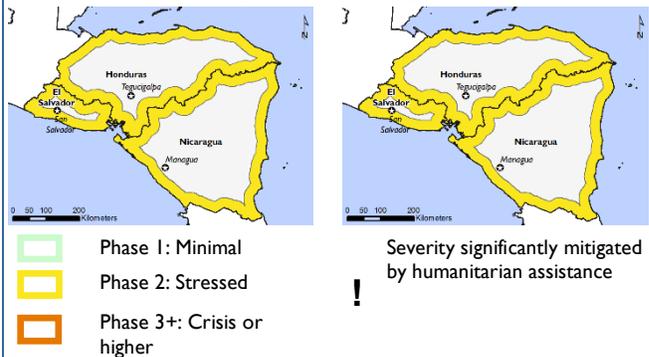


Primera crop losses reduce food stocks for the poorest households

KEY MESSAGES

- Owing to *Primera* crop losses, depletion of stocks, the cost of staple foods and limited employment, the poorest households will be Stressed (IPC Phase 2). However, the poorest households in underdeveloped communities will be in Crisis (IPC Phase 3) at the end of the year and will need to be supported through food assistance programs.
- Irregular rainfall during the *Primera* season has affected various production areas across Central America, with a number of days during the June to September with no rain, resulting in *Primera* harvest losses in localized areas.
- In the production areas of Honduras (Olancho, El Paraíso, Choluteca, Valle and Francisco Morazán) and Nicaragua (Nueva Segovia, Madriz, Estelí and Matagalpa), subsistence, surplus and commercial farmers reported losses of 80 percent or more compared with the expected *Primera* harvest, which impacted household stocks and the ability to meet national demand.
- In the production areas affected by the *Primera* harvest losses, the onset of the rains was delayed by at least a week in September. This, along with the uncertainty around rainfall patterns, caused concern among farmers regarding *Postrera* planting due to the impact on crop development and the possibility of crop losses or reduced yields.

Projected food security outcomes, October 2019 to January 2020 (left) and February to May 2020 (right)



Source: FEWS NET

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.

FEWS NET Remote Monitoring countries use a colored outline to represent the highest IPC classification in areas of concern.

CURRENT SITUATION

REGIONAL PRODUCTION AND SALE OF BASIC GRAINS

Data verified on the ground in Honduras confirms that there was lower rainfall, and at more sporadic intervals, towards the end of June, with a period of more than 20 consecutive days without rain. This resulted in losses of the *Primera* maize crop ranging from 70 to 100 percent in the eastern and southern parts of the country. The situation was similar in the north-central region of Nicaragua, where production areas for subsistence grains in the Dry Corridor and for commercial production were both affected. The national estimates of *Primera* harvest losses officially reported in Honduras indicate losses of 49.66 percent for maize, 25 percent for beans and 27 percent for rice. The greatest losses were concentrated in the municipalities of Olancho, El Paraíso, Valle, the northern part of Choluteca, the southwestern part of Francisco Morazán and the southern part of La Paz. In Nicaragua's north-central region, estimates put *Primera* maize crop losses at 73 percent and bean crop losses at 69 percent. The worst affected production areas were in Estelí (Pueblo Nuevo, Condega and lower part of San Juan de Limay), Matagalpa (Ciudad Darío, Terrabona), Madriz (Somoto, San Lucas, Las Sabanas, San José de Cusmapa, Totogalpa, Yalagüina, Palacagüina and Telpaneca), Nueva Segovia (Totogalpa, Mozonte, Ciudad Antigua, Macuelizo and part of Santa María) and

Chinandega (Somotillo and Villanueva). Production of basic grains has been significantly affected by lack of funding and increased supply costs, as well as damage caused by crop pests and the lack of rainfall.

To date, *Postrera* crops have been planted in the region's various production areas, although some areas have seen a delay to the planting season. The rains recorded since mid-September have enabled *Postrera* planting to be completed – an exercise that had been delayed – mainly in the regions where *Primera* planting was affected. Farmers are expecting a good *Postrera* harvest, consisting mainly of bean and sorghum crops. Although in some production areas in Nicaragua and Honduras cumulative rainfall levels remain low compared with historical levels between 1981 and 2010, the values are nonetheless favorable for basic grain crop development.

BASIC GRAIN PRICES IN THE REGION

In Nicaragua, grain supplies will be maintained with reserves and the flow to markets from some of the production areas that have harvested their *Primera* crops, although prices of both grains are rising due to uncertainty about yields from the *Postrera* harvest.

In Honduras, there is a normal supply of grains on the markets. However, the price of domestic maize is following an upward trend, while the price of imported maize (white and yellow) is lower. The price of beans, which are arriving from the recent harvest, remains stable – the yield from the bean crop regularly comes from the mountainous areas where the rainfall deficit had a lesser impact, although beans from Nicaragua are also entering the country via informal channels and in the form of smuggled goods.

Grain prices in the region have stabilized or decreased during September, as is typical in the seasonal harvest period. The price of maize is currently similar to the five-year average in El Salvador and Nicaragua and above the five-year average in Honduras. The price of beans is below the five-year average in Honduras and El Salvador, a trend that is projected to continue for the remainder of this year. However, in Nicaragua, the price is similar to the five-year average and is projected to possibly exceed this in the next quarter.

SOURCES OF INCOME AND ECONOMIC SITUATION

The *Primera* harvests began in September. However, areas that experienced complete production losses will hardly have any seeds for *Postrera* planting. Employment opportunities in these regions are dependent on the production of basic grains, but those who have lost their crops will survive on temporary work in the coffee-growing sector, pasture preparation and cultivation of fruit for export (melons and watermelons) and of tropical vegetables (chilli peppers, tomatoes and onions). A smaller percentage will depend on remittances. People are migrating to urban centers in the departmental capitals or the national capital in search of opportunities to earn an income. Populations living near the coffee-producing regions are awaiting the coffee harvest, which begins at the start of October, and are migrating to the coffee-producing mountain ranges. In Nicaragua, employment opportunities are created by the tobacco companies located in Estelí and Jalapa, although the situation resulting from the internal conflict has seen staff begin to be cut and working hours reduced. Opportunities are also available within trade and infrastructure activities in border areas, and in coffee harvesting across the country. In Honduras and El Salvador, maintenance and construction of road network infrastructure also constitutes an important source of employment.

In Nicaragua, the Nicaraguan Foundation for Economic and Social Development (FUNIDES) situation report highlights the negative effects of the internal sociopolitical conflict: gross domestic product (GDP) stands at -3.8 percent, tourism at -35 percent, foreign investment at -53 percent and deposits at -30 percent. This reflects the impact that the lack of investment has had, which in turn is translating to unemployment across the country's economic sectors.

According to the Nicaraguan Federation of Livestock Associations (FAGANIC), the amendment to the Tax Concertation Law has discouraged investment and has led to increases in products as a result of: 1) the levy on products in the basic food basket that were previously exempt; 2) the elimination of the tax exemption for machinery and equipment for food production; 3) the VAT levy on all agricultural goods (with some exceptions); 4) the levy on the agricultural and livestock and industrial sectors via VAT, selective consumption tax (ISC) and Import Custom Duties (DAI) on capital assets, equipment, raw materials and agricultural production supplies (seeds, vitamins, premixture, fertilizers, pesticides, etc.); 5) the levy on services for production and processing, harvesting, planting and leasing of land.

Coffee sector: According to the International Coffee Organization (ICO)'s coffee market report (September), overproduction leads to a significant surplus in relation to consumption levels, which is considered to be the main factor influencing the low prices – the indicative price set by the ICO fell to 97.74 US cents per pound in September 2019. Production increased in all regions except Mexico and Central America, where it decreased by 0.8 percent and stood at 21.47 million bags.

In El Salvador, the Board of Directors of the Salvadoran Coffee Council is promoting reform of the marketing laws and the Emergency Fund for Coffee to strengthen the coffee-growing sector, and in parallel, is promoting a reactivation strategy under four strategic areas: financing, renovation of coffee plantations, re-institutionalization of the coffee-growing sector and the development of Salvadoran coffee growing as a national brand.

Remittances and migration:

Table I: Income from family remittances by country, 2018–2019

Income from family remittances by country, 2018–2019								
El Salvador			Honduras			Nicaragua		
Comparison periods (Million US\$)			Comparison periods (Million US\$)			Comparison periods (Million US\$)		
Jan/Aug 2019	Jan/Aug 2018	Change	Jan/Aug 2019	Jan/Aug 2018	Change	Q2 2019	Q2 2018	Change
\$3,700.2	\$3,553.7	\$146.50	\$3,791.0	\$3,400.0	\$391.00	\$412.8	\$371.2	\$41.60
\$43,678	\$43,313	Change	Remittances (Million US\$), in the main departments (2019)			Remittances (Million US\$), in the main departments (2019)		
\$471.6	\$445.0	\$26.6	Department	Amount	%	Department	Amount	%
Remittances (Million US\$), by country area (2019)			Cortez	\$1,027.4	27.1%	Managua	\$144.1	34.9%
Area	Amount	%	Francisco Morazán	\$625.5	16.5%	Chinandega	\$45.4	11.0%
Central	\$1,343.2	36.3%	Atlántida	\$428.4	11.3%	Estelí	\$35.9	8.7%
Eastern	\$1,198.9	32.4%	Yoro	\$299.5	7.9%	León	\$32.2	7.8%
Western	\$617.9	16.7%	Others	\$1,410.3	37.2%	Matagalpa	\$26.8	6.5%
Paracentral	\$447.7	12.1%				Others	\$128.4	31.1%

Source: National central banks

HUMANITARIAN AID

In Honduras, the government is evaluating the situation that has arisen due to drought-related crop losses. It has issued Executive Decree No. PCM-058-2019, declaring a national state of emergency over drought, which is affecting the *Primera* harvests, and the particular need to provide support to communities in approximately 100 municipalities in the central, eastern and southern parts of the country. It also gave instructions to formulate, approve and implement the respective action plan for drought-related food insecurity, with a preliminary estimate of 69,390 affected families who will require humanitarian aid.

The Honduran government invested approximately 100 million lempira in the *Bolsa Solidaria Productiva (BSP)*, an initiative that essentially provides seeds (maize, bean, rice, sorghum and sesame) and fertilizers to approximately 89,000 producers in the country to boost food security among small-scale producers with the aim of increasing the production of basic grains, generating surplus product for the market and increasing incomes.

REGIONAL FOOD SECURITY OUTLOOK

Short-term forecasts indicate that precipitation patterns will be near average, and in the longer term, models suggest that rainfall will follow normal patterns until the end of the *Postrera* season, which will allow for good crop development.

Expectations for a good *Postrera* harvest and the beginning of the *Apante* planting season are linked to the higher-than-normal rainfall expected in the Pacific Basin and normal rainfall in Central America and the Caribbean, as well as slightly above-average temperatures and a more or less average hurricane season.

According to monitoring by the Nicaraguan Institute for Territorial Studies, which indicates that the current neutral conditions of the El Niño phenomenon will persist in the tropical Pacific Ocean, the rainy season is likely to start drawing to a close during the third dekad of October in the Pacific region and the central and western areas of the north and central regions. However,

there will be light rains in the eastern parts of the north and central regions and along the North and South Caribbean Coast in November.

In Honduras, vulnerable families in subsistence farming regions who lost their crops will face difficulties in acquiring seed for *Postrera* planting. Their food supply will be dependent on their income from working, where employment opportunities are very scarce, and on adopting adaptation strategies to meet their basic needs, such as gathering and selling firewood and working with particular crop species (grains). Some households will rely on temporary work in the coffee-growing sector, pasture preparation and the cultivation of fruit for export (melons and watermelons) and of tropical vegetables (chilli peppers, tomatoes and onions). A smaller percentage will depend on family remittances from abroad and will migrate to urban centers in the departmental capitals or the national capital.

In terms of prices, given the crop losses observed in the *Primera* harvest, primarily in Honduras and Nicaragua, flows of goods will start to noticeably diminish towards the end of December and consequently, prices will revert to above the five-year average, particularly the price of maize.

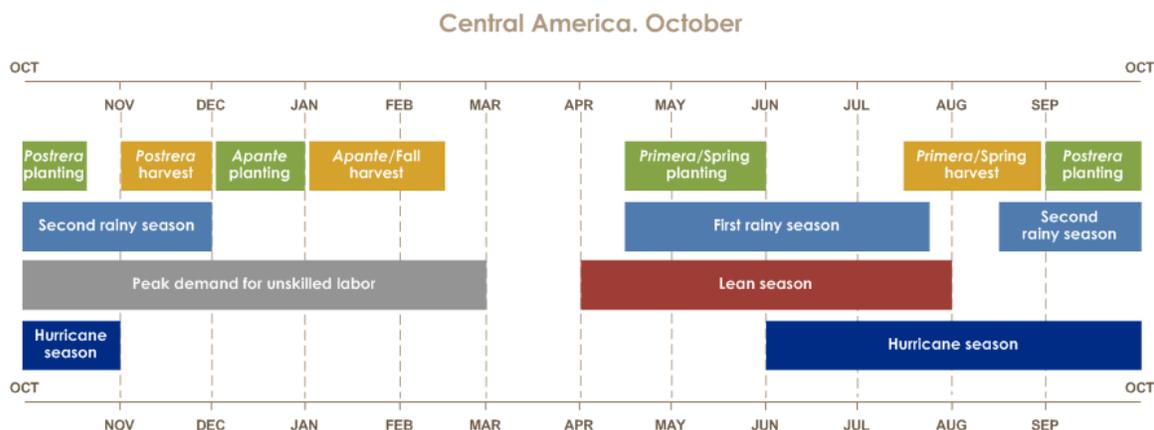
Food availability: For their food supply, vulnerable households – mainly those located in the poor communities of the Dry Corridor in the eastern, southern and western parts of Honduras, as well as in central and northern Nicaragua – will depend on marginal crops (particularly farmers with partial crop damage), wild foods and mainly on the product they can obtain in the markets during October and November, while awaiting the *Postrera* harvests.

The markets in the main urban centers, as dictated by the irregular crop production, are currently being supplied via flows from the production areas that did not report significant crop losses, although these flows will diminish over the next three months, with supply being replenished by the flows from the *Postrera* harvest.

Food access: In the countries of the Central America region, the most vulnerable communities will earn an income from local agricultural and livestock activities, mainly in coffee harvesting, pasture preparation and the cultivation of fruit for export (melons and watermelons) and of tropical vegetables (chilli peppers, tomatoes and onions). A smaller percentage will rely on family remittances from abroad and on migrating to urban centers in the departmental capitals or the national capitals, as well as on trade and construction work, where employment opportunities arise locally or in neighboring municipalities. This will enable them to have limited access to staple foods from the markets. However, due to crop losses in commercial production areas, availability is expected to decline in the short term, affecting the most vulnerable households who will have to migrate in search of employment opportunities to provide them with sufficient income to meet just their basic food needs.

Food consumption and changes in livelihoods: In Honduras and Nicaragua, due to the *Primera* crop losses resulting from recurring drought, the depletion of food reserves, price increases for staple foods and the limitations presented by falling prices on the international coffee market (the coffee sector being the main source of jobs during the outlook period), the poorest households will be classified as Stressed (IPC Phase 2). They will meet their minimum food needs without being able to cover other basic family needs. For the latter, they will have to apply for loans and migrate to other regions in search of employment. The greatest food insecurity will occur within communities living in the livelihood zone characterized by subsistence basic grains and remittances and in the coffee-growing livelihood zones. However, poorer households in underdeveloped communities in these regions of the three countries, who are without crops or employment and have limited access to coping strategies, will see their food consumption restricted. As such, they will be in Crisis (IPC Phase 3) at the end of this year and will need to be supported through food assistance programs.

SEASONAL CALENDAR FOR A TYPICAL YEAR



Source: FEWS NET

ABOUT REMOTE MONITORING

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](#).