



Minimum Expenditure Basket in Malawi - Round 6: 29 June - 07 July 2020

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



Photo: WFP/Simon Diouf

Highlights

- **Increased maize supplies, dampened demand from private traders, and low market dependency** during the current post-harvest period are **keeping prices on a relatively stable trend.**
- For the first time this year, **current maize grain prices are slightly lower than during this same period last year.**
- The **price of pigeon peas decreased as the marketing season starts.**

Background and Context

With the number of COVID-19 cases rising daily, **businesses are unlikely to pick up in the second half of the year due to the current containment measures that are likely to intensify in the coming months.** It is estimated that the **pandemic could slow the country's GDP growth in 2020 to 1.3 percent in the baseline scenario and to 0.6 percent in the worst-case scenario.** Such downturns are especially difficult for those on the very bottom of the socio-economic ladder.

Under normal circumstances, this is usually the **peak of the commodity marketing season in the country;** however, **demand remains weak for agricultural products** as agro-private businesses remain suppressed.

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 June 29th- July 7th, 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 marginally increased** compared to the previous period, calculated at **MK 59,056.** Similarly, **marginal increases were observed for both the food and non-food components.** While marginal increases were observed, **the percentage share of food to total basket cost remained unchanged** between the fifth and sixth rounds of data collection.

For the second consecutive round, the SMEBs for the rural regions have been on the rise. The SMEB for all rural areas marginally increased: **by 0.7 percent for the Rural North; 1 percent for the Rural Centre; and 3 percent for the Rural South.** The total values of the SMEB, as per Table 1, were observed at **MK 34,372 (North), MK 37,242 (Centre), and MK 42,739 (South).**

The **increases for the Rural North and Rural South emanate from both food and non-food components** and are predominately derived from an **increase in the price of fish** (by an average of 5 percent and 3 percent, respectively) and **milling costs** (by an average of

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.

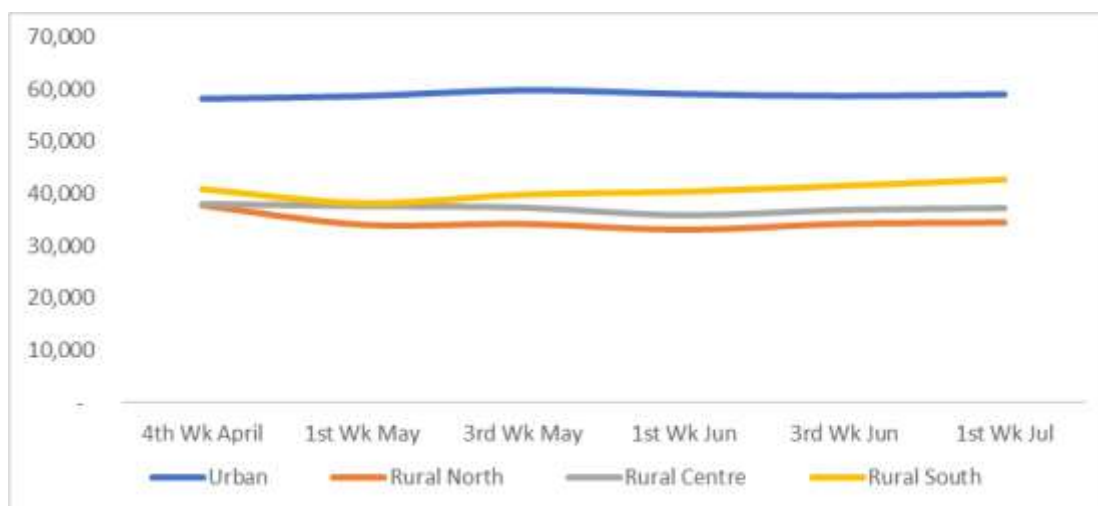
Table 1. Percentage Change in SMEB, Round 5 and Round 6

	Current (1st-Wk July)				Percent Change from previous round			% Share of Food to Total cost in 3rd Wk Jun
	Total	Food	Nonfood	% Share of Food to Total cost in 1st-Wk Jul	Total	Food	Nonfood	
Urban	59,056	32,584	26,472	55%	↑ 0.6	↑ 0.63	↑ 0.5	55%
Rural North	34,372	30,064	4,308	87%	↑ 0.7	↑ 0.35	↑ 2.9	88%
Rural Centre	37,242	31,972	5,270	86%	↑ 1.0	↑ 0.20	↑ 5.5	87%
Rural South	42,739	3,423	9,316	78%	↑ 3.0	↑ 1.51	↑ 7.8	79%

7 percent and 6 percent, respectively). On the other hand, the increase in the Rural Centre is predominately emanating from increases in the prices of pulses and fish, both by 3 percent. Currently, at this time of year when the weather is cold, it is common to see an increase in the price of fish due to limited availability.

The overall SMEB for the Rural North continues to be lower than the SMEB for the other two regions. The Urban SMEB remains the highest due to the inclusion of other costs (rent, electricity) as per the assumptions detailed in Annex B.

Figure 1. Trends in the SMEB, by Region



Maize Prices

Increased maize grain supplies continue to lead to relatively stable prices on the local market. During the second week of July, grain prices were trading at a national average of MK 168 per kilogram. The national price has remained almost the same for the last five weeks but is 16 percent lower than the government-set minimum price of MK 200 per kilogram. In terms of trends, the current national average price is 2 percent lower than this same time last year but remains 12 percent higher than the five-year average.

Regionally, grain prices were relatively more expensive in the South at MK 180 per kilogram compared to the Centre and the North at MK 154 and MK 136, respectively. Transmission costs account for the higher prices in the South, as most of the grains are now being sourced from the Central Region, which contributed 52 percent of the total production based on the 2019/2020 Second Round Agriculture Production Estimates Survey.

Looking ahead, increased supplies, weakened demand from private traders, and low market dependency during the current post-harvest period are likely to keep prices on a stable trend in the coming weeks.

Figure 2. Nominal Maize Price Trends, 2019-2020



Pulse Prices

There were **mixed outcomes in the price of pulses** during the second week of July 2020. The **price of beans increased** compared to this same time last month. The **price of cowpeas remained the same**. Meanwhile, **the price of pigeon peas decreased due to an increase in supply, because harvesting and marketing of the legume is now ongoing**. The average prices for pigeon peas, cowpeas, and beans per kilogram were observed at MK 348, MK 452, and MK 803, respectively, as illustrated in Table 2. **With the current weak demand, the prices of pigeon peas and cowpeas are likely to decrease or remain relatively stable** in the coming weeks. While the **price of beans—often considered a high-value legume—may remain stable or increase marginally**.

Table 2. Change in Price of Pulses

	Latest Price Jul Wk2	Percent Change from Previous Period		
		1 Month	3 Months	1 Year
Beans	803	↑ 11	↑ 20	↓ 2
Cowpeas	452	↑ 0	↓ -11	↑ 8
Pigeon peas	348	↓ -22	↓ -24	↑ 9

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 6 MEB Household size = 4.5 people	ROUND 5 MEB Household size = 4.5 people
Food commodities						
Cereals (Maize)	12.60	Kg	149	1,877	8,448	8,165
Pulses	1.50	Kg	625	938	4,219	4,185
Cooking Oil	0.75	Kg	1,016	762	3,429	3,544
Roots and Tubers	0.60	Kg	291	175	786	729
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables (dark green, indigenous, exotic)	3.00	Kg	34	680	3,060	3,510
Eggs (chicken)	0.15	Kg	91	273	1,229	1,202
Fish (dried)	0.60	Kg	293	1,406	6,329	6,048
Sugar	0.60	Kg	875	525	2,363	2,376
Total Food Cost				6,681	30,064	29,961
Fuel wood	50	lump-sum	38	1,900	1,900	1,950
Match Box	4	boxes	50	200	200	200
Milling	4	times	333	1,332	1,332	1,240
Soap Laundry	2	pcs	103	206	206	208
Soap bar bathing	2	pcs	335	670	670	584
Sub-Total for NFIs				4,308	4,308	4,182
TOTAL MEB				10,989	34,372	34,143

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 6 MEB Household size = 4.5 people	ROUND 5 MEB Household size = 4.5 people
Food commodities						
Cereals (Maize)	12.60	Kg	151	1,903	8,562	8,278
Pulses	1.50	Kg	804	1,206	5,427	5,258
Cooking Oil	0.75	Kg	995	746	3,358	3,267
Roots and Tubers	0.60	Kg	266	160	718	664
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables (dark green, indigenous, exotic)	3.00	Kg	41	820	3,690	4,410
Eggs (chicken)	0.15	Kg	91	273	1,229	1,242
Fish (dried)	0.60	Kg	297	1,426	6,415	6,221
Sugar	0.60	Kg	878	527	2,371	2,365
Total Food Cost				7,105	31,972	31,908
Fuel wood	50	lumpsum	60	3,000	3,000	2,800
Match Box	4	boxes	50	200	200	192
Milling	4	times	332	1,328	1,328	1,284
Soap Laundry	2	pcs	100	200	200	200
Soap bar bathing	2	pcs	271	542	542	502
Sub-Total for NFIs				5,270	5,270	4,978
TOTAL MEB				12,375	37,242	36,886

Survival Minimum Expenditure Baskets for Malawi

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 6 MEB Household size = 4.5 people	ROUND 5 MEB Household size = 4.5 people
Food commodities						
Cereals (Maize)	12.60	Kg	183	2,306	10,376	10,319
Pulses	1.50	Kg	793	1,190	5,353	5,279
Cooking Oil	0.75	Kg	1,021	766	3,446	3,399
Roots and Tubers	0.60	Kg	282	169	761	743
Salt, Iodized	0.15	Kg	300	45	203	203
Vegetables (dark green, indigenous, exotic)	3.00	Kg	42	840	3,780	3,690
Eggs (chicken)	0.15	Kg	97	291	1,310	1,269
Fish (dried)	0.60	Kg	268	1,286	5,789	5,638
Sugar	0.60	Kg	891	535	2,406	2,387
Total Food Cost				7,427	33,423	32,925
Fuel wood	100	lumpsum	68	6,800	6,800	6,200
Match Box	4	boxes	49	196	196	196
Milling	4	times	373	1,492	1,492	1,404
Soap Laundry	2	pcs	103	206	206	202
Soap bar bathing	2	pcs	311	622	622	586
Sub-Total for NFIs				9,316	9,316	8,588
TOTAL MEB				16,743	42,739	41,513

Table 1D. Survival MEB for the Urban Areas

Item	Quantity/person/ month	Unit of measure	Price per Heap/ Bunch (MK)	Cost/person/ month	ROUND 6 MEB Household size = 4.5 people	ROUND 5 MEB Household size = 4.5 people
Food commodities						
Cereals (Maize)	12.60	Kg	164	2,066	9,299	9,526
Pulses	1.50	Kg	783	1,175	5,285	5,454
Cooking Oil	0.75	Kg	1,100	825	3,713	3,939
Roots and Tubers	0.60	Kg	341	205	921	832
Salt, Iodized	0.15	Kg	500	75	338	338
Vegetables (dark green, indigenous, exotic)	3.00	Kg	35	700	3,150	2,970
Eggs (chicken)	0.15	Kg	97	291	1,310	1,283
Fish (dried)	0.60	Kg	292	1,402	6,307	5,767
Sugar	0.60	Kg	838	503	2,263	2,273
Total Food Cost				7,241	32,584	32,380
Charcoal	50	Kgs	230	11,500	11,500	11,400
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	358	1,432	1,432	1,400
Soap Laundry	2	pcs	100	200	200	200
Soap bar bathing	2	pcs	320	640	640	632
House rent	1	month	10,000	10,000	10,000	10,000
Sub-Total for NFIs				26,472	26,472	26,332
TOTAL MEB				33,713	59,056	58,712

SMEB Trends

Figure 1A. Trends for Survival MEB for the Rural Northern Region

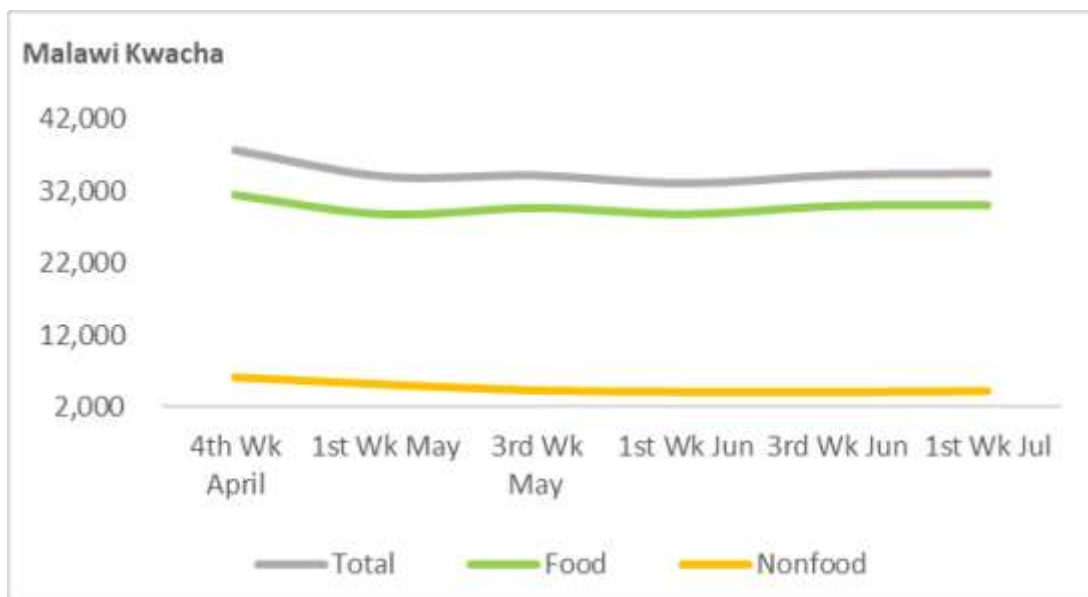
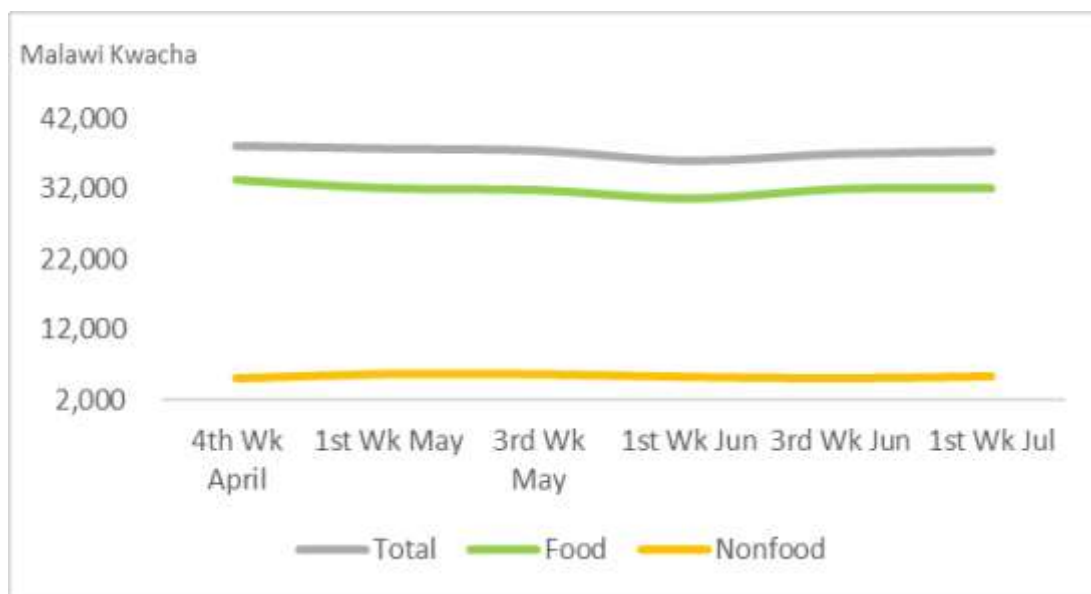


Figure 1B. Trends for Survival MEB for the Rural Central Region



SMEB Trends

Figure 1C. Trends for Survival MEB for the Rural Southern Region

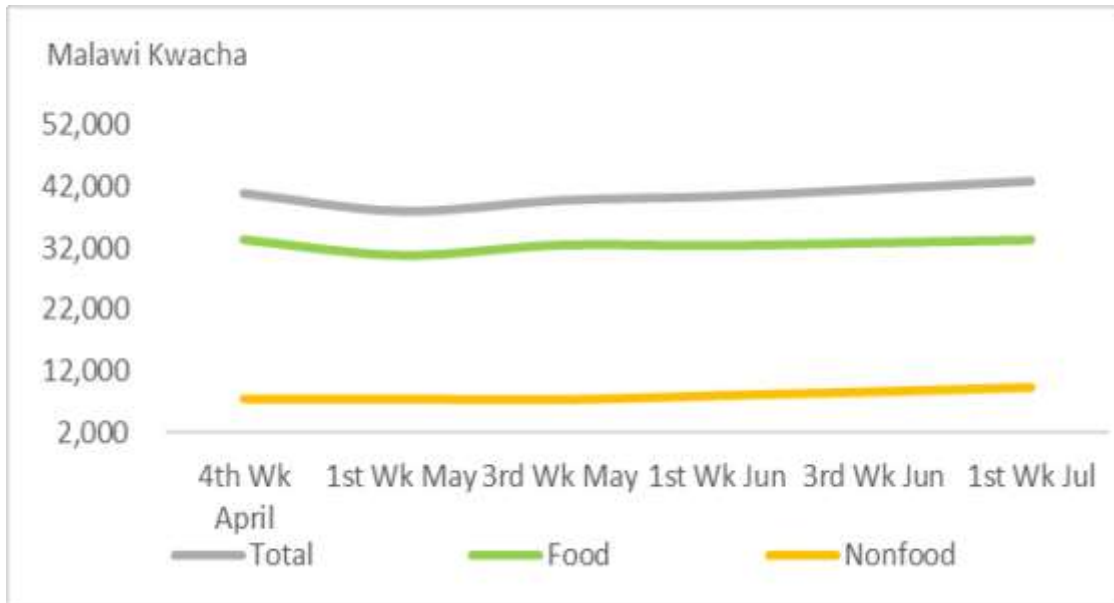
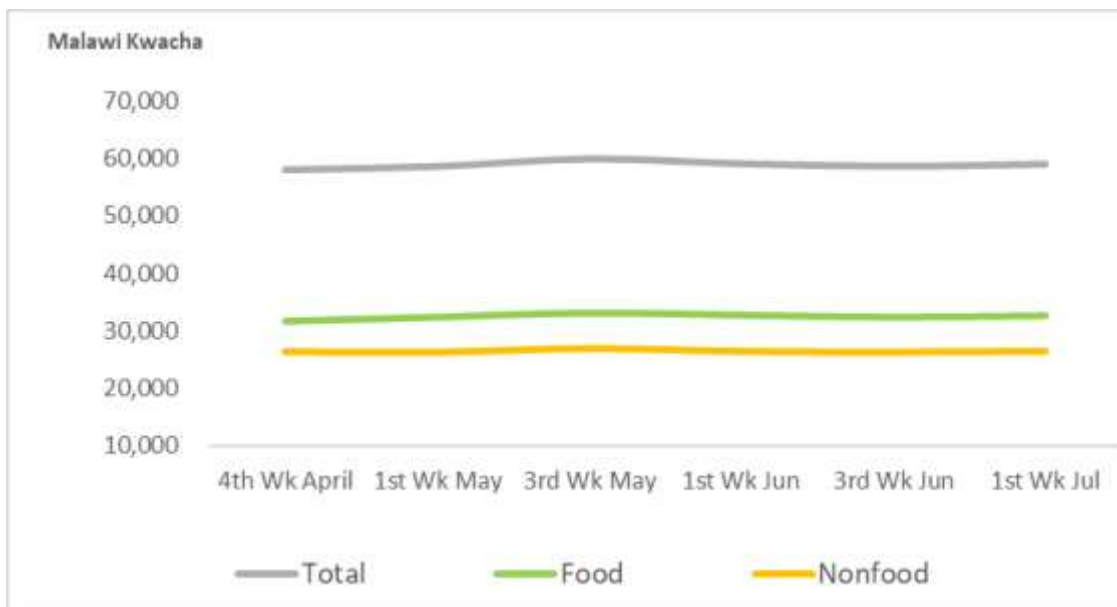


Figure 1D. Trends for Survival MEB for the Urban Areas



For more information please contact: Maribeth Black (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.