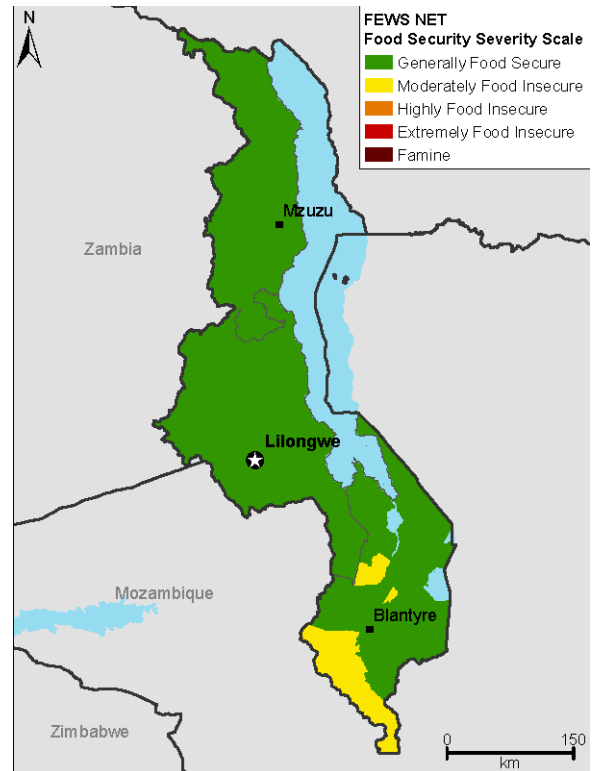


MALAWI Food Security Outlook

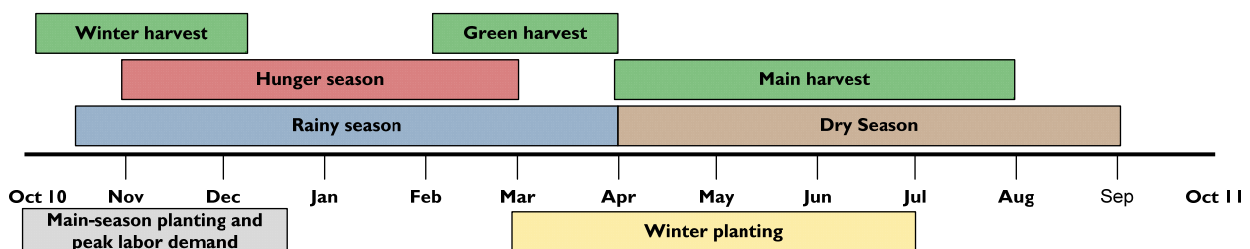
January - June 2010

- Current food security conditions in Chikwawa, Nsanje, and Balaka have improved slightly due to increased irrigation and belated food aid and cotton sales. While dry spells caused production failures and low cotton prices reduced incomes in the 2009 season, intensified irrigated crop production, the food aid program which started in December (and will last until March 2010), and improved cotton prices have improved household food access. The provision of funds for ADMARC to purchase the remaining 28 percent of last year's cotton harvest at MK 60/kg and consumption of irrigated and green crops later in the season will improve food security in Chikwawa, Nsanje, Balaka, and Zomba districts. The harvest will take place between April and June. Government needs to scale up food aid to cover all 275,168 hungry households identified by the MVAC in its October 2009 update, especially now that the hunger season is underway. Chingale EPA in Zomba, which was identified as food insecure in the update, but which has not yet been included in the current food aid program, needs special attention.
- Rains have started in all three regions of Malawi, and the majority of farmers have planted. However, the rains have been sporadic, with dry conditions persisting, especially in the South. This will likely lead to local food deficits. By the end of December 2009, the suppressed rainfall was reported to be hindering basal dressing and causing crop wilting. Short-term rainfall forecasts show persistent dry spells continuing in the south. The government has so far identified more than 121,000 households whose crops have either wilted or not germinated, and will have to replant. This is a preliminary count, and the figure is expected to rise significantly, because some districts have not yet been assessed. No program to support these households with inputs has been announced.
- Continuous earthquakes from December 6-20, 2009, have caused displacement and disruption of farming activities in Karonga district in the north. This may cause local production failures. The situation requires close monitoring.

Figure 1. Current estimated food security conditions, January 2010



Seasonal calendar and critical events



Source: FEWS NET

FEWS NET Malawi
Tel: +265.1.754.892
jbwirani@fews.net

FEWS NET Washington
1717 H St NW
Washington DC 20006
info@fews.net

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Current food security conditions

Food security in Chikwawa, Nsanje, Balaka, and Zomba districts.

Chikwawa, Nsanje, and parts of Balaka, and Zomba districts experienced prolonged dry spells in February 2009, which caused production failures of both food and cash crops. Ministry of Agriculture and Food Security crop estimates show that summer maize production in the Lower Shire Agriculture Development Division (ADD), which covers Chikwawa and Nsanje districts, dropped from 110,264 MT in the 2008 production season to 81,691MT in 2009. In June 2009, the Malawi Vulnerability Assessment Committee (MVAC) annual vulnerability assessment identified 147,492 people in Chikwawa, Nsanje, and Balaka districts as food insecure and in need of assistance. In Nsanje, the worst-hit Extension Planning Areas (EPAs) were Zunde and Nyachilenda, which featured 17 and 21 percent, respectively, of households without food from own production in mid-December 2009. In Chikwawa, the worst-hit EPAs were Mikalango at 18 percent, Mbewe at 18 percent, and Mitole at 17 percent. In Balaka, Utale, Mpilisi, and Phalula EPAs were worst hit, with an average of 25 percent of households without food from their own production by 30 November 2009.

An October 2009 MVAC assessment found that while cotton had sold between MK 60 to MK 80 per kilogram in the 2008 marketing season, it was then selling between MK 30 to MK 42 per kg, with some even selling as low as MK 15 to MK20 per kg. In addition, delays in buying the cotton led to some of it being destroyed by pests and weather, and some farmers did not pick their cotton. Furthermore, some vendors were buying the cotton on credit, meaning that some farmers had not yet earned any income from the cotton sales. In the final analysis, it was found that Chikwawa and Nsanje and Balaka, which were already identified as food insecure, and part of Chingale EPA in Zomba district, experienced significant income losses from cotton sales. Since most households in these areas heavily rely on cotton incomes for food purchases, the October 2009 update assessment found that the number of households which would face food shortages had increased from 147,492 as projected in June 2009 to 275,168.

Food security conditions in Chikwawa, Nsanje, and Balaka have started improving as a result of intensification of some irrigated crop harvests, the current food aid program, and a trickle benefit from the improved cotton sales. After prolonged dry spells destroyed crops in February 2009, the government and some NGOs assisted farmers with inputs for intensified irrigation farming. Harvests from this irrigated crop from September to December 2009 have given the vulnerable households access to food. Since December 2009, the Department of Disaster Management Affairs, through WFP and its NGO partners, has started distributing food to the 147,492 people identified as food insecure in the three districts above. This has improved food access for the vulnerable households. The distributions will be implemented through March 2010. However, there is a concern that the food aid program has not been scaled up to the updated figure of 275,168. Of concern is part of Chingale EPA in Zomba which was identified as food insecure in the MVAC's update assessment in October 2009 but has not yet been included in the current food aid program. Consumption of green crops in February and March will ensure an improved food situation for Chikwawa, Nsanje, Balaka, and Zomba districts. Harvest from the current production season will take place from April to June.

In mid-November 2009, the government instructed ADMARC, the agro-marketing board, to start buying cotton from farmers at the recommended MK60/kg to boost farmers' incomes. A simple analysis of the sampled EPAs shows that if we peg the farm gate price for cotton at MK 60 for the 2009 season, the farmers were losing an average of 50 percent (average of MK30/kg) in income when selling to vendors. An average of 72 percent of the cotton was sold at this loss. With ADMARC markets now buying cotton, it is assumed that the remaining 28 percent will be sold at the government recommended price of MK 60/kg. This will reduce the percentage loss from 50 percent to 36 percent. While there will be an improvement in farmers' incomes, agriculture officials have often reported that it is mostly big and well-off cotton farmers who managed to hold on to their cotton without selling to vendors. This means that most of the poor and middle farmers will only benefit indirectly through ganyu, which is offered by the "well off" farmers. Another drawback is that cotton farmers are facing increasing transport costs, which are an invisible loss. While commercial companies provided baling sacks and opened markets right in the villages thereby easing transport costs in the 2008 season, farmers have to now hire transport to ADMARC markets which may be as far as 30km. With the above facts and concluding that the benefits from the current cotton marketing may not be significant to poor and middle households, the MVAC concluded that the estimated figure of food insecure populations would still be at 275,168.

In a meeting on December 8, 2009, the NFRA reported that the Strategic Grain Reserve had 140,000 MT against a set maximum of 60,000 MT. They also reported that they were in the process of tendering for the purchase of an additional 30,000 MT. The Grain Traders Association of Malawi, which encompasses large private grain traders, declared 74,375MT of stocks in its possession. ADMARC reported that as of December 4, 2009, it had procured a stock of 44,917 MT of maize, 5,000 MT paddy rice, and 1300 MT of pulses. Reports from non-affected districts indicate that households are still consuming food from their own production, with some districts registering below three percent of households which have run out of food from production as of November and December 2009. This shows that the country has enough food stocks. On January 12, 2010, ADMARC communicated that they had started selling maize at MK 60/kg, which would be officially announced by the Government in the following week or two.

Figure 2. Nominal maize prices in local markets near Balaka vulnerable areas after 2009 harvest

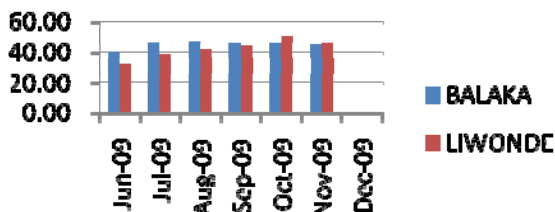


Figure 3. Nominal maize prices in local markets in Nsanje after 2009 harvest

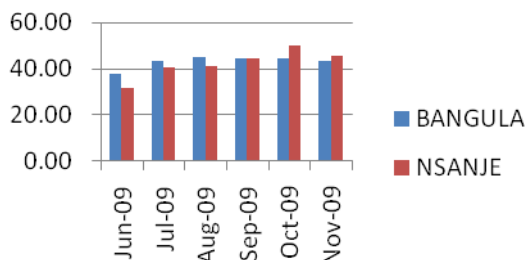
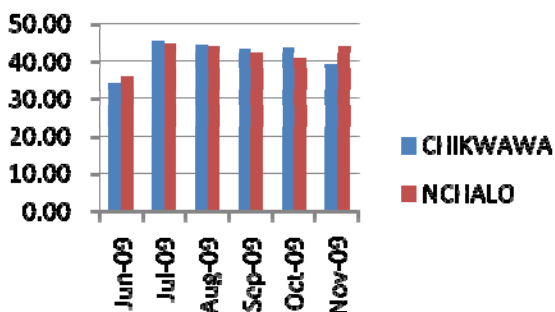


Figure 4. Nominal maize prices in local markets in Chikwawa after 2009 harvest



Maize availability and prices

Most of the poor and middle households are now dependent on markets for food in all the food-insecure districts. However, instead of maize price rising as we enter the peak hunger period, prices in most markets — including those in the affected areas — have either stabilized or are experiencing a slight decrease, as shown in Figures 2-4.

In Nsanje as of December 14, 2009, a district agriculture office reported that maize was selling at MK 45/kg in the local markets and MK 60/kg in ADMARC markets. Apart from those populations identified as food insecure by the MVAC, most households were accessing food through purchases after realizing income from sugarcane, fruit, forest-based products, livestock, and fish sales in addition to incomes from casual labor. So far, no abnormal coping has been reported. Maize was available in all local and ADMARC markets with households preferring to buy the cheap maize from the local markets and not ADMARC.

In Chikwawa, maize was readily available in the local markets with vendors charging MK 45 – 48/ kg, which is still cheaper than the MK 52 charged by ADMARC in the 2008 season. Most of the maize was coming from Mwanza, Blantyre, Thyolo, and Mozambique, yet it was still selling at a cheaper price, indicating that there was no pressure on maize demand.

As for Balaka, maize was available in local markets; most of it was being supplied from Mwanza, Ntcheu, Mchinji, Mulanje, and Mozambique. As of November 30, 2009, maize was selling in local markets at MK 40 to MK 50/kg. To access food, households were adapting coping strategies such as engaging in casual labor (ganyu), intensification of charcoal burning, collection of firewood, petty trade, quarry mining, and sale of small livestock. Part of Chingale EPA in Zomba, which lies along

the Middle Shire livelihood zone and borders the vulnerable Balaka EPAs, had 16,153 people at risk due to income losses from cotton marketing. Markets in this area were being supplied by areas in the same EPA that lie in the Shire Highlands livelihood zone and experienced surplus production. Maize was readily available, but households were not purchasing the food due to eroded incomes. In Chingale, maize was selling at an average price of MK 55/kg, well above the current national average of MK 35 to MK 45/kg.

Informal cross-border trade

Annually, Malawi benefits from informal cross-border imports of food commodities, especially maize. Current FEWS NET data for informal cross-border trade has shown that maize and beans imports have dropped significantly. Monthly maize imports dropped from a total of 8,137 MT in June 2009 to 3,169 in November 2009. Bean imports have fallen from 743MT in September 2009 to 461 MT in November 2009. The amount of total maize imports from the harvest (April) to date (November 2009) has shown a significant drop. Total maize imports between April and November 2009 stood at 51,761 MT. Total maize imports covering the same period in 2009 have dropped to 33,661, thus representing a 34.9 percent drop. This supports the reports that the country has adequate maize stocks and at reasonable prices, thereby reducing the pressure to import. Another indication of easing pressure on informally imported food is the price of imported maize. While the average purchase price for informally imported maize stood at MK63.81/kg and the same maize was being sold at an average of 75.25/kg in November 2008, in November 2009 the average purchase price stood at MK 31/kg at source and the selling price in Malawi stood at MK 37.81/kg.

Livestock sales in the food insecure districts

Poor households rely on food purchases for almost half of their annual food needs. Sale of small stock such as chickens and goats contribute significantly to poor households' incomes annually. Apart from normal sales, expanded livestock sales are used in times of food scarcity. While it is normal for livestock prices to drop as households engage in panic sales in order to obtain food, livestock prices have remained stable, at average prices of MK3, 500 to MK 5000 for a goat and MK550 to MK 800 for a chicken. This is another indication that households still have some food stocks or have other normal means of accessing food.

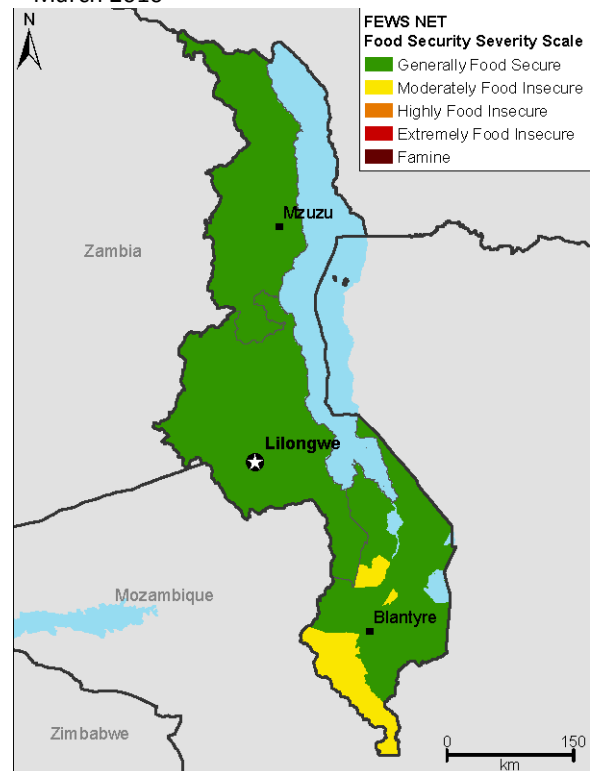
Most likely food security scenario, January - June 2010

The food security situation remains favorable except for the districts of Chikwawa, Nsanje, and parts of Balaka, and Zomba districts, where prolonged dry spells caused production failures in the 2008/09 production season between January and March 2010; however, while food production is expected to remain favorable between April and June, total production is likely to be reduced in the 2010 harvest in the districts of Mwanza, Neno, Chikwawa Nsanje, Mulanje, Phalombe, Balaka, and Ntcheu. Unfavorable cotton marketing further eroded household incomes, thereby affecting market-based food access opportunities. In December 2009, the Department of Disaster Management Affairs, with logistical support from WFP, started distributing food aid to 147,492 people in Chikwawa, Nsanje, and Balaka districts who were identified as food insecure in the MVAC's June 2009 assessment. An updated MVAC assessment conducted in October found that the number of food-insecure people in need of urgent food assistance had increased to 275,168 due to eroded incomes from cotton sales which had sold at an average of MK 30/kg as compared to MK 65 in the 2008 marketing season. However, the current food aid program has not yet incorporated the revised figures.

Apart from Chikwawa, Nsanje, Balaka, and a small part of Zomba District, households elsewhere had adequate normal coping mechanisms to make up for the food gaps such as intensification of irrigated crop production, casual labor, sale of small livestock, crafts, firewood and charcoal, and fruits and vegetables.

Maize and other foods were reported to be available and cheaper in local markets in the districts identified as food insecure as well as non-affected districts. ADMARC markets were reported to have some maize stocks. However, sales in ADMARC

Figure 5. Most likely food security scenario, January – March 2010



markets had not yet started and households preferred buying food, especially maize from local markets, where it was cheaper than the MK 52/kg set by government in 2008. Maize prices were stable at MK 35 - 48/kg in both food secure and insecure districts. In Nsanje, maize was selling at an average of MK 45 per kg as compared to MK 48/kg in Chikwawa and MK 40-50 /kg in Balaka. Maize was selling at a slightly higher price of MK 55/kg in the affected part of Chingale EPA compared to an average of MK45 observed in the other areas.

Food security is expected to be favorable in all the districts between April and June because of the harvest. However, El Niño weather effects have caused erratic rains in 17 districts, which is likely to translate into reduced staple crop harvests, and hence, food insecure conditions for households in the affected districts. These include Mwanza, Neno, Chikwawa Nsanje, Mulanje, Phalombe, Balaka, Mangochi, Machinga in the south; Ntcheu, Lilongwe, Dedza, Dowa, Nkhotakota in the center; and Karonga and Mzimba in the north.

Food security assessments should be conducted before the next harvest to determine the full impact of the dry spells and the amount and nature of humanitarian assistance required. A larger humanitarian assistance program will likely be needed from July 2010 to March 2011, as the expected number of food insecure will probably exceed the 245,000 in 2009/2010. So far, Ministry of Agriculture has identified more than 121,000 households whose crops have either wilted or not germinated, and thus need to replant.

The number of affected households is expected to increase significantly as some districts facing the same problem had not yet been assessed on January 5, when the report was made. The government has not announced any support for the 121,000 households that need to replant.

Although November and December fall within the hunger season in Malawi, most of the districts in Southern Malawi that usually experience food insecurity had very low figures of households which had run out of food from their own summer production. See Table 1.

Seasonal progress

El Niño has continued to affect normal rainfall patterns over Malawi. While rainfall started as early as October in some parts of the country, most of the rains were not adequate for planting. When planting rains finally came in mid to late November, the rains became sporadic, causing poor germination and stressed vegetative development.

Currently, there are fears that the current poor rains and a possible early cessation of rains will significantly reduce production for both food and cash crops with margins of between 30 to 50 percent margins. It is also worrying that districts in the Central Region of Malawi, which is the food basket and normally less affected by bad weather, have been affected. Below is a chronology of the seasonal progress as reported by the Department of Climate Change and Meteorological Services in its 10-day bulletins covering October 1 to December 31, 2009.

Figure 6. Most likely food security scenario , April – June 2010

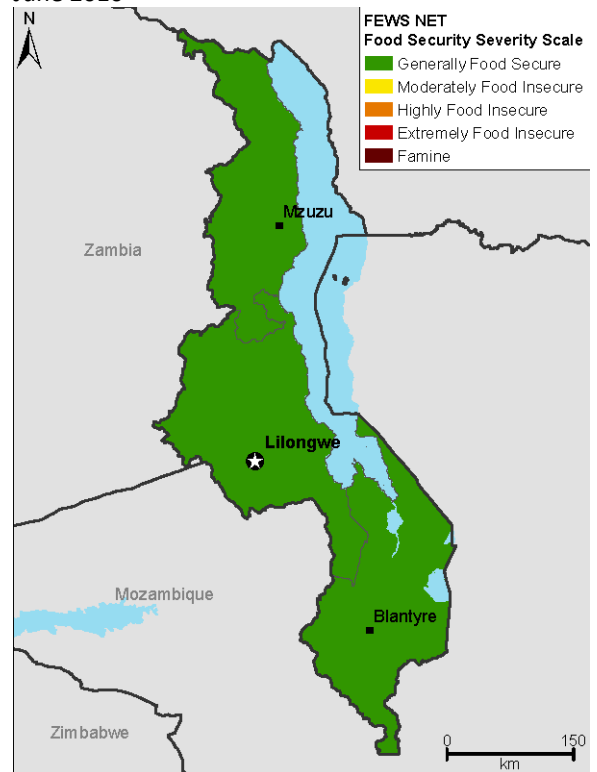


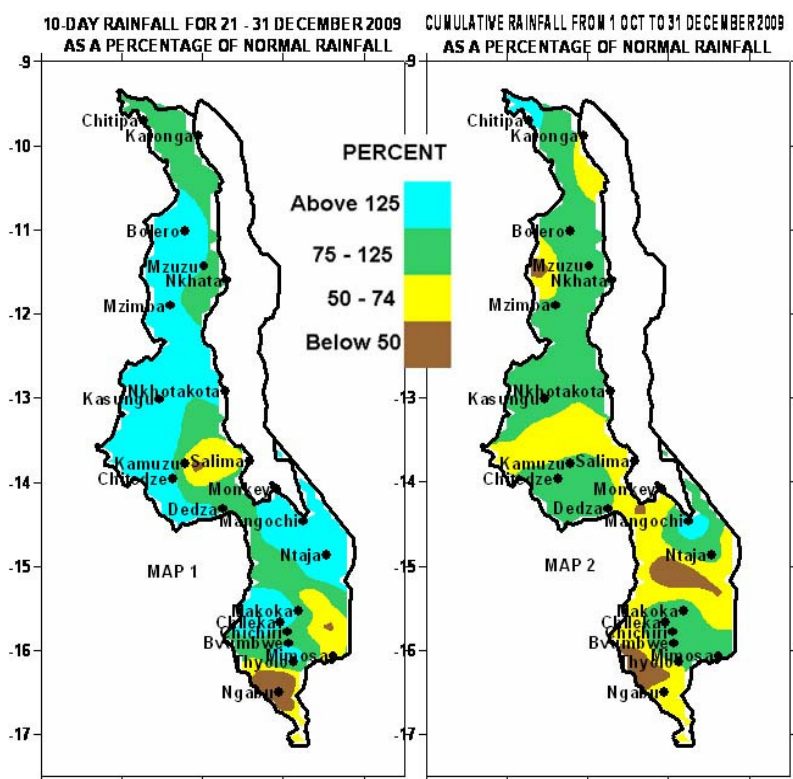
Table 1. Households without food from own production

District	Households without food from own summer production in November and December 2009
Blantyre	4 percent
Machinga	4 percent
Mulanje	6 percent
Chiradzulu	8 percent
Phalombe	8.7 percent
Mwanza	10 percent
Thyolo	11 percent
Neno	13 percent
Chikwawa	15 percent
Nsanje	16 percent
Balaka	25 percent

Source: MoAFS ADD, and district reports

- Sporadic rainfall in few places in South Malawi in first week of October, but dry conditions persisted.
- Dry conditions with sporadic rains persisted to the end of October in Southern Malawi.
- Good rains during all of November, with rains of above 30 - 50mm in most parts of the country, especially the lake shore and southern areas. Good rainfall distribution, which prompted planting especially in North and South.
- Still dry conditions and suppressed rainfall activities reported in parts of Balaka, Thyolo, Zomba, Machinga, Mangochi in the South; Lilongwe, Mchinji, Kasungu, Nkhotakota in the Center; and Rumphu and Karonga in the North.
- Significant improvement in rainfall distribution in December in Southern Malawi but Central and North still dry and planted crops were reported to be water stressed. By the end of December suppressed rainfall was reported in parts of Chikwawa, Nsanje, Phalombe, Zomba, and parts of Central Malawi hindering basal dressing and causing wilting of crops.

Figure 7. Rainfall as percentage of normal, Oct 1 – Dec 31, 2009



Source: Department of Climate Change and Meteorological Services 10-Day Bulletin, 21-31 December 2009

Machinga, and Zomba in Southern Malawi; and Karonga and Mzimba in northern Malawi have been affected by the armyworm attacks. The Ministry of Agriculture and Food Security is currently responding to the armyworm outbreaks by spraying the fields. The extent of damage to the crops is yet to be established.

Between December 6-20, 2009, Karonga district at the northern tip of Malawi was hit by a sequence of earthquakes whose readings measured 5.4 to 6.0 on the Richter scale. The earthquake caused extensive damage to infrastructure and some people were displaced. Before the December 20 quake, government estimates put the figure of affected households at 4,677. District agricultural officials had some fears that the displacement at the critical agricultural production period may have negative impact on people's farming activities which may negatively affect food production. Further monitoring of the effects of the earthquake on agricultural production needs to be carried out.

The current forecast for January 2010 predicts rains in the Northern half of Malawi and dry conditions in the Southern half. This has serious implications for the current season. Insufficient rains in January will hamper seed germination for those who have just planted due to delayed rains. Lack of adequate moisture will also hamper proper vegetative growth of crops which have already grown. In addition, farm activities such as application of fertilizer will be affected, because it cannot be applied in dry conditions. In areas where there was early planting of maize, the crop is about to tassel and will soon be producing cobs. At this stage, lack of adequate moisture prevents adequate grain formation, leading to poor harvest.

Another effect of the dry spells is armyworm attacks on maize, millet, and sorghum. Ministry of Agriculture officials reported armyworm attacks in 14 of Malawi's 28 districts, with more than 5,000 hectares having been under attack in the past three months. The districts of Lilongwe, Ntcheu, Dedza, Dowa, and Nkhotakota in Central Malawi; Mulanje, Chikwawa, Balaka, Mangochi,

Table 1: Events which could affect the food security outlook

Geographic Focus Area	Possible events in the next 3 months that would change the most likely scenario in this area	Impacts on food security conditions	Likelihood of occurrence*	Key variables to monitor
	<ul style="list-style-type: none"> Dwindling market supplies within the affected areas 	<ul style="list-style-type: none"> More maize availability will translate to ease of access. However, the price would facilitate or undermine household access through the markets. 	Unlikely	Quantities of food available in local markets.
	<ul style="list-style-type: none"> ADMARC purchasing the remaining 28 percent at MK60/kg 	<ul style="list-style-type: none"> Cotton sales will raise incomes, especially for big farmers, which would in turn trickle down to poor households through casual labor opportunities. 	Unlikely	ADMARC cotton sales records
	<ul style="list-style-type: none"> Abnormal increases in maize prices 	<ul style="list-style-type: none"> Many poor and middle households will be unable to access food through markets 	Unlikely	Nominal maize prices

* 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