its cooling trend in part due to the volatility of the international price of oil. The economy is highly reliant on oil revenue and, as prices have fallen below the national budget planning estimate of 75 USD/barrel, revenue is lower than originally anticipated. The reduced ability to obtain foreign currency has led the Angolan Central Bank (Banco Nacional de Angola) to suspend actions previously in place – including the large-scale purchase of treasury bills and sale of forex – to support the Kwanza. In June, the Angolan Kwanza depreciated approximately 34 percent, going from 516 AOA/USD at the beginning of the month to 786 AOA/USD at the present

moment, its lowest value since the currency came into existence in 1999. The government has communicated the suspended support to the AOA is temporary, though no timeline for reinstating actions to support the currency have been provided. Furthermore, the ability to import inputs required for numerous businesses in Angola has – in turn – negatively affected overall business operation and the ability of the government to then collect taxes from local businesses and pay government employees.

Additionally, on June 2, the government removed a large proportion of the fuel subsidies that have been in place for over three decades, maintaining the full subsidy for diesel but dropping 75 percent of the gasoline subsidy. This resulted in an 87.5 percent increase in gasoline prices overnight. While small taxis, a main form of transport for people selling their goods at smaller, informal markets, are supposed to be exempt from paying the full fuel price, the ‘fuel cards’ for this exemption have yet to be distributed. Furthermore, the distribution of these cards will go to registered taxis, and the large majority are not registered. Consequently, taxi drivers are passing along the increased fuel cost to customers, increasing the cost to transport a 100-kilogram bag from rural areas to urban markets from approximately 500 AOA to 900. Sellers are – in turn – passing along prices to their consumers. Prices have declined less than is typically expected in the post-harvest period for locally produced crops, and prices have increased among imported foods. Across the main markets of Huila, Huambo, and Cunene, the price of yellow maize flour decreased from 180 AOA/kg to 157 AOA between May and June, while white maize flour saw a similar decline of roughly 200 AOA/kg to 180 AOA. Sorghum saw a somewhat larger decline of 600 AOA/kg to 490 AOA. However, rice increased from 500 AOA/kg to 600 AOA, and beans increased from 700 AOA/kg to 750 AOA.

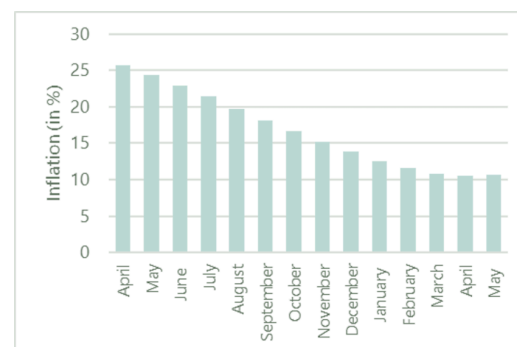
Most poor households in Angola **rely on market purchases** to meet the large majority of their basic food needs. In addition to facing higher food costs, the higher fuel costs are translating into lower take-home income for poor rural and urban households. Those working as taxi drivers, many of whom are likely to send home some income to rural kinships, are likely earning lower income from fewer customers and the inability to pass along all increased costs. Similarly, those working in urban centers or selling goods in urban markets are likely to take home less income from increased transportation costs. The combination of somewhat lower income and higher food and non-food prices is constraining poor households’ capacity to meet their basic food and non-food needs, in particular in urban areas.

Amid the increasing food and non-food prices, the government is aiming to implement targeted interventions to mitigate the impact. One such intervention is the above-mentioned fuel cards targeting taxi drivers, which are anticipated to provide a maximum of 5,000 AOA a month. However, in addition to the challenges already noted, this is so far implemented only in Luanda and a few additional city centers. The government is also providing social safety to very poor households in rural areas through the Kwenda Program, which gives 25,000 AOA every three months, though the full reach of this program is unknown.

Overall, the ongoing economic challenges are most significantly impacting poor urban households, though some negative impact is being felt by poor rural households, in particular in drought-affected areas of the southwest. Poor urban households rely highly on local labor, the availability of which is somewhat cooling amid significant currency depreciation and lower input imports, and the purchase of food on markets. With atypically high food prices, many are likely facing increasing challenges purchasing food and non-food items at typical levels. In particular, as these households rely more so on imported foods, for which larger price increases are being observed. However, a sharp drop in their food security is not expected in June, as poor households are still earning income, and price increases to date are not considered extreme.

Figure 1

Annual inflation rate, Angola



Source: Angola's National Statistics Institute

In rural areas, the very poor households are not significantly affected by the increase in fuel prices, as most goods are transported via trucks that rely on diesel, for which subsidies remain in place, or via bike, which are largely unaffected by increased transportation costs. Additionally, poor households in rural areas are more reliant on their own local production during this harvesting period and, therefore less affected by high food prices on markets. They are also the population targeted for government intervention and social safety nets. While concern for poor rural households' food security is relatively low at this time, the exception to this is poor households in the southwest, for whom consecutive years of drought has negatively affected the capacity to cope with additional shocks to food systems. Given that crop production in these areas was also below average in the current 2022/2023 season, their ability to rely on own production is low, and they face higher food prices amid atypical reliance on markets to access food.

Overall, it remains likely that most poor households across rural areas of the country are facing No Acute Food Insecurity (IPC Phase 1), though an increasing number of poor households in urban areas are likely Stressed (IPC Phase 2), and in the southwest of the country, while area-level Stressed (IPC Phase 2) outcomes are still likely, there are households likely in Crisis (IPC Phase 3).

In the projection period, concern remains for acute food insecurity remains amid likely higher food prices due to the ongoing economic challenges, but concern will also increase due to the forecast El Niño, which is typically associated with increased **dryness over southern Africa**. It is expected rainfall during the 2023/2024 season will be lower than average, driving below-average crop and livestock production. It is difficult at this long lead time to forecast the exact location and severity of rainfall deficits, and greater specificity will be possible as the rainy season is underway. However, the southwest is already considered an area of high concern as the forecast poor rainy season will come on top of several consecutive poor seasons, prolonging the drier-than-normal conditions in these areas. While rainfall is likely to be sufficient for crop production in many areas of the country, crop production will still likely be below average. Below-average crop production also often results in lower access to agricultural labor activities. The rainfall is still anticipated to drive seasonal improvements in livestock body conditions, but worsening soil conditions and more limited pasture and water during the dry season will still overall negatively affect livestock conditions, production, and value. Depending on the severity of rainfall deficits, atypical livestock deaths are possible.

Overall, as the lean season begins earlier than normal for populations in the southwest, area-level Crisis (IPC Phase 3) outcomes are expected by end of August. This acute food insecurity is resulting from a loss of typical food and income sources, namely crops, labor income, and livestock, due to consecutive seasons of drought, as well as the fact that these populations will now face high food prices at markets during the lean season. This severity and magnitude of acute food insecurity will likely be somewhat mitigated by government social safety nets, though the location and size of assistance is unknown. Also of concern will be poor urban households who will likely continue to face high food prices; an increasing number of these households are likely to face Stressed (IPC Phase 2) or Crisis (IPC Phase 3) outcomes. In other areas of the country, concern is relatively lower as access to own production from the harvest will be available for many poor households outside of the southwest, and some labor income will support market food purchases. Through January 2024, only mild to moderate impacts to food security are expected due to the El Niño forecast, as significant rainfall deficits are not expected until the January to March peak of the rainy season. Concern is higher, though, for increased acute food insecurity outside of this projection period, specifically in 2024 should the 2023/2024 rainfall performance be significantly below average.

Recommended citation: FEWS NET. Angola Remote Monitoring Update, June 2023: Food Security Worsens Amid Removal of Subsidies and Forecast El Niño. 2023.

About Remote Monitoring Report

In remote monitoring, a coordinator typically works from a nearby regional office. Relying on partners for data, the coordinator uses scenario development to conduct analysis and produce monthly reports. As less data may be available, remote monitoring reports may have less detail than those from countries with FEWS NET offices. Learn more about our work [here](#).