MALAWI Food Security Outlook — July to December 2009

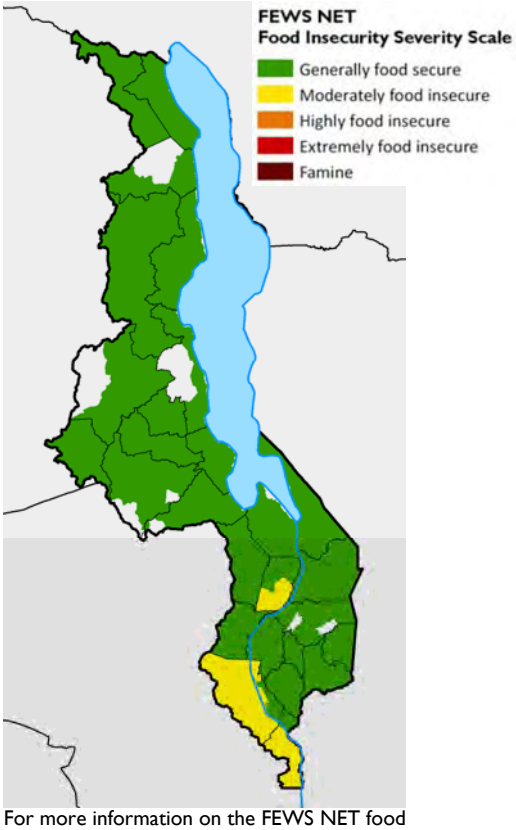
- Food security across the country has greatly improved with the arrival of the new harvest. Most households now have access to their own produced food. However, for parts of Chikwawa, Nsanje, and Balaka districts, some households continue to experience food insecurity due to poor harvests in these areas during the 2008/09 agricultural season. Local market maize prices are generally affordable for the majority of households, though prices are beginning to rise in some of the markets.

- The number of households that have depleted their own-produced food will increase in the next six months. Most affected households will turn to the market for food, thereby increasing market demand for maize and exerting upward pressure on local market maize prices.

- The number of households seeking *ganyu* (casual labor) to obtain cash to buy food will rise in the next six months. However, excess supply of labor in the affected areas could result in a reduction in wages and consequently household incomes.

- The government has announced a producer price for maize of MK40.00/kg, compared to MK50.00/kg last season. However many farmers have already sold their maize to traders at prices lower than the recommended price and may not benefit from the announcement. Most poor households sell their maize during or soon after the harvest. The Agricultural Development and Marketing Corporation (ADMARC) and National Food Reserve Agency (NFRA) have not yet begun to buy maize.

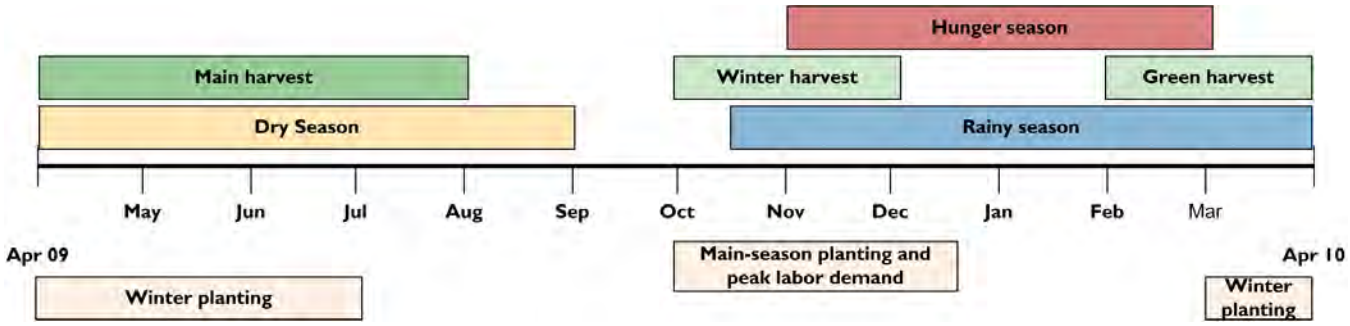
Figure 1. Current estimated food security conditions, July 2009



For more information on the FEWS NET food insecurity severity scale, see www.fews.net/FoodInsecurityScale

Source: FEWS NET

Seasonal calendar and critical events



Source: *FEWS NET*

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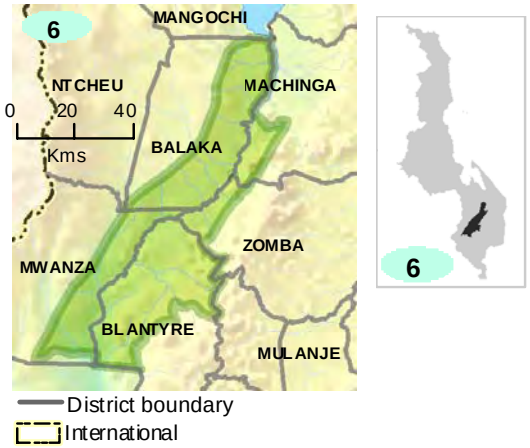
Current food security conditions

Food security across Malawi has significantly improved with the arrival of the new harvests of crops including maize, rice, sorghum, millet, pulses, cassava, and sweet potatoes. Harvesting is now complete in most parts of the country. The majority of households are now dependent on own-production for household consumption, except in the Lower Shire livelihood zone (which includes Chikwawa and Nsanje districts) and parts of Middle Shire livelihood zone (Utale, Phalula, and Mpilisi Extension Planning Areas in Balaka district), where crop production was severely affected or destroyed by the prolonged dry spell between February and March. This has forced many households in the area to depend on local markets for food at a time when they typically depend on own-produced food. Most households, especially in poor and some in the middle wealth groups, are experiencing moderate levels of food insecurity.

The households that have run out of food are engaging in various income generating activities to obtain cash to buy food. Important sources of income in the two zones include the sale of crops, livestock, *ganyu* (casual labor), and the sale of firewood/charcoal.

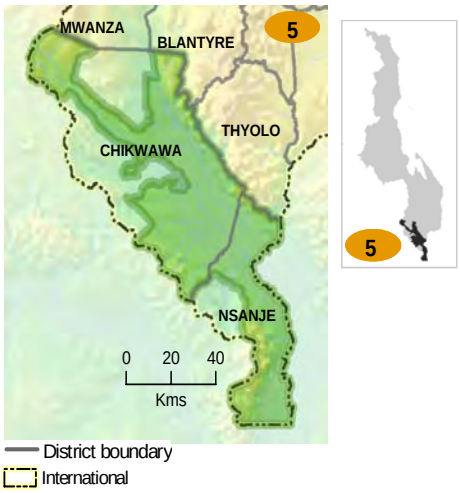
The stalemate between government and cotton buyers over cotton prices continues. The cotton buyers are still refusing to buy cotton at the government recommended price of MK75.00/kg and would like to buy at about half of this price. Cotton is a major cash crop in the Lower Shire and Middle Shire livelihood zones and this situation has negatively affected household incomes.

Figure 2. Middle Shire Livelihood Zone



Source: MVAC Baseline Profiles

Figure 3. Lower Shire Livelihood Zone



Source: *MVAC Baseline Profiles*

The majority of local markets recorded maize price increases between June and July 2009 (local market maize prices for July discussed in this report are for the first week of July 2009). Out of the 44 markets that had price data for the two months, about 73 percent recorded maize price increases. The maize price increases ranged from just above zero percent at Nkhotakota market in Nkhotakota district to 52 percent at Nambuma market in Lilongwe district. Average maize prices remain high in all local markets compared to the five-year average but are generally lower than at the same time last season. Local market maize prices in July ranged from MK15.33/kg to MK52.84/kg at Misuku and Luchenza markets in Chitipa and Thyolo districts in the northern and southern regions, respectively. These prices are much above the MK12.50/kg to MK32.00/kg average range for July for the last five seasons (2004/05 – 2008/09).

At the regional level, local market maize prices were highest in Malawi's southern region (MK28.30/kg to MK52.84/kg at Jali and Luchenza markets in Zomba and Thyolo districts, respectively) compared to the northern region (MK15.33/kg to MK44.25/kg) and central region (MK18.50/kg to MK41.34/kg). Most of the markets that recorded increases in maize prices were in the southern region where all of the 18 markets except one recorded maize price increases ranging from 4 percent to 33 percent.

Local market maize prices in the Lower Shire and Middle Shire Livelihood Zones have also started rising, and although they are lower than at the same time last season, they are far above average for the past five seasons (Figures 4 and 5). In the Lower Shire livelihood zone, the current July average local market maize price is 58 percent above average while in the Middle Shire livelihood zone it is 72 percent above average. Although the July prices are lower than last season, they are just 20 percent and 10 percent lower than in July last year in the Lower Shire and Middle Shire livelihood zones,

respectively. Last year's maize prices were generally the highest in the history of this country. The current position therefore should be a cause for concern especially in these areas where many households are already dependent on the markets for food. If the trend continues, this could worsen the food security situation in the area.

Figure 4. Nominal retail maize prices in Lower Shire Livelihood Zone

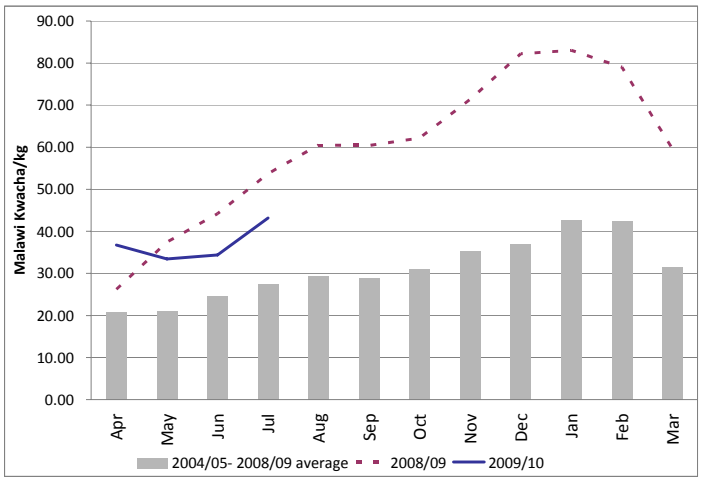
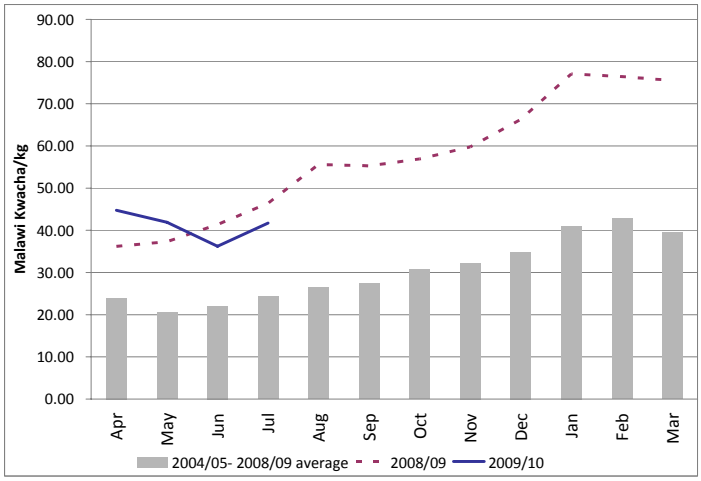


Figure 5. Nominal retail maize prices in Middle Shire Livelihood Zone



Source: *MoAFS*

Most-likely food security scenario, July–December, 2009

Household food stocks have improved in most parts of the country due to the bumper harvest experienced in the just ended agricultural season. Household food stocks from own production are therefore expected to last longer than is normally the case, most likely by one or two months. However, in the Lower Shire and parts of the Middle Shire Livelihood zones, many households have already run out of own-produced food, while some harvested almost nothing and are already dependent on the market for food. Maize is expected to be readily available in both ADMARC and local markets for those households that have run out of own-produced food to buy. There is typically a proportion of households, especially in the `poor' wealth group, whose own-produced food does not last beyond October (irrespective of how good the season is), and who have to depend on the market for the rest of the season. The ready availability of maize in the local markets is based on the assumption that private traders will be allowed to participate freely in the maize trade and will move maize from the surrounding surplus areas to the deficit areas. It is further assumed that there will be continued maize inflows through informal cross-border trade from Mozambique and that Mozambique will not impose a maize export ban. The winter crop harvest around October to December is expected to slightly improve the food security situation for those households that have access to winter cropping, especially in areas along the Shire River in the Lower Shire livelihood zone. This is based on the assumption that winter crop production will be favorable this season.

Local market maize price are expected to start rising this quarter (July to September) and will continue rising in the next quarter as is normally the case. However due to the favorable maize supplies the price trends are expected to be normal and as a result, many households will not be disadvantaged to access food on the market due to prices. Even in the deficit areas, the prices may rise at a faster rate than in the rest of the country but will not reach last year's level due to improved market supplies as explained above. This based on the same assumption that traders will be allowed to trade maize freely and that maize inflows through informal cross-border trade will continue.

ADMARC is not expected to encounter problems to supply maize in their markets this season, although their delay in entering the market to buy maize is a matter of concern, as this could affect how much they will be able to buy and sell. As reported in the June report, ADMARC and the NFRA are expected to buy 100,000 MT and 40 MT of maize, respectively. The demand for maize in ADMARC markets elsewhere is expected to be relatively low, except for the affected areas, which should allow ADMARC to concentrate on the affected areas. This again will help improve maize availability and maize price stability on the local markets in the affected areas. ADMARC will buy maize at the government recommended price of

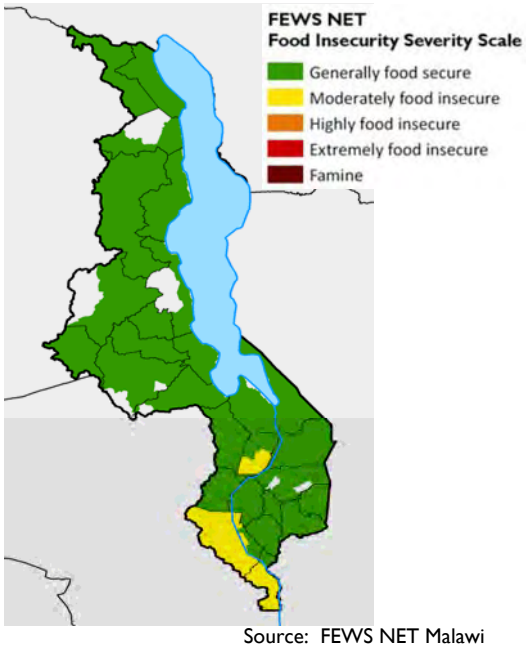
MK40.00/kg, from MK50.00/kg last season. Private traders have been buying maize at prices lower than this (mostly at MK20.00/kg to MK30.00/kg). Both ADMARC and the NFRA are likely to start buying maize any time this quarter (July to September). These depend on resources from government, and the government budget has just been approved.

Incomes are an important determinant of household access to food through the markets. The major sources of income for the majority of the rural households are crop sales, livestock sales and *ganyu*. *Ganyu* is an important source of income for the majority of poor households across the country. The number of households looking for *ganyu* is expected to increase in the next six months as is normally the case. This is because the number of households that have depleted own-produced food stock also increases with time. The situation regarding the number of people seeking *ganyu* and availability of *ganyu* is expected to be normal due to the bumper harvest across the country, except in the food deficit areas highlighted above. In these areas the number of people seeking *ganyu* will be above normal and will reach towards the peak in the next quarter (October to December). The high number of people looking for *ganyu* is likely to result in a drop in *ganyu* wage rates, especially in the period from October to December, which will affect the ability of these people or households to purchase food.

Livestock are also an important source of income especially in the Lower Shire livelihood zone. However, poor households normally keep chickens and goats, which obtain lower prices than larger types of livestock such as cattle. These households are likely to sell their livestock in the course of the next six months. The prices of livestock are likely to start decreasing in the affected areas as the peak of the hunger season approaches in the next quarter of October to December, which will affect the purchasing power of households and their ability to access food. However the `better-off' and some of the `middle' households with livestock such as cattle and goats will be relatively better off as incomes obtained from sale of these animals should be adequate to purchase food. The better-off households will use some of the money to hire labor to prepare their fields, thereby indirectly benefiting the poor households who will be employed by them.

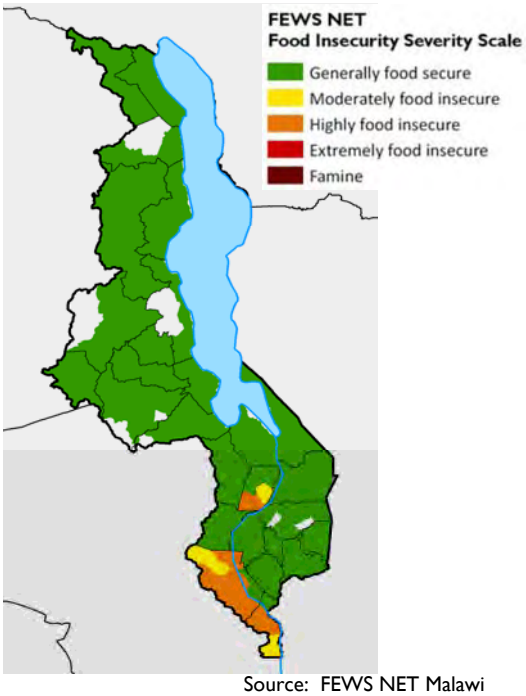
Crop sales are a major source of income for the majority of rural households. Increased crop production this season means that many farmers could improve their incomes, except in the areas mentioned above, where crop production failed due to unfavorable weather conditions. The stalemate between government and cotton buyers over cotton prices has worsened the situation in these areas where cotton is the major cash crop. The cotton buyers have not yet started buying the crop as they are offering only half of the government recommended price of MK75.00/kg. Some of the farmers have been forced to sell their cotton to vendors at prices as low as MK20.00/kg to MK30.00/kg, as they are desperately in need of cash to buy their basic needs including food. The delay in opening cotton markets has also forced some farmers to sell the little maize they had to obtain cash to buy other basic needs. This situation will have a negative impact on cotton production next season. However it is assumed that the buyers will eventually agree to buy at the recommended price from July onwards, and this is likely improve household incomes in the affected areas.

Figure 6. Most-likely food security scenario, July–September 2009



Source: FEWS NET Malawi

Figure 7. Most-likely food security scenario, October – December, 2009



Source: FEWS NET Malawi

The food security situation across the country will remain favorable in the October to December period due to the bumper harvest experienced in most parts of the country. However moderate levels of food insecurity will persist in the Lower Shire livelihood zone (Chikwawa and Nsanje districts) and parts of the Middle Shire livelihood zone (Utale, Phalula and Mpilisi EPAs in Balaka district) due to the crop failure experienced in these areas, and the numbers of the affected households will increase with time. Poor and some of the middle income households will be the most affected as they have limited means of obtaining income to buy food. In the Lower Shire, the worst affected areas will be in the midland area, which is drier than the lowland and upland parts of the zone. Households in the lowland areas along the Shire River may experience a slight improvement in the food security situation in the next quarter due to winter crop harvests. However, the number of households who have access to land for winter cultivation is limited and this is usually short-lived. Most winter cropping is done in the wetlands close to the Shire River. Winter crop production prospects in the Lower Shire appear more promising than previously thought due to some rains experienced later in the season.

Maize will be readily available in the markets and traders will move maize from surplus areas to the deficit areas attracted by the relatively high prices that will prevail in these areas due to high market demand. This will help stabilize prices, albeit at relatively higher levels than in the surrounding food surplus areas. This will help to avoid worsening of the food situation to critical levels in the affected areas.

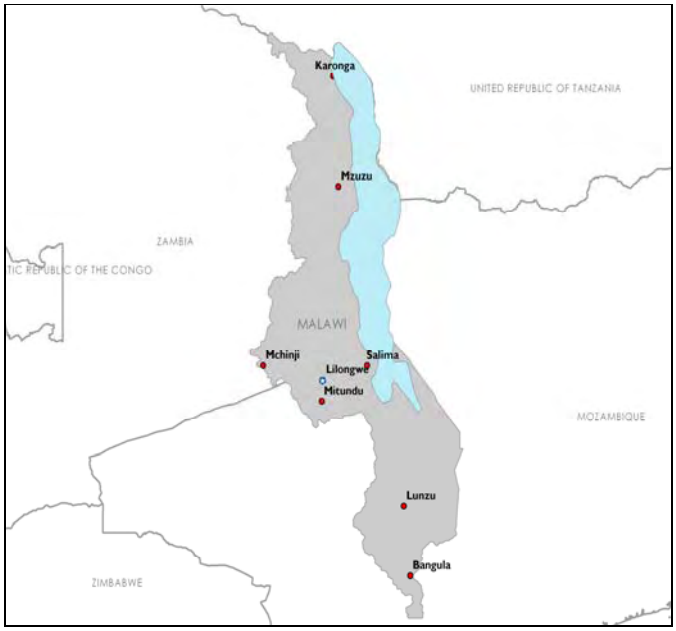
Although many households in these areas will remain moderately food insecure in the next six months, some poor households in these areas who fail to generate enough cash to buy food or obtain food from other sources are likely to resort to distress coping strategies, such as reducing the quality and frequency of meals.

Most food security stakeholders are awaiting the Malawi Vulnerability Assessment Committee (MVAC) report, expected to be released in the near future, to address food security issues as quickly as possible. The report is expected to give the number of households affected and the size of the missing food entitlements. The government and other stakeholders are likely to start responding to issues identified in the report towards the end of the quarter (around September). Possible interventions include Food-for-Work and public works programs. The latter would provide beneficiaries with cash that would allow them to buy maize on the market.

Table 2: Events that could affect the food security outlook

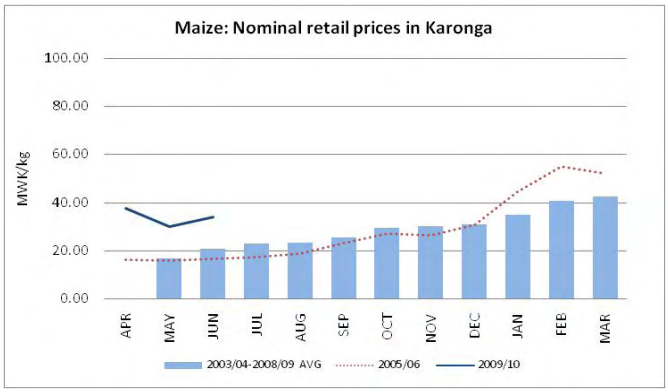
Geographic Focus Area	Possible events in the next 6 months that would change the most likely scenario in this area	Impacts on food security conditions	Likelihood of occurrence *	Key variables to monitor
Lower Shire and Middle Shire livelihood zones	• Ban on private trader participation in maize trading	• Generally negative impact on maize movement from surplus to deficit areas resulting in reduced market supplies and rising maize prices, making it unaffordable to the vulnerable poor households.	Unlikely	Maize supplies in the markets; trader licenses
	• Early cessation of rainfall showers coupled by high temperatures in the Lower Shire	• No improvement in the food security condition of the households who grew winter crops due to reduced winter crop production	Unlikely	Winter crop production
	• Maize export ban by Mozambique	• Reduced availability of maize in the local markets resulting in high local market maize prices especially in the Lower Shire livelihood zone.	Unlikely	Informal cross border trade volumes
	• High levels of maize exports	• Reduced domestic maize availability	Very Unlikely	Maize export volumes
	• Increase in post-harvest losses	• Reduced domestic maize availability	Very Unlikely	Percentage losses of harvested maize.

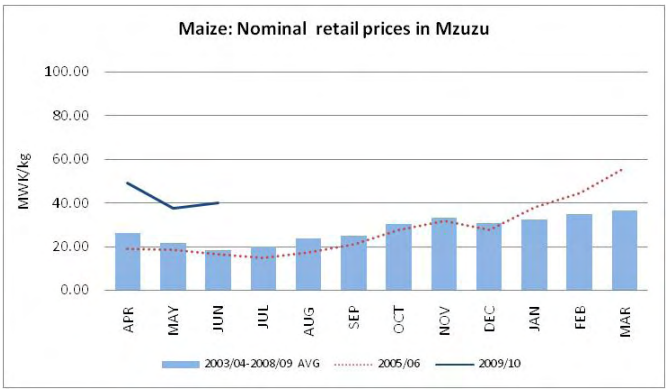
* Probability levels	Description
Unlikely	Could occur in the time period if conditions changed moderately
Very unlikely	Could occur in the time period if conditions changed significantly

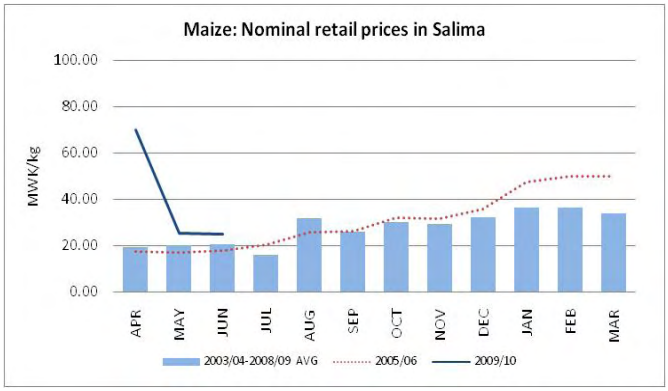


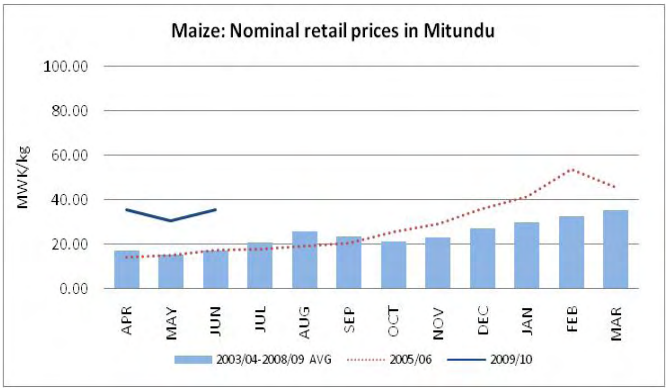
Monthly prices are supplied the Ministry of Agriculture and Food Security Market Information System in Malawi.

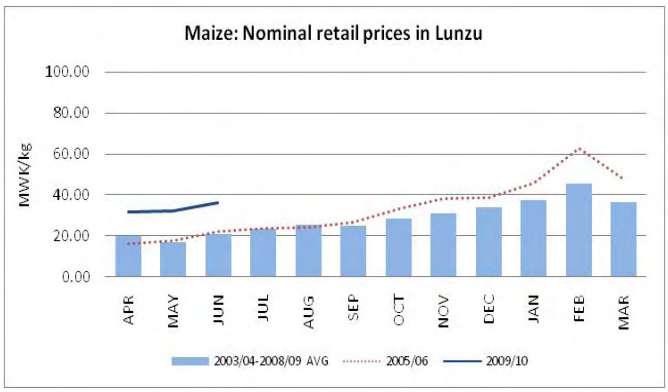
Maize, rice, and cassava are the most important food commodities. Markets selected represent the entire geographic length of the country: two markets in each of the north, center, and south. In the north, Karonga is one of the most active markets in maize and rice and is influenced by informal cross-border trade with Tanzania. Mzimba is a major maize producing area in the northern region. Salima, in the center along the lake, is an important market where some of the fishing populations are almost entirely dependent on the market for staple cereals. Mitundu is a very busy peri-urban market in Lilongwe. In the south, the Lunzu market is the main supplier of food commodities such as maize and rice for Blantyre. The Bangula market in Nsanje district was chosen to represent the Lower Shire area, covering Chikwawa and Nsanje districts.







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MWK/kg
100.00
80.00
60.00
40.00
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0.00
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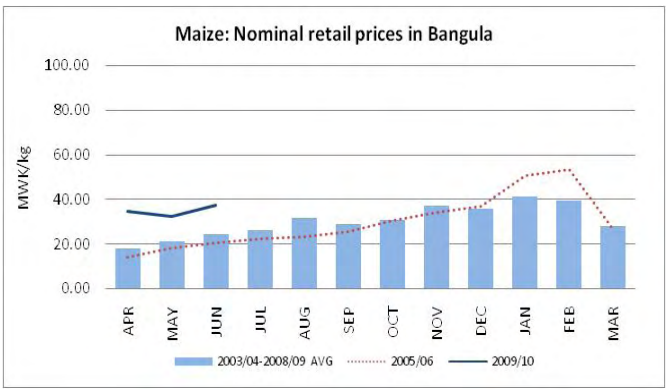
2003/04-2008/09 AVG
2005/06
2009/10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2003/04-2008/09 AVG
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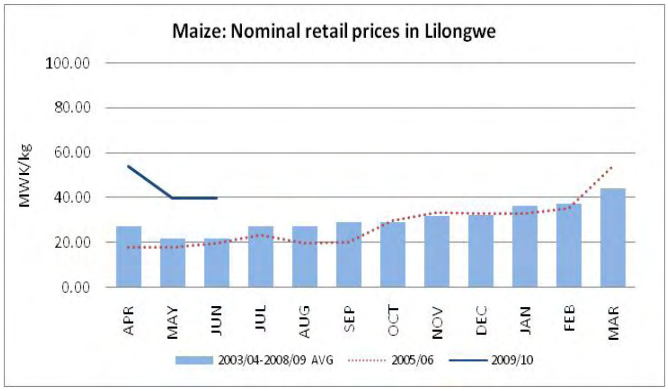
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MWK/kg
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0.00
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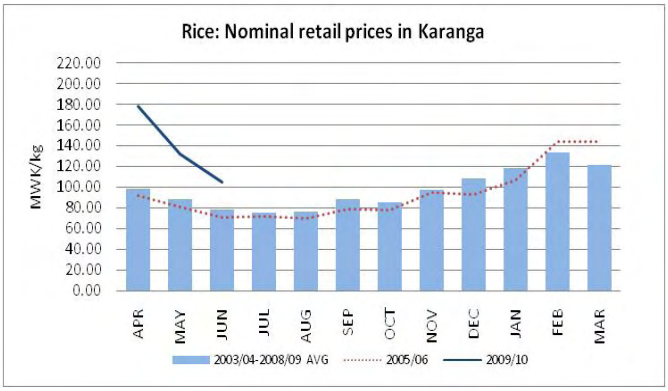
2003/04-2008/09 AVG
2005/06
2009/10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MWK/kg
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120.00
100.00
80.00
60.00
40.00
20.00
0.00
APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR
2003/04-2008/09 AVG
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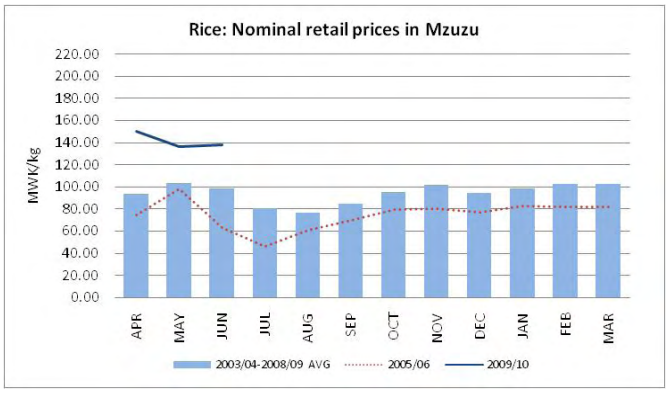
2009/10


Rice: Nominal retail prices in Mzuzu
MWK/kg
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120.00
100.00
80.00
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40.00
20.00
0.00
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2003/04-2008/09 AVG
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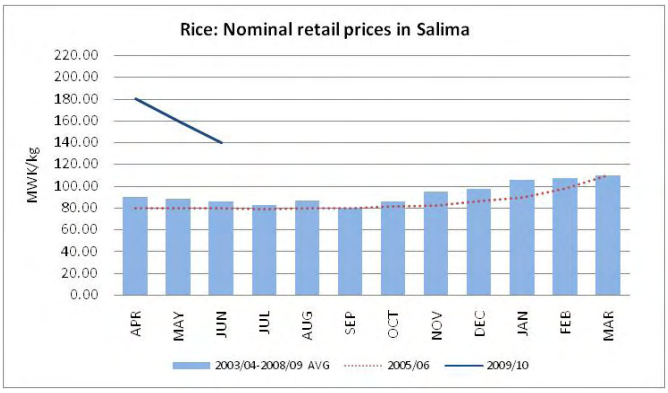
2009/10


Rice: Nominal retail prices in Salima
MWK/kg
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20.00
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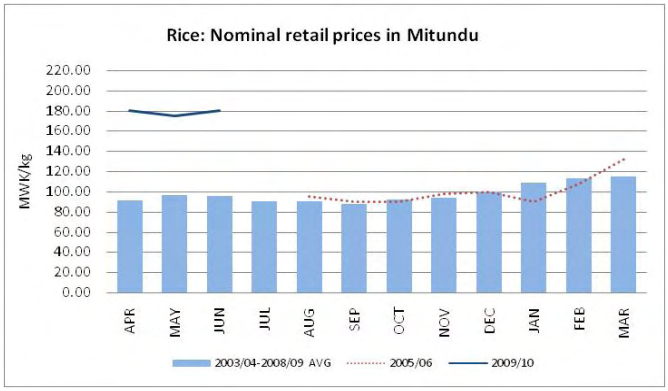
2003/04-2008/09 AVG
2005/06
2009/10


Rice: Nominal retail prices in Mitundu
MWK/kg
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200.00
180.00
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120.00
100.00
80.00
60.00
40.00
20.00
0.00
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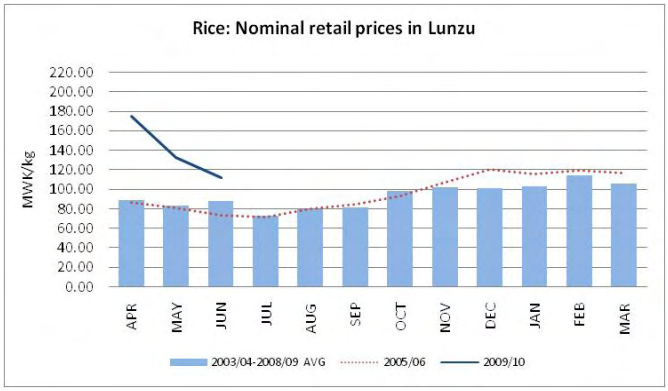
2003/04-2008/09 AVG
2005/06
2009/10


Rice: Nominal retail prices in Lunzu
MWK/kg
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2003/04-2008/09 AVG
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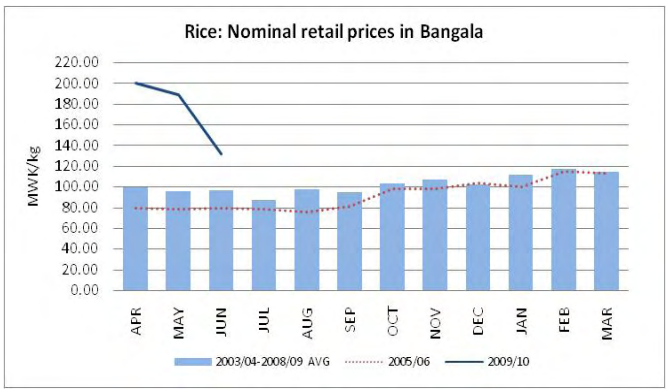
Rice: Nominal retail prices in Bangala
MWK/kg
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60.00
40.00
20.00
0.00
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2003/04-2008/09 AVG
2005/06
2009/10

Rice: Nominal retail prices in Lilongwe
MWK/kg
220.00
200.00
180.00
160.00
140.00
120.00
100.00
80.00
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20.00
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2003/04-2008/09 AVG
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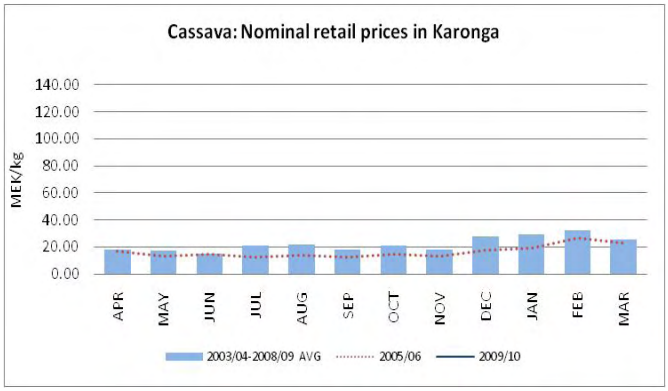
2009/10


Cassava: Nominal retail prices in Karonga
MEK/kg
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120.00
100.00
80.00
60.00
40.00
20.00
0.00
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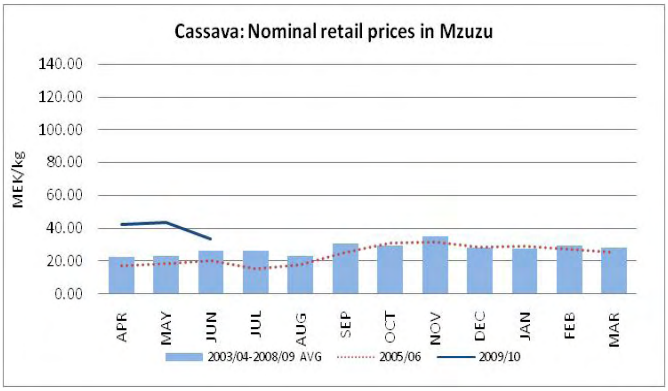
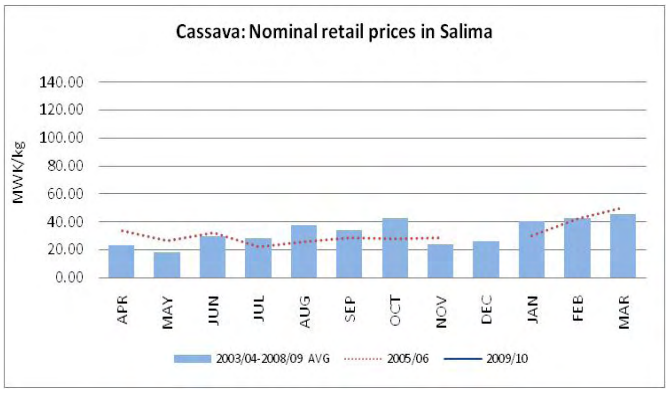
2003/04-2008/09 AVG
2005/06
2009/10


Cassava: Nominal retail prices in Mzuzu
MEK/kg
140.00
120.00
100.00
80.00
60.00
40.00
20.00
0.00
APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR
2003/04-2008/09 AVG
2005/06
2009/10


Cassava: Nominal retail prices in Salima
MWK/kg
140.00
120.00
100.00
80.00
60.00
40.00
20.00
0.00
APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR
2003/04-2008/09 AVG
2005/06
2009/10

Cassava Nominal retail prices in Mitundu
MWK/kg
140.00
120.00
100.00
80.00
60.00
40.00
20.00
0.00
APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR
2003/04-2008/09 AVG
2005/06
2009/10

Cassava: Nominal retail prices in Lunzu
MWK/kg
140.00
120.00
100.00
80.00
60.00
40.00
20.00
0.00
APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR
2003/04-2008/09 AVG
2005/06
2009/10

Cassava: Nominal retail prices in Bangula
MWK/kg
140.00
120.00
100.00
80.00
60.00
40.00
20.00
0.00
APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR
2003/04-2008/09 AVG
2005/06
2009/10