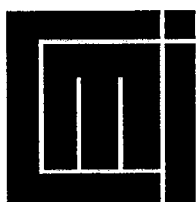


Food Insecurity and Coping Strategies among the Low Income Urban Households in Malawi

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Summary:

This paper highlights the main findings of a survey carried out amongst low income groups in Lilongwe and Blantyre, Malawi's two major cities. The survey covered employment and incomes, expenditure patterns, food and nutritional status, as well as other social and economic aspects of the households. It is found that for many households expenditures exceed regular incomes, and therefore supplementary coping strategies are necessary. The incidence of food insecurity is high, and more than 40 per cent of children under five have some signs of a nutrition problem. Policy recommendations include macroeconomic measures as well as programmes for increased employment and encouragement of the small-scale informal sector.

Sammendrag:

Denne rapporten gir hovedresultatene fra en undersøkelse blant lavinntektsgrupper i Malawis to største byer Lilongwe og Blantyre. Undersøkelsen omfattet både sysselsetting, inntektsnivå, forbruksmønster, mat og ernæringsforhold, såvel som andre sosiale og økonomiske forhold. Resultatene viser bl.a. at for mange hushold overstiger utgiftene de vanlige inntekter, og det blir derfor nødvendig å ty til tilleggstrategier for å overleve. Usikker eller utilstrekkelig tilgang til mat er et omfattende problem, og så mange som 40 prosent av barn under fem år viser tegn på under- eller feilernæring. Rapporten anbefaler både makroøkonomiske tiltak og programmer for å øke sysselsetting og støtte småbedrifter i den uformelle sektoren.

Indexing terms:

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Executive summary

This paper highlights the main findings of a survey carried out amongst the low income groups in the Traditional Housing Areas (THAs) of Lilongwe and Blantyre, Malawi's two major cities. The survey formed the preliminary stage of a five year longitudinal study to investigate the effects of macro-economic adjustment policies on low-income urban households.

Conditions in the THAs were generally found to be poor, over 70 per cent of all households in the survey population had to share a pit latrine with at least one other household, and less than 30 per cent of households had access to water on their own plot. A large proportion of houses were poorly maintained with leaking roofs and insufficient covering on windows. The facilities for shopping, health and education are inadequate in almost all of the areas surveyed, leading to high costs for households in terms of transport and energy.

The THAs have become the main areas of rental accommodation in the cities, and as a result plot density is high. Many one roomed dwellings have been constructed for rent by plot owners, these dwellings are poorly built.

The average household size was found to be five persons per household. Over 94 per cent of the household heads were male, and in the total sample population there were more males than females.

Most household heads had at least two years of formal education, and 90 per cent of primary school age children were attending school.

The majority of households surveyed had at least one member bringing in a regular income, either through a "waged" job or through a small home run business or, indeed, through both. Many households received additional income from various other sources including remittances, rent and interest. Phase 1 results show that reported average household income was *K108.70* in Lilongwe and *K109.81* in Blantyre.

Household expenditure was higher than household income for most of the sample, with a reported average monthly expenditure of *K129.71* in Lilongwe and *K122.70* in Blantyre. Food was by far the greatest item of expenditure for all households. Phase 1 results further show that most respondents reported to be spending at least 55 per cent of their income on food, while those in the lowest income groups were spending eighty per cent of their income, and sometimes more on food items alone.

Various modes of social livelihood (coping mechanisms or survival strategies) which were employed by households in order to bridge the gap between costs and income were examined. It is evident that many people start small businesses, become involved in credit arrangements, turn to prostitution, stealing, smuggling and *katangale* (a form of corruption) in order to obtain extra funds.

Phase 2 collected highly detailed expenditure data daily over a two-months period as well as anthropometric measures of the underfives belonging to these households. The following are some of the findings:

- * Food expenditure (actual) averaged K77 per month, over 60 per cent of total household expenditures.
- * Average monthly household expenditure was K124 and average monthly per capita expenditure was K24.
- * Rent was the largest non-food expenditure on average (nearly 15 per cent of total expenditures).
- * Household expenditures on high-income or luxury goods were found to be negligible among most households.
- * Only 17 per cent of the households surveyed reported any transfer payments during the study period. Since an often cited reason for moving to the city is to earn enough money to send some home (i.e. to rural areas), our results indicate that very few households are finding it possible to achieve this goal.
- * Stunted growth was indicated in 37.5 per cent of the underfive population, reflecting a long-term undernutrition problem in the survey area, and suggesting a potentially high level of social deprivation in the sample.
- * Only 7.1 per cent of the underfives exhibited short-term wasting, but 20.6 per cent were underweight (as measured by weight-for-age Z-scores).
- * The combined distribution of stunting and wasting shows that over 40 per cent of the sampled underfives had some signs of a nutrition problem.

The causes of malnutrition among children in Malawi are varied and are believed to emanate from a combination of the following factors: inadequate food supply; nature of the diet; disease; feeding and weaning habits; and a wide range of sociological and anthropological factors. In urban areas, therefore, inadequate food intake leading to protein energy malnutrition predominate. Food insecurity among the low income urban households, therefore, has been manifested in these high levels of malnutrition in the children belonging to these households.

The results of this study indicate that the impact of economic policies is not equally distributed, and that those at the lower end of the scale suffer more from the repercussions (particularly inflationary repercussions) of the recent economic policies (cf Chilowa and Shively, 1989; Kandoole, 1989).

1. Introduction

This paper summarizes the progress and findings of the first stages of a five year longitudinal study currently being carried out by the Centre for Social Research, of the University of Malawi, and funded by UNICEF in Malawi. The study seeks to investigate the effects of recent macro-economic adjustment policies on urban poor households.

During Phase 1 2022 households were enumerated in the two sample urban areas. The sample was stratified in an attempt to capture the lowest income groups. Only households with an income of less than K500.00 per month were included. In Phase 2 200 households from each city were randomly sampled from the larger sample with the goal of assessing their expenditure patterns and the nutritional status of underfives in these households.

The specific aims of this preliminary stage were as follows:

- * to estimate the incomes and expenditure of the poorest urban households;
- * to determine incomes by source;
- * to determine the allocation of incomes to different expenditures such as food, health, education, transport, clothing and entertainment;
- * to seek to understand household economic behaviour and gain an insight into the survival mechanisms employed by these households in order to make ends meet.

The goals of Phase 2 data collection were achieved through a highly detailed diary of expenditure, collected daily over a two-months period, and anthropometric measurements which were recorded at four intervals throughout the study period for the underfive population.

The survey was carried in some of the Traditional Housing Areas of the two main urban areas of Malawi — Lilongwe and Blantyre, from October 1988 to February 1989.

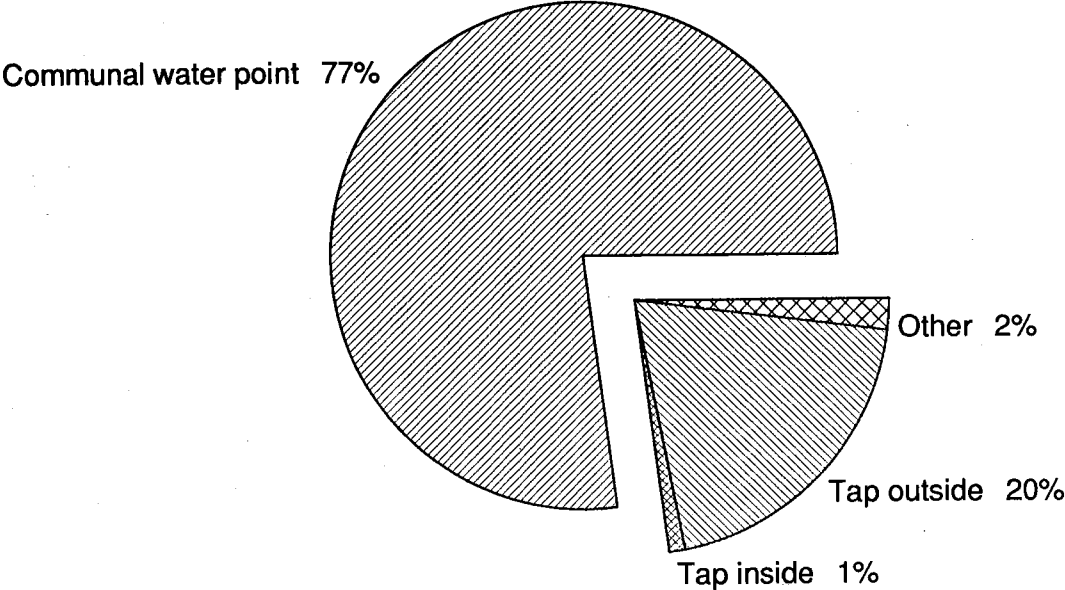
2. Presentation and discussion of survey findings

2.1 Conditions in the survey locations

Defined as self constructed dwellings within a site and service scheme, Traditional Housing Areas (THAs) are high density, low income residential areas controlled by the Malawi Housing Corporation (MHC). The Traditional Housing Areas account for at least seventy per cent of the total urban housing stock (NSO,1983).

Conditions in the THAs were generally found to be poor. Basic facilities are lacking as many of the THAs, particularly in Lilongwe, have not been adequately developed. Shops, clinics and schools do exist, but they are not of sufficient capacity to deal with local demand. In the planned areas of Blantyre 35 per cent of plots had their own tap stand compared to 20 per cent in Lilongwe. In both locations the majority of people used serviced water kiosks (see Figure 1).

Figure 1
Source of water. Lilongwe



In some of the unplanned areas, landlords have provided water but charge considerably more than the official rates,¹ resulting in a reported increase in the use of rain and surface water by those who are unable to afford the inflated water charges and a subsequent increase in water borne diseases. One of the major problems facing the THAs at present is that of poor sanitation. The original Master Plans assumed that water borne sanitation would be installed within a decade of the creation of the areas and it was estimated that plots only needed enough room for two pit latrines based on the assumption that plot density would remain low at around six people per plot (Town and Country Planning Department, 1984 and 1986). However housing is not readily available in the urban areas and by 1983 plot density had risen to nine in Lilongwe (cf. Pennant, 1983) and is now estimated to be fourteen (Chilowa and Roe, 1989), as multi-tenanted plots become the norm in the THAs.² The situation at present is giving rise to much concern as the number of people sharing a pit latrine is very high. This study found that over seventy per cent of those households sampled were sharing a pit latrine and a bath with at least one other household. The problems had been considerably worsened by the heavy rains and the earth tremors in March 1989 which caused many pit latrines to collapse.

Most houses in both the planned and unplanned areas of the sample were constructed with sun-dried bricks (77 per cent in Lilongwe and 87 per cent in Blantyre). Practically all of them (97 per cent Lilongwe and 95 per cent Blantyre) had solid roofs usually of iron sheeting, though in most cases roofing was old and rusty, and patched several times. Many were reported to be leaking. Dwellings built purely for rental purposes tended to be of inferior quality to the main plot house. They were frequently a single structure divided into several one roomed dwellings, each dwelling housing a family, and often no more than 49 square feet in size. These structures usually do not have cement floors or glass windows.

Household size was found to be slightly above the national average of 4.3 at five people per household. The vast majority of families reside in houses of two or less rooms (Lilongwe 72 per cent and Blantyre 69 per cent). The sex of household members was evenly distributed across the samples. The two figures demonstrate a similar pattern of slightly more males than females living in the urban areas (50.5 per cent male and 49.5 per cent female). A very high percentage of the sample population (49 per

¹ It was reported several times that landlords were charging eighteen (18) times the CWP rate.

² This information was given by the Acting Chief Estates Manager of Malawi Housing Corporation at a meeting in his office in June 1989.

cent in Lilongwe and 45 per cent in Blantyre) were below fifteen years of age.

Sixty per cent of households in the total sample had primary school age children (6-14 years). Of these children 90 per cent were attending school. This is a high attendance rate compared to the national enrolment for primary school which in 1986 was only 48.4 per cent (Ministry of Education, 1988). It is evident from the results, however, that both drop-out rates and non-attendance are still a problem.

Four per cent of households in Lilongwe and 9 per cent in Blantyre had members at secondary school. Fifty three per cent of household heads had completed primary school and thirty per cent had attended secondary school, although less than 15 per cent had completed standard four. Thirty three per cent of household heads in each location had undergone some extra training and just eight per cent had received no formal education.

2.2 Employment and earnings

This study has tried to use the distinction between the "formal" and "informal" sectors as popularised by the ILO. Where the "formal" sector implies large scale production using capital intensive technology, or refers to individuals engaged in wage and salaried labour, and the "informal" sector implies a locally owned (or individually owned) small scale productive sector, which provides money for work but not necessarily "employment" in the classical sense.

With the above in mind this section will briefly look at various sources of employment and earnings/income separately before discussing all the sources together.

(a) The formal sector

For those involved in the "formal" sector, most of the respondents were employed in the services industry or as skilled and semi-skilled workers. Most households in the sample claimed to have one member "employed outside the home" (usually the household head). Less than 2 per cent of households in Lilongwe and 7 per cent in Blantyre had no members working.

The average monthly wage earned in this sector was K98.11 in Lilongwe and K99.76 in Blantyre. The range of income was high varying from K15.00 to K455.00. Over seventy per cent of this group earned between K40.00 and K160.00 per month.

(b) The informal sector

Two hundred and ninety nine households in Lilongwe (30 per cent), and 220 households in Blantyre (22 per cent), said they were involved in at least one small business or income generating activity. From observations it would seem reasonable to assume that this figure is likely to be considerably higher. Selling goods or services is the single most important survival mechanism practiced by the urban population within this sample. Households in all income categories reported that for at least a portion of the year they were obliged to become involved in some form of small business in order to make ends meet. The problem lies with identifying and labelling the strategy because it is frequently not permanent, or even seasonal. Often it depends on an opportunity presenting itself to the household. The small businesses which are carried out as a means of survival are sometimes remunerated in kind, they are rarely organised in a fashion conducive to easy analysis.

The average income earned per month by households with one small business was K69.67 in Lilongwe and K69.25 in Blantyre. Over 40 per cent of these households earned less than K40.00 per month from their small business.

Though generally lower than earnings gained from the formal sector, the income generated from the small businesses captured within the confines of this study was sometimes found to be relatively high, and for many households represents a viable source of income. For this reason small businesses must be viewed in a positive light and encouraged as one way of increasing the chance of obtaining a regular income.

The difficulties of survival in the urban areas have also produced an increase in more negative survival mechanisms. The trends are difficult to prove statistically as obviously households are reluctant to divulge such information formally. Based on the observations of the field staff, who lived in the areas for three months, it would appear that smuggling, *katangale* (a form of corruption), prostitution, illegal beer brewing and theft are all on the increase. These aspects are discussed in more detail below.

(c) Income from other sources

To look at the formal and informal sectors in isolation does not give a true indication of total household earnings. Many employees receive bonuses and benefits etc. from the work-place, and several households receive money from family and a variety of other sources.

Taking all sources of income into account the average monthly household cash income came to *K108.70* in Lilongwe and *K109.80* in Blantyre.

Table 1
Income groups by location

Income Group	Lilongwe		Blantyre	
	Per cent	Mean (K)*	Per cent	Mean (K)*
Less than K20.00	3	10	5	9
K20.00-K39.99	7	30	9	30
K40.00-69.99	21	54	21	54
K70.00-K99.99	23	85	18	56
K100.00-159.99	26	123	25	127
K160.00-199.99	10	177	12	179
K200.00-399.99	10	245	11	234
K400.00 & above	<1	434	<1	437

Table 1 shows the percentage of the sample population which fell into various income groups, the second column (*) shows the average income within that category. Percentages are rounded.

Source: Field Survey.

The figures given above are extremely low and provide a stark picture of the economic reality for the low income urban households. The average monthly income works out at only *K22.00* per person, or less than *US\$8.00*. Over thirty per cent of this population earn less than *K70.00* per month, and almost eighty per cent earn less than *K160.00* per month. (The legislated minimum wages which were revised in April, 1989, after our survey are as follows: in the cities *K2.17* per day; in the municipality of Zomba and in all townships *K1.95* per day; and in all other areas *K1.74* per day.)

2.3 Household expenditures

Examining all items of household expenditure together, the average monthly expenditure for this sample was found to be *K129.71* in Lilongwe and *K122.70* in Blantyre. These figures significantly exceed the average household income figures for the same periods.

Food costs (Phase 1 results)

Food was the single most important item of reported expenditure for all households. The average monthly expenditure was found to be K59.00 in Lilongwe, and K61.00 in Blantyre, with a median figure of K52.00 and K55.00 respectively. From these figures it is clear that households are spending more than half of their stated income on food, and almost half of their expenditure on food. Looking at income groups individually the figures show that over eighty per cent of those who receive an income of less than K40.00 stated that they spent more than they earned *on food alone*, with the average monthly food expenditure in this group being K43.00. Incongruous as this finding may appear, it should not be surprising. The households which fall into this category survive on a hand to mouth basis, they are involved in various credit arrangements, small businesses and sometimes *katangale*. They also rely more on non-cash income.

Table 2 below illustrates the amount spent on food by each income group. The table demonstrates that as income increases, the percentage spent on food decreases. Those in the highest income groups earn ten times as much as those in the lowest income groups yet spend only twice as much on food. The figures clearly indicate that those at the lowest end of the scale bear the brunt of the constantly increasing food costs. In both locations seventy five per cent of the sample population spend more than fifty per cent of their stated income on food alone.

Table 2
Average (mean) monthly expenditure on food, by income group
(Kwacha)

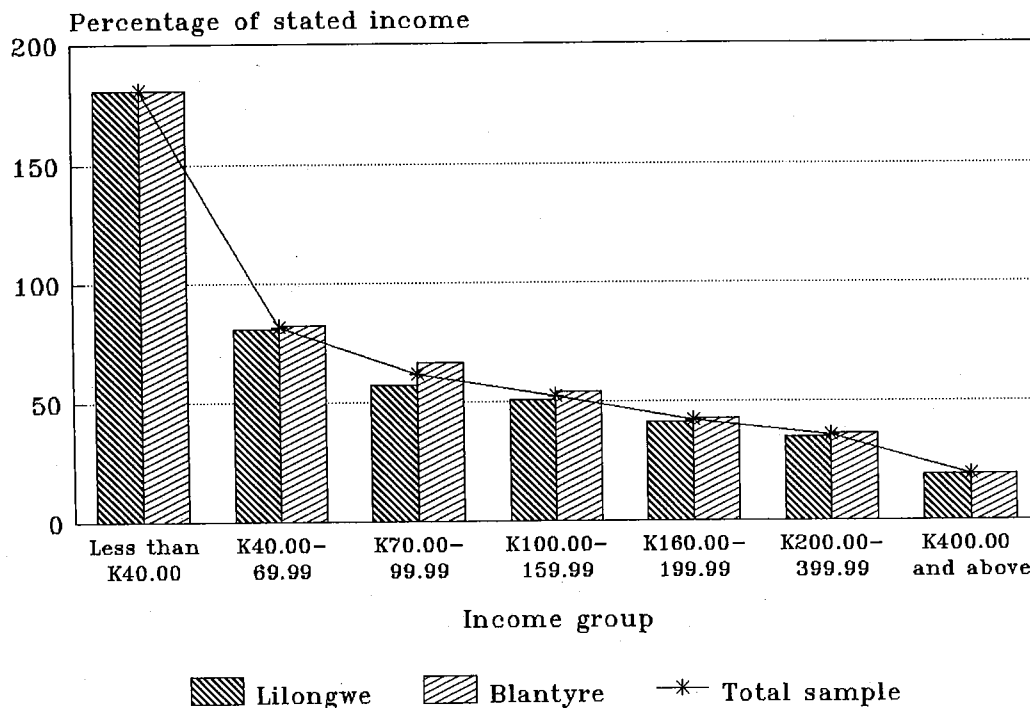
Income group	Lilongwe	Blantyre
Less than K40.00	43.23	41.39
K40.00 - K69.99	44.27	45.00
K70.00 - K99.99	48.45	56.87
K100.00 - K159.99	61.90	67.93
K160.00 - K199.99	72.21	76.69
K200.00 - K399.99	83.47	85.21
K400.00 and above	88.16	85.00

Source: Field survey.

In 1980, the NSO Urban Household Expenditure Survey covering all income groups found that 23.6 per cent of total household monthly expenditure in Blantyre was on food and 26.3 per cent in Lilongwe. This study (Phase 1) has found that households in the THAs are reportedly spending an average of 49.65 per cent of monthly expenditure in Blantyre and 45.48 per cent in Lilongwe on food items alone.

Expenditure (Phase 1) on individual food categories is demonstrated by Figure 2 below.

Figure 2
Percentage of mean income spent on food



Household expenditures (Phase 2 results)

The average monthly household expenditure in the sample (Phase 2) was K123.52, which translates into K24.26 per month per person. Household expenditures in Lilongwe were 10.5 per cent higher than in Blantyre, and per capita expenditures were 21.5 per cent higher. The larger difference in per capita amounts reflects a slightly larger household size on average in Blantyre. Table 4 presents the results for the entire sample as well as Blantyre and Lilongwe separately. The expenditures reported in Phase 2 are consistent with those reported in Phase 1, although the difference between the two districts is more pronounced in Phase 2.

Female headed households show nearly 50 per cent higher per capita expenditures and per capita food expenditures than male headed households.

Overall household expenditures are lower, however. The higher than average per capita expenditures are most likely due to a much smaller family size on average for female headed households (3.6 compared with 5.9 for male headed households).

Table 3 shows the disaggregated household expenditures, per capita expenditures, and budget shares for 38 categories of expenditures. Food expenditures averaged K 77 per month or nearly 63 per cent of the household budget. As this sample represents some of the poorest households in Lilongwe and Blantyre, our findings appear consistent with UNICEF estimates of average food shares of 55 per cent for the country as a whole during the period 1980-1985. Cereals make up nearly 20 per cent of total expenditures (compared with 28 per cent in the country-wide UNICEF estimate), and expenditures on fish average almost 12 per cent of the total household budget. Among non-food items (37 per cent of total expenditures) rent took the biggest share at nearly 15 per cent on average. In general, household expenditures on high-income or luxury goods were a very small fraction of total household expenditures. Shares for processed foods, alcohol, and foods and beverages consumed away from home were small, as were expenditures for consumer durable items and recreation. These all indicate that the households in the sample are living at near-subsistence levels.

Further confirmation of the severity of the conditions in the traditional housing areas is the observation that only 17 per cent of the households made any transfer payment during the study period, and the average transfer payment for these households was less than 5 Kwacha per month. Among recent arrivals (after 1985) only 9 out of 51 made any transfer payment at all. An often cited reason for moving to the city is to earn enough money to send some savings back to family or friends in the rural areas. Clearly our results indicate that very few households are finding it possible to achieve this goal.

Table 3
Average monthly household expenditures and per capita expenditures
(Kwacha per month)

Category	Average household expenditure	Average per capita expenditure	Average budget share
Rent	16.21	3.21	14.65
Water	1.95	0.39	1.86
Fuel and power	8.47	1.69	7.01
Flour	1.25	0.24	1.23
Maize and millet	7.81	1.43	6.74
Rice	2.40	0.45	1.82
Milling	0.68	0.11	0.51
Bread and cereal	7.16	1.41	5.49
Cassava & potatoes	1.57	0.30	1.33
Sugar	5.83	1.03	4.60
Confectionery	0.95	0.20	0.90
Vegetables	6.34	1.28	5.58
Leafy vegetables	2.58	0.52	2.51
Fruit	1.63	0.32	1.36
Pulses, nuts & seeds	4.58	0.82	3.82
Beef, lamb, pork	4.37	0.85	3.16
Poultry	2.50	0.48	1.93
Fish (local)	13.40	2.68	11.60
Other meat & insects	1.94	0.39	1.56
Eggs	1.40	0.32	1.03
Dairy	2.18	0.43	1.46
Oils & fats	4.42	0.82	3.18
Coffee, tea, soft drinks	1.20	0.27	0.88
All beer and other alcohol	0.90	0.26	0.72
Tobacco	0.46	0.12	0.38
Salt & spices	1.09	0.21	1.00
Processed and misc. foods	0.29	0.06	0.21
Food & bev. away from home	0.30	0.05	0.21
Clothing & related goods	5.51	1.26	3.79
Household durables & services	1.19	0.21	0.78
Soap & household nondurables	7.10	1.33	5.34
Medical services	0.40	0.09	0.30
Vehicle expenses	0.37	0.07	0.18
Public transport & communication	1.99	0.41	1.30
Recreation	0.39	0.08	0.20
School fees	1.57	0.19	0.67
Transfers	0.79	0.17	0.44
Miscellaneous	0.38	0.10	0.23
<i>Total food</i>	<i>76.77</i>	<i>14.93</i>	<i>62.88</i>
<i>Total non-food</i>	<i>46.75</i>	<i>9.33</i>	<i>37.12</i>
<i>Total expenditures</i>	<i>123.52</i>	<i>24.26</i>	<i>100.00</i>

While the households in this sample were chosen in part for their similarity in being representative of the urban poor, an attempt was made to distinguish among them to some degree. The major finding of this process is that regardless of ranking, all groups appear to have nearly identical food budget shares in aggregate, although food budget shares decrease slightly as total expenditures increase. Multiple regression results shown in Table 4 confirm that aggregate food budget shares indeed fall slightly with increased income, and rise as household size increases. While the directions of these movements are clear, the magnitudes are rather small with respect to the mean food budget share. Such an exercise, normally carried out on a less uniform sample of households, nevertheless indicates that even in this narrowly defined group of households, all with very low expenditure levels, Engel's law of diminishing food shares appears to hold.

Table 4
A regression model to explain variation in food budget shares

	Coefficient	T-stat
Intercept	0.6300	32.04
Total expenditure	-0.00029	2.42
Household size	0.0060	1.89

R² = 0.09
n=194

Table 5 contains disaggregated food expenditures by total household expenditure quartiles. This disaggregation indicates that even though the households in the sample with higher expenditure levels are spending nearly the same share of their budget on food, they are clearly not purchasing the same kinds of food. Those households in the top expenditure quartile are spending relatively more on rice, bread, meat, and dairy products, and relatively less on coarse grains, vegetables, and fish. Thus we see that as incomes among the poor increase, the quality of food purchased increases. This, as we shall see in the next section, may be one determinant of child growth outcomes as observed in the survey population.

Table 5
Average monthly household expenditures
Household budget share for selected food groups*

Quartile	Maize	Rice	Bread	Cassava	Sugar	Confect.	Vegt.	Meat	Fish	Diary	Food total
1	8.4	1.4	3.4	1.1	4.8	1.3	10.4	3.4	13.6	1.2	63.2
2	8.5	1.9	5.7	1.9	4.0	0.9	8.2	5.0	11.1	2.5	63.1
3	5.5	1.7	6.8	1.3	4.0	0.9	7.6	6.1	12.5	2.7	63.3
4	6.6	2.2	6.0	1.0	5.6	0.6	6.1	5.9	9.4	3.5	61.8
<i>All</i>	7.2	1.8	5.5	1.3	4.6	0.9	8.1	5.1	11.7	2.5	62.9

* Share = expenditure for category/total household expenditures.

Source: Field survey.

2.4 Nutritional status as indicated by child growth measurements

Our findings show that 20.6 per cent of preschoolers in our sample were underweight as measured by weight-for-age Z-Scores. This represents the overall malnutrition problem in our sample population of children.

These findings further reveal that chronic malnutrition is prevalent among many preschoolers in our sample, with 37.5 per cent showing signs of stunted growth. This is an indicator of the nutritional status of our sample population. This condition may reflect poor economic conditions, as well as an extended food deficit and increased morbidity over a long period of time.

Short-term malnutrition, on the other hand, has been found to be less prevalent in our sample (only 7.1 per cent of the sample preschoolers are wasted). Wasting is usually thought to be, though not exclusively, "acute" malnutrition.

Table 5 shows the combined distribution of stunting and wasting among underfives in the entire sample. 58.2 per cent of all the underfives in our sample were normal (i.e. neither stunted nor wasted), whereas 41.8 per cent had some indication of a nutrition problem.

Malnutrition is due to a series of processes and causes, all interacting in a dynamic and complex way. It is only after understanding its causes, that we can attempt to alleviate the problem. Our results show that chronic malnutrition exists in the traditional housing areas of Lilongwe and Blantyre. This malnutrition is likely due to inadequate intake and utilization of nutrients (protein energy malnutrition) by the child in conjunction with elevated morbidity levels. Furthermore it could be due to the nature of the diet, feeding practices and, principally, the availability of food at the

household level. While these are *immediate* causes of malnutrition, they in turn could be explained by various *underlying* causes such as inadequate child care, inadequate primary health care services, household food insecurity, and the health status of the child's mother.

However, these underlying causes could themselves be caused by *basic* failures in the macro economy at large such as:

- * Low levels of technology resulting in low food production and poor disease control;
- * Low levels of government expenditures on education, food subsidies, health, housing, sanitation and child care;
- * Religious, cultural and traditional beliefs that have a bearing on economic behavior;
- * Agricultural resource base and environmental factors that set a limit to the output that can be produced.

Whatever the main cause of this malnutrition, it still clearly shows us the principal evidence of food insecurity in the low income urban households in Malawi as manifested through these high malnutrition rates.

Table 6
Distribution of stunting and wasting

WHZ (Weight for height)	HAZ (Height for age Z-score)		Row total
	<-2.0	>-2.0	
<-2.0	2.1% (stunted and wasted)	4.9% (wasted but normal height)	7.0%
>-2.0	34.8% (stunted but healthy weight)	58.2% (normal)	93.0%
<i>Column total</i>	36.9%	63.1%	100.0%

N=1263

Source: Field Survey.

2.5 Credit arrangements and other coping strategies

In an attempt to establish an answer to the question of how low income households meet the gap between income and expenditure in Phase 1, respondents were asked questions concerning credit arrangements during the

last twelve months. These covered deposits on household items and personal goods and cash loans from various sources.

Just over 10 per cent of households in Lilongwe and 6 per cent of households in Blantyre had paid a cash deposit in the last year for household, personal or business equipment. Respondents were often reluctant to divulge information concerning their credit arrangements. When asked about these issues three quarters of the way through the questionnaire, 25 per cent of households in Lilongwe and 13 per cent in Blantyre said that at least one household member was involved in some form of loan arrangement. However the final question of the survey which asked about sources of income not already mentioned elicited a response from 31 per cent of households in Lilongwe and 49 per cent in Blantyre to the effect that money was borrowed from friends and money-lenders in order to make ends meet.

From those who borrowed from a bank or finance company (3 per cent in Lilongwe and 2 per cent in Blantyre), the loans ranged from K20.00 to K2100.00. The main reasons cited for these loans were to buy household goods, clothes, and personal equipment. In some households more than one person had loans from a financial institution.

Two per cent of households in each location said they borrowed from a money-lender. Loans from these sources in most cases went to buy food and household equipment.

The remaining households which said they had loans, borrowed money from friends and relatives, in most cases the "creditor" was a relative or an employer. Reasons for taking these loans spread right across the board, from household goods to business equipment, building a house and medical fees. However by far the most significant reason given — 40 per cent in Lilongwe and 33 per cent in Blantyre — was to buy food. The duration of these loans extended sometimes for a period of several months, although generally they were repaid within a week. Interest was sometimes but not always charged, and when it was charged it was usually at a lower level than that charged by the money-lenders.

In Lilongwe 31.4 per cent of households and 48.67 per cent in Blantyre said they borrowed money from friends or money-lenders. Four per cent in Blantyre and six per cent in Lilongwe said they supplemented their income by casual labour. In each location four per cent said they resorted to selling products. In Lilongwe 5 per cent said they relied on relatives in hard times and in Blantyre 2.7 per cent said the same. Four per cent in each location said they received money or food from some other source. Forty nine per cent in Lilongwe and 39 per cent in Blantyre said they did not get

additional money from any source (respondents could give more than one answer).

The information gathered from this study indicates that most households survive by borrowing from friends and relatives, and from small businesses or selling products, often irregularly. There also appears to be an increase in more negative aspects of the informal economy such as smuggling, black marketing and prostitution.

Smuggling generally involves the selling and buying of goods to and from neighbouring countries such as Zambia and Tanzania. *Katangale* can range from petty thieving to a complex networking system which involves selling goods on the black market.

When asked about survival mechanisms, some women said that it had become necessary for them to work as *Bar Girls* in order to buy food and other essentials. The women told us that a lot of other women were now turning to one form of prostitution or another in order to make ends meet. The field staff too felt that this was a rising trend, they reported that residents spoke to them of an increasing in-flux of young rural girls (reportedly as young as fourteen) coming to the urban areas in search of work. Due to the pressure of most likely being the only family member with access to monetary income, and the lack of employment opportunities, these girls are often left with little option but to resort to prostitution. Aside from the normal problems that accompany an increase in prostitution, such as potential neglect of self and/or children, ostracisation from the rest of the community and the high risk of (generally unwanted) pregnancy, the rise in prostitution today must be viewed as more serious in light of the high possibility of contracting and/ or transmitting the AIDS virus.

The field staff also learned from their conversations with residents that violence and crime seems to be on the increase, particularly amongst the unemployed youths of the urban areas.

3. Summary and policy implications

The objective of this study was to provide a clear picture of the conditions in the THAs of Lilongwe and Blantyre and consider the economic circumstances of the low income groups found in these areas. The findings reveal some disturbing facts about this population.

Conditions in the THAs were found to be poor with the sanitation and water situation demanding urgent attention.

Most households had at least one member employed in either the "formal" or the "informal" sector, however average monthly household cash incomes were found to be low at less than K110.00 in both locations. In both areas average monthly household expenditure exceeded household income, and food constituted the major expenditure for all households. On average households were found to be spending over half of their income on food items alone, and those in the lowest income groups indicated that they spent more than they earned on food.

Comparing this data to the NSO Urban Household Expenditure Study carried out in 1980, it is clear that for the low income urban groups times have become more difficult. In 1980 households with an income of less than K200.00 spent one third of their income on food. Today only households who earn over K400.00 spend less than one third of their income on food. In light of inflation, this may not seem surprising, what does give cause for concern however is the fact that so many households still fall into the lower income groups, and that the minimum daily wage at the time of this study (K1.11 per day) gave a monthly income of less than K27.00 per month for those who work six days per week.

These figures give cause for serious concern and imply that together with the rural population, a very large proportion of the urban population are living below the absolute poverty line. (The Government regards K100 per month as the poverty line.) There is little doubt that household food insecurity is also a (generally unrecognised) problem in the urban areas.

That the minimum wage level was increased in May 1989,³ is to be applauded. However this policy though valuable, can not be implemented in isolation. The impact of the policy must be evaluated and monitored to ensure that the low income groups are not in effect paying for their own

³ *Gazette Extra-ordinary* No. 10a, 4 April 1989 (Government Notice Number 29).

wage increases. The new wage increases meant that households would be paying a slightly lower proportion of their income for individual commodities, but as the Retail Price Indices issued monthly by the NSO (1989) reveal, prices are continuing to rise and those most affected are without doubt the lowest income groups. Furthermore, the increase of maize consumer price from K28.50 to K32.50 per 90 kg bag in May 1990 (a family requires one 90 kg bag of maize per month to meet minimum calorie requirements) has eroded the purchasing power of the low income households. According to the recent Food Security and Nutrition Bulletin (July 1990), before May 1989, minimum wage earners needed to work for 20 days per month to purchase a 90 kg bag of maize from ADMARC. Furthermore, during the food deficit months (from October onwards) market prices typically rose to such levels requiring over 25 days work at minimum wage to afford a family's monthly maize requirements. By January 1990, market prices for maize had risen to almost K0.55 per kg which would require the same group to work in excess of 30 days to afford a 90 kg bag of maize.

The negative aspects of the informal sector are unavoidable given the problems faced by the urban poor. However the positive aspects of this sector should not be ignored merely because they are beyond the direct control of the Government. A strategy of channelling aid and resources into stimulating the informal sector may encourage the emergence of local entrepreneurs and lead to the development of an economically efficient and profit making informal sector. The sector, though developed, is not likely to grow further without directed support and the injection of funds, credit schemes and incentives. When the people are very poor the informal sector tends to degenerate to the very rudimentaries. It is not that there is a lack of entrepreneurial skills but that the environment is not optimal for their emergence. Capital is always a problem for the entrepreneur and there are no visible credit schemes targeted at the lower income groups in the urban areas. In the absence of Government support in terms of welfare for these low income households, more serious consideration to the development of this sector should be given.

The situation in the urban areas demands some urgent consideration, with both long and short term strategies necessary to alleviate the problems encountered by the low income households. As it stands the situation has very serious implications for the residents, who inevitably must make ends meet one way or another. The result for these people is and can only continue to be an increase in dependency on credit arrangements, many of which demand enormous interest rates, or exploration of other aspects of the black market economy which must appear lucrative when access into

the formal job market is denied. The positive aspect of the informal sector has already been discussed, and clearly some low income households are involved in this sector.

It is evident from the above that the survival of many urban households depends on their ability to augment their formal sector wages through informal sector activities. Some of the multiple mode activities as discussed above may be socially relevant. However, to be viable in the long run the informal sector in Malawi must integrate macro and micro analyses confronting the problems of poor quality, lack of standardisation etc. As Jolly (1988) and Cornia (1987) have pointed out, micro-level approaches of the survival strategies type will never form an adequate basis for tackling the problem of poverty in the long run. Though these can be useful as "buffering mechanisms" in times of economic crisis, their negative or doubtful effects deserve appropriate attention. Support for survival strategies should, hence, be complementary to, and not substitutes for, macro-economic policies aimed at growth and equity within the formal sector.

It is clear from the nature of the reform programme in Malawi that the primary concern has been overall macroeconomic growth (through the promotion of economic efficiency). Less emphasis has been placed on the distributional considerations of policy reform. Although the structural adjustment programme has been implemented with the aim of redistributing resources to the rural sector, the effect has been to further marginalise the already poor majority of the urban population. It is also evident from other studies that the distributive effects of the reform programmes to the rural sector are questionable.

Food price increases in the urban areas has been detrimental to the poor who spend a large budget share on food. Obviously the consequences of reduced food consumption or the substitution of lower quality food items resulting from food price increases further reduces nutritional status. Although this is a baseline study and does not attempt to show any causal links between specific structural adjustment policies and the nutritional status of preschoolers, the rapidly increasing urban consumer prices, falling per capita real wages and incomes, reduction in food subsidies, reduced government expenditures on education, health, housing and sanitation, and other social services, etc., are real and should not be ignored. Hawksley, et al. (1989) has also concluded that the nature of Malawi's economic reform programme has reduced distributional equity directly and indirectly.

The question to address at this juncture is how to help the poor, especially the urban poor, during the adjustment period. Per Pinstrup-Andersen has proposed four key factors to be considered when designing macroeconomic adjustment policies with nutrition in mind, viz:

- * changes in the magnitude and composition of Government expenditures,
- * changes in incomes of the various groups of low-income people,
- * changes in prices to be paid by these groups, and, the coping ability of households in these groups.

This brings us to the question of what Government interventions are needed to help the poor during this period. We advocate the following interventions to be undertaken by the policy makers:

- * Expenditure cuts should not affect basic nutrition, education and health levels;
- * Encourage the small-scale informal sector as well as the formal sector through access to adequate credit, domestic markets and sources of supply.

For the urban poor, we feel that a programme such as MEG (Malawi Employment Generation programme, sponsored by USAID to assist the Malawi Government in the growth and restructuring of its industry and commerce sector) could have some positive short-term effects by encouraging private sector enterprises to absorb more labour, especially the urban unemployed retrenched by public expenditure cuts. This would increase their purchasing power and consequently their demand for goods and services produced both by the informal and formal sectors;

- * Planners should consider viable short-term intervention programmes. Fiscal and administrative constraints which set limits to such programmes, however, should be taken into account at the outset;
- * Expenditures on social services, education, health, housing, water and sanitation should be restructured in such a way as to benefit vulnerable groups. Policy, however, must go beyond this and attempt to raise the capacity of the poor to generate primary incomes (cf. Giovanni, Jolly and Steward, 1987; Addison & Demery, 1989; Streeten, 1987).
- * For those poor groups who cannot adequately be incorporated into the restructuring of production, income or consumption transfers may be the only effective and realistic channel of intervention.

In an environment of deteriorating conditions, policy makers need to be equipped with as much help in targeting vulnerable groups as researchers can provide. The links through which structural adjustment programmes affect the poor have yet to be fully understood, and so policy decisions

must be made with sensitivity to the issues confronting the most vulnerable of Malawi's population.

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