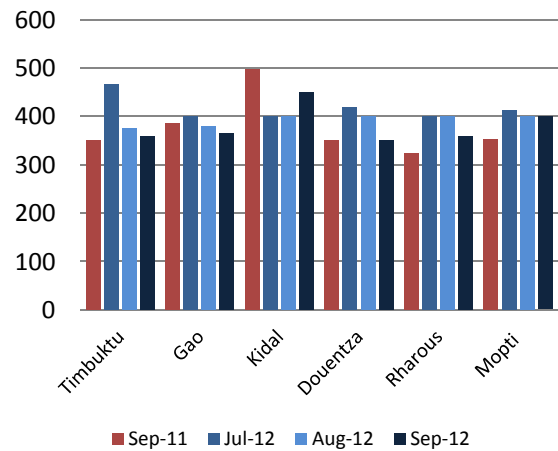


*Markets in northern Mali continue to be adequately supplied; household food access improving*

**KEY MESSAGES**

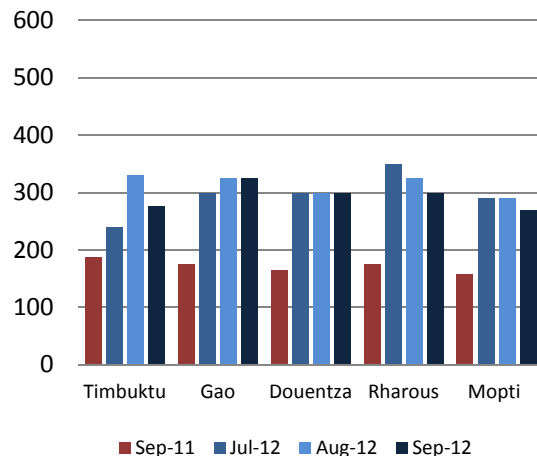
- Throughout the Sahel, local cereal prices remain higher than the five-year average. However, following typical seasonal trends, prices were stable or began decreasing in September with the increased availability of maize from coastal countries and in anticipation of this year's harvest. For rural households, food needs are increasingly met through early season crops and wild foods.
- Conflict and subsequent localized civil insecurity during the first half of 2012 severely disrupted normal trade flows that typically support cereals supply in Northern Mali. However, the marketing system adapted to these changes and quickly increased the importance of otherwise tertiary market systems (e.g., Algeria). Adequate supplies of staple foods continue to be available on markets.
- Household purchasing power has improved since August with the reestablishment of informal cash transfer systems and livestock trade flows and with the increased availability income earning opportunities. The seasonal availability of wild foods, early season harvests and livestock products as well as the availability of humanitarian assistance have further improved household food access. Physical access to markets is only occasionally disrupted due to localized conflict.
- Between October and December, IPC Phase 3: Crisis levels of food insecurity in Zone 6 (Niger Delta Lakes) and Zone 3 (Fluvial Rice and Transhumant Livestock Rearing) should gradually improve to Stress (IPC Phase 2) with the September-December cereal harvests, increases in income earning opportunities, and with the expansion of humanitarian assistance programs in the north. IPC Phase 2: Stress levels of acute food insecurity in agro-pastoral areas, particularly in Zone 4 (Millet and Transhumant Livestock Rearing) will evolve to minimal levels of food insecurity (IPC Phase 1) as market dependence decreases.

**Figure 1. Price of Rice on Select Markets (FCFA/kg)**



Source: SAP, OMA, key informants

**Figure 2. Price of Millet on Select Markets (FCFA/kg)**



Source: SAP, OMA, key informants

Since August 2012, FEWS NET has been regularly collecting information on the availability and accessibility of staple foods in northern Mali from four independent sources: representatives from NGOs operating in Northern Mali, the local market information system (OMA), the local early warning system (SAP) and interviews with key informants in Gao, Kidal, Timbuktu and Mopti. Key informants are generally asked open-ended questions about current levels of food availability and observed prices as well as other notable market behavior (e.g. livestock, labor, and financial).

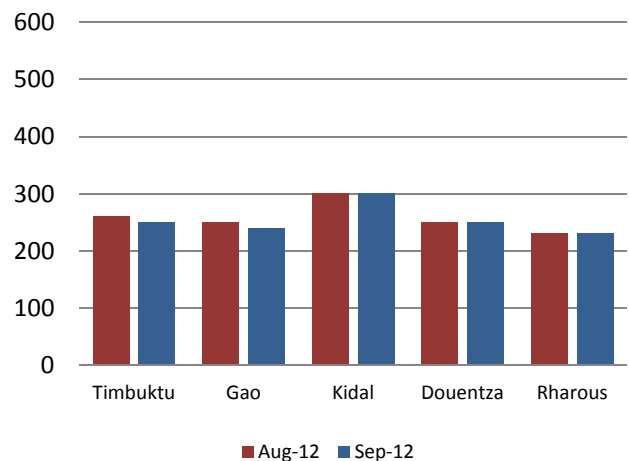
**CONTEXT**

- Northern Mali is structurally deficit in staple foods. Market supplies are typically sourced through a mix of local production, millet and rice from Southern Mali (e.g. Mopti, San, and Bankass) and Niger and wheat flour and pasta from Algeria. Conflict and subsequent localized civil insecurity during the first half of 2012 severely disrupted normal trade flows that typically support cereal supply in Northern Mali.
- The marketing system adapted to the conflict and ensuring disruption to these typical trade patterns by quickly increasing the reliance on otherwise tertiary market systems. For example, imports of staple foods from Algeria increased and continue to allow markets to remain adequately supplied in the areas of Kidal and Gao.
- Throughout the Sahel, local cereal prices are higher than average, but will likely decline with this year’s anticipated average to above-average harvests. Households are typically able to meet anywhere from 3 to 9 months of their staple food needs through their own production depending on the area and rely on markets, in-kind labor payments, wild foods and safety nets to meet their remaining needs.
- Seasonal wage labor, petty trade opportunities, and remittance flows via informal channels are now available in many areas, though not at pre-conflict levels. As a result, household income in northern Mali has improved in recent months but remains lower than usual. In addition, although household financial access to markets has improved, localized civil insecurity remains a problem and has put occasional short-term strain on household physical access to markets.
- Food security in northern Mali is currently classified as Stressed or Crisis (IPC Phase 2/3), although in pastoral-dominant zones, food insecurity is minimal (IPC Phase 1).

**FOOD PRICES**

- Local rice are more than 50 percent above the five-year average but are stable or have declined slightly since August in Gao and Timbuktu (Figure 1). In Timbuktu, the price of rice has started to decline as carry-over stocks from last year and the local harvest begin to arrive on markets. Rice prices in Kidal and increased slightly between August and September due to seasonal flooding that slowed the arrival of trade flows from Algeria.
- Retail millet prices in the north are also more than 50 percent above the five-year average and are slightly higher than those observed in southern Mali (Mopti) due to heightened transport and storage costs with the conflict.
- Both rice and millet are currently being sourced from local production and from typical source markets in southern Mali.
- Commodities imported from Algeria (couscous, powdered milk, wheat flour, and sugar) into Northern Mali are usually less expensive in the North than the same commodities found in southern Mali due to food price support programs in Algeria. This year, Algerian commodities are even less expensive than usual because Malian import taxes and fees are no longer being assessed (Figure 3).

**Figure 3.** Imported (Algerian) Wheat Prices on Select Markets (FCFA/kg)



Source: SAP, OMA, key informants

## MARKET SUPPLIES OF CEREALS

- In all surveyed urban and peri-urban areas, trade flows from neighboring countries and southern Mali coupled with local cereal supplies and humanitarian distributions are generally able to meet current local demand. In many local markets, a greater diversity of more affordable commodities is available than usual thanks to the influx of commodities from Algeria. Long-standing relationships between traders in southern Mali, Algeria, and the urban markets of Gao and Timbuktu continue to function.
- Transport along existing trade routes is carried out via trucks along roadways and fishing boats along the Niger River, with the latter being particularly active at this time of year. However, trade flows remain weaker than during the pre-conflict period due to heightened levels of insecurity/banditry (which have increased the operating costs of traders), the limited purchasing power of local communities, and the availability of food assistance. These three issues have reduced the incentives for Malian traders to serve these urban areas. Seasonal market access and trade constraints related to heavy rains did occur this year, but have eased in recent weeks.
  - In Gao and Timbuktu, millet and sorghum are currently supplied via the markets of San (primarily to Gao) and Mopti (primarily to Timbuktu)—their typical source markets. Atypical flows of grain from Niger are crossing into Mali but are not providing significant market supply in Gao, with reports that most supplies are off-loaded in Ansongo. Locally produced rice is increasingly available in Timbuktu, though most rice supplies in Kidal arrive from Algeria.
  - In urban Gao, market supplies are sufficient to cover current local demand for all commodities, although seasonal market access constraints slowed the arrival of staple foods in September.
  - In urban Timbuktu, market supplies are sufficient to cover current local demand for all commodities, though heavy rains has reduced physical access to markets, as is typical during this time of year. A recent influx of food assistance in Timbuktu, in combination with low household purchasing power and the increasing availability of locally produced rice through marketing cooperative sales are believed to have jointly depressed cereals prices.
  - In urban Kidal, the government production and marketing board (OPAM) typically plays a central role in assuring millet and rice supplies at subsidized prices from Southern Mali. However, this year, insecurity continues to prevent OPAM from functioning. Kidal is therefore not as well supplied as Gao or Timbuktu. Market supplies of locally preferred staple foods (primarily wheat and semolina) are sourced mostly through imports from Algeria, as is usually the case. These trade flows slowed in August and early September due to seasonal accessibility issues. Only small quantities of rice purchased in Gao are now available in Kidal due to the cross-border trade constraints.

## HOUSEHOLD FOOD ACCESS IN NORTHERN MALI

- Key informants suggest that displaced households in Mopti continue to be able to access full family rations from multiple programs. Rather than selling their additional rations on local markets, many IDPs in Mopti are using local bus companies to send grain and other staple foods to family members, particularly the elderly, who have stayed in northern Mali.
- Many poor households elsewhere in northern Mali have resorted to selling part of their food aid rations. The commodities can be found on all markets consulted for this report. These sales have generally occurred for two main reasons. First, these sales provide households with much-needed liquidity to pay for both food and non-food expenses (e.g. meat, transport costs, school fees, and on-farm labor). Second, and more importantly, the available food aid rations do not consist solely of preferred staples. Sorghum, for example, is very rarely consumed by the populations in and around Timbuktu and is sold or traded for more preferred commodities like rice or millet. Similar patterns have been observed in Gao.

- The agricultural season began well this year throughout Mali. Due to favorable crop production and livestock grazing conditions, and difficult conditions in IDP-receiving areas, some displaced people returned home to cultivate their land during the rainy season.
- Typical livestock markets and trade flows have started to resume in northern Mali. Market supplies increased between August and September. Small ruminant demand has increased the Tabaski holiday approaches. The prices of sheep and goats have increased by approximately 20 percent in the past month due to this increase in demand from southern Mali and neighboring countries and the particularly good health and nutrition status of animals this year. Although we have seen an increase in livestock sales, the market functioning is far from typical. For example, Nigerian and Nigerien traders typically frequent the markets of Gossi, Bambara Maoudé, Ansongo and Douentza, but have not yet arrived this year. Livestock prices are therefore not expected to be as favorable to producers as during a typical year. On the other hand, livestock trade continues between Gao and Kidal and Niger and Algeria.
- Formal banking and financial transfer systems (including microfinance institutions) stopped functioning in northern Mali almost immediately after the onset of the conflict in early 2012. Informal food and cash transfer systems have filled this gap, mostly via existing transport companies and some private companies. This phenomenon existed prior to the conflict but has gained momentum in the absence of alternatives. The fees for both in-kind and in-cash transfers have not changed along any of the assessed routes since the start of the conflict.

## OUTLOOK

- Assuming no major resurgence of conflict, prices of local cereals (rice and millet) will start or continue to decrease in Northern Mali with the arrival of supplies from this year's anticipated average to above-average harvest from southern Mali.
- Traders from Mali will continue serving the urban markets of Gao and Timbuktu, which will continue to be sufficiently supplied through local production with the imminent arrival of harvests and coarse grains originating from southern Mali and, to a lesser extent, Niger. Kidal market cereal supplies will remain lower and more expensive than the rest of northern Mali due to the continued absence of OPAM marketing activities. Trade flows from southern Mali and cereals storage by traders are likely to remain lower than usual in northern Mali due to security concerns.
- Algeria will continue to play a relatively more important role in assuring supplies of key imported commodities such as rice, wheat flour, couscous, pasta, vegetable oil, and sugar throughout northern Mali.
- In general, low levels of market demand (due to decreased income levels, increased local food availability and ongoing food aid distributions) will continue to limit trade flows to northern Mali. Flows from southern Mali will also be affected by insecurity. However, in general, longstanding trader networks have the ability to respond to any increased market demand in the future.
- Insecurity in the north will continue to disrupt economic systems, with reduced employment opportunities, relatively low cereal supply, high prices, and unfavorable terms of trade for pastoralists. However, between October and December, IPC Phase 3: Crisis levels of food insecurity in Zone 6 (Niger Delta Lakes) and Zone 3 (Fluvial Rice and Transhumant Livestock Rearing) should gradually improve to Stress (IPC Phase 2) with the September-December cereal harvests throughout Mali increases in income earning opportunities and with the expansion of ongoing and scheduled humanitarian assistance programs in the north. IPC Phase 2: Stress levels of acute food insecurity in agro-pastoral areas, particularly in Zone 4 (Millet and Transhumant Livestock Rearing) will evolve to minimal levels of food insecurity as market dependence decreases.
- In late October, a FEWS NET Outlook Report will provide updated projections through March 2013 and consider the potential impacts of increased conflict in the north.