Minimum Expenditure Basket in Malawi - *Round 19 and 20:*

28th December 2020 to 1st January 2021 and 11th to 15th January 2021

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

Highlights

- **Increases in the prices of maize grain and pulses** were observed, as the lean season approaches its peak.
- With the increase in maize prices, **the current national average is MK 203/kg,** almost at par with the five-year average.
- The price of all three types of pulses monitored (beans, cowpeas and pigeon peas) increased significantly during the 20th round of data collection.

Background and Context

The **first week of January 2021 came with large numbers of people testing positive for COVID-19**. The number of newly infected people exceeded 2,500 during the first 11 days of January, bringing the total number of confirmed cases to 9,000 with more than 7,000 local infections as of the 12th of January 2021 when the president declared a state of the national disaster for COVID-19 for all districts of the country. The large uptick in the number of COVID-positive cases is likely a result of large gatherings that were held during the festive season (overnight church prayers, social gatherings) as well as brought in from people who came home for the holidays from highly infected neighbouring countries.

The year **2020 ended badly for many economies, including that of Malawi,** following the ongoing outbreak of the corona virus (COVID-19). With restricted movements and hampered cross-border trade opportunities, many sectors including transportation, tourism, and manufacturing were heavily affected. Many of the sectors had to lay off staff, resulting in greater levels of economic insecurity, predominately in urban and peri-urban/boma areas. During the last few months of 2020, Malawi had not registered any admissions for people with COVID-19, and there was hope for economic recovery with the onset of the new year. That said, the recent restrictions enacted by the Government will likely adversely affect the economy even more. The headline inflation for December remained in single digits at 8.6%; however, if the situation does not improve, Malawi's inflation may move to double digits in 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 MEBs 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 the 28th of December 2020 to the 1st January 2021 (Round 19) and the 11th to 15th of January 2021 (Round 20).

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

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.

There are several ways in which to construct an SMEB. This is done in-line with a rights-based approach based on previously-assessed needs. The detailed methodology on the construction and assumptions utilized to build the SMEB are depicted in *Annex B*.

What does the SMEB show?

The twentieth round of data collection, marking the first analysis for 2021, was conducted from the 11th to 15th of January. As shown in *Table 1*, the **total value of the SMEB in the urban areas marginally increased** by 1.5 percent compared to the last round (Round 19 at the end of December), calculated at MK 64,728. This **increase was due to price increases in the food component** of the basket. Specifically, increases in the prices of cooking oil (10 percent) and pulses (8 percent) were observed. The **total value of the non-food component remained almost unchanged** compared to Round 19. The percentage share of food to the total basket cost increased slightly (1 percent) compared to last round, with urban-based households spending an average of 58 percent of their overall expenditure on food.

All **three rural regions also experienced an increase in the overall SMEB** compared to the previous round: the Rural North increased by 2.1 percent; the Rural Central by 2.5 percent; and the Rural South by 2.1 percent compared to the last reporting period in late December (Round 19). As shown in *Table 1*, the total values of the rural SMEBs were observed at MK 38,837 (North), MK 41,440 (Centre), and MK 45,717 (South). The **overall SMEB is higher in the South due to higher food prices** (notably the prices of maize and pulses) and non-food prices (especially charcoal) compared to prices for the same commodities in the Central and Northern Regions. The **North had the least "expensive" SMEB**, as the reported prices for maize and pulses were lower following better production in these locations compared to the other two regions. That said, the **prices of cereals and pulses have gone up in all regions**, including in the Northern Region. An upward trend in food prices, predominately for maize, is common at this time of year, as Malawi is now in the peak of its cyclic lean season. People in both rural and urban areas are turning to the markets for food, having depleted their own stocks. In addition, restrictions set by the Government to minimise local transmission of COVID have also affected the supplies available in some markets as well as people's overall incomes. This has led to increased demand for goods and commodities, pushing prices up. Although there has been a general increase in the prices of food, it is expected that these prices will start to subside towards the end of the month, as the green harvest for some food crops such as beans and other pulses will begin.

Table 1: Percentage Change in the SMEB, Round 19 and Round 20

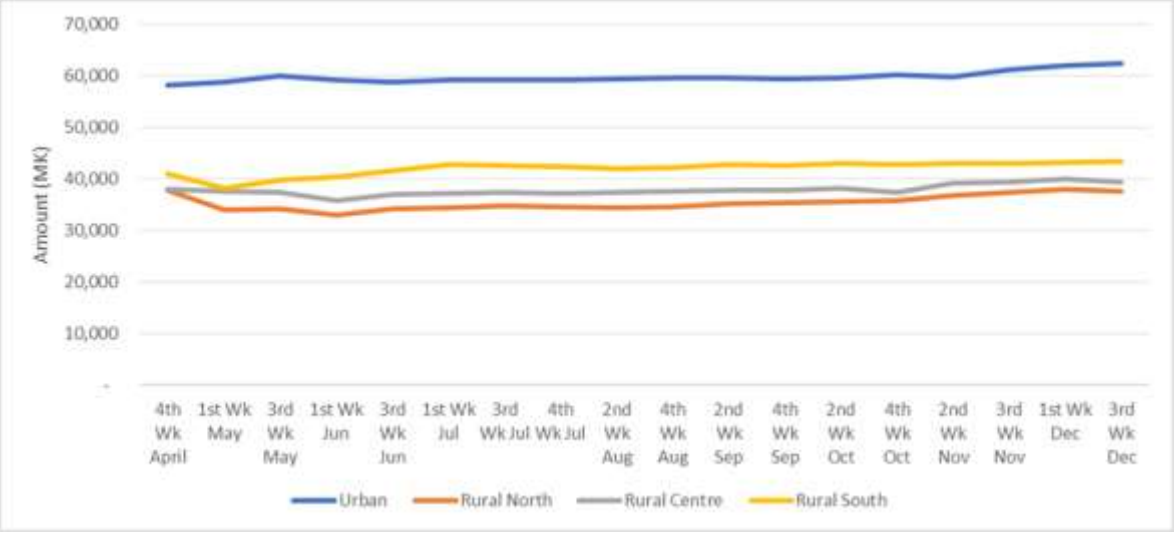
	Current round (2nd Wk January)				Percent Change from previous round			% Share of Food to Total cost in 1st Wk Dec
	Total	Food	Non-food	% Share of Food to Total cost in 3rd-Wk Dec	Total	Food	Non=food	
Urban	64,728	37,236	27,492	58%	↑ 1.5	↑ 2.5	↑ 0.0	50%
Rural North	38, 837	33,489	5,348	86%	↑ 2.1	↑ 0.9	↑ 10.0	87%
Rural Centre	41,440	36,250	5,190	87%	↑ 2.5	↑ 2.3	↑ 3.9	88%
Rural South	45,717	38,229	7,488	84%	↑ 2.1	↑ 2.4	↑ 0.3	83%

Table 1: Percentage Change in the SMEB, Round 1 (April 2020) and Round 20 (January 2021)

	4th Wk April 2020	2nd Wk Jan 2021	% change
Urban	58,108	64,728	11%
Rural North	37,713	38,837	3%
Rural Centre	38,040	41,440	9%
Rural South	40,864	45,717	12%

The **overall SMEBs—for each location/region—have all increased** since the onset of data collection in April 2020. That said, the increases have been slow and steady and are in-line with seasonal trends. The **highest overall increase was observed for the Rural South SMEB** (12 percent), followed by the SMEB for urban areas (11 percent), and the Rural Central (9 percent). The **lowest overall SMEB increase was recorded in the Rural North** (3 percent), showing that the SMEB in this region has been relatively stable for the past ten months of monitoring. Overall, **the Urban SMEB remains the highest** due to the inclusion of other costs as per the assumptions; second by the Rural South which is a deficit region in terms of food commodities as detailed in *Annex B*.

Figure 1. Trends in the SMEB, by Region



Maize Prices

As of the second week of January 2021, **maize grain prices reached a national average of MK 203 per kilogram, 4 percent higher than this same time last month**. The current national average price is lower than its respective 2020 levels by 35 percent but remains almost at par with the five-year average. Regionally, the average price per kilogram varied depending on the region: South (MK 216), Centre (MK 189), and North (MK 175). The higher maize price in the Southern Region is due to low production coupled with higher transportation costs, as the grain is sourced primarily from the Central and Northern Regions during the lean season.

Figure 2. Nominal Maize Price Trends

Pulse Prices

During the period under review, the average prices per kilogram of beans, cowpeas, and pigeon peas were MK 1115, MK 606, and MK 577, respectively. The prices have increased by 15 percent, 2 percent and 4 percent compared to this same time in December 2020. In addition, and as shown in *Figure 3*, the current price increases for all three types of pulses is quite significant, representing 28% for beans, 16% for cowpeas, and 28% for pigeon peas compared to those of three months ago. This is likely in response to depleted stocks and thus limited supply available following high demand for seeds during the planting months of October to early-December 2020.

Table 3. Nominal Pulse Trends

	Latest Price Dec. W2	Percent change from previous period		
		1 Month	3 Months	1 Year
Beans	1,115	↑ 15	↑ 28	↑ 68
Cowpeas	606	↑ 2	↑ 16	↑ 37
Pigeon peas	577	↑ 4	↑ 28	↓ - 2

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

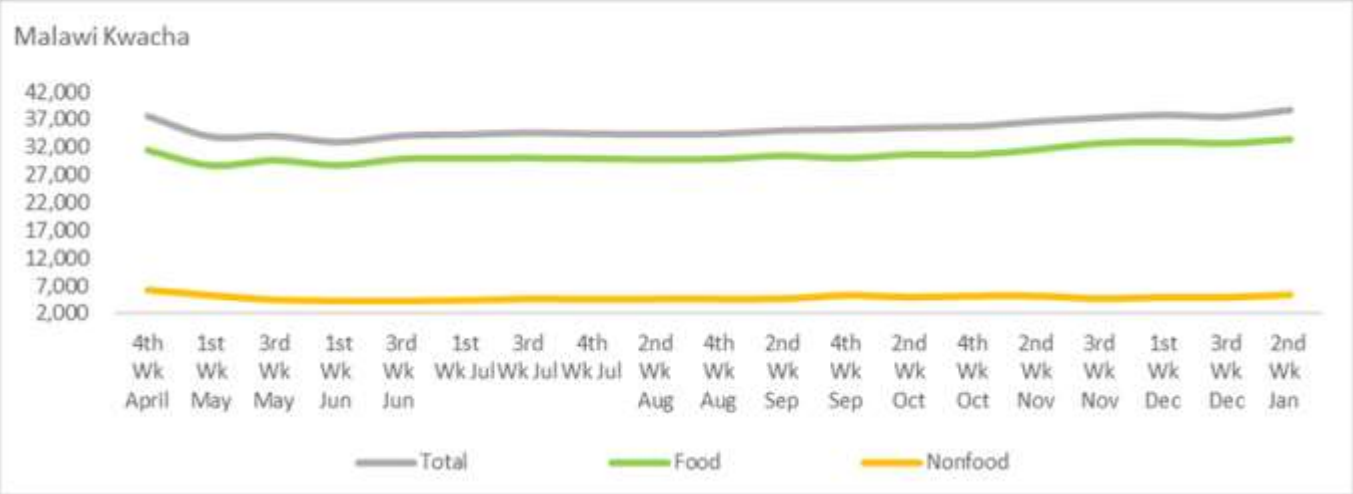


Figure 4B. Trends for Survival MEB for the Rural Central Region

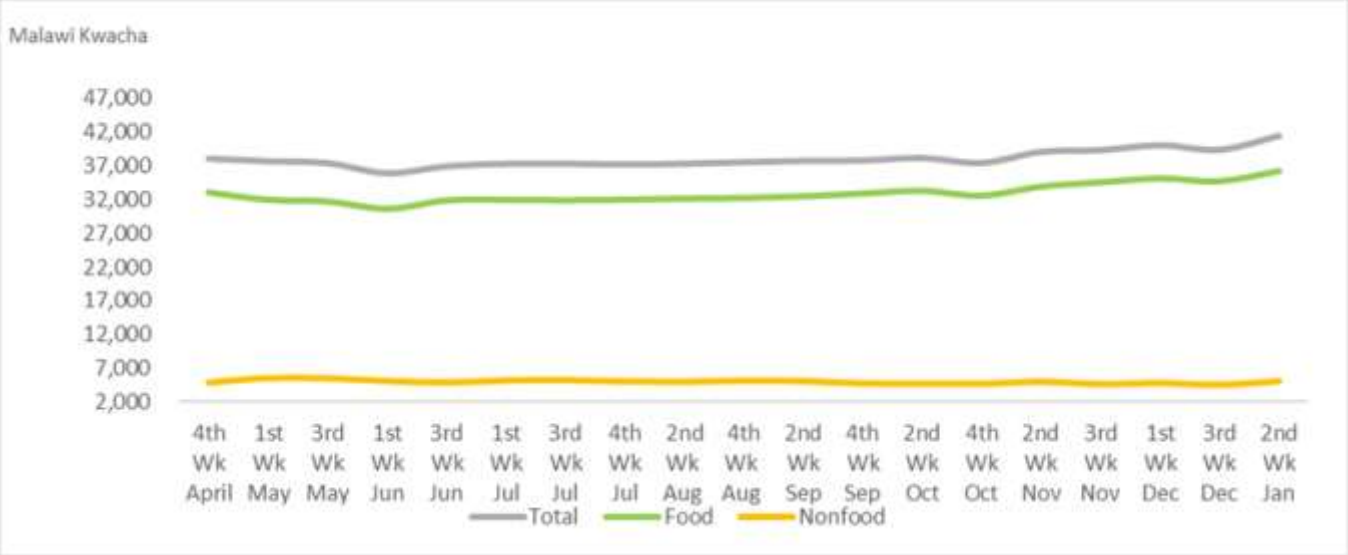


Figure 4C. Trends for Survival MEB for the Rural Southern Region

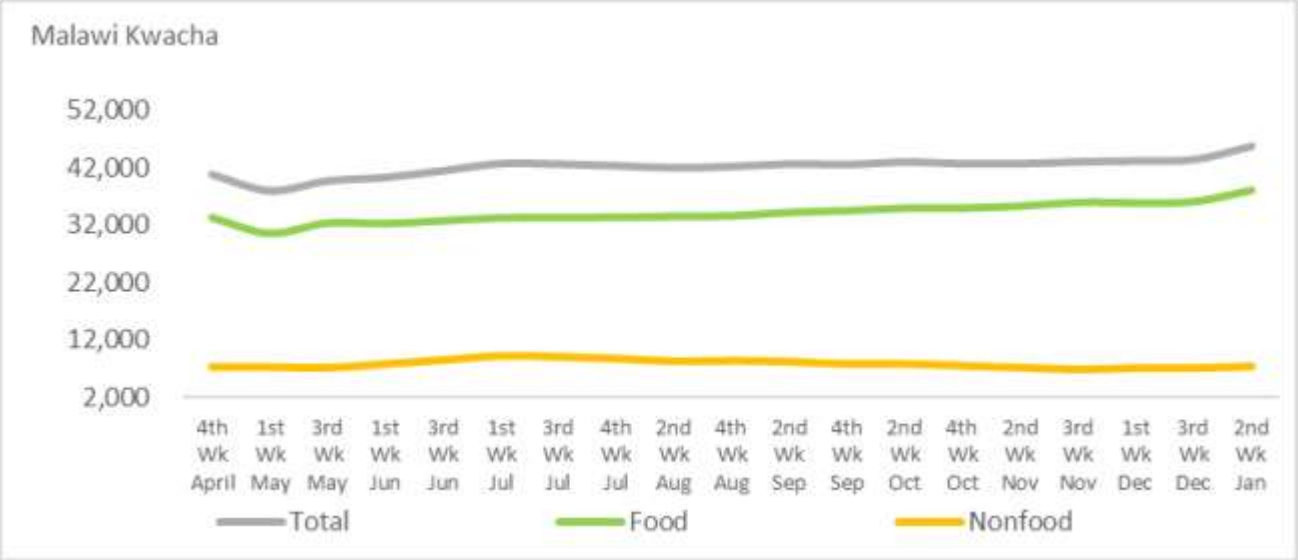
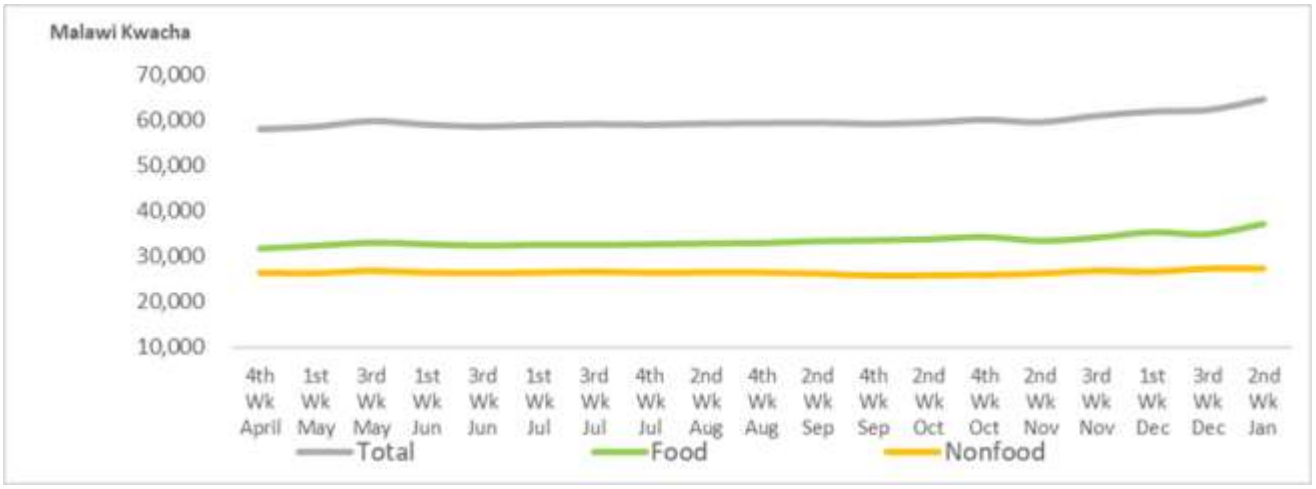


Figure 4D. Trends for Survival MEB for the Urban Areas



Annex A - Survival Minimum Expenditure Baskets for Malawi

Table 3A. Survival MEB for the Rural Northern Region

Item	Quantity/ person/ month	Unit of measure	Price per Heap/ Bunch (MK)	Cost/person/ month	ROUND 20 MEB Household size = 4.5 people	ROUND 19 MEB House-hold size = 4.5 people
Food commodities						
Cereals (Maize)	12.60	Kg	175	2,205	9,923	9,639
Pulses	1.50	Kg	860	1,290	5,805	5,805
Cooking Oil	0.75	Kg	1,160	870	3,915	3,915
Roots and Tubers	0.60	Kg	250	150	675	608
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables (dark green, indigenous, exotic)	3.00	Kg	37	740	3,330	3,330
Eggs (chicken)	0.15	Kg	96	288	1,296	1,215
Fish (dried)	0.60	Kg	280	1,344	6,048	6,221
Sugar	0.60	Kg	850	510	2,295	2,241
Total Food Cost				**7,442**	**33,489**	**33,176**
Fuel wood	50	lumpsum	60	3,000	3,000	2,650
Match Box	4	boxes	50	200	200	200
Milling	4	times	350	1,400	1,400	1,320
Soap Laundry	2	pcs	108	216	216	216
Soap bar bathing	2	pcs	270	532	532	476
Sub-Total for NFIs				**5,348**	**5,348**	**4,862**
TOTAL MEB				**12,790**	**38,837**	**38,038**

Table 3B. Survival MEB for the Rural Central Region

Item	Quantity/ person/ month	Unit of measure	Price per Heap/ Bunch (MK)	Cost/person/ month	ROUND 20 MEB Household size = 4.5 people	ROUND 19 MEB House-hold size = 4.5 people
Cereals (Maize)	12.60	Kg	189	2,381	10,716	10,660
Pulses	1.50	Kg	1,092	1,638	7,371	6,946
Cooking Oil	0.75	Kg	1,206	905	4,070	3,831
Roots and Tubers	0.60	Kg	265	159	716	810
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables (dark green, indigenous, exotic)	3.00	Kg	37	740	3,330	3,330
Eggs (chicken)	0.15	Kg	100	300	1,350	1,256
Fish (dried)	0.60	Kg	287	1,378	6,199	6,091
Sugar	0.60	Kg	850	510	2,295	2,311
Total Food Cost				**8,056**	**36,250**	**35,436**
Fuel wood	50	lumpsum	53	2,650	2,650	2,550
Match Box	4	boxes	50	200	200	200
Milling	4	times	377	1,508	1,508	1,456
Soap Laundry	2	pcs	110	220	220	216
Soap bar bathing	2	pcs	306	612	612	572
Sub-Total for NFIs				**5,190**	**5,190**	**4,994**
TOTAL MEB				**13,246**	**41,440**	**40,430**

Survival Minimum Expenditure Baskets for Malawi

Table 3C. Survival MEB for the Rural Southern Region

Item	Quantity/ person/ month	Unit of measure	Price per Heap/ Bunch (MK)	Cost/person/ month	ROUND 20 MEB Household size = 4.5 people	ROUND 19 MEB Household size = 4.5 people
Food commodities						
Cereals (Maize)	12.60	Kg	216	2,722	12,247	11,850
Pulses	1.50	Kg	1,170	1,755	7,898	7, 256
Cooking Oil	0.75	Kg	1,250	938	4,219	4,219
Roots and Tubers	0.60	Kg	250	150	675	783
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables (dark green, indigenous, exotic)	3.00	Kg	37	740	3,330	3,330
Eggs (chicken)	0.15	Kg	97	291	1,310	1,310
Fish (dried)	0.60	Kg	279	1,339	6,026	6,026
Sugar	0.60	Kg	860	516	2,322	2,341
Total Food Cost				**8,495**	**38,229**	**37,318**
Fuel wood	100	lumpsum	50	5,000	5,000	5,000
Match Box	4	boxes	50	200	200	200
Milling	4	times	370	1,480	1,480	1,480
Soap Laundry	2	pcs	107	214	214	206
Soap bar bathing	2	pcs	297	594	594	580
Sub-Total for NFIs				**7,488**	**7,488**	**7,466**
TOTAL MEB				**15,983**	**45,717**	**44,784**

Table 1D. Survival MEB for the Urban Areas

Item	Quantity/ person/ month	Unit of measure	Price per Heap/ Bunch (MK)	Cost/person/ month	Round 20 MEB Household size = 4.5 people	Round 19 MEB Household size = 4.5 people
Food commodities						
Cereals (Maize)	12.6	Kg	208	2,621	11,794	11,794
Pulses	1.5	Kg	1,163	1,745	7,850	7,256
Cooking Oil	0.75	Kg	1,375	1,031	4,641	4,219
Roots and Tubers	0.6	Kg	330	198	891	1,048
Salt, Iodized	0.15	Kg	500	75	338	338
Vegetables (dark green, indigenous, exotic)	3	Kg	30	600	2,700	2,250
Eggs (chicken)	0.15	Kg	95	285	1,283	1,283
Fish (dried)	0.6	Kg	250	1,200	5,400	5,789
Sugar	0.6	Kg	870	520	2,341	2,341
Total Food Cost				**8,275**	**37,236**	**36,316**
Charcoal	50	Kgs	250	12,500	12,500	12,500
Match Box	4	boxes	50	200	200	200
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	110	220	220	210
Soap bar bathing	2	pcs	313	600	600	600
House rent	1	month	10,000	10,000	10,000	10,000
Sub-Total for NFIs				**27,492**	**27,492**	**27,482**
TOTAL MEB				**35,767**	**64,728**	**63,798**

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 im-

⇒ **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.