

MALAWI Food Security Outlook Update

August 2010

Food insecurity persists in southern Malawi as lack of operational funds delays assistance

Key Messages

- 718,000 people remain moderately to highly food insecure and are surviving on food obtained using desperate coping mechanisms in the southern area of Malawi. A humanitarian response has not yet started due to a lack of operational funds and it is unclear when the funds will be available. It is possible that humanitarian assistance will start before October, however, if humanitarian assistance does not start by the end of September, some areas which are currently moderately food insecure, will likely become highly food insecure. Regardless of humanitarian assistance, the Malawi Vulnerability Assessment Committee (MVAC) assessment projects that the food insecure population will increase to 1.1 million by October 2010.
- National food availability remains generally favorable with maize grain stocks estimated at over one million MT. The government has lifted the maize export ban that was instituted in the 2008/09 marketing season when the country experienced record high maize prices. Private traders have been allowed to export 300,000 MT of maize grain. Maize traders are negotiating for export deals in Zimbabwe but are currently facing challenges to agree on export prices.
- Private traders are supplying markets in the food insecure districts in the south of the country. July maize retail prices were found to be below prices for the last two years. However, regional prices in markets in the south were 27 percent higher than in the surplus-producing central region. While maize is available and is being sold at lower prices than the previous years, poor food insecure households have no means to access food through markets.

Updated food security outlook through December 2010

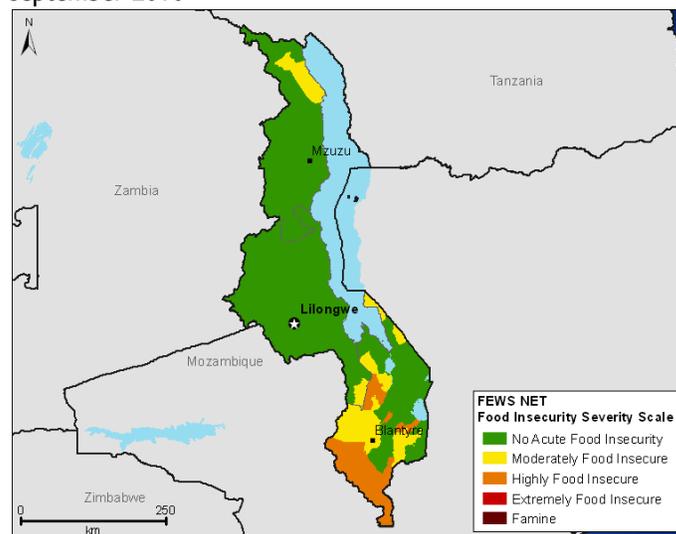
Moderate to high food insecurity persists in the south of the country due to localized crop failures and a lack of purchasing power to access food through markets. In May 2010, the MVAC conducted a livelihoods-based food security assessment and identified areas which were already food insecure or at risk of food insecurity. The areas that were assessed to be food insecure

This report provides an update to the July 2010 FEWS NET Food Security Outlook report which estimated food security conditions in July through December 2010. The next Outlook report will be released in October and will cover the October 2010 to March 2011 period.

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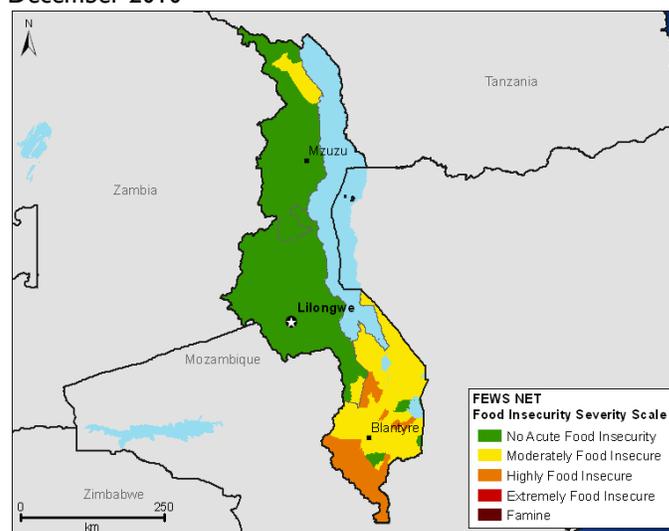
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Figure 1. Estimated food security outcomes, August-September 2010



Source: FEWS NET

Figure 2. Estimated food security outcomes, October-December 2010



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

Source: FEWS NET

were located in districts in the southern region of the country, with the Lower Shire livelihood zone covering the Chikhwawa and Nsanje districts being the worst affected due to a second consecutive year of failed harvests. Between April and June 2010, the MVAC projected that there would be about 418,000 people with no food entitlements from poor and middle income households. In the August to September period, 718,000 people from poor and middle income households are projected to be food insecure. This number of food insecure people is projected to increase to 1.1 million by October 2010. As a result, large areas of southern Malawi are projected to be highly food insecure through at least the end of 2010. Despite large government food stocks, response plans remain unclear and the government reports that they lack funds to transport grain south. If assistance is provided before October, southern areas currently classified as highly food insecure would likely shift to moderate food insecurity for the October to December period. Should that assistance be provided, it will most likely take the form of either direct food distribution or cash transfers to facilitate purchasing from markets.

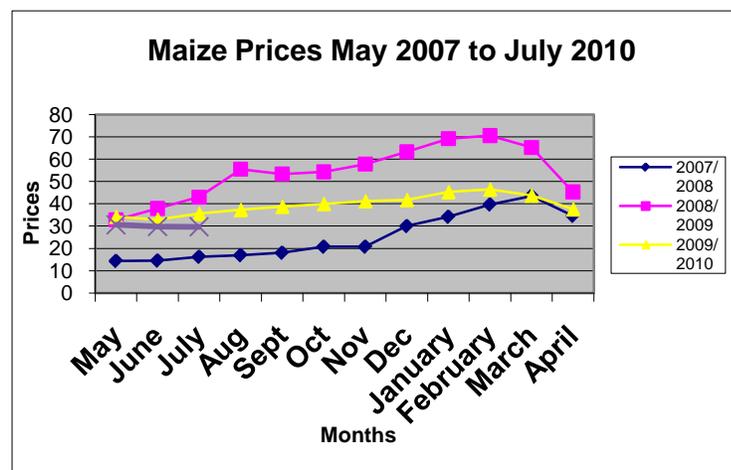
Recent anecdotal field reports from the southern part of the country have been highlighting the ways in which food insecure households have been using coping mechanisms deemed to have negative consequences for the sustainability of their future livelihoods. These coping mechanisms include reducing the number of meals from three to one per day, reliance on the consumption of wild foods like water lilies (locally known as *nyika*) from the Shire River, and overselling of small livestock like goats, pigs, and chickens. These coping mechanisms will eventually erode future coping options and livelihoods. Although humanitarian assistance has not started by the third week of August 2010, it is possible that most of the food insecure households in the Lower Shire livelihood zone, Middle Shire livelihood zone, and Thyolo-Mulanje Tea Estates and Phalombe-Lake Chirwa Plains livelihood zones will start receiving food assistance before the end of September. However, if humanitarian assistance does not come through by October, all the livelihood zones above will experience deteriorating food security conditions resulting in these areas becoming highly food insecure. Food insecure households could end up surviving on negative coping mechanisms such as: taking kids out of school to join parents in scouting for casual labor opportunities for several weeks, people engaging in transactional sex as was observed in the 2005/06 season, widespread theft from estates, and an over-reliance on untraditional foods like *nyika* and other wild foods which could potentially be poisonous. However, if an adequate food distribution program starts in all of the food insecure areas, which is a possibility, the food insecurity will improve and be confined to the level of moderate food insecurity.

National maize stock availability remains favorable but access remains a challenge. The Ministry of Agriculture and Food Security (MoAFS) reported that the national maize production in 2010 was 3.4 million MT against the total maize use needs of 2.5 million MT, leaving a projected surplus of 900,000 MT for the 2010/11 consumption season. This surplus is available despite prolonged dry spells experienced during the main production months of the 2009/10 agricultural season which resulted in maize production decreasing in all 13 districts in the southern region. The National Food Reserve Agency (NFRA) reported holding maize stocks of 165,000 MT in all of its Strategic Grain Reserves (SGR) locations that are across the country. This maize is reserved for meeting the food needs of people experiencing some humanitarian crises including food insecurity. The Agricultural Development and Marketing Corporation (ADMARC) reported holding 45,000 MT of maize grain for commercial sale from last year's stock. The

ADMARC did not manage to sell its maize last year because private traders sold their maize at an average highest price of MK47/kg at the peak of the lean season in February, while the ADMARC's selling price remained at MK60/kg. Members of the Grain Traders and Processors Association (GTPA) had 23,300 MT of maize grain from the current year's harvest which private traders are purchasing. Based on this analysis, Malawi is projected to have more than one million MT as surplus of the staple maize grain even after meeting all of the consumption and commercial needs for maize in the country.

The government has lifted the temporary export ban for maize, which it had put in place in 2008, and has given permission to Malawian maize traders to export 300,000 MT. The GTPA members are negotiating the potential to export maize to Zimbabwe, however, they are not able to beat the cheaper maize prices offered by suppliers from South Africa and Zambia.

Table 1: Comparison of maize prices for the last four consumption seasons



Source: MoAFS

Since there is a grain deficit in southern Malawi, there is a need to distribute the maize from the surplus producing areas in the central and northern regions to the more populous south which has experienced a crop production deficit. Private traders have already started supplying maize grain in most of the markets in the deficit areas at prices which are higher than the central and northern regional prices, yet remain good and favorable, however, many poor and very poor households lack the income to access the maize from the markets.

Since the harvest in May, nominal retail prices for maize have been consistently lower than the previous two seasons. The national average maize price for July 2010 was MK29.70 per kg which is lower than MK33 per kg from last year. Nominal maize prices in July were lower than the same time in the past two years. This can be attributed to the surplus production on a national scale and the lower minimum farm gate price of MK35/kg compared to MK40/kg that the MoAFS announced before the 2010 harvest. In the southern region, average nominal maize prices were MK32.49/kg as compared to MK31.03/kg and MK25.49/kg in the northern and central regions respectively. The cash availability is not expected to improve in the south, as most of the households rely on casual labor opportunities which are scarce given that the better-off households who offer these opportunities are prioritizing food purchases.

Seasonal calendar and critical events timeline

