

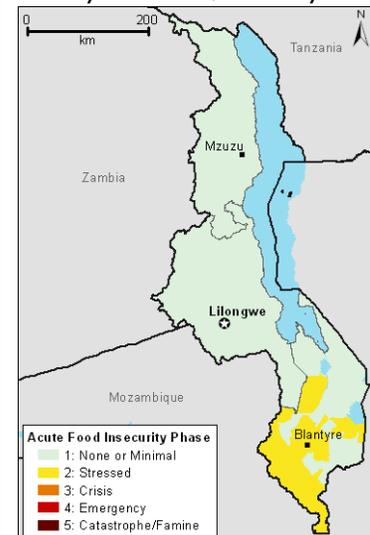
MALAWI Food Security Outlook

February through June 2012

Key Messages

- Rapid increases to maize prices and a late harvest in southern Malawi have increased the number of people in need of food assistance by 150,000 and will require an extension of the ongoing food assistance program for two months, until April.
- The next harvest in southern Malawi is likely going to see reduction in maize production due to the erratic start of the rainy season.
- Despite a substantial increase in cotton production, there will be a negative net impact on the economy because of the decline in tobacco production and prices.

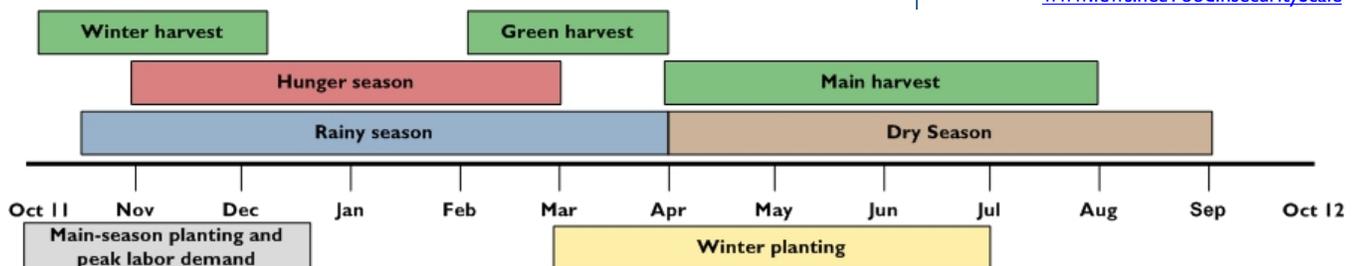
Figure 1. Current estimated food security outcomes, February 2012



Source: FEWS NET

For more information on FEWS NET's Food Insecurity Severity Scale, please see: www.fews.net/FoodInsecurityScale

Seasonal calendar and critical events timeline



Source: FEWS NET

National overview and current food security conditions

The food security situation in central and northern Malawi remains stable although seasonal price increases have been observed. In contrast, the food security situation in the south has worsened as prices continue to rise and the current agricultural season is threatened by erratic seasonal rains. Maize prices continued to rise in January 2012 due to two major factors: 1.) an adjustment to maize prices by the government owned food commodity trader Agricultural Development and Marketing Corporation (ADMARC) from MWK40/kg to MWK60/kg and 2.) the scarcity of fuel in petrol pumps that was brought on by limited foreign currency in Malawi. The fuel scarcity is resulting in most transporters purchasing fuel from parallel markets at double to thrice the normal pump price, which has put upward pressure on transportation and, subsequently, maize prices. Maize prices in some of the southern markets rose from about MWK60/kg in November 2011 to MWK90/kg in January 2012.

Currently 201,000 people relying on food aid response programs funded by the (GoM) the World Food Program (WFP), and donors (USAID, Irish AID and DfID). In June 2011 MVAC projected that 201,000 poor people would not be able to meet adequate food needs for the whole year. Due to the increase in retail prices of food in local market in January 2012, the Malawi Vulnerability and Assessment Committee (MVAC) is in the process of revising its food security assessment in light of the higher food prices and erratic rainy season, but the report is not out yet. Initial MVAC analysis reported in Humanitarian Response Committee shows that an additional 150,000 people from poor and middle households are not able to access food through markets from December 2011 to April 2012 because of a rapid increase in maize prices from about MWK40/kg to MWK70/kg. 201,000 people are meeting their food needs through ongoing government food aid program while an additional 105,000 people are relying on coping strategies like labor migration and asset stripping, like the sale of breeding stock. With the recent deterioration in food security conditions, an additional 150,000 will require food assistance to meet their consumption requirements and those households receiving food assistance will require assistance for an additional two month, until April.

The Malawian economy remains unstable due to limited supply of foreign currency making it difficult for traders to purchase and import essential commodities, such as fuel and fertilizer. Donors are withholding about US\$380 million of direct budgetary support. In addition, the Ministry of Finance announced that negative trade conditions will prevail over the Malawi economy. Tobacco has remained the primary exportable commodity for the past two decades. Over the past few years, average national tobacco earnings have been between US\$300 million to US\$400 million. Tobacco production is expected to decrease by more than 50% as a result of farmers shunning tobacco production in the 2011/12 agricultural season due to low prices realized by farmers in the past three to four years. This year, there has been some substitution between tobacco and cotton, but the effect on trade and access to foreign currency is expected to be limited. The most likely scenario is that the foreign currency position in Malawi will not substantially change in the short term, which will continue to limit the country's ability to import fuel.

Malawi agricultural meteorology reports show that the 2011/12 rainfall season was characterized by a poor start of season and erratic rainfall performance from October to December 2011. The start of the rainy season was two dekads early in southern Malawi, however, the rains were late to establish and generally erratic throughout the season. The erratic nature of rains resulted in some farmers replanting entire fields twice or thrice. In many cases there are two or three variations in the same crop in the same farm. This has negative implications for the 2012 main harvest for two reasons. First, farmers used the best quality seed in the first planting and have likely reverted to poorer seed qualities the second or third rounds of planting, which will likely result in lower than normal maize yields than otherwise could have been realized with the first planting. Second, the harvest will be realized one to two months later than normal. In the south, it is normal for farmers to start harvesting green maize and other crops, like pumpkins, as early as mid-February. However the delay in the start of the agricultural season this year will delay the availability of green maize and pumpkins to March with the actual harvest taking place in May in most southern districts.

Since most of the crop is only at vegetative and tasseling stage, continued rainfall is critical throughout the month of March otherwise the projected harvest outlook will decrease significantly. MoAIWD plans to release a report of the second national crop estimates in April 2012, which will be useful in confirming observations in this report.

Floods as a result of tropical cyclone Funso have resulted in 6,159 people in the Nsanje district losing their shelters and property, including food and livestock. Ongoing government food assistance targeting flood affected households will assist them in meet their food needs. Irrigated farming is a common practice in the flood affected areas. Government and non-governmental organizations are expected to provide seeds and inputs to plant in April when the rainy season is completed. The food security conditions are expected to normalize by July when their irrigated crop will be ready for harvest.

Most-likely food security scenario, February through June 2012:

The outlook scenario will be based on the following key assumptions:

- Despite the erratic start of season there will be normal cumulative rainfall in Malawi.
- Regularly distributed rainfall will continue until the end of March allowing for maturity of some crops.

- Southern Malawi will realize lower maize production compared to last year. However central and northern Malawi are expected to have near-normal production.
- Fuel and foreign currency shortages are likely to continue, negatively affecting the Malawi economy.
- An export ban maize, sunflower, and pigeon peas will likely continue throughout the outlook period.

MVAC projects that this erratic establishment of crops will result in an April harvest rather than February, as normal. This in turn will extend the lean season by two months. Although MVAC results are late, it is still important for the GoM to adjust the number of food insecure people taking into account those who are unable to access food due to increase in prices of maize and other food commodities but are not currently included on the current food aid program estimated by MVAC at 150,000 people. The GoM also needs to extend the food aid program by two months from February to April 2012.

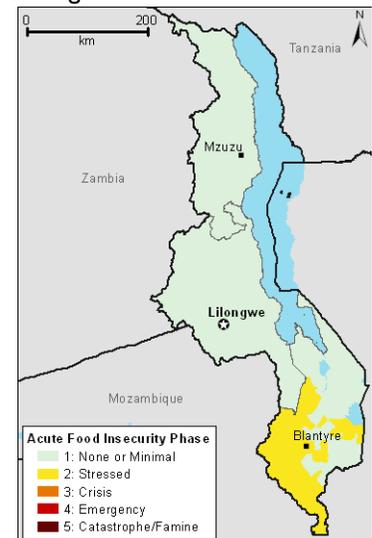
Field observations of crop conditions as reported by the Ministry of Agriculture, Irrigation and Water Development (MoAIWD) show that Balaka, Mwanza, Neno, Phalombe, Chiradzulu, and Blantyre districts in southern Malawi will realize lower maize production than normal. Crop yield comparisons will be released in April 2012 after the second national crop production projections are completed. Regardless, households are able to rely on income earning through agricultural labor opportunities as normal, especially from the cotton harvest.

The southern districts of Mangochi, Machinga, Zomba, Mulanje, Thyolo, Mwanza, Neno, Blantyre, and Chiradzulu will also realize reduced maize, rice, and tobacco production in 2012 as a result of the repeated failed start of the 2012/12 agricultural season. In all these districts, a significant increase in cotton production is expected under the auspices of the presidential initiative on cotton production in Malawi. Initial indications show that there could be as much as fourfold increase in cotton production this year. Overall, this will have positive food security implications in that it will increase ganyu opportunities for poor households. The 2011 cotton marketing season showed a dramatic increase in cotton prices from about MWK40/kg to as high as MWK80/kg. In the 2012 marketing season, there is more demand for cotton because the number of cotton companies interested in buying cotton from farmers has risen from four to seven. Some of these companies have commissioned large cotton processing factories. This demand will be backed by favorable prices as a result of a decline in world cotton production from an expected 17 million bales to 16 million bales, according to USDA. Although income from cotton is expected to increase in Malawi, the national economy will likely experience a net decline in Gross Domestic Product as a result of depressed tobacco revenue due to decline in production of tobacco by 50 percent.

In southern Malawi, food commodities are expected to remain available in local markets with continued high or rising prices until the lean season ends in April. After the harvest in May, maize prices are expected to stabilize, but they will remain above the five-year average due to expected lower maize production and fuel shortages.

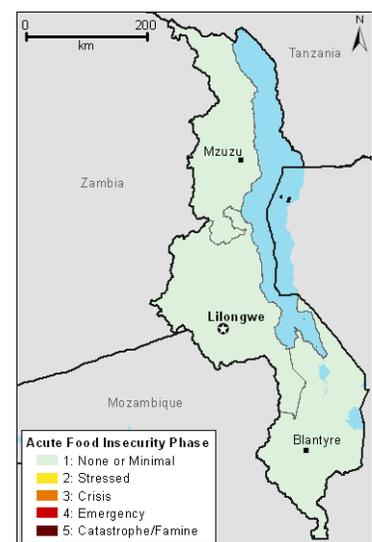
Government of Malawi (GoM) commodity export bans will continue to negatively affect food security situation of poor people who depend on markets in the south of the country. The GoM has announced a ban in exportation of maize, sunflower and soybeans from Malawi. This policy has been made following concerns that the GoM has over poor start of the agriculture season which has resulted in reduction in expected production in these crops in Malawi against their local consumption demand. It is likely that this ban will continue during the outlook period and can result in low competition for these crops and resulting in low prices that could in turn limit household income levels.

Figure 2. Estimated food security outcomes, February through March 2012



Source: FEWS NET

Figure 3. Estimated food security outcomes, April through June 2012



Source: FEWS NET

From February to April 2012, up to 351,000 poor and middle households in southern Malawi will remain in Stressed (IPC Phase 2) food security outcomes. An estimated 150,000 additional people have moved into Stressed food insecurity due to the unexpected rise in food prices. These households will likely engage in negative coping mechanisms, including migrating to find labor and selling important assets like breeding quality animals, in order to meet their immediate food needs. Ongoing humanitarian assistance for the 201,000 poor was initially planned to end in February, but the late harvest will require an extension of food assistance until April. The harvest will take place between May and June, resulting in an increase in food from own production and income from cash crop sales and ganyu opportunities. At this time, food access will improve in these areas, and households will have no or minimal acute food insecurity (IPC Phase 1).

Area	Event	Impact on food security outcomes
Southern Malawi	Cessation of rains before the end of March	Most of the crops that were planted in late-December and January will be unable to reach maturity resulting in less availability of food and household incomes from crop production.
Southern Malawi	Improvement in the foreign currency and fuel availability situation in Malawi	Transportation costs would stabilize and potentially decrease, resulting in lower food and fuel prices in local markets in the south. Thereby improving food access.
Southern Malawi	Government allowing private companies to continue exporting maize grain and legumes sale	Increased competition would result in prices going up and this would push more farmers to sell their maize grain at the expense of their own household stocks for consumption.
National	Government exporting maize from ADMARC and NFRA	There would be concerns about national availability of maize