Crisis (IPC Phase3) outcomes will likely persist through the lean season

**KEY MESSAGES**

- Most southern and some central districts are facing Crisis (IPC Phase 3) acute food insecurity outcomes due to below-average cereal and cash crops from the 2017/18 production season. Poor households also have below-average incomes as most income earning opportunities are agriculture and depend on rainfall, which has to date been well below normal. In some northern and central areas, where poor households are unable to afford many basic non-food needs, Stressed (IPC Phase 2) outcomes exist. The rest of the country is in Minimal (IPC Phase 1).

- The start of the 2018/19 rainfall season has been characterized by below-average and erratic rainfall, especially in central and southern areas. This has resulted in limited agricultural activities, lowering labor opportunities in this sector. Forecasts for below-average rainfall through the remainder of the season in the southern half of the country will likely result in continued below-average agriculture labor opportunities for poor households who depend on this as an income source to meet their basic non-food and food needs during the lean season.

- National maize grain prices will likely follow normal season trends, although above last year’s prices. Prices will trend slightly above the five-year average. However, some districts in southern Malawi are already starting to report price increases of maize grain as the national demand will increase through the lean season.

**SEASONAL CALENDAR FOR A TYPICAL YEAR**

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 Malawi
fewsquiry.malawi@fews.net
www.fews.net/malawi

FEWS NET is a USAID-funded activity. The content of this report does not necessarily reflect the view of the United States Agency for International Development or the United States Government.
NATIONAL OVERVIEW

Current Situation

Most areas in southern and central Malawi did not receive effective rains well into the first week of December 2018. The Water Requirement Satisfaction Index (WRSI) indicates the start of season to be 10 days late in southern areas and little to no delay in the start of season in the center and northern areas. This delayed farming activities especially planting of various staple and cash crops and decreased the availability of seasonal agricultural labor. In some areas of the center and north, where sufficient rains for planting have been reported, planting started. The Ministry of Agriculture, Irrigation and Water Development (MOAIWD) distributed seeds and fertilizers through the Farm Input Subsidy Program (FISP) to an estimated 1 million farming households throughout the country.

National food stocks are near average, despite the 28 percent reduction in overall production in 2017/18. According to the Ministry of Agriculture, Irrigation and Water Development (MOAIWD) as carryover stocks were above average, the national cereal availability is estimated to be above the national consumption need. The Strategic Grain Reserve (SGR) and Agricultural Development Marketing Corporation (ADMARC) are estimated to hold above-average maize grain stocks for this time of year with over 270,000 MT. SGR and ADMARC are providing the maize grain for humanitarian assistance and after humanitarian food assistance drawdowns, roughly 100,000 MT are likely to remain. Informal cross border maize imports in October from Mozambique and Tanzania decreased by 15 and 3 percent, respectively, while imports from Zambia increased by 33 percent compared to September. Overall informal cross border trade is 11 percent above the five-year average.

The Reserve Bank of Malawi (RBM) indicates the 2018 inflation rate remained stable, although there have been government-imposed fuel prices increases. In July 2018, the Malawi Energy Regulatory Authority (MERA) raised petrol and diesel prices by 7.68 and 9.21 percent, respectively after about two years of stable prices. Towards the end of November 2018, petrol and diesel prices were raised again by 6.20 and 5.86 percent, respectively. However, MERA announced a reduction of petrol and diesel prices in mid-December stabilizing fuel and diesel prices to near July prices, despite decreases international fuel prices. The increase in fuel prices is affecting transportation costs and food prices especially in remote areas.

Food prices are currently trending around or below the five-year average, but are on average 30 percent above prices compared to same time last year (Figure 1). In October 2018, prices ranged from 100 kwacha (MWK)/kg in northern markets to 150 MWK/kg in southern markets. On average across all monitored markets, October maize grain prices are 13 percent higher than last year’s prices. Rice prices are higher than last year and remain significantly higher than the five-year average due to the below-average 2018 harvest and very low national stocks. Bean prices remain stable mainly due to the above-average harvest due to irrigation as well as the above-average availability of pigeon peas, a substitute legume. Trends in cassava prices in October varied with some markets registering stable prices while others registered decreases in prices as compared to the five-year average and last year’s prices. According to MOAIWD’s June 2018, 3rd round Agriculture Production Estimates in June, prices for common livestock price increased 10 to 15 percent as compared to last season prices, current estimates on livestock prices were not available at the time this report was written.
A SMART survey in January/February 2018 indicated the GAM prevalence during the peak of the lean season as measured by weight-for-height was 1.3 percent (CI 95%: 0.9-1.9) within the “acceptable” WHO threshold for severity of malnutrition.

According to the Malawi Vulnerability Assessment Committee’s (MVAC) assessment in about 3 million people in central and southern areas currently face Crisis (IPC Phase 3) outcomes. These household depleted their food stocks earlier than normal in late August/September due to the below normal production in the 2017/18 season and rely heavily on market purchases for food. To purchase food, poor households who have livestock are selling them as well as engaging in labor and self-employment activities, especially the sale of firewood and charcoal. These income earning opportunities remain limited as more households are engaging in these activities, market competition is increasing, driving down prices and incomes. The increase in food prices and the atypical length of time households have relied on markets has constrained purchasing power and access to food. The rest of the country is facing Stressed (IPC Phase 2) and Minimal (IPC Phase 1) as these poor households have yet to deplete their household food stocks have access to labor opportunities for market purchases.

**National Assumptions**

The Food Security Outlook for December 2018 to May 2019 is based on the following national-level assumptions:

- According USGS and NOAA, the forecast El Niño conditions will likely lead to below-average rainfall in the southern half of Malawi and average rainfall in the northern half of the country. Localized rainfall variations will likely occur resulting in prolonged dry spells and/or localized flooding, negatively affect agricultural production.

- National cereal availability will likely continue to be average based on cereal estimates from SGR and ADMARC with normal level of imports, likely meeting national consumption needs.

- The macroeconomy is anticipated to remain stable during the outlook period. The country’s currency has been stable over the past two years with overall inflation stable rate of inflation.

- Agriculture labor opportunities are expected to be close to normal across most of the country, although households are likely to earn their wages after the harvest through in-kind and cash payments. In southern areas, labor opportunities are likely to be below-average as agriculture activities are restricted due to the erratic start to the rainfall season.

- Overall, near-average crop production is likely, with a tendency toward above-average in the northern region, average in the central region and below-average production in the southern region.

- Fall Armyworm (FAW), rodents, and other typical pests, including African Armyworm, Panama diseases, hornworm caterpillar, and stalk borer are likely to remain a threat to irrigated and rain-fed maize and other crops. This will likely have normal impacts on crops on as normal pest management strategies are implemented.

- Livestock sales and prices will likely be average as livestock body conditions improve with the rains and pastures regenerate. Livestock prices are likely to be average to slightly above-average prices as poor households likely receiving humanitarian assistance in late December will decrease livestock sales through the lean season, helping to stabilize prices.

- Maize grain market supply will likely be below average from January to March as some traders and farmers will hoard food stocks in anticipation of below-average production. Maize market demand is anticipated to be above-average through the lean season. ADMARC is likely to cap maize grain prices at MWK 170 per kilogram. After the harvest in March, prices are anticipated to decrease drastically.
• Informal cross border maize imports will likely be below average as maize availability is average owing to some carryover stocks. The below-average prices within Malawi will also act as a disincentive for traders.

• Humanitarian food assistance is planned and funded by the government to target there estimated 3.3 million people, according to the MVAC, in Crisis (IPC Phase 3) across the country. In late December 2018 through to March 2019, the Malawi government has pledged to start delivering assistance meeting about 70 percent of a household’s kilocalorie needs per day.

Most Likely Food Security Outcomes

Through March 2019, northern districts are likely to remain in Minimal (IPC Phase 1). Although Karonga and Mzimba districts which will likely be in Stressed (IPC Phase 2) due to below normal production, depletion of household food stocks, and decrease income access. Poor households in the central region will likely rely on market purchases for food owing to a poor season and Dowa, Karonga, Mchinji, Nkhotakota, Ntchisi, Lilongwe, and Kasungu districts will likely face Stressed (IPC Phase 2) outcomes. Dedza, Ntcheu and Salima in the center region and districts in southern Malawi will likely face Crisis (IPC Phase 3) outcomes as these districts depleted their food stocks in June in some areas and have been relying on market purchases and coping strategies. Starting in late December/early January and continuing through April, humanitarian food assistance will be delivered monthly to the estimated 3 million throughout the country meeting about 70 percent of a household’s kcal needs for a month. As a result of humanitarian food assistance, Stressed (IPC Phase 2!) and Minimal (IPC Phase 1!) outcomes are likely across the country through March. Based on nutrition data that is currently available, the GAM (WHZ) prevalence is anticipated to slightly increase through the lean season, however based on historical nutrition trends, the GAM (WHZ) prevalence is still expected to fall within ‘acceptable’ WHO thresholds.

As green foods become available in late March, poor households will reduce their reliance on market purchases and coping strategies and begin to rely on green foods and harvested crops. Areas likely to experience the negative impacts of the El Nino conditions during the 2018/19 wet season will likely be slower to recover. In the late April/May, household food insecurity outcomes will improve to Minimal (IPC Phase 1) for most districts and Stressed (IPC Phase 2) due to the significant increase in food availability of food from the harvest and most foods will access food from their own production.

AREAS OF CONCERN

Middle Shire Livelihood Zone, Blantyre District

The 2018 maize grain harvest was only 50 percent of the five-year average according to MOAIWD. Production for key cash crops including groundnuts, cotton, pigeon peas, and leafy vegetables was also significantly below-average. Due to the poor harvest, households started relying on food stocks atypically early in late August. Income earning opportunities for poor households are below-average as middle and better-off households who normally offer on-farm labor suffered significant production losses and are unable to pay wages. Non-farm labor wages are average to above-average, but labor opportunities are below-average. Desperate household members have reported walking long distances to find labor and selling firewood and charcoal.

Current maize grain prices in Lunzu and Balaka markets were the highest in the country in October at about 150 MWK/kg in both markets (Figure 3). Maize grain prices are significantly above last year’s prices and slightly above the five-year average.
Cassava prices, a food substitute, were roughly 15 percent above normal. Poorer households reported they started selling livestock as early as May and June to purchase food. Most households with livestock herds remaining will refrain from selling most of their reproductive livestock and forego this income source. With little to no income earned from livestock sales, the only income source for households is selling firewood and charcoal. As more households engage in this activity, earned income will likely be significantly below-average due to competition for the resources and decreases in market value.

Agricultural labor availability usually peaks from November to January, however due to below-average incomes among middle and better-off households as well the delay of season, reducing agricultural activities, will likely have below-average labor access and income by poor households, Crisis (IPC Phase 3) food security outcomes will persist through the next harvest. However, with the distribution of humanitarian assistance to over 130,000 households in late December/early January covering about 70 percent of the kcal needs, this area will face Stressed (IPC Phase 2!) outcomes. The harvest in late March/April 2019 will improve outcomes as households start accessing own foods for food and income, however, poor rainfall will likely affect the harvest.

Southern Lakeshore Livelihood Zone, Salima District

Rain-fed maize production for the 2017/18 season in Salima district was estimated to be nearly 30 percent below the five-year average. Currently, poor households have little to no food stocks and have been relying on market purchases since June. Households have been relying on casual labor for incomes, however casual labor opportunities have declined by about 40 percent, due to the reduced payment capacity by middle and better-off household. Poor households are dependent on income from fishing and fishing labor in the zone and fishing labor access for poorer household is dependent of amount of fish catches. Income from fishing will likely be lower than average as fish catches are currently reported to be below-average due to low water levels in Lake Malawi and increased competition. In December, income from fishing were nonexistent as lakes and rivers are officially closed to fishing for breeding.

Current market prices for maize grain in Salima market are 120.42 MWK/kg, 5 percent below last year’s price and about 15 percent below the five-year average. Maize market demand started increasing in December and will continue to increase through the peak of the lean season in March. Maize prices in the Salima market will likely trend along the five-year average, showing typical price increases during the lean season (Figure 5).

Through March 2019, poor households will continue experiencing Crisis (IPC Phase 3) acute food security outcomes as these households have little to no food stocks as well as significantly below-average incomes for market food purchases.

Humanitarian assistance is likely to be delivered in late December/early January to roughly 150,000 households covering about 70 percent of the household’s kcal requirement mitigating these outcomes. Households will likely be in Stressed (IPC Phase 2!). From April to May 2019, households will gradually transition to Stressed (IPC Phase 2) and Minimal (IPC Phase 1) when food from new harvests become available and households rely on their own foods to meet their food needs.

Phalombe-Lake Chirwa Plain Livelihood Zone, Zomba District

Currently, most poor households already depleted food from their own production and are relying on market purchases for food. Household food stocks including in middle and better-off households were depleted in August with some poor households reporting depleting their stocks as early as June. Households are accessing income by engaging in some
agricultural labor, mostly land preparation and self-employment activities, such as firewood and charcoal sales. Household members are migrating to Mozambique for labor opportunities, especially males. Migration is typical for this time of year and most men are paid in-kind in form of maize and do not earn remittances to send home. Maize grain is still readily available in markets owing to carryover stocks being imported from surplus producing areas of the country as well as informal imports from Mozambique. October 2015 maize grain prices in Phalombe market were slightly below the national average at 132.50 MWK /kg, however 22 percent above last year’s prices and 12 percent below the five-year average. The below-average prices are influenced by stable or lower prices in source markets in central Malawi. Labor opportunities are anticipated to be significantly below-average during the rest of the lean season due to reduced income for middle and better-off households who normally hire poor households. Incomes from livestock will likely be below-average as very few poor households reported owning livestock, especially goats. These households started selling livestock very atypically early in May and June to purchase food. Households continue to struggle to buy adequate amounts of food to satisfy their food needs as they have significantly restricted access to income.

Crisis (IPC Phase 3) outcomes are present throughout this zone, however with humanitarian food assistance planned, funded, and likely to be delivered in late December/early January to an estimated 110,000 people, these outcomes will be mitigated. As a result, this district will face Stress (IPC Phase 2!) outcomes through March. In late March/April, most households will gradually transition to stressed (IPC Phase 2) and later Minimal (IPC Phase 1) due to availability of food and incomes from the new harvests.

EVENTS THAT MIGHT CHANGE THE OUTLOOK

Table 1. Possible events over the next eight months that could change the most-likely scenario.

<table>
<thead>
<tr>
<th>Area</th>
<th>Event</th>
<th>Impact on food security outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationwide</td>
<td>Deterioration of macroeconomic</td>
<td>Further increases in fuel prices may spur unexpected increases in food and basic commodity prices which can worsen access to food and basic livelihoods.</td>
</tr>
<tr>
<td>Nationwide (Flood prone low-lying areas)</td>
<td>Flooding</td>
<td>May result in an increased caseload of household facing acute food insecurity and requiring humanitarian assistance above the current estimated 3.3 million who have already been included in the planned humanitarian assistance program.</td>
</tr>
</tbody>
</table>

ABOUT SCENARIO DEVELOPMENT
To project food security outcomes, FEWS NET develops a set of assumptions about likely events, their effects, and the probable responses of various actors. FEWS NET analyzes these assumptions in the context of current conditions and local livelihoods to arrive at a most likely scenario for the coming eight months. Learn more here.