

Poverty & Equity Brief

Sub-Saharan Africa

Malawi

April 2019

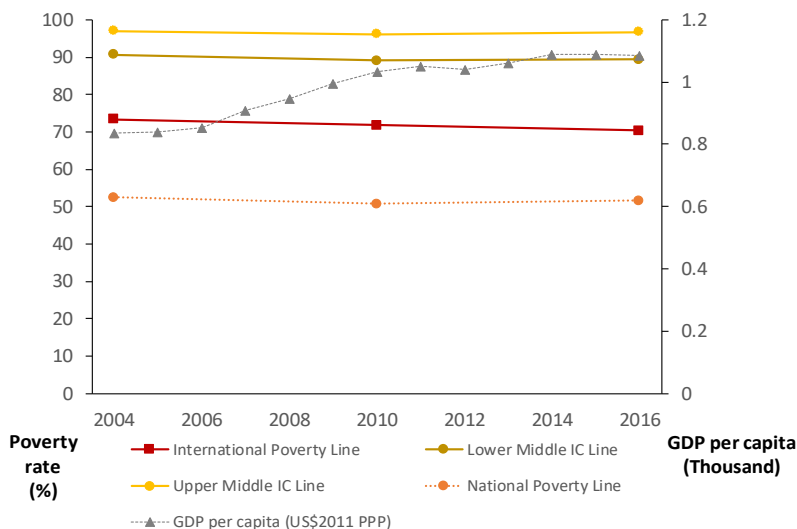
The share of Malawians living below the international poverty line of \$1.90/day (2011 PPP) has declined only slightly from 73.4 percent in 2004 to 71.7 percent in 2010, and then to 70.3 percent in 2016. However, due to population growth, the number of people below the international poverty line has increased from 10.8 million to 12.7 million during 2010-2016. In addition, because of recurrent shocks such as drought and flooding, since 2010 poverty has increased slightly in rural areas, where more than 90 percent of the poor reside. By 2016, 89.4 percent of Malawians are below the Lower Middle-Income Class poverty line of \$3.2/day. The national poverty rate has also not much shown change: it increased slightly from 50.7 percent in 2010 to 51.5 percent in 2016. Poverty decomposition shows that lack of sustained economic growth has hindered poverty reduction between 2010 and 2016, while a more equitable distribution has supported favorable poverty trend.

Since 2010, Malawi has made tremendous progress toward reducing inequality, and managed to reverse some of the surge in inequality experienced during 2004-2010. Inequality, as measured by the Gini coefficient, decreased from 45.5 in 2010 to 44.7 in 2016. Growth incidence analysis indicates that the consumption of the bottom 40 percent of the population grew by 3 percent per year between 2010 and 2016 (compared to 1.57 percent for the rest of the population), increasing the share prosperity premium, by 1.48 percentage points. The trend of shared prosperity in the 2010-2016 period is a sharp contrast to the 2004-2010 period when the consumption of the bottom 40 percent of the population fell by 2.21 percent and shared prosperity premium was negative. In addition, even though the national poverty rate has increased slightly, the consumption growth among the bottom 40 percent reduced the share of population below the national food poverty line.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	9.3	51.5	2016
International Poverty Line 526.2 in Malawi kwacha (2016) or US\$1.90 (2011 PPP) per day per capita	12.7	70.3	2016
Lower Middle Income Class Poverty Line 886.2 in Malawi kwacha (2016) or US\$3.20 (2011 PPP) per day per capita	16.2	89.4	2016
Upper Middle Income Class Poverty Line 1523.2 in Malawi kwacha (2016) or US\$5.50 (2011 PPP) per day per capita	17.5	96.7	2016
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		3.05	2010-2016
INEQUALITY			
Gini Index		44.7	2016
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.48	2010-2016
GROWTH			
Annualized GDP per capita growth		0.8	2010-2016
Annualized Consumption Growth per capita from Household Survey		1.57	2010-2016

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of March 2019, and Global Monitoring Database for the rest.

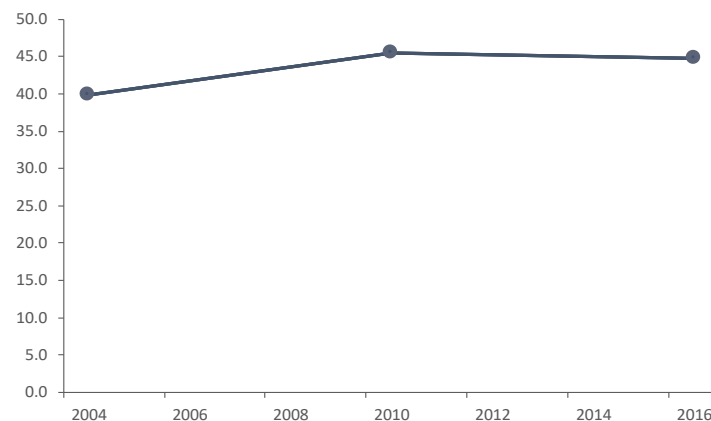
POVERTY HEADCOUNT RATE, 2004-2016



Source: World Bank using IHS-IV/SSAPOV/GMD

INEQUALITY TRENDS, 2004-2016

Gini Index



Source: World Bank using IHS-IV/SSAPOV/GMD

KEY INDICATORS (distribution among groups)

	International Poverty Line (%)		Relative Group (%)		Year
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	75	25	7	93	2016
Rural population	19	81	48	52	2016
Males	29	71	40	60	2016
Females	30	70	40	60	2016
0 to 14 years old	24	76	47	53	2016
15 to 64 years old	35	65	35	65	2016
65 and older	30	70	32	68	2016
Without education (age 16 and older)	17	83	49	51	2016
Primary education (age 16 and older)	27	73	40	60	2016
Secondary education (age 16 and older)	59	41	17	83	2016
Tertiary/post-secondary education (age 16 and older)	95	5	1	99	2016

Source: World Bank using Global Monitoring Database

POVERTY DATA AND METHODOLOGY

The IHS has been conducted since 2004 with intervals of six years (2004, 2010, and 2016). The three waves of IHS are comparable. However, the six-year interval between these surveys has prevented poverty to be tracked frequently. Going forward, the Government of Malawi, with technical and financial support from the World Bank, plans to conduct IHS in a three-year cycle. Accordingly, the latest IHS (2019/20) is under implementation. In addition to the IHS series, the Integrated Household Panel Survey (IHPS), which tracked the sub-sample of the third IHS in 2013, was conducted from March through November. The shorter collection cycle makes the IHPS incomparable with IHS, which captures conditions experienced throughout the year.

HARMONIZATION

The numbers presented in this brief are based on the SSAPOV database. SSAPOV is a database of harmonized nationally representative household surveys managed by Sub-Saharan Team for Statistical Development. It contains more than 100 surveys covering 44 out of the 48 countries in the SSA region. The four countries not covered in the database are Eritrea, Equatorial Guinea, Somalia and Zimbabwe. Terms of use of the data adhere to agreements with the original data producers.