Malagasy policymakers have been monitoring the prices of rice and petroleum. Authorities decided to stabilize the price of gasoline and intervened to improve access to rice for poor people in vulnerable peri-urban areas.

Production in almost all industrial sectors for the last quarter of 2010 has declined while service sectors have slightly improved.

National rate of unemployment reached a level of 3.8% in 2010. In addition, 76.5% of the Malagasy population are poor with poverty rates of 54.2% in urban areas and 82.2% in rural areas.

In the south, current rainfall is sufficient and favourable to agriculture activities but with varying distribution across the municipalities. In contrast, many other parts of the Island have suffered from the delay of rain.

A deterioration of food security has been observed both in rice producing areas and in areas with high risk of seasonal drought. However, it has improved in areas with higher risk of floods and cyclones.

The price of rice has increased by 10% compared to last year. Current prices are the highest that the five year average.

The national rate of global acute malnutrition (GAM) has levelled at 5.4% in August/September 2010. In some regions worryingly high levels were already noted even at the beginning of the lean period.
Economic Conditions

• The study of economic conditions forecasts a decline of production in almost all industrial sectors (food, timber, and construction) for the last quarter of 2010. However, service sectors (housing, catering, or publishing) have slightly improved.

• The national survey EPM “Enquête Permanente auprès des Ménages”, held by INSTAT in partnership with UNFPA and UNDP, shows an increase of 1 percentage point of the national rate of unemployment since 2005. It has reached a level of 3.8% in 2010. Unemployment is essentially an urban phenomenon (7.6%) rather than a rural one (3%). Unemployment rate remains slow in whole Madagascar due to an increasing levels of underemployment (25%) or inadequate jobs (42%) in the labour force.

• Comparing to a level of consumption of 468,000 Ariary per capita per year (the equivalent to $1 USD per day in 1993 constant value), 76.5% of Malagasy population are poor with a poverty rate of 54.2% in urban areas and 82.2% in rural areas.

• Diana in the north, and Analamanga, the capital, are the richest regions whilst southeastern regions (Atsimoro atsinanana and Vatovavy fitovinany) are the poorest. The poverty rate has risen by 7.8 points compared to 2005. Moreover, inequality between the richest and the poorest has increased over the last 5 years.

• According to the same survey, the subjective poverty rate derived from the proportion of households who declared “being poor” (43.6%) is less than the calculated one. That shows that some households are not conscious of their poverty even though poor people need to be involved in the fight against poverty. Many of households have financial difficulties and have low income to meet their essential needs. This fact mainly concerns households living in An-droy, Atsimoro Atsinanana et Matsiatra Ambony.

Agricultural Production

• According to the Early Warning System (SAP) data, there was three more times rainfall in the South in November-December 2010 than in the same period in 2009. In addition there were two days more rain compared to last year. These rains have flooded some villages and have ravaged fields in the municipalities surrounding streams or rivers. Rice fields are covered with sand and others fields have been damaged.

• Globally, the current level of rainfall in the South is good and sufficient compared to normal levels, thus favourable to many agriculture activities.

• In contrast, many other parts of the Island have suffered from the delay of rain. Particularly, rainfall was insufficient compared to normal level in main rice producing areas (Alaotra Mangoro, Analamanga and Analanjirafy regions) which may result in poor production this season. Therefore, off-season harvest has already started very late this year. Normally, it is expected in September-October.

• For the next three months, the General Directorate of Meteorology predicts a good rainfall on the Midwest, Southeast and Southwest but with locally heavy rainfall risks. Elsewhere, rainfall deficiencies are still to be expected especially in mid-February and April.

RAINFALL LEVEL IN SOUTH MADAGASCAR IN NOVEMBER-DECEMBER 2010 COMPARED TO NOVEMBER-DECEMBER 2009 (in %)

Despite the abundance of rain in the South, rainfall spreads differently over municipalities. For instance, many municipalities of the district of Bekily, the main granary rice of the South, have received insufficient rainfall whilst the district capital is flooded.
Food Consumption

• For some districts where data is comparative, preliminary descriptive findings of CNFSVAM (Comprehensive Nutrition and Food Security Vulnerability Analysis in Madagascar) versus CFSAM results last July shows the seasonality of food consumption within the months and the entering in lean season in late September.

• Therefore, a deterioration of food consumption has been observed both in rice producing areas (+3.6% of households with poor consumption) and in areas with high risk of drought (+20.6%). However, it has improved in areas with high risk of flood and cyclone (-4.3%).

• In Antananarivo, the food consumption pattern has improved slightly over the last years (EFSA 2008 and McRAM 2009-2010). Indeed 65% of households have a food consumption profile classified as “Acceptable” in November 2010 against 60% in November 2009 and 35% in November 2008. The comparison within the last three years is presented in the graph on the right.

• Although the magnitude of food insecurity is relatively high (nearly a quarter of households in the city suffers from severe food insecurity), its intensity has lessened. According to McRAM November 2010, this mitigation would come from improved accessibility of households to food that could be explained by a reduction of the intensity of their vulnerability and by allocating a higher share of household expenditure for food by poor households, resulting in a reduction of other expenses. The creation of “tsena mora” shops with subsidized staple food next to poorest localities during the week prior to the data collection also contributes to the results.

![Graph showing food consumption in Antananarivo from November 2008 to November 2010.]

Markets and Prices

• According to data from the Observatoire du Riz (ODR), the price of rice in forth trimester has increased by 10% compared to last year. Actually, current level of prices is the highest over last five years. The surge in prices is explained, on one hand, by the decrease of market availability due to late off-season harvest as the beginning of rains season was also late, and on the other hand, by the increase in international price which affects local market as imported rice holds an important share of market during lean season. This increase might favour local producers and may incite them to produce more next campaign but affects negatively urban net-consumers.

• Comparing to the third quarter, the average price increase of staple commodities was around 8% for sugar, 6% for flour, and 10% for cooking oil. The price of petroleum remained stable.

• As for the South, data from the Early Warning System (SAP) shows that prices of grains and tubers levelled at almost twice as high in October-November 2010 compared to last year at the same period, as predicted in the third quarter. In contrast, prices of cattle and other ruminants fell down by 25 percent. The situation really compromises the terms of trade of pastoralists.

• Overall, the main strategy used by poor households to maintain their purchasing power is to diversify their sources of income. These new sources of income are generally not stable. For instance, between May and November 2010, the proportion of households earning a monthly income of less than 100,000 Ariary in the Capital has dropped by 5 points (Source: McRAM II 2010).
Inputs were provided by the following sources:

- WFP
- UNICEF
- FAO
- INSTAT
- Observatoire du Riz
- SAP
- IMF
- The World Bank

The Joint WFP-UNICEF CFSNVA undertaken in rural zones of all 22 regions of the country aims to provide an accurate and detailed assessment of the current food and nutrition security situation and to assess the causes and risk factors for food and nutrition insecurity in rural areas. Analysis is ongoing and will identify potential ways to mitigate food and nutrition insecurity in rural areas and identify particularly vulnerable households (or pockets of vulnerability) where special assistance may be required (UNICEF Newsletter, January 2011).

National global acute malnutrition (GAM) rate is 5.4% in August/September 2010. However, in some regions worryingly high levels was already noted even the survey was undertaken at the beginning of the lean period namely in Sofia region (Midwest) and Atsimo Andrefana region (South). The area most affected by tropical storm Hubert (Vatovavy Fitovinany) showed a GAM prevalence of 8.8 percent.

Malnutrition may be linked to water access. In fact, only 28% of households in rural Madagascar access their drinking water from improved sources. This proportion has not really changed compared to 2005 (+2%). Androy and Sofia regions have the worst access with only 11% of households and lEtasy region is the best off with 61 percent. Nevertheless, 34% used to treating their water before drinking, mostly by boiling (92%).

Time spent between home and water source varies a lot between regions. While in the south (Androy and Atsimo Andrefana) people walk over an hour to fetch water, it only takes 5 minutes in the north (Sava). In average, time to go to water source is about 15 minutes.

At macro level, while the overall allocation of resources for the health budget appeared to be relatively unchanged in terms of its proportion to the total public budget, the actual expenses have sharply decreased in 2010 - with a negative impact on the ability of the public health services to function as before. Currently, Government has no budget to pay for transport and distribution of vaccines in the country. EPM reported that just over half of households declared dissatisfied with public services in education and health.

MADAGASCAR—Key Facts

Madagascar, the fourth largest island in the world, lies in the Indian Ocean off the east coast of southern Africa and is renowned for its unique flora and fauna: it is home to five percent of the world's plant and animal species, 80 percent of which are found nowhere else on Earth.

<table>
<thead>
<tr>
<th>2008</th>
<th>Population, total (millions)</th>
<th>19.1</th>
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<tbody>
<tr>
<td></td>
<td>Population growth (annual %)</td>
<td>2.7</td>
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<td></td>
<td>Surface area (sq. km) (thousands)</td>
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<td></td>
<td>Life expectancy at birth, total (years)</td>
<td>60.5</td>
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<td></td>
<td>Mortality rate, infant (per 1,000 live births)</td>
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<td></td>
<td>Malnutrition prevalence, weight for age (6-59 months) (NCHS/WHO)*</td>
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<td></td>
<td>Literacy rate, youth female (% of females ages 15-24)</td>
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<td>GNI (current US$) (billions)</td>
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<td></td>
<td>GNI per capita, Atlas method (current US$)</td>
<td>410.0</td>
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Source: World Development Indicators, Most recent data available, 2001-2008; *Childinfo database