

Overall favorable food security conditions expected to persist throughout the projection period

KEY MESSAGES

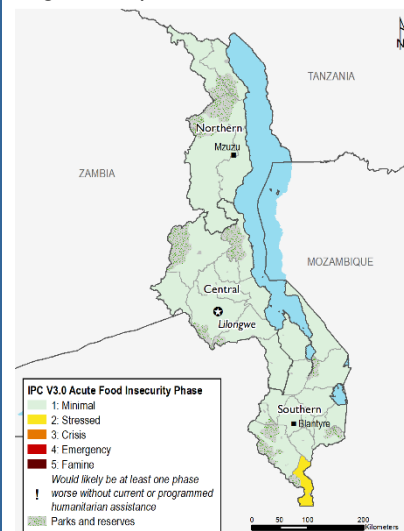
- Favorable food security conditions and Minimal (IPC Phase 1) outcomes are expected to persist across most of the country throughout the projection period. However, Nsanje and Chikwawa districts in southern Malawi registered localized reductions due to poor rainfall performance. Stressed (IPC Phase 2) food security outcomes are expected to emerge in these areas from September/October, with deterioration to Crisis (IPC Phase 3) food security outcomes expected in November/December 2021.
- Overall, staple maize grain prices continue to trend lower than the five-year average. This is largely due to two consecutive above-average production seasons leading to higher supplies at household, market, and national levels. In August, Malawi's Agricultural Development and Marketing Corporation (ADMARC) began purchasing maize from farmers and traders at the government-set producer price of MWK 150 per kilogram. Given typical seasonal trends and ADMARC entering the market, maize grain prices are expected to begin increasing between August and September, with retail maize prices expected to trend close to—or slightly above—ADMARC's purchasing price.
- A third wave of COVID-19 is subsiding in Malawi as of late August 2021, though control measures enacted in July have not yet been eased. Overall, disruptions to trade and income-earning in July and August are not expected to have been as severe as during the first wave in mid-2020. However, the restricted business and employment environment continues to reduce income-earning opportunities for low-income urban households. Given that less than 2 percent of Malawi's population is fully vaccinated, COVID-19 continues to pose a threat to livelihoods and food security in the country, especially for low-income urban households.

CURRENT SITUATION

Since the 2021 harvest (which began in April and concluded in June), most rural households have had adequate access to food, mainly consuming food from their own production following a second consecutive above-average production season. Households are also expected to be accessing adequate levels of income, primarily from crop sales supplemented by agricultural and non-agricultural labor and self-employment activities. As of the end of August, most rural households are expected to be facing Minimal (IPC Phase 1) food security outcomes.

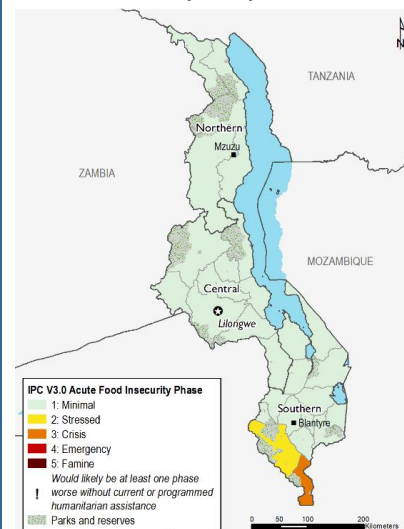
Food availability at household, market, institutional, and national levels is above average due to the second consecutive above-average production year. Production of the maize staple in the 2020/21 agricultural season was 46 percent higher than the five-year average and 27 percent higher than the estimated national requirement. At the start of the 2021/22 consumption year, Malawi also registered

Projected food security outcomes, August to September 2021



Source: FEWS NET

Projected food security outcomes, October 2021 to January 2022



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.

carryover stocks of the maize staple—comprising on-farm stocks, private traders’ stocks, and government agency stocks—that were 80 percent higher than the five-year average.

However, some areas in the southern Lower Shire livelihood zone—particularly in Nsanje and Chikwawa districts—registered localized production shortfalls due to poor rainfall performance and dry spells. This has resulted in below-average food stocks for impacted households and has also negatively impacted other income-earning opportunities given that the local economy is highly dependent on agriculture. For example, availability of labor opportunities has reduced given that households who hire labor have less disposable income for paying wages. Additionally, drier than normal conditions in the zone are expected to have reduced agricultural activities in the ongoing irrigated farming season.

Tobacco is Malawi’s most important foreign exchange earner. As the season for tobacco sales nears conclusion, the total volume of tobacco sold remains lower than the five-year average. As of week 18, (the week ending August 20, 2021) out of 19 total weeks of the season, tobacco sales volumes were 30 percent below five-year average levels. Despite average tobacco prices trending close to five-year average levels, overall income earned from tobacco sales is 36 percent below average due to the lower volumes sold. Marketing of cotton—another key cash crop—is reportedly progressing well in the 2021 season. By the end of June 2021, the Cotton Council of Malawi reported that 10,000 metric tons of cotton out of a projected production of 25,000 metric tons had already been sold. This is a departure from consecutive bad marketing years since 2012. From June 2021, average selling prices for cotton were reported at MWK 360 per kilogram, well above the government-set minimum price of MWK 320 per kilogram but still lower than the range of minimum prices set by government over the past five years (MWK 375 to 389 per kilogram).

From June to July 2021, prices for the maize staple showed mixed trends across monitored markets. Prices were generally stable in six of the 12 markets, prices decreased by between 5 and 30 percent in four markets, and prices increased in two markets, by 11 percent in Mangochi and 5 percent in Lunzu. Across all markets, maize prices in July 2021 were trending at levels significantly lower than at the same time last year, by 17 to 38 percent, and the five-year average, by 11 to 34 percent (except in the northern Mzuzu market where prices were similar to last year and 11 percent higher than five-year average levels). Retail prices in July were highest in southern Malawi markets, where prices ranged from MWK 135 to 160 per kilogram and averaged MWK 148 per kilogram. Retail prices were lowest in central Malawi markets, ranging from MWK 100 to 120 per kilogram and averaging MWK 113 per kilogram. In northern Malawi markets, July prices ranged from MWK 102 to 163 per kilogram and averaged MWK 126 per kilogram. In August, ADMARC started purchasing maize from farmers and traders at the government-set producer price of MWK 150 per kilogram.

In July, month-on-month informal cross-border imports of maize grain (mostly from Mozambique and Zambia) decreased by 26 percent from 1,955 MT in June to 1,444 MT in July. These imports are 57 percent below five-year average levels. Informal cross-border maize exports (mostly to Tanzania) increased by 125 percent from 1,258 MT in June to 2,829 MT in July. The July exports are 38 percent higher than the five-year average, at least partially due to significantly above-average maize production in Malawi.

Despite below-average staple food prices, Malawi is still recording higher costs of some alternative locally produced and imported foods. In June 2021, the Centre for Social Concern reported that the cost of the minimum basic needs basket for households in urban areas increased 19 percent from MWK 210,000 to MWK 250,000 in the past six months since the beginning of 2021, with increases in alternative locally produced foods (such as rice and legumes) and imported food commodities (such as cooking oil) being the main driver. Overall, Malawi’s month-on-month inflation rate increased from 8.9 percent in May to 9.1 percent in June 2021 and reduced slightly to 8.7 percent in July. These higher prices are expected to be impacting poor households in rural areas as well as urban, as households in both areas require similar basic goods. However, poor urban households are expected to be worst affected given higher market dependence and, for some, reduced income due to the impacts of COVID-19 on the economy.

From June to August 2021, the price of fertilizer has doubled from around MWK 20,000 to around MWK 40,000 per kilogram. Though the government plans to maintain current levels of coverage for fertilizer subsidies, this has the potential to impact food prices in the coming season. While the subsidized fertilizer covers smaller amounts of maize planted mainly for consumption, most productive farmers who produce surplus maize for sale buy non-subsidized fertilizer. The government is reportedly discussing with fertilizer companies to explore ways of making fertilizer sold in commercial markets accessible at prices lower than the recently increased prices.

The Malawi National Statistics Office (NSO) and the World Bank have conducted a [High Frequency Phone Survey](#) to monitor the impacts of COVID-19 since May 2020. According to the results, the percentage of respondents in urban centers who reported working at the time of the survey declined from 82 percent in the pre-COVID period to 71 percent in July 2020, around

the time of the impacts of the first wave. As of the most recent round of data collected in May/June 2021, this figure was 77 percent, higher than the 73 percent recorded at the same time last year, supporting expectations that income-earning has recovered, though not fully. Additionally, in the May/June 2021 survey round, only 11 percent of respondents across the country reported having stopped working for reasons related to COVID-19, in contrast to the 56 percent who reported this in May/June 2020. The report also showed that, while there has been recovery since the first wave, only 25 percent of respondents reported working in their own business in May/June 2021, 5 percentage points lower than during the pre-COVID period.

More recently, since early June 2021, Malawi has been experiencing a **third wave of COVID-19**. In July, the Malawi government increased enforcement of preventive measures including restricted entry at borders and airports, reduced business hours, restricted office work (limited to essential services at scaled-down levels), reduced public transport capacity, and reduced size of public gatherings. This third wave has been characterized by an increase in transmission among rural populations, which was not the case in the first and second waves. As of late August 2021, the third wave continues to subside after peaking in late July, but control measures have not yet been eased. Overall, disruptions to trade and income-earning in July and August are not expected to have been as severe as during the first wave in mid-2020, like what was observed during the second wave in early 2021. However, the restricted business environment continues to reduce productivity in certain sectors, leading to reduced income-earning opportunities for some low-income urban households. Given that less than 2 percent of Malawi's population is fully vaccinated, COVID-19 continues to pose a threat to livelihoods and food security in the country, especially for low-income urban households.

UPDATED ASSUMPTIONS

The assumptions used to develop the most likely scenario for the [June 2021 to January 2022 Food Security Outlook](#) remain unchanged, except the following:

- Informal cross-border maize imports will likely be below average due to above-average stocks in Malawi and below-average prices. Informal maize exports will likely be above average throughout the consumption season due to below-average buying prices in Malawi as well as some reported shortages in parts of Mozambique close to the Malawi border.
- Prices for cotton—a key cash crop—will likely be average to above average overall. Currently, cotton is already selling at MWK 360 per kilogram, above the government-set minimum price of MWK 320 per kilogram. However, these prices are still lower than minimum farmgate prices set in the 2018 and 2019 seasons when government set prices at MWK 375 and MWK 389 per kilogram, respectively (though many buyers did not adhere to these minimum prices). Overall, income from cotton sales will likely be below average due to below-average production levels.
- The global COVID-19 pandemic will likely continue throughout the outlook period. In Malawi, currently enacted control measures are expected to remain in place through around September alongside declining COVID-19 incidence. However, COVID-19 remains a threat to livelihoods and food security, especially in urban areas. While not the most likely scenario, emergence of a fourth wave and increased control measures would likely erode some improvements in income-earning for low-income urban households (see “events that might change the outlook” table below).
- Macroeconomic conditions are anticipated to remain broadly stable during the projection period due to recent inflows of foreign exchange from tobacco sales and from the IMF, which in August approved a 133 million USD special drawing rights fund assistance package for Malawi. However, the rate of inflation is expected to increase throughout the projection period alongside typical seasonal trends.

PROJECTED OUTLOOK THROUGH JANUARY 2022

In rural areas across the country, most households are expected to continue experiencing Minimal (IPC Phase 1) food security outcomes throughout the projection period due to a second consecutive year of above-average production. Households will mainly consume their own-produced food, supplemented by purchases of non-staple foods. Most households are expected to obtain adequate incomes to meet essential non-food needs. However, some households in the southern Nsanje and Chikwawa districts are expected to exhaust food stocks atypically early due to localized production reductions caused by the impacts of dry spells. In these areas, Stressed (IPC Phase 2) food security outcomes are expected to emerge from September/October, with deterioration to Crisis (IPC Phase 3) food security outcomes expected in November/December 2021.

In urban areas, easing of currently enacted COVID-19 restrictions is expected to lead to increased income-earning for some low-income households. However, throughout the projection period, very poor urban households are likely to face declining purchasing power due to rising commodity prices. Worst affected households are likely to face consumption gaps in the absence of assistance.

Events that Might Change the Outlook

Possible events that could change the most-likely scenario through January 2022:

Area	Event	Impact on food security outcomes
National	Increase in COVID-19 cases and strict control measures, with impacts on the economy similar to what occurred during the first wave	This would likely slow or reverse expected improvements in economic and business activity. Access to income would likely decrease again for many low-income urban households. An increase in the number of urban households facing Stressed (IPC Phase 2) and Crisis (IPC Phase 3) outcomes would be likely in the absence of assistance. Increased spread in rural areas and overall impacts on the Malawian economy would also threatens rural livelihoods and reduce income-earning among rural households.