



World Food Programme

## Minimum Expenditure Basket in Malawi

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

Round 36: 23<sup>rd</sup>. — 27<sup>th</sup> August 2021



### Key Highlights

- In the latest two consecutive rounds, there has been an increase in the absolute minimum expenditure required for the survival of a typical smallholder household across all regions and cities in the country. In urban areas, the SMEB increased by an average of 6.5 percent, while the rural North observed a 5.8 percent increase. In the Central and Southern Regions, the overall SMEB increased by 3.1 percent and 3.9 percent, respectively.
- The national average maize price for the latter half of August 2021 was MK 143 per kg, rising slightly by 2.1 percent from the average price recorded during the first half of the month in Round 35 of data collection. In July, maize grain was selling at an average price of MK 130 per kg, 10 percent less than the current price.
- The price of beans fell to MK 998 per kg, indicating a minute decrease (0.2 percent) from MK 1,000 per kg recorded in early August and demonstrating no price change since July.
- Cowpeas and pigeon peas traded at national average prices of MK 592 per kg and MK 458 per kg, respectively. Cowpeas increased in overall average price by 4.1 percent from the July average price of MK 569, while pigeon pea prices decreased slightly by 0.4 percent.

SAVING  
LIVES  
CHANGING  
LIVES

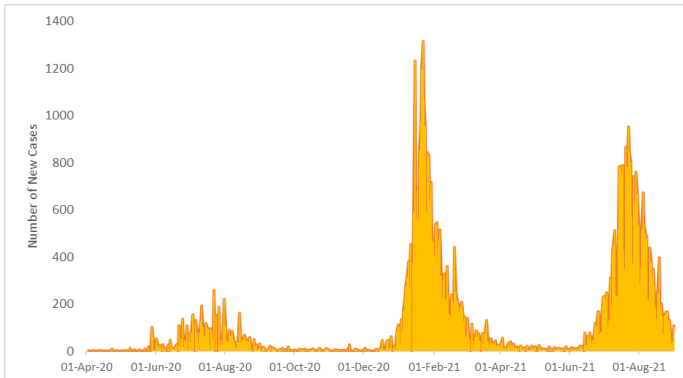




## Background

Figure 1 shows that cases of COVID-19 have been steadily decreasing since 22nd of July 2021, signifying the slow phase out of the third wave of the pandemic. According to Malawi Ministry of Health data, there were 108 new positive cases registered within the country on 31st of August 2021. This is an 88 percent drop in the number of daily new cases as compared to the highest daily record (952 cases), which was logged on the 22nd of July 2021.

**Figure 1: COVID-19 Prevalence in Malawi from 1<sup>st</sup> April 2020 to 31<sup>st</sup> August 2021**



Source: Ministry of Health data

Data from the Ministry further shows that, cumulatively, by the 31st of August 2021, Malawi had recorded 60,494 cases, with a case fatality rate of 3.6 percent and a recovery rate of 79 percent. By the end of August 2021, the total number of active cases was 10,279. Despite the continuous drop in daily positive cases, the COVID-19 preventive measures put in place by the Government on the 9th of July 2021 are still in force. Restrictions on the movement of goods and people may have impacts on the production and supply chain of vital goods and services in the long run, in turn affecting food availability and prices. However, the steadily decreasing number of positive cases gives a glimmer of hope for the relaxation of these restrictions and recovery of economic activities that have been disrupted by the pandemic.



## 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 to meet their essential needs. While the MEB is defined as what a household requires 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.

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

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 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 the market prices of available food and non-food items during the period between the 23<sup>rd</sup> and 27<sup>th</sup> of August 2021 (Round 36). The detailed methodology on the construction of the SMEB as well as the key assumptions employed are depicted in *Annex B*. Once constructed, the MEB 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.



## What does the Round 35 SMEB Show?

In the latest two consecutive rounds (current and previous rounds), the minimum expenditure required for the survival of a typical household across all regions and cities in the country increased. During the current round, the Survival Minimum Expenditure Basket (SMEB) rose by over 3.0 percent across both urban and rural areas. As shown in *Table 1*, the largest percentage changes between the current and last round (Round 35) in the SMEBs were observed in the urban and rural northern areas. In the four major cities, the SMEB increased by an average of 6.5 percent, while the rural North observed a 5.8 percent increase. In monetary terms, total expenditure increased from MK 64,422 in Round 35 to MK 68,591 in Round 36 in urban areas and from MK 35,334 to MK 37,400 in rural North. This means that a typical urban and rural North dweller required an additional income of MK 4,169 and MK 2,066, respectively, to meet their bare survival needs during the latter half of August 2021. During this same period, the total minimum expenditure among rural dwellers in the Central and Southern Regions increased by 3.1 percent and 3.9 percent, respectively. This translates into an increase in income requirements of MK 1,167 and MK 1,699 for an average rural Central and Southern Region household, respectively, to meet their monthly survival needs. The overall rise in expenditure is a proxy indication of the general uptick in food prices as the lean season steadily approaches.

### Movements in food and non-food expenditure

Expenditure on food and non-food commodities also increased across all regions, in turn significantly driving the SMEB values upwards. However, non-food expenditure increased disproportionately more than food expenditure. Food expenditure also increased more in urban areas and the rural North, increasing by over 5 percent as compared to the other two regions (where food expenditure increased by less than 3 percent). Significant increases in the prices of cassava (16.7 percent), vegetables (18.0 percent), fish (14.7 percent) and charcoal resulted in increased SMEBs in urban areas. A similar trend was observed in the rural Northern Region where, apart from significant rise in the prices (by 7.6 percent), the prices of cassava, vegetables, fish and firewood also rose considerably. In the rural Central Region there were noticeable increases in the prices of maize (6.6 percent), cassava (4.1 percent), and firewood (12.9 percent).

Just like total expenditure, the price of maize steadily increased over the latest two consecutive rounds across all regions in the country. The continued purchase of maize grain by the Agriculture Development and Marketing Corporation (ADMARC) pushed prices upwards in areas where the grain was selling below MK 150 per kg, such as in Rumphu, Mchinji, Kasungu and Ntcheu Districts. The resulting effect was an overall nation-wide increase in the price of maize grain (Figure 5). Additionally, maize stocks will gradually start to decline due to continued exportation and consumption of the grain, in turn pushing grain prices up. The rising prices of maize grain may also have positively affected the prices of both its substitutes (i.e., cassava, potatoes and rice) and its complements (e.g., vegetables, fish and meat).

On the other hand, non-food expenditure increased by over 10 percent in the rural North and rural South but increased by only 7.2 percent in the urban areas and 5.4 percent in the rural Centre (Table 1), mainly as a result of increases in the prices of the main energy sources (charcoal and firewood). The increased cost of firewood and charcoal may be due to the scarcity of other alternative energy sources (such as maize stalks) that are usually abundant during the harvest season.

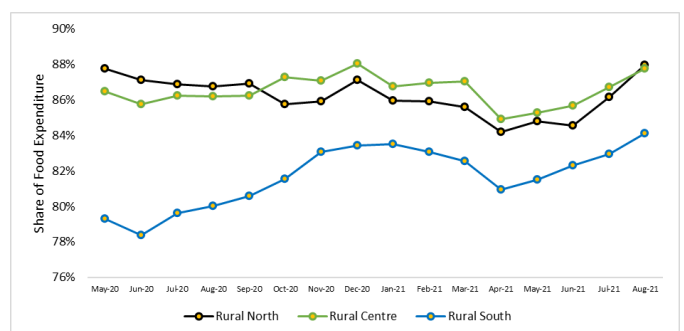
**Table 1: SMEB values by region and their percentage change between Round 36 and Round 35**

Area of Coverage	Total SMEB		Food Expenditure		Non-Food Expenditure	
	In MK	% Change	In MK	% Change	In MK	% Change
Urban	68,591	↑ +6.5	36,669	↑ +5.8	31,922	↑ +7.2
Rural North	37,400	↑ +5.8	32,814	↑ +5.3	4,586	↑ +10.2
Rural Centre	38,631	↑ +3.1	33,856	↑ +2.8	4,775	↑ +5.4
Rural South	44,833	↑ +3.9	37,375	↑ +2.1	7,458	↑ +15.4

### Share of Food to Total Expenditure

Figure 2 shows that expenditure on food is typically high during the cyclic lean period (usually between October and March). During this period, low supplies of food commodities drive prices up. In turn, many households' disposable income is spent on food purchases more than on non-food commodities. In the current year (2021), the share of food to total expenditure was the lowest during the month of May, gradually rising in subsequent months. In May of 2021, the share of food ranged between 81 percent to 85 percent amongst the three regions. This share increased by roughly 3 percentage points to between 84 percent to 88 percent by August 2021.

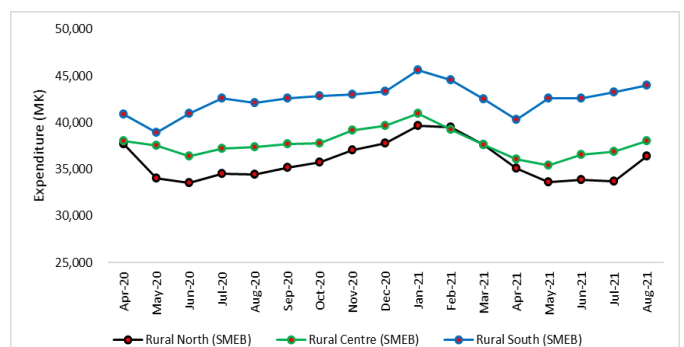
**Figure 2. Rural areas trends on share of food to total SMEB**



### Trends in SMEBs by Region

During the lean season, households' expenditure on typical foods increases due to high food prices. In Figure 3, rural households' total expenditure was highest in January 2021, at the height of the 2020/2021 lean season before it started to decline. Since May of this year, however, the total expenditure (SMEBs) for the three rural regions has been slowly increasing. The same trend was observed for urban-based households. This trend will likely continue in the coming weeks/months, as the country experiences a general rise in the prices of necessities, partially due to the impacts of COVID-19 on the economy coupled with the onset of the 2021/2022 lean season. Households in the rural Southern Region typically experience relatively poor food production compared to the rest of the country. Subsequently, food prices will likely remain slightly higher in this region.

**Figure 3. Trends in the Rural areas SMEBs since May 2020**

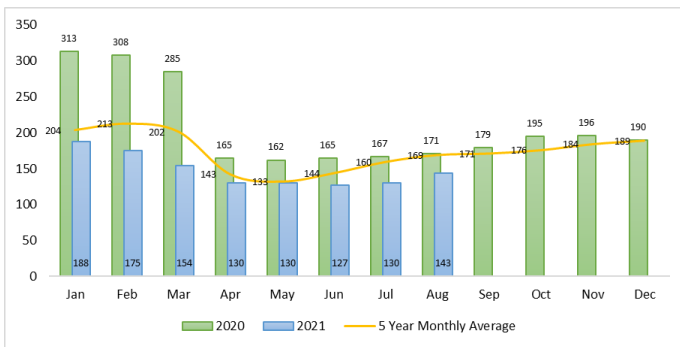




### Maize Grain Retail Prices

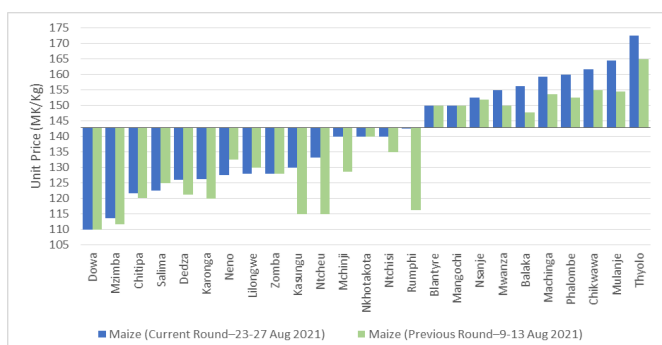
The average national maize price for the latter half of August 2021 (current round) was MK 143 per kg, slightly increasing by 2.1 percent from the average price recorded during the first half of the month (Round 35). In July, maize grain was selling at an average national price of MK 130 per kg, 10 percent less than the current price. When compared to August of 2020, the average maize grain price went down by 16.4 percent (from MK 171 per kg), with a five-year average price for the month recording at MK 169 per kg. This year, the prices of maize grain have been amongst the lowest observed in a decade, which is particularly attributed to the successful implementation of the Government’s Affordable Input Program (AIP), for which maize production was the focus, as well as the good levels of rainfall experienced across much of the country.

Figure 4: Nominal Average Maize Price Trends



Maize grain prices remain the highest in the Southern Region and the lowest in the Northern Region. The production of maize is lower in the Southern Region, mainly because most of the arable land suitable for maize production is used for estate farming of cash crops, predominantly tea and sugarcane. In the current round, maize grain was selling at an average price of MK 153 per kg, higher than the Government’s minimum farmgate price of MK 150 per kg. The average maize price for the Central Region was MK 130 per kg, and an average price of MK 126 per kg was recorded in the Northern Region. Figure 5 shows the average price of maize grain in districts across the country with reference to the national average price of MK 143 per kg for Round 36.

Figure 5: Average Maize Grain Prices by District, August 2021



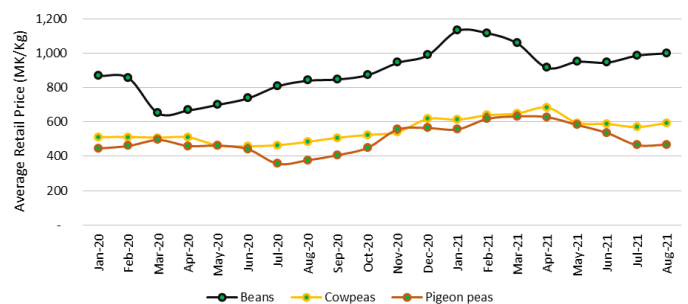
Between the current and last round, the prices of maize grain show noticeable changes within districts as depicted in Figure 5. Only two districts (Neno and Lilongwe) experienced maize price decreases, likely caused by a random surge in the supply of grain or its substitutes in these areas. Substantial maize price increments were observed in Rumphi, Ntcheu, Kasungu and Thyolo Districts. The price of maize was above the national current average price (of MK 143 per kg) in 10 of the 25 districts where MEB data is collected. All districts that recorded prices above the national average were from the Southern Region. During the current round, Dowa District recorded the lowest maize price at MK 110 per kg, while the highest price was observed in Thyolo District at MK 173 per kg. By market, the prices of maize grain ranged between MK 105 per kg at Kameme Market in Chitipa District to MK 180 per kg at the Thyolo District Boma.



### Prices of Pulses

The national average price of beans has remained relatively stable, ranging from MK 943 per kg to MK 1,028 per kg during the last four months. In the current round, the price of beans fell to MK 998 per kg, indicating a minute decrease (0.1 percent) from MK 1,000 per kg in August. In July, beans were selling at MK 1,001, showing no significant change in price between the two rounds. In August, cowpeas and pigeon peas traded at average national prices of MK 592 per kg and MK 458 per kg, respectively. Cowpeas increased in price by 4.1 percent from the July average price of MK 569, while pigeon pea prices slightly decreased by 0.4 percent from MK 460 per kg in July. Figure 6 illustrates the trends for pulse prices over the last 20 months.

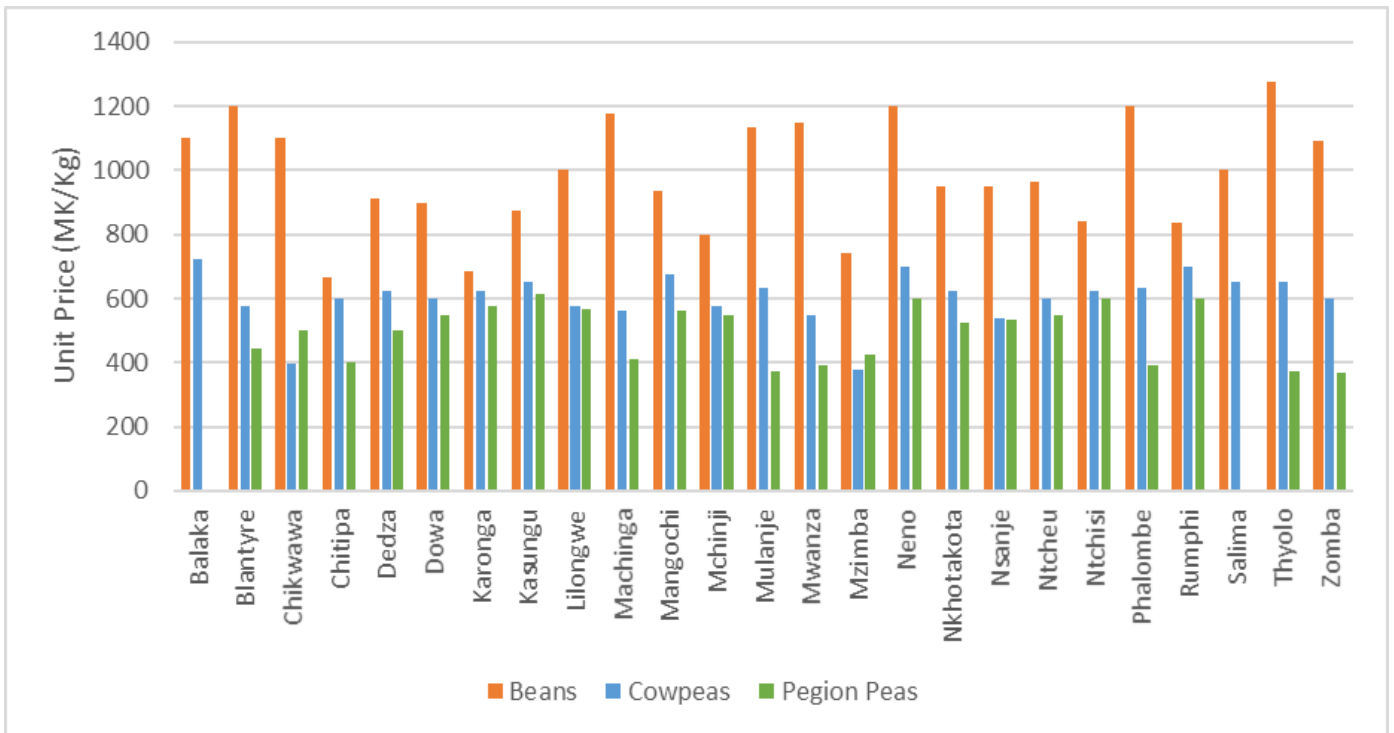
Figure 6: Nominal Monthly Average Prices for Pulses



The average bean price is the lowest in the northern district of Chitipa at MK 667 per kg and the highest in Thyolo district (southern region), selling at MK 1,275 per kg. Cowpeas, on the other hand, were the cheapest in Mzimba District, retailing at MK 380 per kg. They were the most expensive in Balaka District, selling at MK 725 per kg. Zomba District in the Southern Region recorded the lowest pigeon pea prices

(at 370 per kg), while Kasungu registered the highest price (at MK 617 per kg). Overall, pigeon pea production is the highest in the Southern Region as compared to the Central and Northern Regions.

Figure 7. Nominal Monthly Average Prices for Pulses



### Annexes

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

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

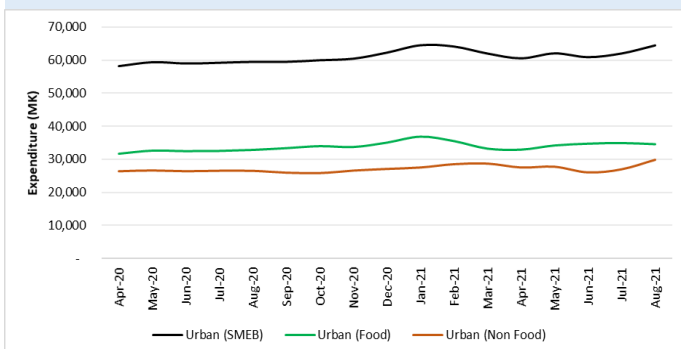


Figure 5B. Trends for Survival MEB for the North

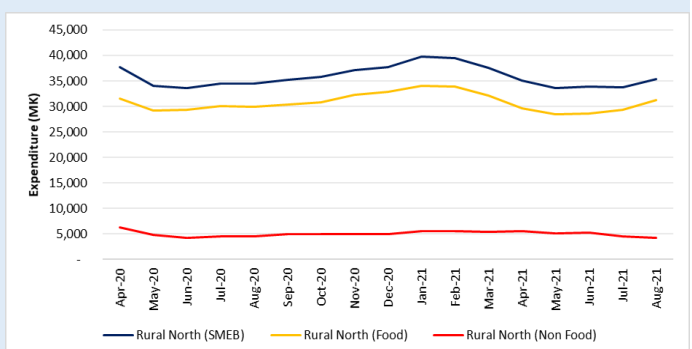


Figure 5C. Trends for Survival MEB for Rural Centre

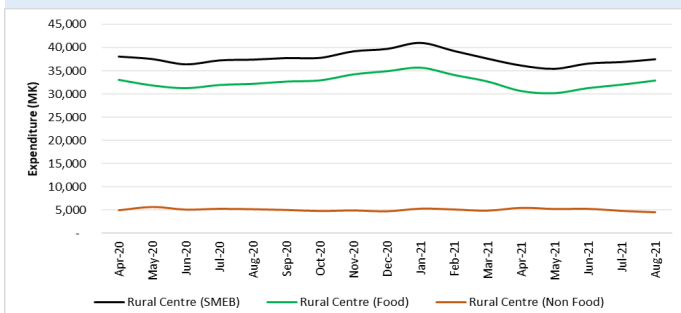
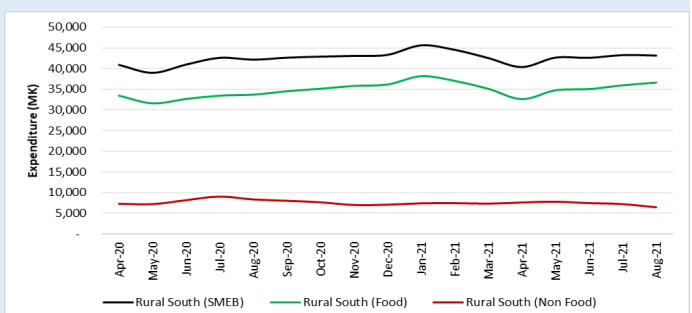


Figure 5D. Trends for Survival MEB for the South



## Annex B: 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	
					Current	Previous
<b>Food commodities</b>						
Cereals (Maize)	12.60	Kg			7,785	7,766
Pulses	1.50	Kg			7,763	7,425
Cooking Oil	0.75	Kg			6,300	6,027
Roots and	0.60	Kg			923	791
Salt, Iodized	0.15	Kg			338	338
Vegetables	3.00	Kg			2,595	2,199
Eggs (chicken)	0.15	Kg			1,305	1,311
Fish (dried)	0.60	Kg			7,344	6,480
Sugar	0.60	Kg			2,317	2,314
<b>Sub-Total for Food Cost</b>					<b>8,149</b>	<b>36,669</b>
<b>Non-Food Items (NFI's)</b>						
Charcoal	50	Kgs			16,389	14,286
Match Box	4	boxes			200	200
Electricity	10	times			1,000	1,000
Electrical	15	times			1,500	1,500
Milling	4	times			1,800	1,771
Soap Laundry	2	Pcs			200	200
Soap bar	2	Pcs			833	814
House rent	1	month			10,000	10,000
<b>Sub-Total for NFIs Cost</b>					<b>31,922</b>	<b>31,922</b>
<b>TOTAL MEB</b>					<b>68,591</b>	<b>64,422</b>

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		
					Current	Previous	
<b>Food commodities</b>							
Cereals	12.60	Kg		1,565	7,040	6,542	
Pulses	1.50	Kg		1,067	4,800	4,793	
Cooking Oil	0.75	Kg		1,271	5,719	5,463	
Roots and	0.60	Kg		195	878	810	
Salt, Iodized	0.15	Kg		45	203	203	
Vegetables	3.00	Kg		800	3,600	3,128	
Eggs	0.15	Kg		300	1,350	1,350	
Fish (dried)	0.60	Kg		1,520	6,840	6,480	
Sugar	0.60	Kg		530	2,385	2,405	
<b>Sub-Total for Food Cost</b>					<b>-</b>	<b>7,292</b>	<b>32,814</b>
<b>Non-Food Items (NFI's)</b>							
Fuel wood	50	Lump-		1,875	1,875	1,500	
Match Box	4	Boxes		200	200	200	
Milling	4	Times		1,444	1,444	1,388	
Soap	2	Pcs		250	250	255	
Soap bar	2	Pcs		817	817	819	
<b>Sub-Total for NFIs Cost</b>					<b>4,586</b>	<b>4,586</b>	
<b>TOTAL MEB</b>					<b>11,878</b>	<b>37,400</b>	<b>35,334</b>

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		
					Current (Round 34)	Previous (Round 33)	
<b>Food commodities</b>							
Cereals	12.60	Kg		1,670	7,513	7,050	
Pulses	1.50	Kg		1,323	5,955	5,959	
Cooking Oil	0.75	Kg		1,315	5,917	5,794	
Roots and	0.60	Kg		170	767	737	
Salt, Iodized	0.15	Kg		45	203	203	
Vegetables	3.00	Kg		718	3,229	3,128	
Eggs	0.15	Kg		302	1,359	1,323	
Fish (dried)	0.60	Kg		1,463	6,581	6,408	
Sugar	0.60	Kg		518	2,333	2,336	
<b>Sub-Total for Food Cost</b>					<b>7,524</b>	<b>33,856</b>	
<b>Non-Food Items (NFI's)</b>							
Fuel wood	50	Lump-		1,844	1,844	1,634	
Match Box	4	Boxes		200	200	200	
Milling	4	Times		1,675	1,675	1,693	
Soap	2	Pcs		218	218	205	
Soap bar	2	Pcs		838	838	797	
<b>Sub-Total for NFIs Cost</b>					<b>4,775</b>	<b>4,775</b>	
<b>TOTAL MEB</b>					<b>12,298</b>	<b>38,631</b>	<b>37,464</b>

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)	
<b>Food commodities</b>							
Cereals (Maize)	12.60	Kg	155	1,953	8,789	8,600	
Pulses	1.50	Kg	1,121	1,682	7,567	7,377	
Cooking Oil	0.75	Kg	1,729	1,297	5,837	5,887	
Roots and Tubers	0.60	Kg	274	164	740	740	
Salt, Iodized	0.15	Kg	300	45	203	203	
Vegetables	3.00	Kg	312	937	4,215	3,870	
Eggs (chicken)	0.15	Kg	1,988	298	1,342	1,345	
Fish (dried)	0.60	Kg	2,343	1,406	6,326	6,213	
Sugar	0.60	Kg	873	524	2,358	2,358	
<b>Sub-Total for Food Cost</b>					<b>8,306</b>	<b>37,375</b>	
<b>Non-Food Items (NFI's)</b>							
Fuel wood	50	Lump-sum	45	4,464	4,464	3,609	
Match Box	4	Boxes	50	200	200	200	
Milling	4	Times	426	1,703	1,703	1,682	
Soap Laundry	2	Pcs	110	220	220	215	
Soap bar bathing	2	Pcs	435	871	871	836	
<b>Sub-Total for NFIs Cost</b>					<b>7,458</b>	<b>7,458</b>	
<b>TOTAL MEB</b>					<b>15,764</b>	<b>44,833</b>	<b>43,134</b>

## 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.

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