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# Minimum Expenditure Basket in Malawi

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

Round 37: 6<sup>th</sup> — 12<sup>th</sup> September 2021



## Key Highlights

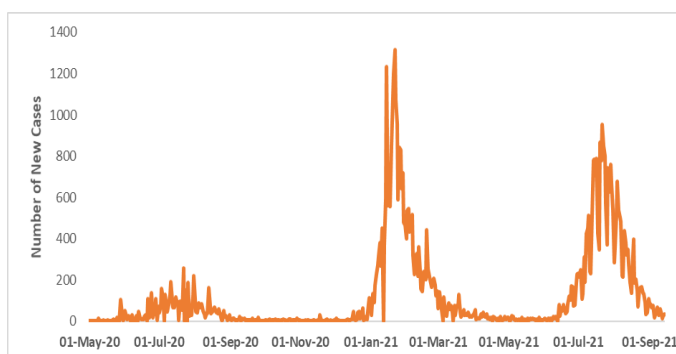
- The Survival Minimum Expenditure Baskets (SMEBs) continue to rise across the country. In urban areas, the SMEB has marginally increased by 0.1 percent, while in rural areas of the Northern and Central Regions it increased by over 6.5 percent. Households in the rural Southern Region experienced a 4.5 percent increase in their expenditure. It is expected that the baskets will continue to increase in the coming weeks as the 2021/2022 lean season approaches.
- Maize grain is trading at the Government's minimum farmgate price for the first time since April this year. During the current round, maize grain is trading at MK 151 per kg, slightly above the recommended MK 150 per kg minimum price.
- Beans are selling at MK 1,041 per kg, a record high price in the last six months. The price of beans jumped from an average of MK 1,000 per kg in the previous month to MK 1,041 per kg in the current month, representing a 4.1 percent increase.
- The prices of cowpeas and pigeon peas have increased by 5.9 percent and 15.5 percent, respectively, since August 2021. Between the last half of August and the first half of September 2021, the price of cowpeas increased from MK 592 per kg to MK 627 per kg. During this same period, pigeon pea prices rose from MK 458 per kg to MK 528 per kg.



### COVID-19 Update

**Cases of COVID-19 are decreasing.** Cases of COVID-19 in the country continue to decrease after peaking in July 2021 during the third wave of the pandemic. Data from the Malawi Ministry of Health shows that the number of COVID-19 cases has decreased from the record high of 952 new cases on 22 July 2021 to 34 new cases on 14 September 2021. Cumulatively, the Ministry reported that the country has registered 61,171 cases, including 2,244 deaths (with a 3.67 percent case fatality rate), as of 14 September 2021. Despite this drop in daily cases, the number of COVID-19 active cases remains high at 8,053 cases.

**Figure 1: COVID-19 prevalence from 1 May 2020 to 14 September 2021**



Source: Ministry of Health data

**Government eases restrictions.** Following this reduction in cases, on 11 September the Government eased some of the COVID-19 restrictions by allowing more people to gather indoors and outdoors. The revised restrictions now allow up to 100 people to gather indoors, while 250 people are allowed in open spaces. However, all other COVID-19 preventive measures put in place by the Government on the 9 July 2021 are still applicable.



### 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.

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

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

expenditure data. Data for the construction of both the rural and urban area SMEBs was collected using a WFP in-house call centre (mobile Vulnerability Assessment and Mapping—mVAM), 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 6 and 12 September 2021 (Round 37). 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?

**The SMEBs continue to rise across the country.** For three consecutive rounds, households' minimum expenditure required to obtain their survival needs—both food and non-food—rose in both rural and urban areas across the country. In urban areas, a household's monthly SMEB marginally increased by 0.1 percent (or by MK 81) from the previous round (Round 36, where data was collected between 23 and 27 August 2021). During the current round, the SMEBs in the rural areas of the Northern and Central Regions increased by 6.8 percent and 6.6 percent, respectively. Households in these regions required an additional monthly income of MK 2,550 and MK 2,102, respectively, to meet their survival needs. Households in the rural Southern Region experienced a 4.5 percent increase, relatively lower compared to their rural counterparts in the Centre and North. A typical household residing in the rural South had to spend MK 2,021 more per month compared to last round's minimum expenditure of MK 46,854 to meet their basic survival necessities. *Table 1* provides more details on changes in SMEBs across the regions in the country.

**SMEBs are increasing as prices increase.** Generally, the prices of most food commodities are the highest during the lean season. The high prices translate into more expenditure by households and in turn, rising SMEBs. During the second half of the year, however, the prices of most necessity goods are rising due to the rising inflation rate. For instance, according to the National Statistical Office (NSO), the year-to-year headline inflation rate in August 2021 increased by 0.8 percentage points to 8.4 percent from 7.6 percent in August 2020.

## Movements in food and non-food expenditure

Table 1 shows that both rural and urban areas experienced an increase in food expenditure. The table also shows that non-food expenditure decreased among urban households while increasing in rural areas.

**Households in urban areas recorded a 3.8 percent increase in their food expenditure coupled with a 4.1 percent decrease in non-food expenditure.** Given that food expenditure makes up 55 percent of the total urban expenditure, an overall rise in the SMEB was observed. Food expenditure rose in urban areas mainly due to significant increases in the prices of maize, beans, cassava, and eggs. The price of charcoal, however, went down by 8.5 percent, resulting in decreased expenditure on the urban non-food component.

**In the rural Northern Region, both food and non-food expenditure rose by roughly 7 percent,** resulting in increased total expenditure. This increase largely emanates from increases in the prices of beans, vegetables, fish and firewood.

**Households' expenditure on food and non-food commodities in the rural Central Region went up by 4.4 percent and 13.0 percent, respectively, this round.** This rise was particularly necessitated by increases in the prices of beans, cassava, green vegetables, and firewood.

**For rural Southern Region-based households, food expenditure increased by 3.5 percent, while non-food expenditure rose by 9.7 percent.** Significant increases in the prices of maize, cassava, and firewood triggered the resultant increase in expenditure among rural South households.

Since June 2021, maize prices have continued to steadily rise across the country. This may have resulted from a decreased supply of grain on the market due to continued consumption, exportation and purchases by the Agriculture Development and Marketing Corporation (ADMARC). As the prices of maize grain increase, the prices of substitutes such as cassava, potatoes, and rice may also increase. The prices of pulses have also increased in most markets mostly due to consumption and exportation.

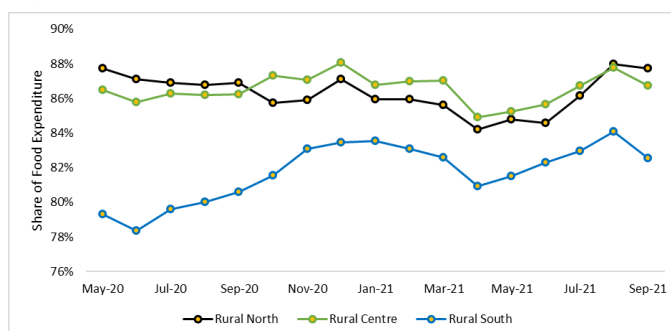
**Table 1: SMEB values by region and their percentage change between Round 37 and Round 36**

Region	Total SMEB		Food		Non-Food	
	Expenditure (in MK)	% Change	Expenditure (in MK)	% Change	Expenditure (in MK)	% Change
Urban	68,672	↑ +0.1	38,072	↑ +3.8	30,600	↓ -4.1
Rural North	39,958	↑ +6.8	35,052	↑ +6.8	4,906	↑ +7.0
Rural Centre	40,734	↑ +6.6	35,338	↑ +4.4	5,396	↑ +13.0
Rural South	46,854	↑ +4.5	38,674	↑ +3.5	8,180	↑ +9.7

## Share of Food to Total Expenditure

**The share of food to total expenditure in rural areas fell between the current and previous round by an average of 1.0 percentage points.** Figure 2 illustrates this. This decrease in the overall share of food expenditure may be due to the sharp fall in food around this period. For instance, the National Statistical Office (NSO) reported that the food inflation rate dropped from 10.3 percent in July 2021 to 9.7 percent in August 2021. In general, however, with the increasing prices of maize grain, both the food inflation and share of food expenditure are expected to rise. As the lean season approaches, food inflation and food expenditure are likely to continue to increase.

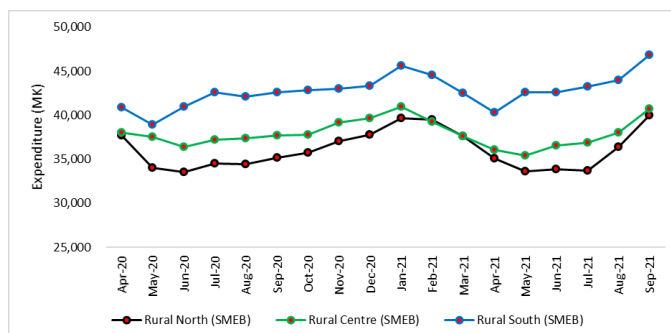
**Figure 2. Rural trends on share of food expenditure to total expenditure**



## Trends in SMEBs by Region

**The SMEBs have increased continually in the latest four months.** Figure 3 shows that, in the current round, the rural SMEB values are nearing the highest recorded levels since the height of the 2020/2021 lean season (January 2021). This trend is expected to continue if the inflation rate continues to remain high. The rising food and non-food inflation is likely eroding households' purchasing power, as both food and non-food prices increase. The rising prices of various types of commodities are, in part, attributed to the impacts of COVID-19 on the local and global economy but will likely also remain high in the coming months in light of the impending 2021/2022 lean season.

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



<sup>1</sup>Maize grain makes up the largest share of the SMEB as well as the Consumer Price Index, a basket used to compute the inflation rate.



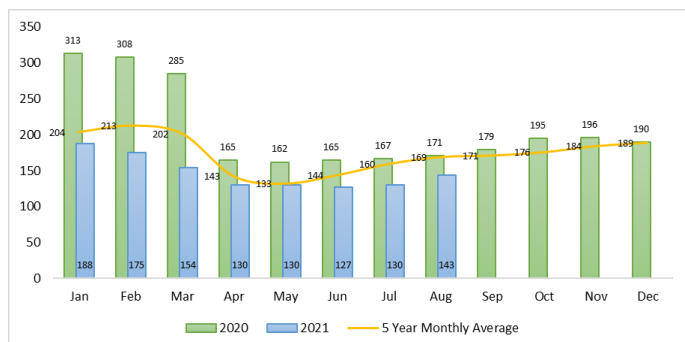


### Maize Grain Retail Prices

**Maize grain is trading just above the minimum farmgate price for the first time since April of this year.** The

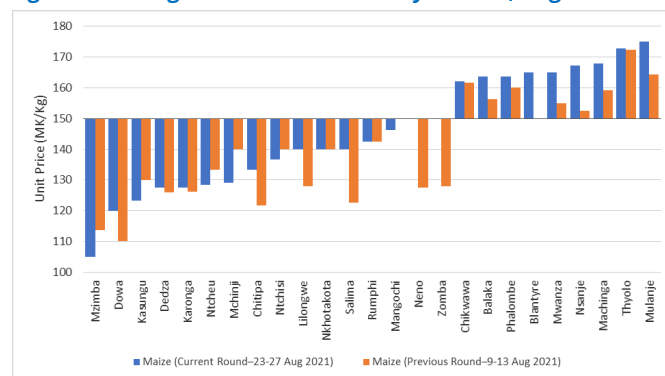
average maize price across markets in the country has surpassed the Government-set minimum farmgate price. During the current round, grain is trading at MK 151 per kg, slightly above the recommended MK 150 per kg minimum selling price but below ADMARC's selling price of MK 160 per kg. When compared to the last week of August 2021 (Round 36 of data collection), the grain price has increased by 5.6 percent from MK 143 per kg. During the same month last year, maize grain prices were selling for MK 179 per kg, 18.5 percent higher than the current price. The September month-to-month five-year average is MK 171 per kg, which is 11.7 percent more than the current average price. *Figure 4* provides more details on the maize grain price trends. Despite grain prices being relatively lower this year—due in large part to the surplus of national maize production—prices are expected to continue rising until the next harvest as more maize is consumed and exported.

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



**The Southern Region continues to register the highest maize grain prices.** In the Southern Region, the average unit price of maize grain was MK 162 per kg. Maize grain prices were relatively lower in the Central and Northern Regions, selling at an average of MK 132 per kg and MK 127 per kg, respectively. Maize production in the Southern Region is the lowest, because most of the arable land in this region is utilised for the production of commercial crops. In addition, per capita arable land holding sizes are the lowest in this region due to increased population pressure.

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



Mulanje and Mzimba Districts register the highest and lowest prices, respectively, this round. *Figure 5* shows that maize was the most expensive in Mulanje District in the South, selling at MK 175, and the cheapest in Mzimba District in the North, recorded at MK 105 per kg. In nine (all in the Southern Region) out of the 25 districts where mVAM collected price data, maize grain was selling above the minimum farmgate price of MK 150 per kg. By market, Muloza Market in Mulanje District and Thyolo Boma Markets in Thyolo District recorded the highest prices at MK 180 per kg. At Euthini Market in Mzimba District, maize was selling at the lowest recorded price this round at MK 105 per kg. When compared to Round 36, a significant rise in maize prices was observed in the districts of Neno, Zomba, Salima, Chitipa and Lilongwe.



### Prices of Pulses

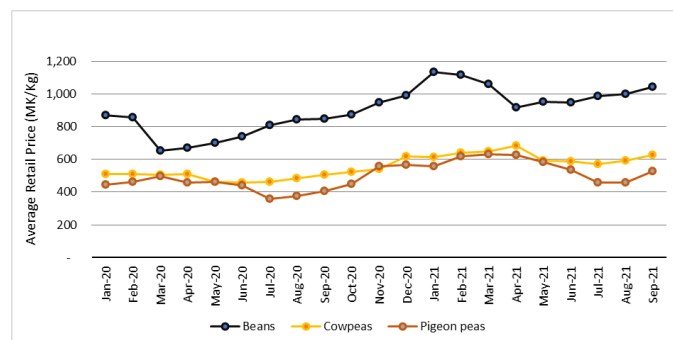
**The prices of all pulses have noticeably increased.** Gradually,

stocks of pulses are becoming depleted due to consumption and exportation as the 2021/2022 lean season approaches. The continued exportation of pulses coupled with this year's relatively poor production compared to the previous year are likely pushing the prices of pulses up.

**Beans are selling at MK 1,041 per kg, a record high price for the last six months.** The price of beans jumped from an average of MK 1,000 per kg in the previous month to MK 1,041 per kg in the current month, representing a 4.1 percent increase. This is the highest bean price recorded since March 2021 when the price of beans reached MK 1,059 per kg. *Figure 6* shows that since January 2020, the highest recorded price of beans was MK 1,131 per kg at the height of the lean season in January 2021. The lowest recorded price was MK 651 per kg in March 2020.

**Cowpeas and pigeon peas have increased by 5.9 percent and 15.5 percent respectively, since August 2021.** Between the last half of August 2021 and the first half of September 2021, the price of cowpeas increased from MK 592 per kg to MK 627 per kg. During this same period, the price of pigeon peas rose from MK 458 per kg to MK 528 per kg. In *Figure 6*, however, the prices of all pulses are showing an upward trend as the country enters the lean season.

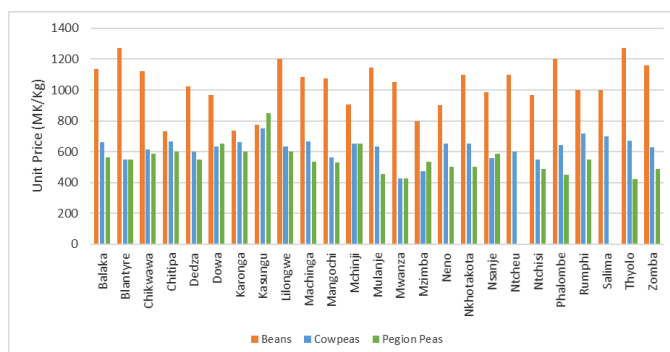
**Figure 6. Nominal monthly average prices for pulses**



In the current round, Chitipa District recorded the lowest price of beans at MK 733 per kg. Blantyre District registered the highest bean prices at MK 1,275 per kg.

Cowpeas were trading at their lowest price of MK 425 per kg in Mwanza District and at their highest price of MK 750 per kg in Kasungu District. In Thyolo District, one of the main pigeon pea-producing districts in the country, the commodity was selling at MK 421 per kg. This was the lowest price of pigeon peas recorded this round. Kasungu District registered the highest price of pigeon peas at an average of MK 850 per kg. The production of both cowpeas and pigeon peas is much higher in the Southern Region as compared to the other regions. *Figure 7* provides the average prices of pulses by district.

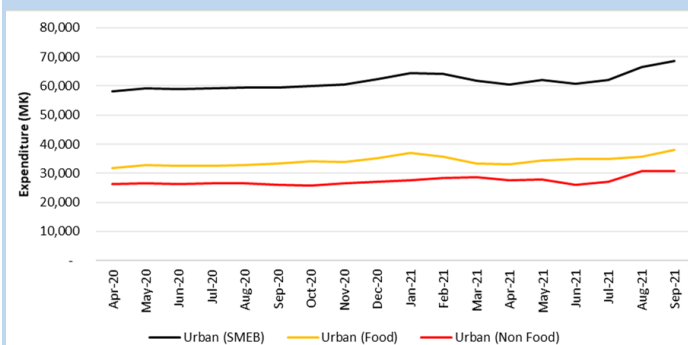
**Figure 7. Average pulse prices by district**



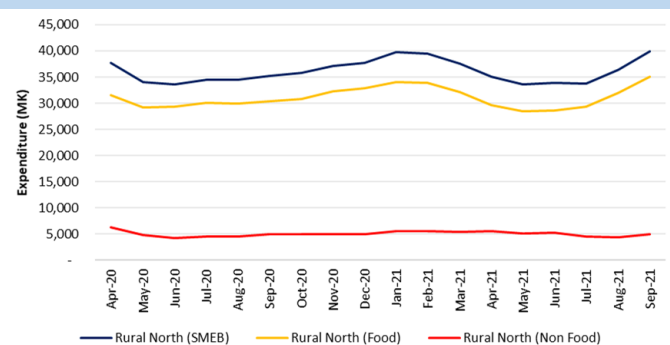
## Annexes

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

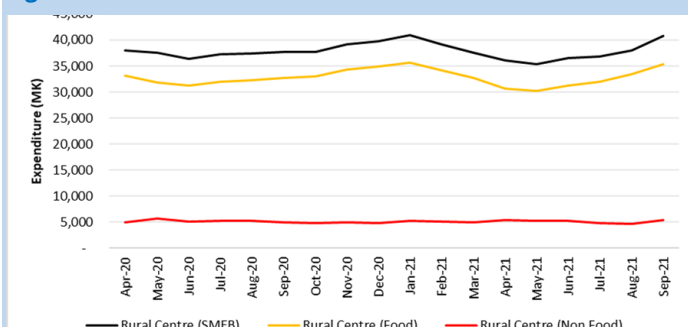
**Figure 5A. Trends for Survival MEB for the Urban Areas**



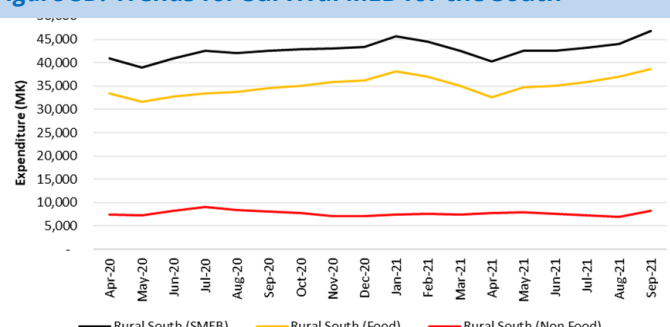
**Figure 5B. Trends for Survival MEB for the North**



**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 (Household Size = 4.5)	
					Current	Previous
Food commodities						
Cereals (Maize)	12.60	Kg		1,890	8,505	7,785
Pulses	1.50	Kg		1,845	8,303	7,763
Cooking Oil	0.75	Kg		1,463	6,581	6,300
Roots and	0.60	Kg		228	1,026	923
Salt, Iodized	0.15	Kg		75	338	338
Vegetables	3.00	Kg		500	2,250	2,595
Eggs (chicken)	0.15	Kg		312	1,404	1,305
Fish (dried)	0.60	Kg		1,632	7,344	7,344
Sugar	0.60	Kg		516	2,322	2,317
Sub-Total for Food Cost				8,461	38,072	36,669
Non-Food Items (NFI's)						
Charcoal	50	Kgs		15,000	15,000	16,389
Match Box	4	boxes		200	200	200
Electricity	10	times		1,000	1,000	1,000
Electrical	15	times		1,500	1,500	1,500
Milling	4	times		1,760	1,760	1,800
Soap Laundry	2	Pcs		200	200	200
Soap bar	2	Pcs		940	940	833
House rent	1	month		10,000	10,000	10,000
Sub-Total for NFIs Cost					30,600	30,600
TOTAL MEB				8,461	68,672	68,591

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
Food commodities						
Cereals	12.60	Kg		1,610	7,245	7,040
Pulses	1.50	Kg		1,212	5,456	4,800
Cooking Oil	0.75	Kg		1,329	5,981	5,719
Roots and	0.60	Kg		203	915	878
Salt, Iodized	0.15	Kg		45	203	203
Vegetables	3.00	Kg		944	4,250	3,600
Eggs	0.15	Kg		300	1,350	1,350
Fish (dried)	0.60	Kg		1,613	7,260	6,840
Sugar	0.60	Kg		532	2,392	2,385
Sub-Total for Food Cost				-	7,789	35,052
Non-Food Items (NFI's)				-		
Fuel wood	50	Lump-		2,125	2,125	1,875
Match Box	4	Boxes		200	200	200
Milling	4	Times		1,511	1,511	1,444
Soap Laun-	2	Pcs		237	237	250
Soap bar	2	Pcs		833	833	817
Sub-Total for NFIs Cost					4,906	4,906
TOTAL MEB				12,696	39,958	37,400

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 37)	Previous (Round 36)
Food commodities						
Cereals	12.60	Kg		1,630	7,334	7,513
Pulses	1.50	Kg		1,423	6,402	5,955
Cooking Oil	0.75	Kg		1,386	6,238	5,917
Roots and	0.60	Kg		204	918	767
Salt, Iodized	0.15	Kg		45	203	203
Vegetables	3.00	Kg		837	3,766	3,229
Eggs	0.15	Kg		304	1,367	1,359
Fish (dried)	0.60	Kg		1,502	6,759	6,581
Sugar	0.60	Kg		523	2,352	2,333
Sub-Total for Food					7,853	35,338
Non-Food Items (NFI's)						
Fuel wood	50	Lump-		2,435	2,435	1,844
Match Box	4	Boxes		200	200	200
Milling	4	Times		1,665	1,665	1,675
Soap Laun-	2	Pcs		219	219	218
Soap bar	2	Pcs		877	877	838
Sub-Total for NFIs Cost					5,396	5,396
TOTAL MEB				13,248	40,734	38,631

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 37)	Previous (Round 36)
Food commodities						
Cereals (Maize)	12.60	Kg	165	2,077	9,348	8,789
Pulses	1.50	Kg	1,123	1,684	7,578	7,567
Cooking Oil	0.75	Kg	1,820	1,365	6,143	5,837
Roots and Tubers	0.60	Kg	274	164	740	740
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables	3.00	Kg	325	974	4,382	4,215
Eggs (chicken)	0.15	Kg	2,035	305	1,373	1,342
Fish (dried)	0.60	Kg	2,427	1,456	6,552	6,326
Sugar	0.60	Kg	873	524	2,356	2,358
Sub-Total for Food Cost					8,594	38,674
Non-Food Items (NFI's)						
Fuel wood	100	Lump-sum	52	5,180	5,180	4,464
Match Box	4	Boxes	50	200	200	200
Milling	4	Times	423	1,693	1,693	1,703
Soap Laundry	2	Pcs	112	224	224	220
Soap bar bathing	2	Pcs	441	883	883	871
Sub-Total for NFI's Cost					8,180	8,180
TOTAL MEB				16,774	46,854	44,833

## 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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