Minimum Expenditure Basket in Malawi - *Round 18:*

14th to 18th December 2020

A look at Food Prices and Availability in Times of COVID-19

Highlights

- The **total value of the SMEBs for the urban areas and Rural South increased** slightly, while that of the **Rural North and Rural Central decreased** slightly.
- The **current national maize price average is MK 190/ kg, lower than the last reporting period** despite nearing the peak of the lean season.
- Overall, **the total SMEB remained relatively stable** throughout 2020 with no major fluctuations.

Background and Context

During this reporting period, (the 14th to 18th of December 2020), **Malawi resumed admission of severe cases of COVID -19 patients** after about three months of no admissions. As a result, the Government of Malawi was prompted to start **reinforcing stricter measures for preventing COVID-19**, as many people had relaxed and stopped following them. More cases are expected to be identified in the coming weeks due to a post-holiday peak induced by travel to and from neighboring South Africa. The **strict measures to be reinforced may exacerbate the effects on the economy** even further. Malawi's economy was and continues to feel the effects of COVID-19, while **inflation remained within single digits throughout 2020**. Most of Malawi's revenue is generated from industries which rely on imported materials as well as agricultural production. With the resurgence of this second wave of COVID-19 and depending on the outcome of the current agricultural production, revenues may be reduced, thereby affecting the general performance of the economy in the medium-term (mid/late 2021).

Methodology

The **Minimum Expenditure Basket (MEB)** is based on the **triangulation of information about the needs, preferences, and demand behaviour of households to establish essential food commodities and non-food products that are found in local markets**. Data for the construction of both the rural and urban area SMEBs was collected using a WFP in-house call centre, reaching over 100 traders in some 70 rural and urban local markets. Contacted traders were asked to provide the market prices of available food and non-food items during the period of December 14th to 18th, 2020 (Round 18).

The **Survival Minimum Expenditure Basket (SMEB) is the bare minimum amount a household requires to maintain existence and cover lifesaving needs**. There are several ways in which to construct an SMEB. This SMEB is done in-line with a rights-based approach based on previously assessed needs. The detailed methodology on the construction and assumption is depicted in *Annex B*.

What does the SMEB show?

The eighteenth round of data collection was done during the third week of December 2020. As shown in *Table 1*, the **total value of the SMEB in the urban areas slightly increased by 0.6 percent** compared to the last round, calculated at MK 62,405. The **increase arose from the non-food component of the basket**, specifically charcoal, the price of which increased by 6.8%. The food component of the urban SMEB, on the other hand, decreased by 1.2 percent due to a reduction in the price of pulses by 1.2%. The non-food component increased overall by 3.0 percent due to a rise in charcoal costs (6.8%), laundry soap (5%), and bath soap (1.4%).

The **percentage share of food-to-total-basket cost decreased slightly (1 percent)** compared to the last round, with urban-based households spending an average of 56 percent of their overall expenditure on food. Overall, the percentage share of food for urban dwellers remains within the range of 55 and 57 percent from month to month since the beginning of SMEB reporting.

The Minimum Expenditure Basket (MEB) module consists of what a typical household requires in order to meet its basic needs.

The Survival Minimum Expenditure Basket (SMEB) is defined as the bare minimum amount a household requires to maintain existence and cover lifesaving needs.

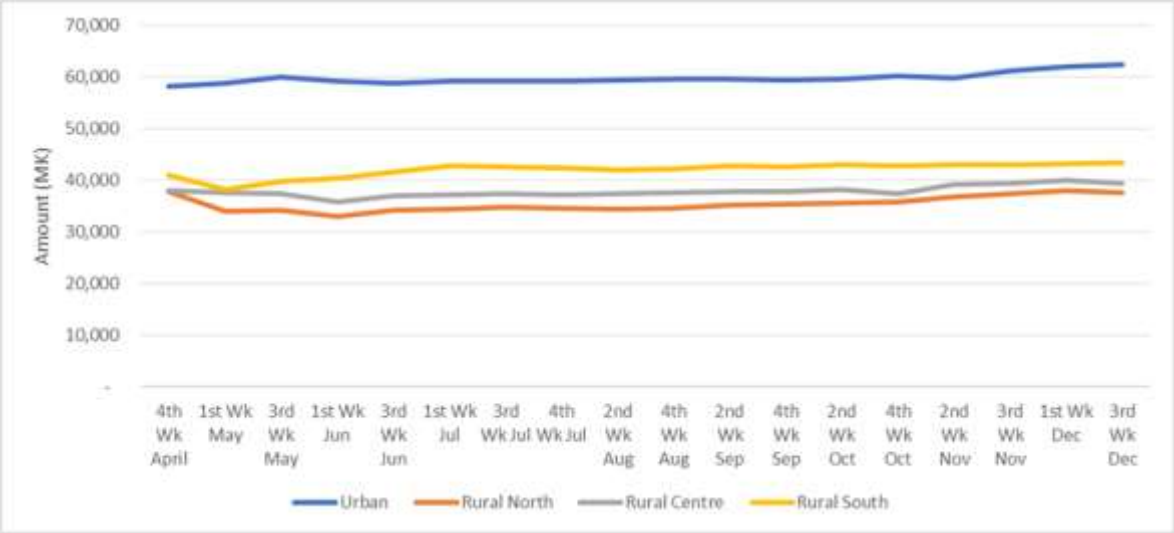
Looking at the overall SMEB for the rural areas, the **Rural North and the Rural Central areas both experienced slight decreases** of 0.8% and 1.7%, respectively, while the **Rural South experienced an increase** in the SMEB of 0.5 percent compared to the previous round. The total values of the rural SMEBs were observed at MK 37,632 (North), MK 39,355 (Centre), and MK 43,417 (South). The **overall SMEB remains higher in the South** due to high maize prices and high prices for a few non-food components, notably fuelwood and milling which are usually higher for the Southern Region compared to prices for the same commodities in the Central and Northern Regions. The **overall SMEB for the North remains the lowest** of the three rural regions due to low prices for cereal and pulses, which form a major component of the basket.

Table 1: Percentage Change in the SMEB, Round 18

	Current round (4th-Wk December)				Percent Change from previous round						% Share of Food to Total cost in 3rd Wk Nov
	Total	Food	Non-food	% Share of Food to Total cost in 3rd-Wk Dec	Total		Food		Non=food		
Urban	62,405	34,935	27,470	56%	↑	0.6	↓	-1.2	↑	3.0	57%
Rural North	37,632	32,778	4,854	87%	↓	-0.8	↓	-0.8	↓	- 0.3	87%
Rural Centre	39,355	34,753	4,602	88%	↓	-1.7	↓	-1.2	↓	-5.6	88%
Rural South	43,417	36,247	7,170	83%	↑	0.5	↑	0.8	↑	0.0	83%

Overall, gradual increases in the total SMEBs for each reporting location have been observed since the onset of data collection in April 2020: the Urban SMEB increased by 7%; the Rural Central by 4%; and the Rural South by 6%. Meanwhile, the overall SMEB for the Rural North has remained stable since data collection and reporting began in April 2020. The SMEB for the Rural North decreased around harvest time in May 2020 until the onset of the lean season in September when it started increasing again. Despite that, no major fluctuations have been observed thus far, with marginal increases and decreases from month to month. Overall, **the Urban SMEB remains the highest** due to the inclusion of other costs as per the assumptions detailed in *Annex B*.

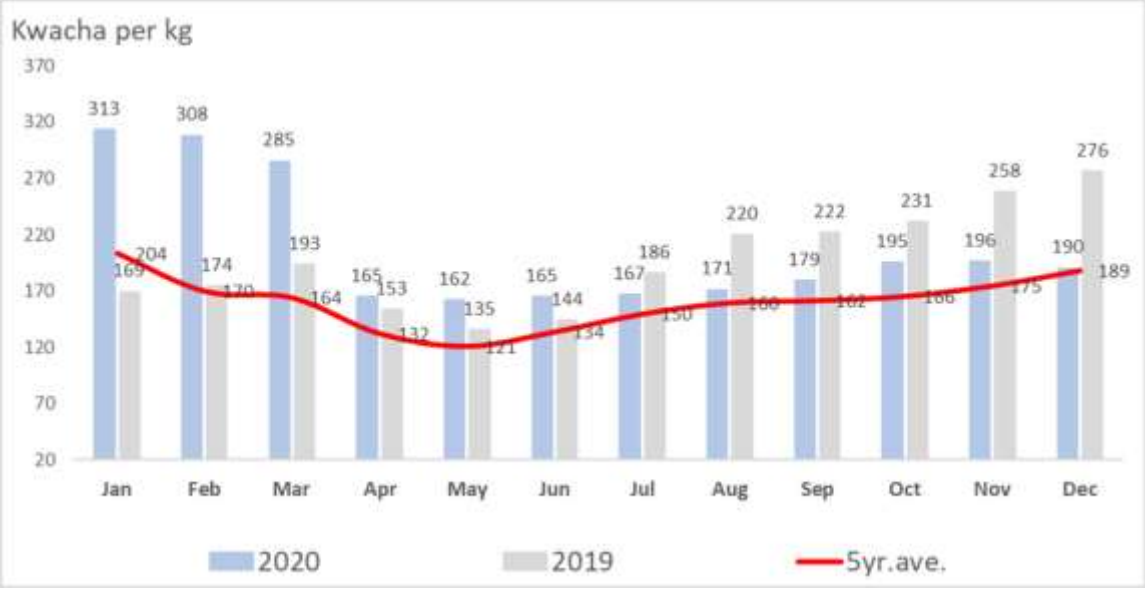
Figure1. Trends in the SMEB, by Region



Maize Prices

During the third week of December 2020, **maize grain prices averaged MK 190 per kilogram, 2.6 percent lower** than this same time last month. The **current national average maize prices for the third week of December remain below their respective 2019 levels by 31 percent but are still 21 percent above the five-year average**. Across the regions, the average price per kilogram of maize was MK 204 for the South; MK 175 for the Centre; and MK 159 for the North. The higher maize price in the Southern Region is influenced by transportation costs, as a large amount of grain is sourced from the Central Region. Despite the expectation that the price of maize would escalate as the lean season progressed, December saw a stability and even a slight reduction of maize prices in some areas. This could be as a result of last year's bountiful production and existing stocks that traders had accumulated in anticipation of soaring prices.

Figure 2. Nominal Maize Price Trends



Pulse Prices

In the period under review, the average prices per kilogram of beans, cowpeas, and pigeon peas were MK 973, MK 623, and MK 553, respectively. The **prices have increased slightly** for beans (1%) and cowpeas (5%) but **remained the same for pigeon peas** compared to this same time last month. As shown in *Table 2*, the current prices for all three types of pulses are much higher than the prices three months ago and also remain higher than the five-year average. This trend is likely to continue until the consumption of the green harvest of early maturing varieties of pulses, which typically commences around the end of February.

Table 2. Nominal Pulse Trends

	Latest Price Dec. W3	Percent change from previous period					
		1 Month		3 Months		1 Year	
Beans	973	↑	1	↑	14	↑	13
Cowpeas	623	↑	5	↑	22	↑	30
Pigeon peas	553	↑	0	↑	32	↑	29

Figure 4A. Trends for Survival MEB for the Rural Northern Region

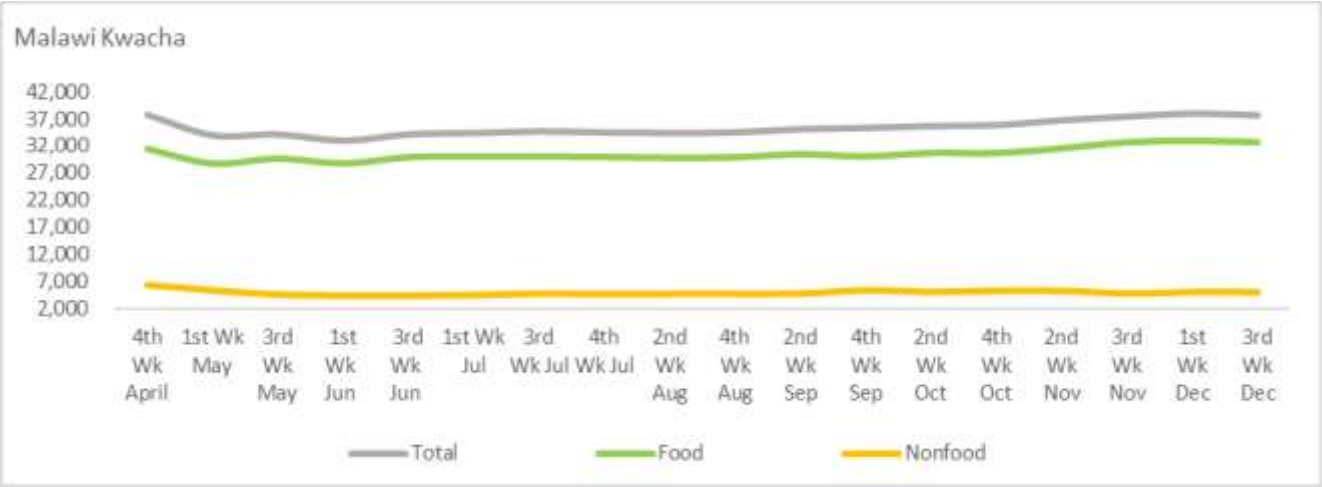


Figure 4B. Trends for Survival MEB for the Rural Central Region

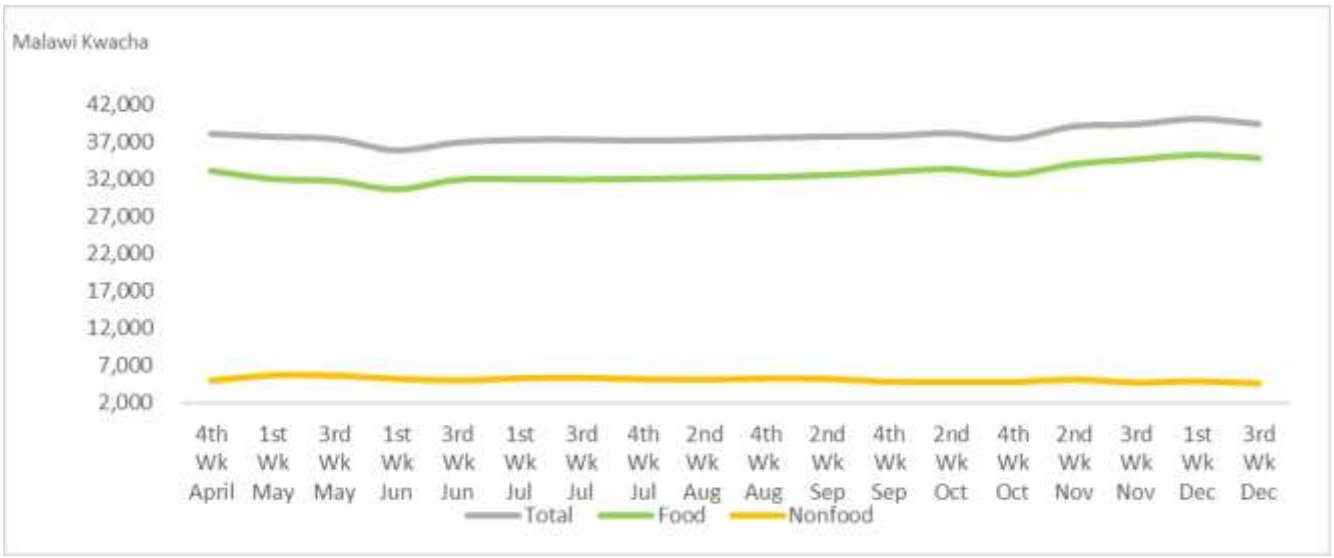
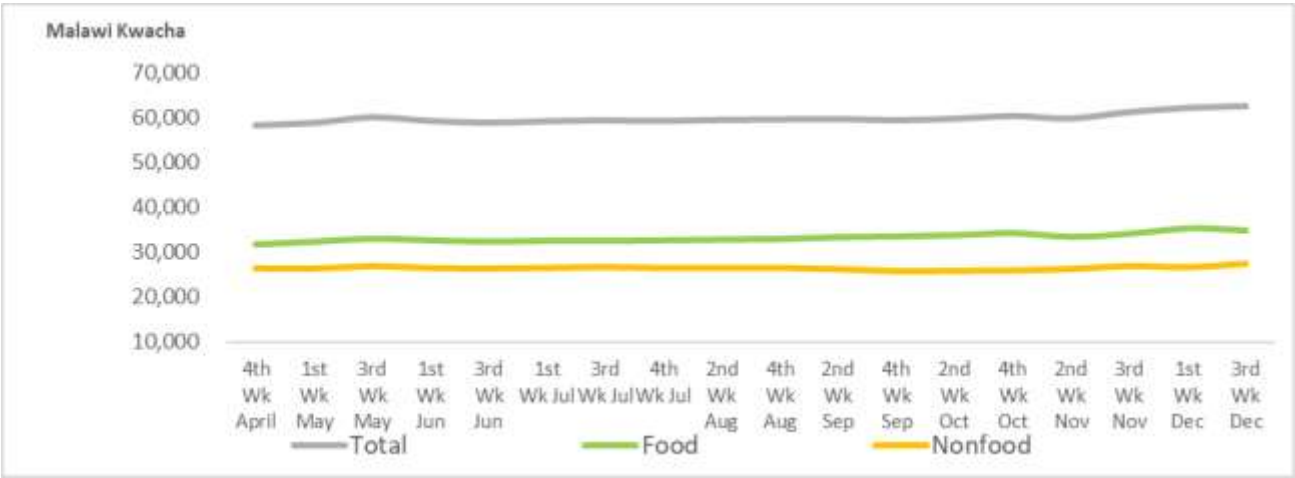


Figure 4C. Trends for Survival MEB for the Rural Southern Region

Figure 4D. Trends for Survival MEB for the Urban Areas



Annex A - Survival Minimum Expenditure Baskets for Malawi

Table 1A. Survival MEB for the Rural Northern Region

Item	Quantity/ person/ month	Unit of measure	Price per Heap/ Bunch (MK)	Cost/person/ month	ROUND 18 MEB Household size = 4.5 people	ROUND 17MEB Household size = 4.5 people
Food commodities						
Cereals (Maize)	12.60	Kg	159	2,003	9,015	9,469
Pulses	1.50	Kg	811	1,217	5,474	5,265
Cooking Oil	0.75	Kg	1,077	808	3,635	3,645
Roots and Tubers	0.60	Kg	221	133	597	608
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables (dark green, indigenous, exotic)	3.00	Kg	46	920	4,140	4,230
Eggs (chicken)	0.15	Kg	91	273	1,229	1,296
Fish (dried)	0.60	Kg	288	1,382	6,221	6,048
Sugar	0.60	Kg	839	503	2,265	2,295
Total Food Cost				**7,284**	**32,778**	**33,058**
Fuel wood	50	lumpsum	53	2,650	2,650	2,650
Match Box	4	boxes	50	200	200	200
Milling	4	times	328	1,312	1,312	1,320
Soap Laundry	2	pcs	108	216	216	216
Soap bar bathing	2	pcs	238	476	476	484
Sub-Total for NFIs				**4,854**	**4,854**	**4,870**
TOTAL MEB				**12,138**	**37,632**	**37,928**

Table 1B. Survival MEB for the Rural Central Region

Item	Quantity/ person/ month	Unit of measure	Price per Heap/ Bunch (MK)	Cost/person/ month	ROUND 18 MEB Household size = 4.5 people	ROUND 17 MEB Household size = 4.5 people
Cereals (Maize)	12.60	Kg	175	2,205	9,923	10,206
Pulses	1.50	Kg	950	1,425	6,413	6,271
Cooking Oil	0.75	Kg	1,144	858	3,861	3,956
Roots and Tubers	0.60	Kg	260	156	702	780
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables (dark green, indigenous, exotic)	3.00	Kg	43	860	3,870	3,960
Eggs (chicken)	0.15	Kg	91	273	1,229	1,215
Fish (dried)	0.60	Kg	290	1,392	6,264	6,264
Sugar	0.60	Kg	848	509	2,290	2,314
Total Food Cost				**7,723**	**34,753**	**35,168**
Fuel wood	50	lumpsum	46	2,300	2,300	2,650
Match Box	4	boxes	50	200	200	200
Milling	4	times	338	1,352	1,352	1,300
Soap Laundry	2	pcs	101	202	202	204
Soap bar bathing	2	pcs	274	548	548	520
Sub-Total for NFIs				**4,602**	**4,602**	**4,874**
TOTAL MEB				**12,325**	**39,355**	**40,042**

Survival Minimum Expenditure Baskets for Malawi

Table 1C. Survival MEB for the Rural Southern Region

Item	Quantity/ person/ month	Unit of measure	Price per Heap/ Bunch (MK)	Cost/person/ month	ROUND 18 MEB Household size = 4.5 people	ROUND 17 MEB Household size = 4.5 people
Food commodities						
Cereals (Maize)	12.60	Kg	204	2,570	11,567	11,680
Pulses	1.50	Kg	1,004	1,506	6,777	6,723
Cooking Oil	0.75	Kg	1,146	860	3,868	3,740
Roots and Tubers	0.60	Kg	256	154	691	737
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables (dark green, indigenous, exotic)	3.00	Kg	43	860	3,870	3,600
Eggs (chicken)	0.15	Kg	96	288	1,296	1,310
Fish (dried)	0.60	Kg	263	1,262	5,681	5,659
Sugar	0.60	Kg	850	510	2,295	2,363
Total Food Cost				**8,055**	**36,247**	**36,014**
Fuel wood	100	lumpsum	47	4,700	4,700	4,700
Match Box	4	boxes	50	200	200	200
Milling	4	times	370	1,480	1,480	1,480
Soap Laundry	2	pcs	103	206	206	204
Soap bar bathing	2	pcs	292	584	584	584
Sub-Total for NFIs				**7,170**	**7,170**	**7,168**
TOTAL MEB				**15,225**	**43,417**	**43,182**

Table 1D. Survival MEB for the Urban Areas

Item	Quantity/ person/ month	Unit of measure	Price per Heap/ Bunch (MK)	Cost/person/ month	Round 18 MEB Household size = 4.5 people	Round 17 MEB Household size = 4.5 people
Food commodities						
Cereals (Maize)	12.6	Kg	200	2,520	11,340	11,567
Pulses	1.5	Kg	1,000	1,500	6,750	6,980
Cooking Oil	0.75	Kg	1,200	900	4,050	3,713
Roots and Tubers	0.6	Kg	363	218	980	856
Salt, Iodized	0.15	Kg	500	75	338	338
Vegetables (dark green, indigenous, exotic)	3	Kg	24	480	2,160	2,520
Eggs (chicken)	0.15	Kg	88	264	1,188	1,269
Fish (dried)	0.6	Kg	268	1,286	5,789	5,789
Sugar	0.6	Kg	870	520	2,341	2,341
Total Food Cost				**7,763**	**34,935**	**35,371**
Charcoal	50	Kgs	250	12,500	12,500	11,700
Match Box	4	boxes	47	188	188	188
Electricity charges	10	times	100	1,000	1,000	1,000
Electrical charging (phones, torches)	15	times	100	1,500	1,500	1,500
Milling	4	times	368	1,472	1,472	1,472
Soap Laundry	2	pcs	105	210	200	200
Soap bar bathing	2	pcs	288	600	600	600
House rent	1	month	10,000	10,000	10,000	10,000
Sub-Total for NFIs				**27,470**	**27,470**	**26,660**
TOTAL MEB				**35,233**	**62,405**	**62,031**

Annex B—Construction of the Survival MEB (SMEB) and Assumptions

Constructing the Survival MEB (SMEB)

There are several ways in which to construct an MEB. For this analysis, WFP has elected to construct a **Survival Minimum Expenditure Basket (SMEB), which is defined as the bare minimum amount a household requires to maintain existence and cover lifesaving needs**. This is done in-line with a rights-based approach based on previously assessed needs.

To do this, WFP began by reviewing existing expenditure data that was collected in late 2019 and 2020 as part of its regular monitoring to better understand the typical expenditure, then bringing elements of the household's needs/rights, thus looking at essential non-food items.

The **food commodities selected to calculate the SMEB are those that make up a typical rural and urban survival diet and include cereals, roots and tubers (cassava and sweet potatoes), pulses, oil, vegetables, fish, eggs, sugar, and salt.** Using the Nutval, a spreadsheet application for planning and monitoring the nutrition content of food found on the local market, WFP determined a ration that meets the basic energy requirement of 2,100 kilocalories per person per day. Of the total energy, 12% is provided from proteins (requirement range is 10-12%) and 20% is from fats (requirement is at least 17% of energy should come from fats). Approximately 62% of the total food basket is attributed to maize/cereals. While WFP strives to promote enhanced dietary diversity, historical data collected in late 2019 and 2020 on the expenditure of severely food insecure households residing in rural areas indicates that households are still spending the vast majority of their income on cereals, specifically maize. Since WFP is **striving to understand how price fluctuations and commodity availability are affecting those most vulnerable, the food portion of the MEB has been constructed with this in mind, reflecting the reality of those most vulnerable.**

WFP included the following essential non-food commodities when constructing its basket:

⇒ **Firewood:** Assumes that households are purchasing firewood as opposed to collecting it themselves. This practice varies from location to location.

⇒ **Matches:** Assumes that an average household uses approximately four match boxes per month.

⇒ **Electricity bills:** Assumes that urban-based households are incurring costs for using electricity mainly for lighting and that this amount remains relatively constant over the course of a month regardless of the household size. This may not be the case for all households but is included in the urban SMEB. Thus, if an urban-based household does not have electricity, then said household's SMEB would be reduced. This item is excluded when calculating the rural SMEB.

⇒ **Soap (laundry and bathing):** Assumes that over the course of one month the entire household uses two bars of soap for washing and another two bars for bathing.

⇒ **Electricity Charges (phones, torch):** Assumes that urban-based households are incurring charging costs for either a mobile phone and/or torch, regardless of household size. This may not be the case for all households but is included in the urban SMEB. This item is excluded when calculating the rural SMEB.

⇒ **Other Exclusions:** The survival basket also excludes education costs (notably because schools remain closed), health service fees and basic medicines, and agricultural input costs. Much of this information is being collected and is available upon request.

In addition, for the construction of the MEB, it is important to note the following:

⇒ **Food Basket:** Constructed based on food items that are commonly available across the country and widely consumed by the typical Malawian household.

⇒ **Meat, Eggs, and Dairy:** The food component of the SMEB excludes both meat and milk, because these products are rarely consumed, especially by those classified as extremely vulnerable. The basket further assumes that the average weight of an egg is approximately 50 grams. This SMEB translates into the consumption of approximately 14 eggs per month for a household size of 4.5.