



## Minimum Expenditure Basket in Malawi - Round 7: 13th - 18th July 2020

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



#### Highlights

- The total value of the SMEBs for the Urban, Rural North, Rural Central and Rural South remained almost unchanged compared to the previous round.
- Current maize grain prices are trending below 2019 levels for the second consecutive week this year.
- The price of pigeon peas decreased on account of an abundant supply in the post-harvest period.

#### Background and Context

With the COVID-19 case count rising, the Presidential Task Force on the pandemic continues to emphasise preventive measures on behavioural change; testing; tracing and isolation. Much as the full impact of the COVID-19 on the local economy is yet to fully materialize, it's slowly unfolding that the demand side is getting a significant hit. The month-on-month inflation rate for June [1] was at -0.3 percent, which implies that the supply of goods is generally higher than the demand at this time of the year and indicates that the rate at which prices are increasing is declining. The food component is at -0.8 percent, with food being a dominant driver for overall inflation. This means that market-dependent households are likely to benefit from relatively depressed food prices, while farmers are bearing the brunt of the crash in demand.

#### Methodology

The Minimum Expenditure Basket (MEB) is based on the triangulation of information about the needs, preferences, and demand behaviour of households to establish essential food commodities and non-food products that are found in local markets. Data for the construction of both the rural and urban area MEBs was

collected using a WFP in-house call centre reaching over 100 traders in some 70 rural and urban local markets. Contacted traders were asked to provide the market prices of available food and non-food items during the period of July 13th-18th, 2020.

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. The detailed methodology on the construction and assumption is depicted in Annex B.

#### What does the SMEB show?

As shown in Table 1 (next page), the total value of the SMEB in the urban areas remained almost the same as the previous round, calculated at MK 59,230. There was a marginal decrease in the food component and a marginal increase for the non-food component, leading to a muted overall effect on the urban SMEB (Table 1).

Similarly, the SMEBs for the rural regions remained almost the same as the previous round [2], calculated at MK 34,682 (North), MK 37,263 (Centre), and MK 42,632 (South). As for the Rural North, much as there was an increase of 6.4 percent in non-food component emanating from an increase in fuel wood and milling costs, the overall SMEB remained flat as the non-food component accounts for only 13 percent of the basket.

[1] NSO June 2020 Stats Flash (<http://www.nsomalawi.mw/>)

[2] This is a bi-weekly bulletin with data collection conducted every two weeks. The previous round of data collection was 29 June to 4 July 2020.

The Minimum Expenditure Basket (MEB) module consists of what a typical household requires in order to meet its basic needs.

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

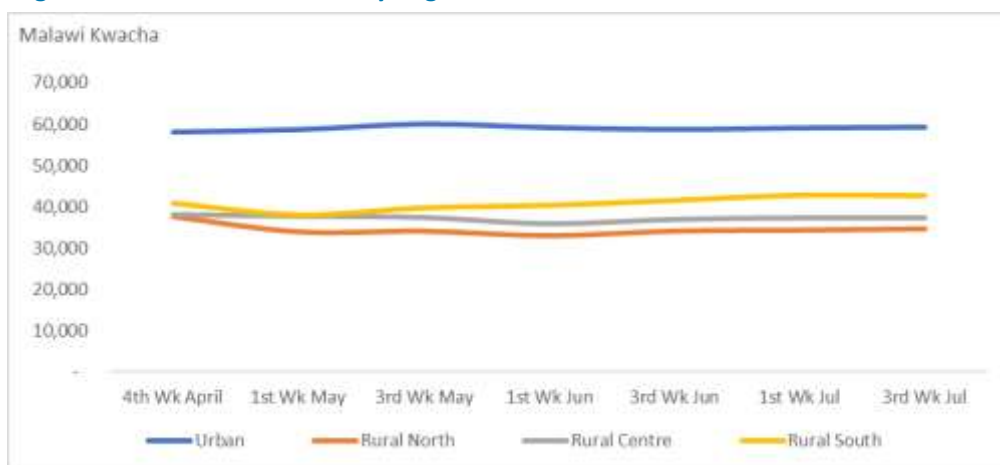
Table 1. Percentage Change in SMEB, Round 6 and Round 7

	Current (3rd-Wk July)				Percent Change from previous round						% Share of Food to Total cost in 1st Wk Jul
	Total	Food	Nonfood	% Share of Food to Total cost in 1st-Wk Jul	Total	Food	Nonfood	Total	Food	Nonfood	
Urban	59,230	32,532	26,698	55%	↑	0.3	↓	-0.2	↑	0.9	55%
Rural North	34,682	30,098	4,584	87%	↑	0.9	↑	0.1	↑	6.4	87%
Rural Centre	37,263	31,929	5,334	86%	↑	0.1	↓	-0.1	↑	1.2	86%
Rural South	42,632	33,474	9,158	79%	↓	-0.2	↑	0.2	↓	-1.7	78%

As for the Rural Centre, both the food and non-food components were insignificant much as they moved in opposite directions, with a decrease in the food component (maize decreased by 3 percent) and increase in non-food component (milling costs increased by 5 percent). Similarly, for the Rural South, a marginal increase in the food component (pulses/beans increased by 2 percent) was observed against a marginal decrease in the non-food component (milling costs decreased by 3 percent).

The urban SMEB remains highest followed by the Rural South, while the Rural North is the lowest. The Urban SMEB is almost 40 percent higher than the Rural South, due to the assumptions detailed in Annex B emanating from the inclusion of rent and electricity as well as the relatively high prices as a result of transportation costs from the rural source markets.

Figure 1. Trends in the SMEB, by Region



## Maize Prices

Across the twenty-five monitored markets, maize grain prices have generally shown a relatively stable trend in the last eight weeks. In addition, since the start of this year, the national average maize grain prices have been trending above their 2019 levels. However, in the last two weeks, the current prices have dipped below the 2019 levels. This is an indication of increased supply amidst relatively low demand, a situation that is beneficial to market-dependent households. However, farmers are bearing the brunt of the crash in demand.

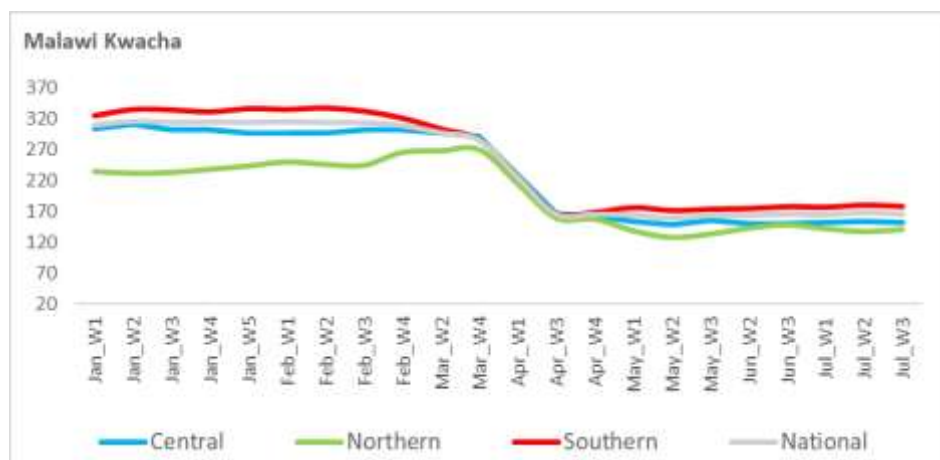
At a national average of MK 166 per kilogram, grain prices are 11 percent lower than this same time last year but remain at 11 percent higher than the five year average.

Figure 2. Nominal Maize Price Trends, 2019-2020



At a regional level, grain prices were relatively more expensive in the South at MK 178 per kilogram compared to the Centre and the North at MK 152 and MK 141, respectively (Figure 3). Transmission costs account for the higher prices in the South, as most of the grains are now being sourced from the Central Region. Trend-wise, prices are generally highest in Southern Region and lowest in Northern Region. During the reference period, grain prices ranged from MK 125 per kilogram (Chitipa Boma in the Northern District of Chitipa) to MK 210 per kilogram (Marka Market in the Southern District of Nsanje).

Figure 3. Regional Nominal Maize Price Trends, 2020



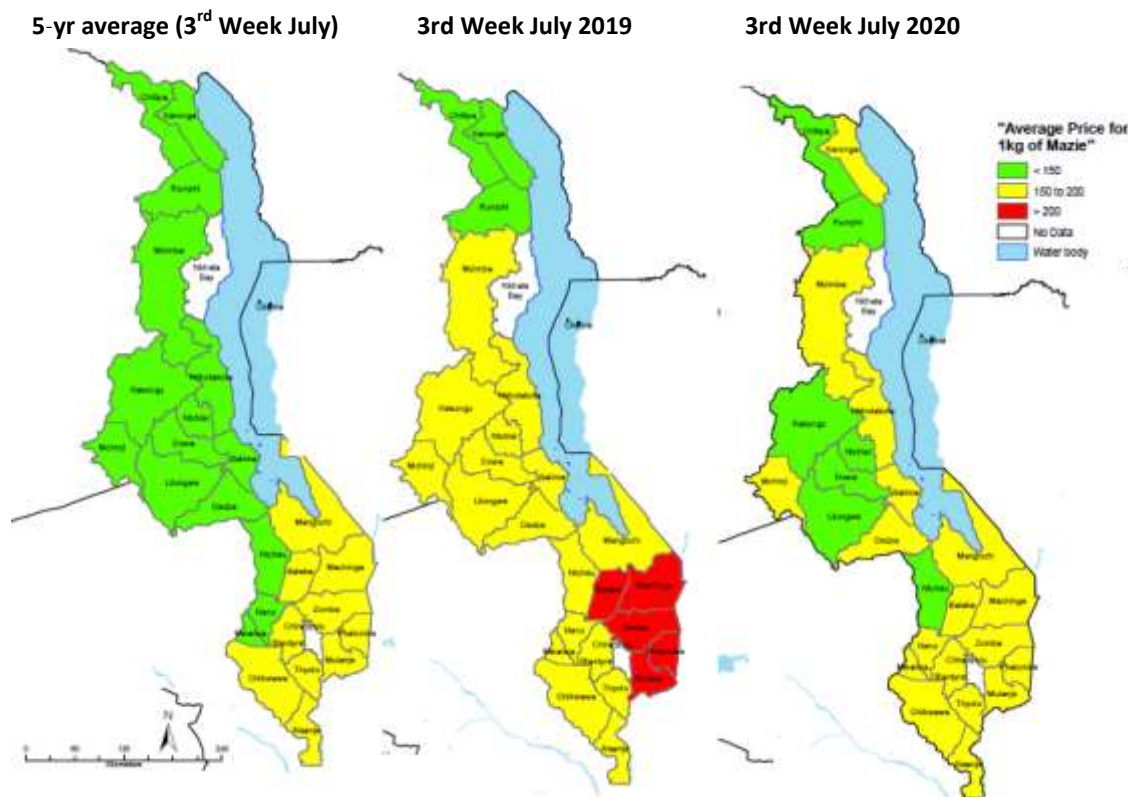
Across the region, maize prices within Malawi are falling in the middle per kilogram as compared to prices yielded in neighbouring nations (Table 2). It is, however, important to note that the prices listed may be the WFP tender prices as opposed to open market rates. Actual open market prices may be slightly different based on the country/context, while the prices noted under Table 2 are indicative of overall price trends. The recent Malawi tender (June 2020) yielded a price of MK 186/kg.

Table 2. Regional Maize Prices, WFP Tender Prices

Country	Price per tonne (USD)	Price per KG (USD)	Price per KG (MK)*
Zimbabwe	273	0.27	202.02
Zambia	181	0.18	133.94
Mozambique	360	0.36	266.4
Tanzania	205	0.21	151.7
Malawi	224.32	0.22	166

\*1USD=740MK

Map 1. Average Maize Price per KG, by District



## Pulse Prices

During the week under review, the average prices for pigeon peas, cowpeas, and beans per kilogram were observed at MK 356, MK 454, and MK 811, respectively, as illustrated in *Table 3*. As with the previous period, **bean prices increased compared to this same time last year**, while the price of cowpeas and pigeon peas decreased. Beans remains a high value legume, hence the continued increase in prices while the decrease in pigeon peas emanates from relatively abundant supply. With the crash in demand, the prices of pigeon peas and cowpeas are likely to remain muted in the coming weeks while those of beans may remain stable or increase marginally.

**Table 3. Change in Price of Pulses**

	Latest Price Jul Wk3	Percent change from previous period					
		1 Month		3 Months		1 Year	
Beans	811	↑	8	↑	21	↑	2
Cowpeas	454	↓	-2	↓	-11	↑	11
Pigeon peas	356	↓	-18	↓	-23	↑	10

## Annex A - Survival Minimum Expenditure Baskets for Malawi

**Table 1A. Survival MEB for the Rural Northern Region**

Item	Quantity/ person/ month	Unit of measure	Price per Heap/ Bunch (MK)	Cost/person/ month	ROUND 7 MEB House- hold size = 4.5 people	ROUND 6 MEB House- hold size = 4.5 people
<b>Food commodities</b>						
Cereals (Maize)	12.60	Kg	153	1,928	8,675	8,448
Pulses	1.50	Kg	653	980	4,408	4,219
Cooking Oil	0.75	Kg	981	736	3,311	3,429
Roots and Tubers	0.60	Kg	250	150	675	786
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables (dark green, indigenous, exotic)	3.00	Kg	35	700	3,150	3,060
Eggs (chicken)	0.15	Kg	93	279	1,256	1,229
Fish (dried)	0.60	Kg	282	1,354	6,091	6,329
Sugar	0.60	Kg	863	518	2,330	2,363
<b>Total Food Cost</b>				<b>6,688</b>	<b>30,098</b>	<b>30,064</b>
Fuel wood	50	lumpsum	39	1,950	1,950	1,900
Match Box	4	boxes	50	200	200	200
Milling	4	times	387	1,548	1,548	1,332
Soap Laundry	2	pcs	111	222	222	206
Soap bar bathing	2	pcs	332	664	664	670
<b>Sub-Total for NFIs</b>				<b>4,584</b>	<b>4,584</b>	<b>4,308</b>
<b>TOTAL MEB</b>				<b>11,272</b>	<b>34,682</b>	<b>34,372</b>

## Survival Minimum Expenditure Baskets for Malawi

**Table 1B. Survival MEB for the Rural Central Region**

Item	Quantity/ person/ month	Unit of measure	Price per Heap/ Bunch (MK)	Cost/person/ month	ROUND 7 MEB House- hold size = 4.5 people	ROUND 6 MEB House- hold size = 4.5 people
<b>Food commodities</b>						
Cereals (Maize)	12.60	Kg	146	1,840	8,278	8,562
Pulses	1.50	Kg	822	1,233	5,549	5,427
Cooking Oil	0.75	Kg	1,045	784	3,527	3,358
Roots and Tubers	0.60	Kg	262	157	707	718
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables (dark green, indigenous, exotic)	3.00	Kg	40	800	3,600	3,690
Eggs (chicken)	0.15	Kg	93	279	1,256	1,229
Fish (dried)	0.60	Kg	300	1,440	6,480	6,415
Sugar	0.60	Kg	863	518	2,330	2,371
<b>Total Food Cost</b>				<b>7,095</b>	<b>31,929</b>	<b>31,972</b>
Fuel wood	50	lumpsum	59	2,950	2,950	3,000
Match Box	4	boxes	49	196	196	200
Milling	4	times	350	1,400	1,400	1,328
Soap Laundry	2	pcs	101	202	202	200
Soap bar bathing	2	pcs	293	586	586	542
<b>Sub-Total for NFIs</b>				<b>5,334</b>	<b>5,334</b>	<b>5,270</b>
<b>TOTAL MEB</b>				<b>12,429</b>	<b>37,263</b>	<b>37,242</b>

**Table 1C. Survival MEB for the Rural Southern Region**

Item	Quantity/ person/ month	Unit of measure	Price per Heap/ Bunch (MK)	Cost/person/ month	ROUND 7 MEB House- hold size = 4.5 people	ROUND 6 MEB Household size = 4.5 people
<b>Food commodities</b>						
Cereals (Maize)	12.60	Kg	183	2,306	10,376	10,376
Pulses	1.50	Kg	811	1,217	5,474	5,353
Cooking Oil	0.75	Kg	1,023	767	3,453	3,446
Roots and Tubers	0.60	Kg	289	173	780	761
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables (dark green, indigenous, exotic)	3.00	Kg	41	820	3,690	3,780
Eggs (chicken)	0.15	Kg	97	291	1,310	1,310
Fish (dried)	0.60	Kg	270	1,296	5,832	5,789
Sugar	0.60	Kg	873	524	2,357	2,406
<b>Total Food Cost</b>				<b>7,439</b>	<b>33,474</b>	<b>33,423</b>
Fuel wood	100	lumpsum	67	6,700	6,700	6,800
Match Box	4	boxes	50	200	200	196
Milling	4	times	362	1,448	1,448	1,492
Soap Laundry	2	pcs	104	208	208	206
Soap bar bathing	2	pcs	301	602	602	622
<b>Sub-Total for NFIs</b>				<b>9,158</b>	<b>9,158</b>	<b>9,316</b>
<b>TOTAL MEB</b>				<b>16,597</b>	<b>42,632</b>	<b>42,739</b>

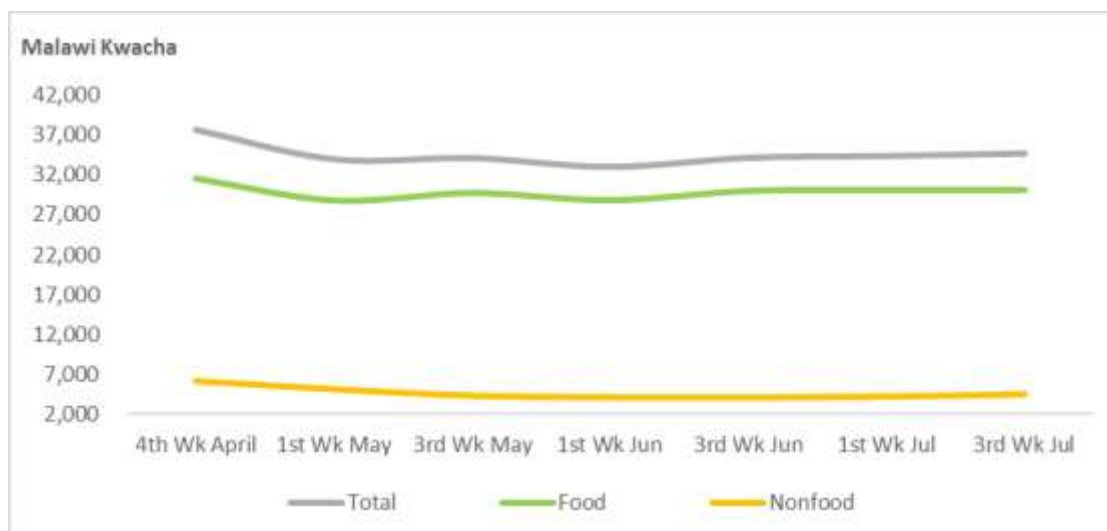
## Survival Minimum Expenditure Baskets for Malawi

Table 1D. Survival MEB for the Urban Areas

Item	Quantity/ person/ month	Unit of measure	Price per Heap/ Bunch (MK)	Cost/person/ month	ROUND 7 MEB House- hold size = 4.5 people	ROUND 6 MEB House- hold size = 4.5 people
<b>Food commodities</b>						
Cereals (Maize)	12.60	Kg	165	2,079	9,356	9,299
Pulses	1.50	Kg	791	1,187	5,339	5,285
Cooking Oil	0.75	Kg	1,100	825	3,713	3,713
Roots and Tubers	0.60	Kg	350	210	945	921
Salt, Iodized	0.15	Kg	500	75	338	338
Vegetables (dark green, indigenous, exotic)	3.00	Kg	34	680	3,060	3,150
Eggs (chicken)	0.15	Kg	94	282	1,269	1,310
Fish (dried)	0.60	Kg	290	1,392	6,264	6,307
Sugar	0.60	Kg	833	500	2,249	2,263
<b>Total Food Cost</b>				<b>7,229</b>	<b>32,532</b>	<b>32,584</b>
Charcoal	50	Kgs	233	11,650	11,650	11,500
Match Box	4	boxes	50	200	200	200
Electricity charges	10	times	100	1,000	1,000	1,000
Electrical charging (phones, torches)	15	times	100	1,500	1,500	1,500
Milling	4	times	383	1,532	1,532	1,432
Soap Laundry	2	pcs	100	200	200	200
Soap bar bathing	2	pcs	308	616	616	640
House rent	1	month	10,000	10,000	10,000	10,000
<b>Sub-Total for NFIs</b>				<b>26,698</b>	<b>26,698</b>	<b>26,472</b>
<b>TOTAL MEB</b>				<b>33,927</b>	<b>59,230</b>	<b>59,056</b>

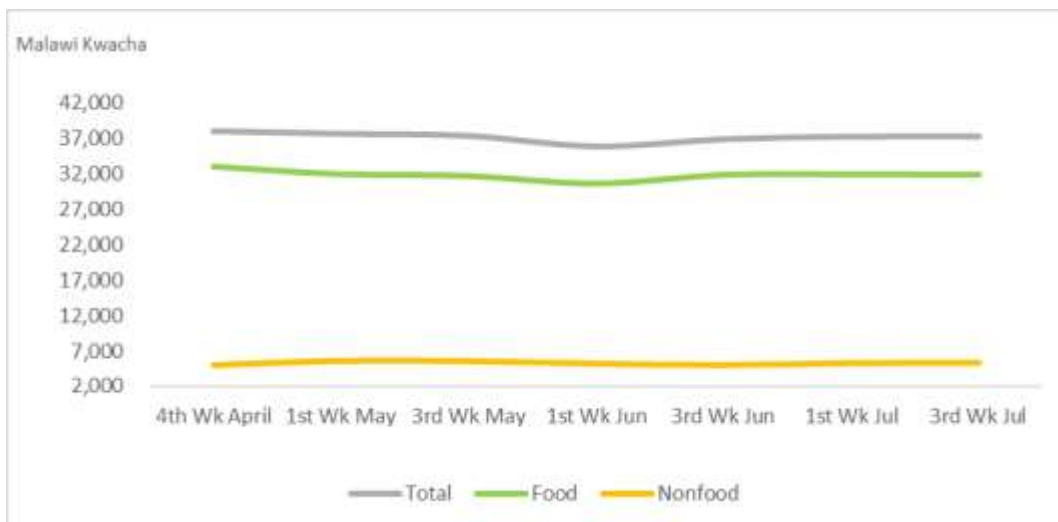
## SMEB Trends

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



## SMEB Trends

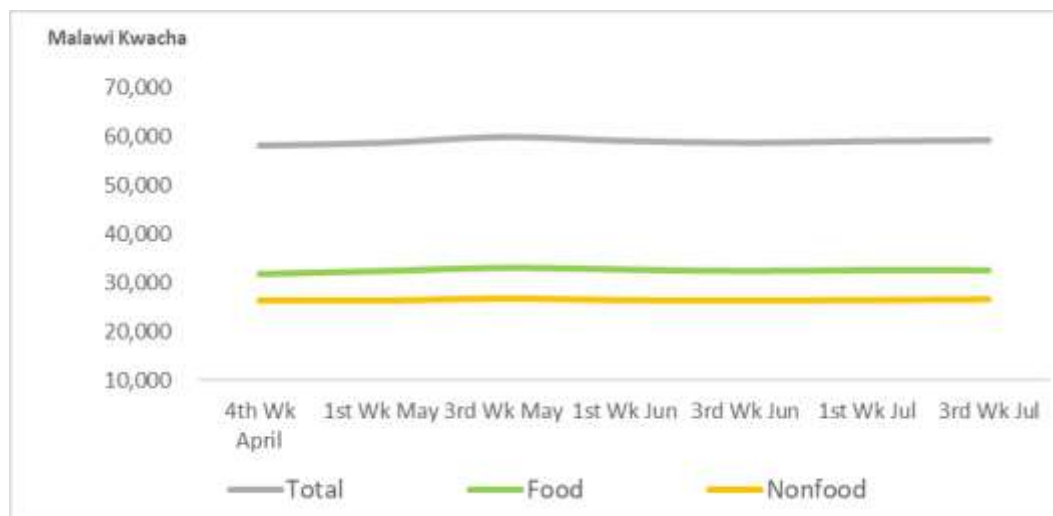
**Figure 4B. Trends for Survival MEB for the Rural Central Region**



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



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



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



**vam**  
food security analysis

## Annex B—Construction of the Survival MEB (SMEB) and Assumptions

### Constructing the Survival MEB (SMEB)

There are several ways in which to construct an MEB. For this analysis, WFP has elected to construct a **Survival Minimum Expenditure Basket (SMEB), which is defined as the bare minimum amount a household requires to maintain existence and cover lifesaving needs.** This is done in-line with a rights-based approach based on previously assessed needs.

To do this, WFP began by reviewing existing expenditure data that was collected in late 2019 and 2020 as part of its regular monitoring to better understand the typical expenditure, then bringing elements of the household's needs/rights, thus looking at essential non-food items.

The **food commodities selected to calculate the SMEB are those that make up a typical rural and urban survival diet and include cereals, roots and tubers (cassava and sweet potatoes), pulses, oil, vegetables, fish, eggs, sugar, and salt.** Using the Nutval, a spreadsheet application for planning and monitoring the nutrition content of food found on the local market, WFP determined a ration that meets the basic energy requirement of 2,100 kilocalories per person per day. Of the total energy, 12% is provided from proteins (requirement range is 10-12%) and 20% is from fats (requirement is at least 17% of energy should come from fats). Approximately 62% of the total food basket is attributed to maize/cereals. While WFP strives to promote enhanced dietary diversity, historical data collected in late 2019 and 2020 on the expenditure of severely food insecure households residing in rural areas indicates that households are still spending the vast majority of their income on cereals, specifically maize. Since WFP is **striving to understand how price fluctuations and commodity availability are affecting those most vulnerable, the food portion of the MEB has been constructed with this in mind, reflecting the reality of those most vulnerable.**

WFP included the following essential non-food commodities when constructing its basket:

- ⇒ **Firewood:** Assumes that households are purchasing firewood as opposed to collecting it themselves. This practice varies from location to location.
- ⇒ **Matches:** Assumes that an average household uses approximately four match boxes per month.

- ⇒ **Electricity bills:** Assumes that urban-based households are incurring costs for using electricity mainly for lighting and that this amount remains relatively constant over the course of a month regardless of the household size. This may not be the case for all households but is included in the urban SMEB. Thus, if an urban-based household does not have electricity, then said household's SMEB would be reduced. This item is excluded when calculating the rural SMEB.
- ⇒ **Soap (laundry and bathing):** Assumes that over the course of one month the entire household uses two bars of soap for washing and another two bars for bathing.
- ⇒ **Electricity Charges (phones, torch):** Assumes that urban-based households are incurring charging costs for either a mobile phone and/or torch, regardless of household size. This may not be the case for all households but is included in the urban SMEB. This item is excluded when calculating the rural SMEB.
- ⇒ **Other Exclusions:** The survival basket also excludes education costs (notably because schools remain closed), health service fees and basic medicines, and agricultural input costs. Much of this information is being collected and is available upon request.

In addition, for the construction of the MEB, it is 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 translates into the consumption of approximately 14 eggs per month for a household size of 4.5.