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Minimum Expenditure Basket in Malawi

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

Rounds 56: 01—06 June 2022



Picture credit: Badre Bahaji, WFP

Key Highlights

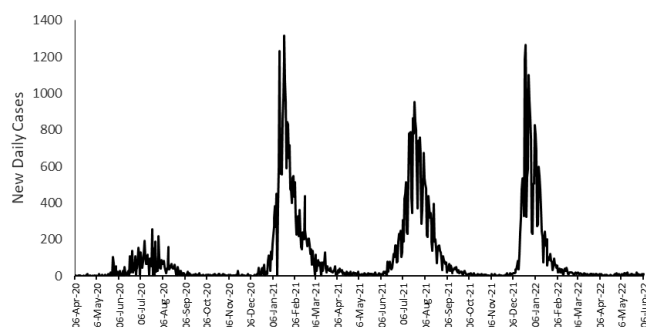
- The Survival Minimum Expenditure Baskets (SMEBs) increased to record highs across all regions of the country, with expenditure for urban-based households in particular, sharply rising since the previous round.
- The SMEB rose by 10.3 percent in urban areas; 0.6 percent in the rural Northern Region; 2.9 percent in the Central Region; and 3.5 percent in the rural Southern Region. Although prices of most essential goods remained high but relatively stable in rural areas, in urban areas, prices of those goods rose sharply. As a general trend, maize and green vegetable prices rose in all regions of the country.
- The average price of maize grain increased to MK 214 per kg as of the first week of June 2022. This price increment signifies a 6.5 percent increase from a May average price of MK 201 per kg. This comes at a time when maize harvesting is completed in most parts of the country. The price was expected to be decreasing during this period, owing to the increased supply of maize from the harvests.
- The price of beans dropped further to MK 1,206 per kg, representing a 0.7 percent decrease since the May data. The increased stock supplies from this year's harvest likely resulted in this drop.
- The price of both cowpeas and pigeon peas eased by 2.6 percent and 1.7 percent, respectively, since the last round of data collection in May 2022. The price of cowpeas decreased to MK 794 per kg, while that of pigeon peas further reduced to MK 766 per kg.



COVID-19 Update

COVID-19 related deaths and infections have substantially subdued since February this year. Low numbers of daily cases of COVID-19 have been recorded since the last wave of the pandemic subsided in February 2022. This trend is depicted in *Figure 1*. Data from Malawi's Ministry of Health show that between 1 and 6 June 2022 (the Round 56 data collection period), 37 new cases were recorded with only two deaths. *Figure 1* shows that cases of COVID-19 remained very low since February 2022.

Figure 1: COVID-19 prevalence between October and December 2021



Source: Data from Ministry of Health



Deriving the Minimum Expenditure Basket

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 survival MEB (SMEB) is the absolute minimum amount required to maintain existence and cover lifesaving needs. However, the concepts of an SMEB and MEB are sometimes used interchangeably.

There are several ways in which to construct an SMEB. The United Nations World Food Programme (WFP) Malawi Country Office constructed its SMEB in line with a rights-based approach, based on previously-assessed needs, by collecting expenditure data. Data on 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 175 traders in some 70 rural and urban local markets. Contacted traders provided the market prices of available food and non-food items during the periods between 1st–6th June 2022 for the MEB Round 56 Bulletin. The previous round's data (Round 55) was collected between 2nd–6th and 16th–20th of May 2022. 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 56 Survival Minimum Expenditure Basket show?

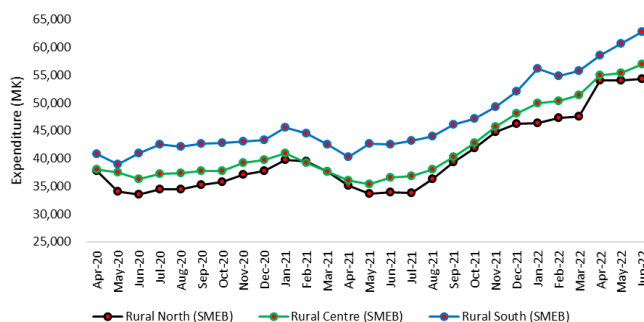
Survival minimum expenditures soar across the country as both food and non-food expenditure increased in all regions. The analysis shows that households' expenditures increased at a time when harvesting peaked and even concluded in some parts of the country. Typically, during this period, household expenditures decrease owing to increased supplies of farm produce which in turn dampens prices of key commodities such as maize in the economy.

As *Table 1* shows, substantial increases in the SMEBs were recorded between the current and previous rounds in most parts of the country. The SMEB drastically increased in the urban areas largely due to a notable rise in food expenditure. Amongst the rural areas, the rural Northern Region recorded a marginal increase in the SMEB, with slightly greater increases observed in the Central (2.9 percent) and Southern Regions (3.5 percent). This round's expenditures represent record high SMEBs since the onset of data collection in April 2020. *Figure 2* depicts how rural households' expenditure progressed since April 2020 to record highs in June 2022 (Round 56).

Table 1: SMEB values by region and their percentage change between Round 43 and Round 45

Area of Coverage	Total SMEB		Food Expenditure		Non-Food Expenditure	
	In MK	% Change	In MK	% Change	In MK	% Change
Urban	88,836	↑+10.3	57,711	↑+15.8	31,125	↑+1.3
Rural North	54,352	↑+0.6	48,275	↑+0.6	6,078	↑+0.2
Rural Centre	57,003	↑+2.9	50,091	↑+2.9	6,912	↑+3.2
Rural South	62,761	↑+3.5	53,493	↑+3.1	9,268	↑+6.1

Figure 2: Trends in the rural SMEBs by region since May 2020



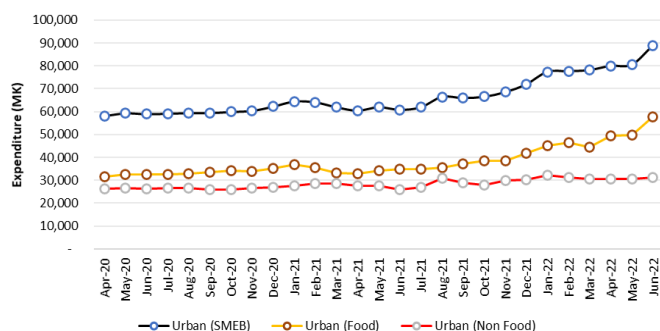
Although prices of most essential goods remained high but stable in rural areas, a rise in the prices of maize and green vegetables was recorded in most of these regions. In urban areas, prices of essential goods rose sharply.

This year, several local and external factors have affected the price of maize grain, making the price highly volatile and unpredictable. The factors include the ongoing crisis in Ukraine, the knock-on effects from the COVID-19 pandemic, the large-scale flooding experienced earlier this year, and prolonged dry spells that occurred early in the planting season. Further, vegetable production drops once the rainy season ends around April and this results in increased prices of green vegetables.

The prices of cooking oil and sugar—which rose the most in the first quarter of the year—remained stable during this round. Since the removal of the 16.5 percent VAT in April 2022, the price of vegetable oil has remained relatively stable but still hovers at record high levels. The national average per litre price for vegetable oil for June was MK 3,658, increasing by 1.8 percent from the national price recorded in May. However, between April and May 2022, the national average price has remained significantly unchanged.

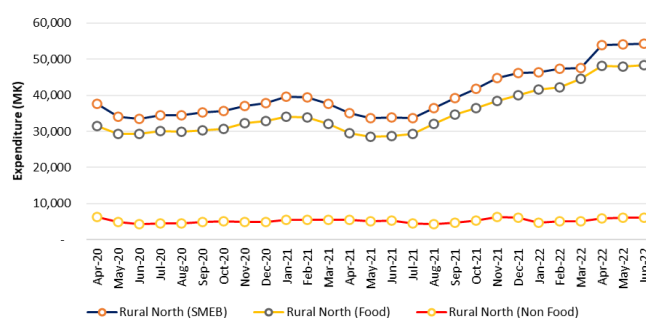
A typical household in urban areas faced a 10.3 percent increase in its June 2022 SMEB. A significant increase in food expenditure by 15.8 percent largely contributed to the sharp rise in the urban SMEB. The SMEB rose to MK 88,836 per month in Round 56 (first week of June) from MK 80,554 per month in the previous Round 55 (May 2022). Huge increases in the prices of maize (by 20.2 percent); beans (by 17.4 percent); vegetables (by 45.3 percent); and dried fish (by 20.9 percent) largely contributed to the upward push in households' expenditure in urban areas. Figure 3 provides the trends for the nominal SMEB for urban areas.

Figure 3. Trends for Survival MEB for the urban area



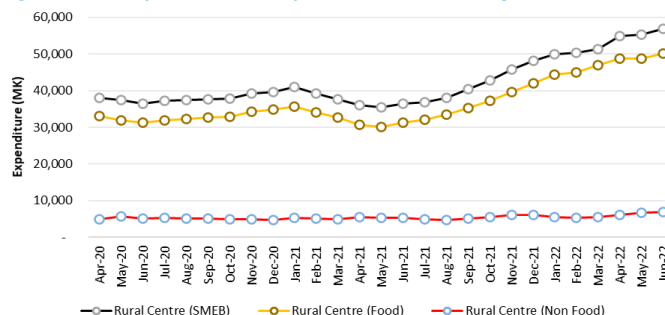
There was a marginal rise of 0.6 percent in the SMEB in the rural Northern Region. In this region, the SMEB slightly increased by MK 312 to MK 54,352 per month from MK 54,040 per month during the previous round. Expenditure on both food and non-food also minimally rose by 0.6 percent and 0.2 percent, respectively. The increase in the prices of cooking oil (by 4.0 percent), green vegetables (by 1.4 percent), and soap (by 1.3 percent) drove this rise in the SMEB. The price of maize grain, however, dropped by 0.7 percent, as harvesting of maize intensified in the region. Figure 4 shows the trends for the rural Northern Region.

Figure 4. Trends for Survival MEB for the rural Northern Region



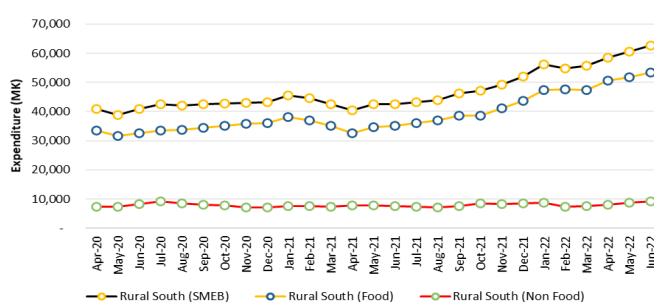
In the rural Central Region, the SMEB increased by 2.9 percent. Increases in both food and non-food expenditure by 2.9 percent and 3.2 percent, respectively, pushed the SMEB in this region upwards. The SMEB rose to MK 57,003 per month. This implies that an average household living in this region had to spend MK 1,624 more in June compared to the previous month. Notable commodities in the Central Region, whose prices rose during this round, include maize grain (by 6.2 percent), vegetables (by 6.7 percent), sugar (by 5.0 percent), and firewood (by 7.2 percent). Figure 5 shows the trends in households' spending on the food and non-food as well as the overall SMEB trend for the rural Central Region.

Figure 5. Trends for Survival MEB for the rural Central Region



In the Southern Region, a typical household's survival minimum expenditure rose by 3.5 percent since the previous month of May. The SMEB rose from MK 60,622 per month in the month of May to MK 62,761 per month in the first week of June. Food expenditure increased by 3.1 percent, largely due to increases in the prices of maize grain (by 9.1 percent) and green vegetables (by 4.4 percent). Increases in the prices of firewood (by 7.5 percent), soap (by 6.1 percent) as well as the cost of milling (by 5 percent) all led to increased household spending on non-food commodities. Figure 6 depicts the trends in expenditure for the region over the past two years.

Figure 6. Trends for Survival MEB for the rural Southern Region

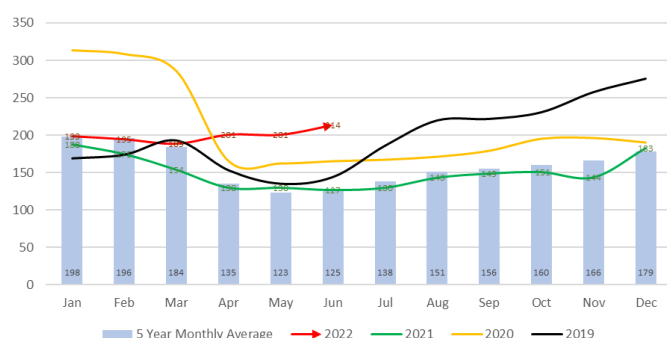


Maize Grain Retail Prices

The national average price of maize grain increased to MK 214 per kg as of the first week of June 2022. This price increment signifies a 6.5 percent increase from a May average price of MK 201 per kg and comes at a time when maize harvesting is progressing in most parts of the country. The June price is also 68.5 percent higher than the price during this same period last year. It is 71.2 percent higher than the five-year monthly average price for June. However, the current price of maize grain is still lower than the MK 220 per kg minimum farmgate price set by the Government.

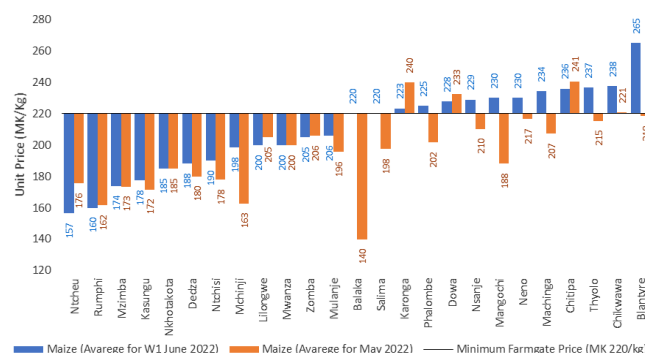
While harvesting is almost complete in the Southern Region, nearly half of the maize was still in the fields in the Central Region. In many areas of the Northern Region, as well, significant maize was still standing in fields and not yet ready for harvesting. The late onset of rains this year affected the normal period for maize harvests across the country. Traditional leaders in some parts of the Central Region (particularly Dedza and Ntcheu Districts) put in place by-laws restricting the harvesting of maize to curb theft. This has affected maize availability and prices on the markets in these areas.

Figure 7. Trends of average maize prices (in MK per kg)



The average national price of maize grain was the highest in the Southern Region and the lowest in the Central Region. Maize grain was selling at a relatively higher price of MK 228 per kg in the Southern Region, up from MK 207 per kg recorded during the last round in May. In the Central Region, grain was trading at MK 199 per kg, an increase from MK 189 per kg in the previous round. The average price of maize did, however, ease in the Northern Region, decreasing to MK 200 per kg from MK 202 per kg in May. The harvesting of maize was just peaking in the Northern Region during the first week of June, resulting in increased maize stocks supply on the markets and in turn suppressing the grain's prices.

Figure 8. Average maize grain prices by district relative to the farmgate price



Of the 25 monitored districts, the price of maize increased in 16 of the districts, while it decreased in eight districts.

In the current round, Blantyre, Chikwawa and Thyolo Districts recorded the highest maize grain prices with the grain selling at as high as MK 265 per kg (Figure 7). Ntcheu, Rumphi and Mzimba Districts, on the other hand, recorded the lowest grain prices. In Ntcheu, the grain was trading at MK 157 per kg. The largest price increase was observed in Balaka District, where the price increased by 57 percent from MK 140 per kg in May (Round 55) to MK 220 per kg by the first week of June (Round 56). During this round, maize was trading above the minimum farmgate price in 16 districts compared to only four districts during the previous round.

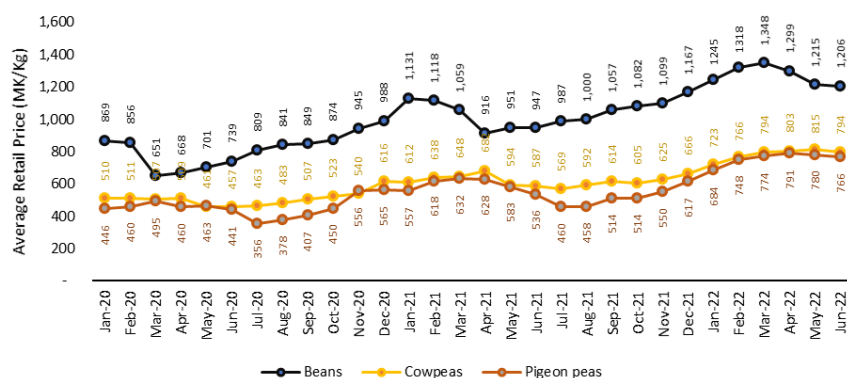
Prices of Pulses

The prices of all pulses (beans, cowpeas, and pigeon peas) decreased during the current round. The trends in Figure 9 show how the prices of pulses have behaved since January 2020, with prices recently easing in the latest four months. While the harvesting of beans, that has been ongoing since February this year, concluded in most parts of the country, the harvesting of cowpeas and pigeon peas had just started in the current round, particularly in the Central and Southern Regions. The increased stocks of pulses on the markets will likely dampen their prices.

The price of beans dropped slightly in June to MK 1,206 per kg from MK 1,215 per kg in May 2022, representing a marginal 0.7 percent decrease in the price. The prices of beans this year are the highest on record for the past five years. The production of beans was mostly affected by persistent rainfall (2020/2021 season) and recurring floods (2021/2022 season).

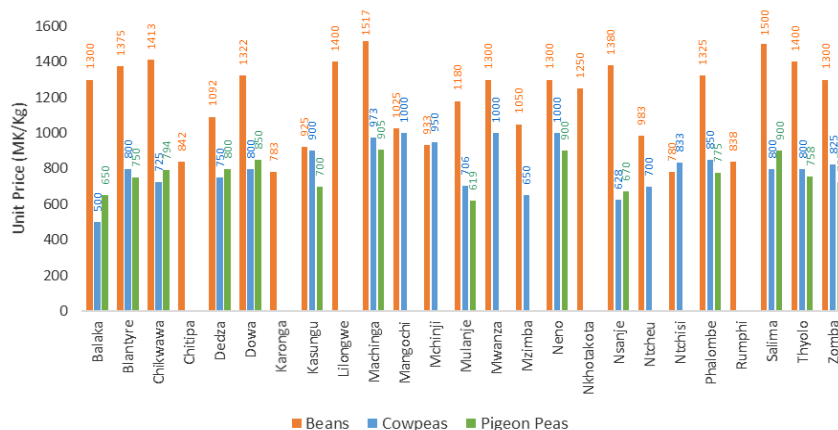
The average price of beans was MK 1,345 per kg in the Southern Region; MK 1,120 per kg in the Central Region; and MK 889 per kg in the Northern Region. These prices are all lower than the ones recorded during the previous round of data collection in May 2022.

Figure 9. Trends of average monthly prices of pulses



The prices of both cowpeas and pigeon peas eased by 2.6 percent and 1.7 percent, respectively. The average price of cowpeas decreased to MK 794 per kg from MK 815 per kg in the last round. During this same period, the price of pigeon peas further reduced from MK 780 per kg to MK 766 per kg.

Figure 10. Average pulse prices by district, MEB Round 56



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	Previous
Food commodities						
Cereals (Maize)	12.60	Kg	265	3,339	15,026	12,497
Pulses	1.50	Kg	1,375	2,063	9,281	7,905
Cooking Oil	0.75	Kg	3,738	2,803	12,614	11,880
Roots and Tubers	0.60	Kg	450	270	1,215	1,316
Salt, Iodized	0.15	Kg	500	75	338	338
Vegetables	3.00	Kg	355	1,065	4,793	3,299
Eggs (chicken)	0.15	Kg	3,000	450	2,025	1,890
Fish (dried)	0.60	Kg	3,200	1,920	8,640	7,145
Sugar	0.60	Kg	1,400	840	3,780	3,564
Sub-Total for Food Cost				12,825	57,711	49,834
Non-Food Items (NFI's)				-		
Charcoal	50	Kgs	290	14,500	14,500	14,500
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	450	1,800	1,800	1,560
Soap Laundry	2	Pcs	263	525	525	480
Soap bar bathing	2	Pcs	800	1,600	1,600	1,480
House rent	1	month	10,000	10,000	10,000	10,000
Sub-Total for NFIs Cost				31,125	31,125	30,720
TOTAL MEB					88,836	80,554

Table 2B. Survival MEB for the Rural Northern Region

Commodity	Quantity per person per month	Unit of meas-ure	Unit Price	Cost per person per month	MEB Round (Household Size = 4.5)	
					Current	Previous
Food commodities						
Cereals (Maize)	12.60	Kg	200	2,516	11,324	11,402
Pulses	1.50	Kg	889	1,333	6,000	6,026
Cooking Oil	0.75	Kg	3,627	2,720	12,241	11,770
Roots and Tubers	0.60	Kg	372	223	1,004	1,014
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables	3.00	Kg	270	811	3,650	3,600
Eggs (chicken)	0.15	Kg	2,689	403	1,815	1,762
Fish (dried)	0.60	Kg	3,289	1,973	8,880	8,876
Sugar	0.60	Kg	1,169	702	3,157	3,321
Sub-Total for Food Cost				10,728	48,275	47,973
Non-Food Items (NFI's)				-		
Fuel wood	50	Lumpsum	34	1,842	1,842	1,848
Match Box	4	Boxes	50	200	200	200
Milling	4	Times	481	1,922	1,922	1,924
Soap Laundry	2	Pcs	277	555	555	556
Soap bar bathing	2	Pcs	779	1,559	1,559	1,540
Sub-Total for NFIs Cost				6,078	6,078	6,067
TOTAL MEB				16,805	54,352	54,040

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	Previous
Food commodities						
Cereals (Maize)	12.60	Kg	199	2,505	11,271	10,614
Pulses	1.50	Kg	1,120	1,679	7,557	7,573
Cooking Oil	0.75	Kg	3,685	2,764	12,438	12,033
Roots and Tubers	0.60	Kg	415	249	1,121	1,112
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables	3.00	Kg	298	894	4,024	3,770
Eggs (chicken)	0.15	Kg	2,771	416	1,870	1,807
Fish (dried)	0.60	Kg	3,053	1,832	8,242	8,368
Sugar	0.60	Kg	1,246	748	3,365	3,204
Sub-Total for Food Cost				11,131	50,091	48,683
Non-Food Items (NFI's)						
Fuel wood	50	Lumpsum	50	2,494	2,494	2,326
Match Box	4	Boxes	50	200	200	200
Milling	4	Times	523	2,093	2,093	2,056
Soap Laundry	2	Pcs	268	535	535	527
Soap bar bathing	2	Pcs	795	1,590	1,590	1,587
Sub-Total for NFIs Cost				6,912	6,912	6,696
TOTAL MEB				18,043	57,003	55,379

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	Previous
Food commodities						
Cereals (Maize)	12.60	Kg	226	2,842	12,789	11,728
Pulses	1.50	Kg	1,343	2,014	9,064	9,126
Cooking Oil	0.75	Kg	3,683	2,762	12,430	12,273
Roots and Tubers	0.60	Kg	274	164	740	740
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables	3.00	Kg	371	1,114	5,013	4,803
Eggs (chicken)	0.15	Kg	2,870	430	1,937	1,896
Fish (dried)	0.60	Kg	2,942	1,765	7,944	7,767
Sugar	0.60	Kg	1,249	750	3,373	3,351
Sub-Total for Food Cost				11,887	53,493	51,887
Non-Food Items (NFI's)						
Fuel wood	100	Lumpsum	47	4,730	4,730	4,401
Match Box	4	Boxes	50	200	200	200
Milling	4	Times	544	2,175	2,175	2,072
Soap Laundry	2	Pcs	275	550	550	518
Soap bar bathing	2	Pcs	807	1,614	1,614	1,544
Sub-Total for NFI's Cost				9,268	9,268	8,735
TOTAL MEB				21,156	62,761	60,622

Annex B: 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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