

US lecturer urges strengthening of food forecast systems in Africa

By Kabanda Chulu in Lilongwe, Malawi

MICHIGAN State University lecturer Thom Jayne has said there is need for African governments to strengthen national crop forecast systems to avoid food price instability and its associated risks.

Making a presentation on crop forecasting accuracy and price instability at the Africa Agricultural Markets Programme (AAMP) policy seminar on Tuesday, Jayne said inaccurate crop forecasts usually contribute to food crises, resulting in decisions that cause national supply-demand imbalances and exacerbate price volatility.

Jayne cited an example where a crop forecast estimate stood at three million metric tonnes but actual production recorded was 2.6 million metric tonnes, while estimated consumption was at 2.4 million metric tonnes, but actual consumption was 2.6 million metric tonnes.

"So estimated staple food surplus was 600,000 MT but actual staple food surplus was zero but government policy response to estimated staple food surplus was to export 500,000 MT and store 100,000 MT, based on estimate of 600,000 MT surplus of production over consumption. And on basis of estimated national surplus, government restricted granting of import licences and the outcome was that government exports led to 500,000 MT national shortage (consumption requirement over production) and food price surges," Jayne said. "All these raise the possibility of food crises and jeopardise the functioning of food security programmes, hence governments should put in place specific actions for strengthening national crop forecast systems."

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He explained that both public and private marketing agents make decisions on the basis of available information.

"Annual grain production estimate is perhaps the single most important source of information to guide public and private decisions and if the information is inaccurate, their marketing decisions in the aggregate lead to 'surprise outcomes' so confidence in public crop production and balance sheet estimates are necessary for the functioning of commodity exchanges, hedging, call options and most other tools for managing food price risks," said Jayne. "Crop forecasts and balance sheets influence government decisions on marketing board purchases, export decisions, so more consideration is needed on what is the right information to monitor since production is not enough and there is need for more attention to forecasting 'marketed supply and demand, since these are what determine food prices and If government wants to know how much grain can be exported to relieve a surplus, it needs estimates of marketed supplies as function of various price levels."