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# Minimum Expenditure Basket in Malawi

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

Round 34: 26—30 July 2021



## Key Highlights

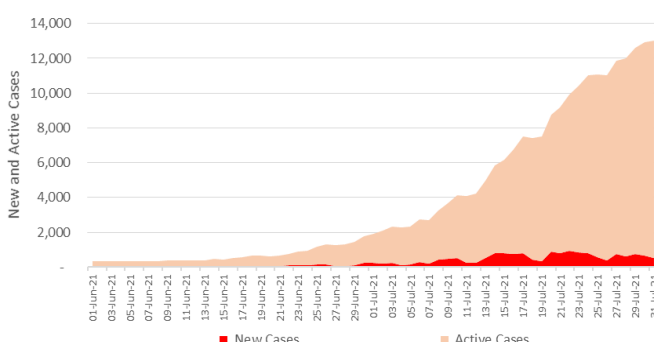
- Households in both the urban areas and rural Northern Region experienced a rise in the Survival Minimum Expenditure Baskets (SMEBs), increasing by 0.7 percent and 1.1 percent, respectively. In the rural Central and Southern Regions, however, households' expenditure decreased slightly as their SMEB fell by 0.1 percent and 1.6 percent, respectively.
- Maize grain prices continue to trend lower than 2020 levels for this same period; however, pulse prices are higher than 2020 levels. The closing national average price of maize grain for the month of July was MK 130 per kg. This represents a marginal increase of 0.8 percent from MK 129 per kg in the previous round (mid-June). By district, maize prices ranged between MK 98 per kg and MK 163 per kg.
- Prices of pulses continued to fall. The price of beans decreased to MK 952 per kg, down by 2.9 percent from the last round's price of MK 980 per kg. The average prices of cowpeas and pigeon peas continued to decline, selling at MK 556 per kg (down by 0.1 percent) and MK 463 per kg (down by 5.7 percent), respectively.



## Background

During this reporting period, the number of cases of COVID-19 continued to rise in the country. Between the 1st of June and 31st of July 2021, the number of active COVID-19 cases jumped from 337 to 12,475 confirmed cases, as depicted in *Figure 1*. This rise is part of the third wave of the pandemic which prompted the Government to announce additional new COVID-19 preventive measures with effect from the 9th of July 2021. Among the measures announced include decongesting offices and workplaces by 50 percent; limiting the number of people by 50 percent of total capacity in hospitality and recreation businesses; closure of indoor nightclubs as well as restricting bars and restaurants to the capacity of 50 percent patronage; and imposing restrictions on sports, education, markets, and community gatherings.

**Figure 1: COVID-19 Prevalence in Malawi between 1<sup>st</sup> June and 31<sup>st</sup> July 2021**



The pandemic continues to impact on all the sectors of the economy, disrupting people's livelihoods and economic activities. With COVID-19 preventive measures in place, goods and peoples' movements are restricted, further impacting market operations and in turn affecting households' access to daily necessities.



## Deriving the MEB

The minimum expenditure basket (MEB) looks at the needs that are covered—partially or fully—through the market. It sets a monetary threshold, which is defined as what households require in order to meet their essential needs. The Survival Minimum Expenditure Basket (SMEB) is the minimum amount a household needs to maintain existence and cover lifesaving needs. While the MEB is defined as what a household requires in order to meet their essential needs, on a regular or seasonal basis, and its average cost, the SMEB is the absolute minimum amount required to maintain existence and cover lifesaving needs, which could involve the deprivation of certain human rights. However, the concepts of an SMEB and MEB are sometimes used interchangeably.

There are several ways in which to construct an SMEB. The World Food Programme (WFP) Malawi Country Office has constructed its SMEB in line with a rights-based approach based on previously assessed needs by collecting household expenditure data. 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 provided market prices of available food and non-food items during the period between the 26th and 30th of July 2021 (Round 34). The detailed methodology on the construction of the SMEB as well as the key assumptions employed are depicted in *Annex B*. Once constructed, the SMEB itself serves as a key input in the essential needs assessment set of indicators, as it is used to assess which households have the economic capacity to cover their needs through the market.

A SMEB is the absolute minimum amount required to maintain existence and cover lifesaving needs, which could involve the deprivation of certain rights.



## What does the Round 34 SMEB Show?

Overall, there has been mixed movement in the Survival Minimum Expenditure Basket (SMEB) across regions, depicting mostly marginal changes between the current and previous round. Households in both urban areas and the rural Northern Region experienced a slight rise in SMEBs, increasing by 0.7 percent and 1.1 percent, respectively. Monetary wise, an urban household required an additional MK 457 to meet its minimum survival necessities while a household in the rural North needed an additional income of MK 371 when compared to Round 33 expenditure. In rural areas of the Central and Southern Regions, however, households enjoyed slightly decreased expenditure as their SMEB fell by 0.1 percent and 1.6 percent, respectively. For the rural Centre, this implies that a household had to marginally cut its minimum expenditure by MK 45. A significant decrease in expenditure was observed among rural Southern households, where a household's expenditure reduced by MK 685. As depicted in *Table 1*, the urban SMEB is typically higher than the basket for the rural regions, mainly due to the inclusion of the costs of other essential non-food items such as house rental expenses and electricity that are not factored in for the rural regions.

## Movements in Food and Non-food Expenditure

The changes in the SMEBs are particularly necessitated by the changes in households' expenditure on food and non-food items.

Between the current and the previous rounds, food expenditure minimally changed, rising among rural Northern households, and falling across all other regions. That said, all regions experienced a slight rise in non-food expenditure. Among urban dwellers, there was a 0.7 percent fall in food expenditure and a 2.5 percent rise in non-food expenditure. This disproportionate change resulting in an overall increase in the urban SMEB mainly emanated from a 6.9 percent increase in price of charcoal. Rural Northern households experienced a rise in both food (by 1.2 percent) and non-food commodities (3.7 percent), which pushed the SMEB upwards in this region. The noticeable rise in the prices of maize (by 2.3 percent), vegetables (by 4.8 percent), firewood (by 9.4 percent) and laundry soap (4 percent) contributed to triggering the increase in SMEB among rural Northern households.

**Table 1: Percentage Change in SMEB, Round 33 and Round 34**

Area of Coverage	Total SMEB		Food Expenditure		Non-Food Expenditure	
	In MK	% Change	In MK	% Change	In MK	% Change
Urban	62,448	↑+0.7	34,165	↓-0.7	28,283	↑+2.5
Rural North	34,373	↑+1.1	29,450	↑+0.8	4,923	↑+3.7
Rural Centre	36,396	↓-0.1	31,431	↓-0.3	4,964	↑+1.2
Rural South	42,490	↓-1.6	35,094	↓-2.0	7,396	↑+0.4

In rural areas across the Central and Southern Regions, expenditure on food fell by 0.3 percent and 2.0 percent, while non-food expenditure rose by 1.2 percent and 0.4 percent. A significant fall in the price of pulses (beans) by 4.6 percent mainly contributed to the marginal fall in the SMEB for the rural Central Region. In the rural Southern Region, the dwindling prices of maize (by 2.0 percent), beans (by 2.4 percent), cooking oil (2.6 percent) and vegetables (by 5.8 percent), collectively, resulted in a fall in the SMEB in this region.

### Market Conditions Affecting Key Commodity Prices

The prices of maize grain have risen in all regions but the rural South. From 28th July 2021, the state grain trader—the Agricultural Development and Marketing Corporation (ADMARC)—started purchasing maize grain as well as pulses from all regions in the country. This may have triggered the overall rise in maize prices (as expected). The fall in grain prices in the rural South may be due to a short-term maize grain supply shock, resulting in the oversupply of maize at markets, as farmers tried to sell more stocks to buy other non-food items for domestic use.

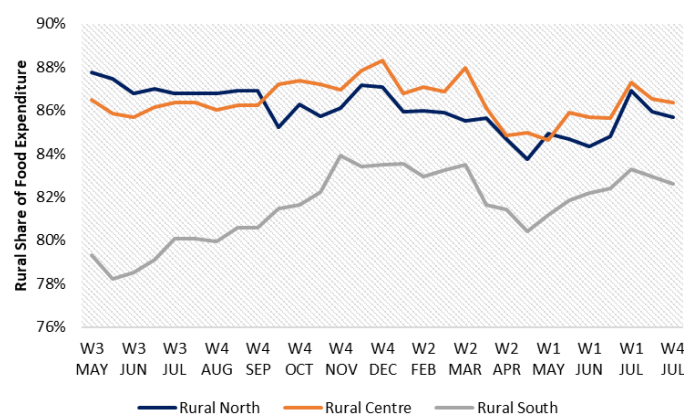
With winter cropping in progress in most parts of the country, supplies of green beans and vegetables increased. This in turn may have resulted in reduced prices for these commodities. As such, the rise in prices of vegetables in

rural North may be due to other idiosyncratic shocks, such as unexpected short-term rise in demand or sharp fall in supply. Charcoal and firewood remain the main source of energy among the households in the country. The rise in the price of charcoal and fuelwood was expected as their demand increases during this colder winter. The rise in soap prices may be linked to increased demand for soap as a result of increased cases of COVID-19. Tablet soap is mostly used for washing hands among rural masses as one of the preventive measures to the spread of the pandemic.

### Share of Food to Total Expenditure

Figure 2 shows the trend for the share of food expenditure to total SMEB. Expenditure on food is seen to typically increase during the cyclic lean period, which occurs (depending on the year) sometime between October and March. During this period, low supplies of food commodities drive prices up thus limiting households' access to food as their purchasing power is hampered. In the current round, this share fell by 1.0 percentage point to 55 percent and 86 percent for urban and rural North and remained unchanged for the other regions.

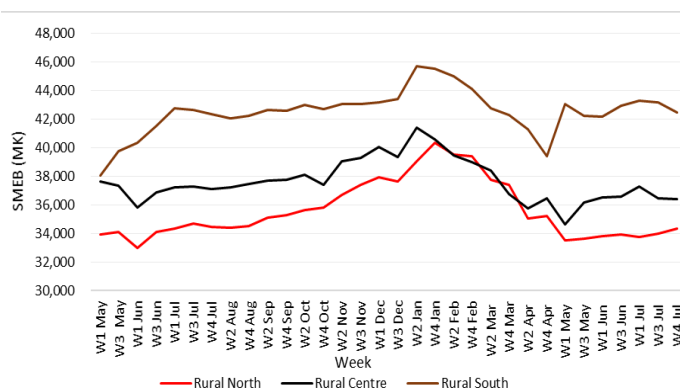
**Figure 2. Rural and urban trends on share of food expenditure to total expenditure**



### Trends in SMEBs by Region

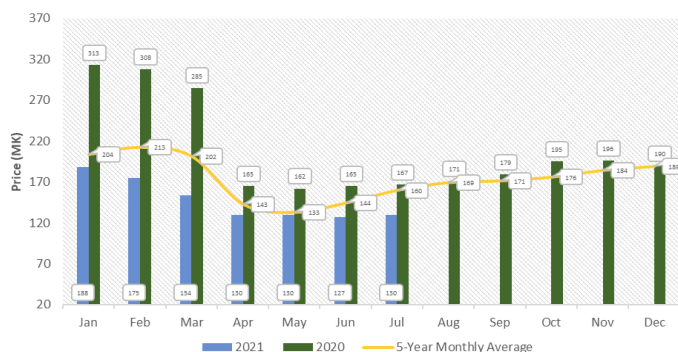
The value of the SMEB peaked at the height of the 2020/2021 lean season in the month of January 2021 for all regions. This is the same period during which households' expenditure on food typically rises. In Figure 3, the SMEBs for the rural North and rural Centre Regions are lower in the current round compared to Round 1 (April 2020). That said, the SMEBs for the urban areas and rural South have trended upwards over this same period. This may suggest that the general rise in the prices of a food basket affect households in the urban areas more than in some rural areas due to the differences in their market structures. Households in the rural Southern Region experienced poorer agricultural production compared to their counterparts in the North and Centre. As a result, food prices remain relatively higher in the rural South.



**Figure 3. Trends in the SMEB by Region since May 2020**

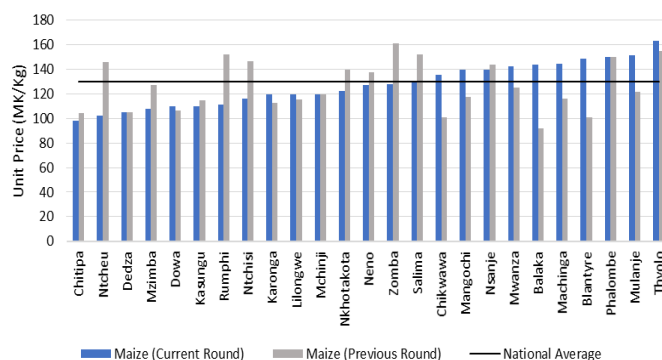
### Maize Grain Retail Prices

The national average closing price of maize grain for the month of July was MK 130 per kg. This represents a marginal increase of 0.8 percent from MK 129 per kg in the previous round. The five-year monthly average maize price for July is MK 160 per kg, which is 18.8 percent more than the current price. Since January this year, monthly maize grain prices have ranged from the highest recorded price of MK 203 per kg in January to the lowest price of MK 127 per kg (Figure 4) in June. When compared to last year, maize was selling at MK 167 per kg in July with a price range of MK 313 per kg in January (highest recorded) to MK 162 per kg in May of 2020 (lowest recorded). This clearly indicates that there has been less price volatility during the current year as compared to 2020. The large maize production this year has mainly contributed to the stable and low maize prices. However, minimum increases in prices of maize are expected in the coming months as stock is consumed and exported.

**Figure 4: Nominal Average Maize Price Trends**

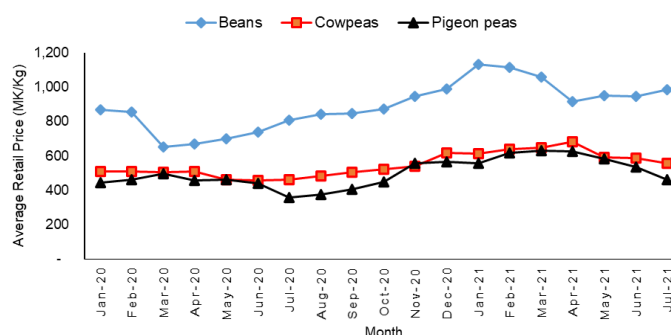
Maize grain prices also exhibit spatial price differentials, increasing from North to South. In Round 34, maize grain was selling at an average price of MK 109 per kg in the Northern Region; MK 115 per kg in the Central Region; and MK 143 per kg in the Southern Region. This implies that the national average price is largely pulled up by much higher prices recorded in the Southern Region. It is important to note that there are also more markets reporting price data in the Southern Region as compared to the Central and Northern Regions, which may slightly affect the overall

average reported. In Figure 5, maize is the cheapest in Chitipa District, at MK 98 per kg, and the most expensive in Thyolo District, selling at MK 163 per kg during the current round. However, when compared to the last round, maize price dropped significantly in Ntcheu, Rumphu, Ntchisi, Zomba and Salima Districts, possibly due to ADMARC activities as it opened markets in these districts. In contrast, the price of maize has notably increased in Chikwawa, Mangochi, Balaka, Machinga, Blantyre and Mulanje Districts.

**Figure 5: Average Maize Grain Prices by District**

### Prices of Pulses

Pulse prices have generally increased over time, with this year's prices remaining relatively above last year's prices. Figure 6 illustrates that prices are at their highest during the lean period, mostly between the months of November and March. Due to their popularity and high demand, beans are selling at higher prices as compared to cowpeas and pigeon peas.

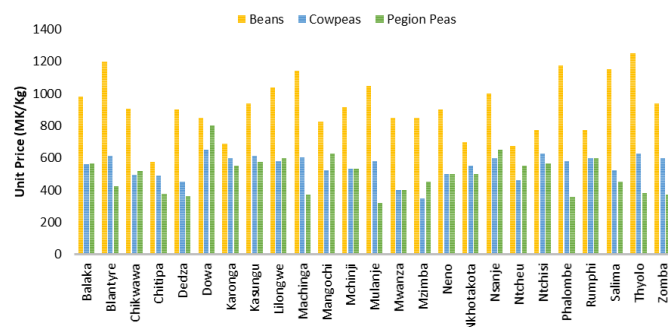
**Figure 6: Nominal Monthly Average Prices for Pulses**

In the current round, beans prices decreased to MK 952 per kg, down by 2.9 percent from the last round's price of MK 980 per kg. The continued increased supply of beans from winter cropping is largely contributing to the falling prices. Chitipa and Thyolo Districts continue to register the lowest and highest bean prices, respectively, selling at MK 575 per kg and MK 1,250 per kg for the past three consecutive rounds.

The average prices of cowpeas and pigeon also continued to decline in Round 34, selling at MK 556 per kg (nominally declining by 0.1 percent from MK 557 in last round) and MK 463 per kg (down by 5.7 percent from MK 491 per kg), respectively. The continued offloading of cowpea supplies from winter cropping in tandem with the marketing season for pigeon peas in most parts of the country may have depressed these commodities prices. For three consecutive rounds, cowpeas were the cheapest in Mzimba District, trading at MK 350 per kg, and were the most expensive in Dowa District, retailing at MK 650 per kg. For pigeon peas, Mulanje District registered the lowest price at MK 319 per kg, while the highest price was recorded in Dowa District at MK 800 per kg.

Generally, the Southern Region districts produce more pigeon peas than the Central and Northern Regions, which leads to lower prices in markets in these regions

**Figure 7. Nominal Monthly Average Prices for Pulses**



## Annexes

### Annex A: Tables for Survival Minimum Expenditure Basket

**Table 2A. Survival MEB for the Urban Areas**

Commodity	Quantity per person per month	Unit of measure	Unit Price	Cost per person per month	MEB Round (Household Size = 4.5)	
					Current (Round 34)	Previous (Round 33)
Food commodities						
Cereals (Maize)	12.60	Kg	136	1,720	7,738	7,643
Pulses	1.50	Kg	1,100	1,650	7,425	6,975
Cooking Oil	0.75	Kg	1,800	1,350	6,075	6,019
Roots and Tubers	0.60	Kg	267	160	720	765
Salt, Iodized	0.15	Kg	500	75	338	338
Vegetables	3.00	Kg	161	483	2,175	2,520
Eggs (chicken)	0.15	Kg	1,933	290	1,305	1,327
Fish (dried)	0.60	Kg	2,240	1,344	6,048	6,480
Sugar	0.60	Kg	867	520	2,341	2,341
Sub-Total for Food Cost					7,592	34,165
Non-Food Items (NFI's)						
Charcoal	50	Kgs	258	12,917	12,917	12,084
Match Box	4	boxes	50	200	200	200
Electricity charges	10	times	100	1,000	1,000	1,000
Electrical charging	15	times	100	1,500	1,500	1,500
Milling	4	times	467	1,867	1,867	2,000
Soap Laundry	2	Pcs	100	200	200	200
Soap bar bathing	2	Pcs	300	600	600	600
House rent	1	month	10,000	10,000	10,000	10,000
Sub-Total for NFIs Cost					28,283	28,283
TOTAL MEB				35,875	62,448	61,991

**Table 2B. Survival MEB for the Rural North**

Commodity	Quantity per person per month	Unit of measure	Unit Price	Cost per person per month	MEB Round (Household Size = 4.5)	
					Current (Round 34)	Previous (Round 33)
Food commodities						
Cereals (Maize)	12.60	Kg	106	1,329	5,982	5,640
Pulses	1.50	Kg	685	1,028	4,624	5,027
Cooking Oil	0.75	Kg	1,455	1,091	4,911	4,840
Roots and Tubers	0.60	Kg	270	162	729	637
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables	3.00	Kg	217	650	2,925	2,860
Eggs (chicken)	0.15	Kg	2,000	300	1,350	1,350
Fish (dried)	0.60	Kg	2,360	1,416	6,372	6,423
Sugar	0.60	Kg	873	524	2,356	2,352
Sub-Total for Food Cost					6,545	29,450
Non-Food Items (NFI's)						
Fuel wood	50	Lump-sum	46	2,275	2,275	2,000
Match Box	4	Boxes	50	200	200	200
Milling	4	Times	348	1,390	1,390	1,453
Soap Laundry	2	Pcs	122	243	243	233
Soap bar bathing	2	Pcs	266	532	532	532
Sub-Total for NFIs Cost					4,640	4,640
TOTAL MEB				11,185	34,090	33,749

Table 2C. Survival MEB for the Rural Central Region

Commodity	Quantity per person per month	Unit of measure	Unit Price	Cost per person per month	MEB Round (Household Size = 4.5)	
					Current (Round 34)	Previous (Round 33)
Food commodities						
Cereals (Maize)	12.60	Kg	116	1,463	6,586	6,264
Pulses	1.50	Kg	888	1,333	5,997	6,287
Cooking Oil	0.75	Kg	1,587	1,190	5,357	5,396
Roots and Tubers	0.60	Kg	238	143	643	649
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables	3.00	Kg	203	610	2,744	2,708
Eggs (chicken)	0.15	Kg	1,910	287	1,289	1,381
Fish (dried)	0.60	Kg	2,328	1,397	6,286	6,304
Sugar	0.60	Kg	862	517	2,326	2,342
Sub-Total for Food Cost					6,985	31,431
Non-Food Items (NFI's)						
Fuel wood	50	Lump-sum	41	2,045	2,045	2,047
Match Box	4	Boxes	50	200	200	200
Milling	4	Times	427	1,708	1,708	1,642
Soap Laundry	2	Pcs	107	214	214	214
Soap bar bathing	2	Pcs	399	797	797	805
Sub-Total for NFIs Cost					4,964	4,964
TOTAL MEB				11,949	36,396	36,441

Table 2D. Survival MEB for the Rural Southern Region

Commodity	Quantity per person per month	Unit of measure	Unit Price	Cost per person per month	MEB Round (Household Size = 4.5)	
					Current (Round 34)	Previous (Round 33)
Food commodities						
Cereals (Maize)	12.60	Kg	143	1,806	8,129	8,294
Pulses	1.50	Kg	1,047	1,571	7,069	7,243
Cooking Oil	0.75	Kg	1,702	1,277	5,745	5,895
Roots and Tubers	0.60	Kg	274	164	740	740
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables	3.00	Kg	260	780	3,511	3,727
Eggs (chicken)	0.15	Kg	1,978	297	1,335	1,361
Fish (dried)	0.60	Kg	2,233	1,340	6,030	6,019
Sugar	0.60	Kg	864	519	2,334	2,331
Sub-Total for Food Cost					7,799	35,094
Non-Food Items (NFI's)						
Fuel wood	50	Lump-sum	45	4,493	4,493	4,421
Match Box	4	Boxes	50	200	200	200
Milling	4	Times	416	1,663	1,663	1,697
Soap Laundry	2	Pcs	109	218	218	218
Soap bar bathing	2	Pcs	411	822	822	827
Sub-Total for NFIs Cost					7,396	7,396
TOTAL MEB				15,195	42,490	43,175

## Annex B: Regional Trends for Survival Minimum Expenditure Basket

Figure 5A. Trends for Survival MEB for the Urban Areas

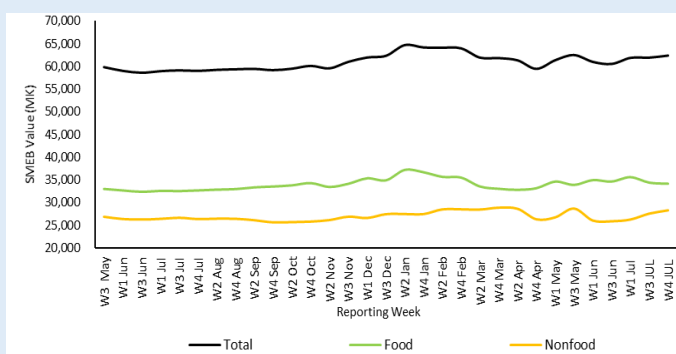


Figure 5B. Trends for Survival MEB for the Northern

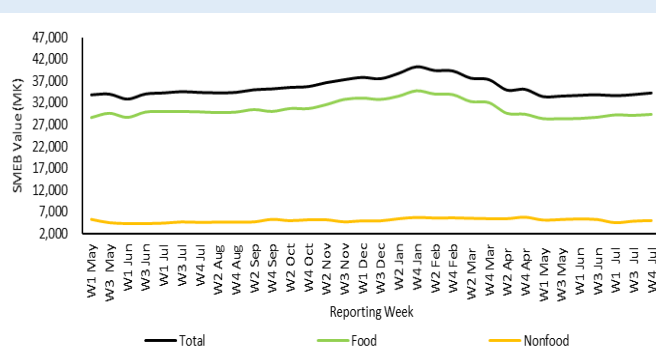


Figure 5C. Trends for Survival MEB for Rural Centre

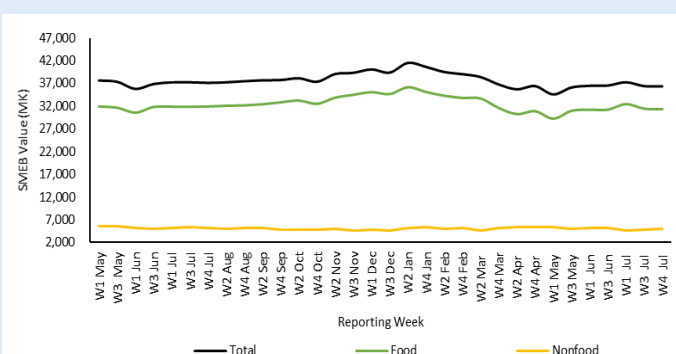
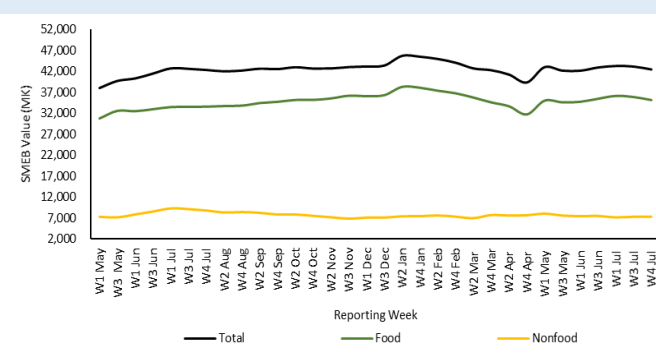


Figure 5D. Trends for Survival MEB for the South



## Annex C: Construction of the Survival MEB (SMEB) and Assumptions

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 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 (starting with food), 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 percent is provided from proteins (requirement range is 10-12 percent) and 20 percent is from fats (requirement is at least 17 percent of energy should come from fats). Approximately 62 percent of the total food basket is attributed to cereals (maize).

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 in-come on cereals, specifically maize. Since we are 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.

In addition, 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 public primary education is free), health service fees and basic medicines, and agricultural input costs. Further 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 thus translates into the consumption of approximately 14 eggs per month for a household size of 4.5.

For more information please contact: Maribeth Black ([maribeth.black@wfp.org](mailto:maribeth.black@wfp.org)), Head of VAM and M&E