

Poverty & Equity Brief

Sub-Saharan Africa

Madagascar

April 2020

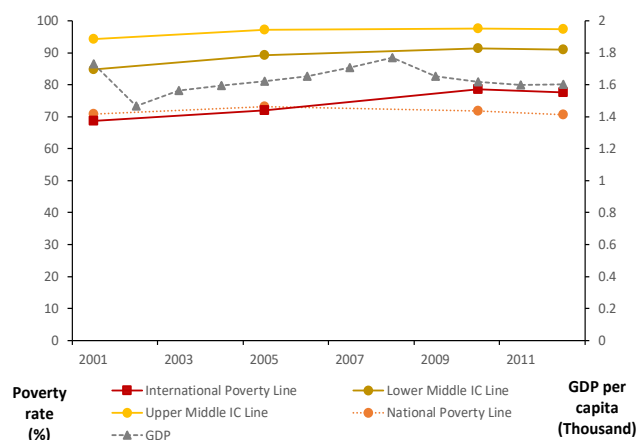
Madagascar made little progress in improving the welfare of the poor over the period 2001 to 2012, which was marked by political, economic, and climatic shocks. Economic growth was slow and poverty reduction limited. After increasing between 2001 and 2005, the poverty rate started declining slightly but remained exceedingly high in 2012 at 70.7 percent using the national poverty line, nearly the same rate as in 2001. When using the international poverty line of \$1.90 per capita per day (in 2011 PPP), poverty is estimated at 77.6 percent in 2012, placing Madagascar among the poorest countries in the world. Despite stagnating poverty, inequality declined, with the Gini index dropping from 47.4 in 2001 to 42.6 in 2012. This trend was accompanied by consumption gains among households in the poorest groups and a reduction in poverty depth by around 4 percentage points (from 36 percent in 2001 to 32 percent in 2012). Although modest economic growth in recent years has likely resulted in progress in reducing poverty, the impacts of the coronavirus pandemic are expected to result in an uptick in the poverty headcount rate back to 76.5 percent in 2020 – a level similar to that in 2012, and then a return to a declining trend with the resumption of moderate growth.

The persistence of poverty is due to the chronically poor performance of agriculture coupled with the lack of growth in productive off farm employment opportunities. The agricultural sector is highly vulnerable to frequent climatic shocks and weak market integration. In addition, national policies to insulate the economy from rising world rice prices, coupled with deteriorating transport conditions and costs, negatively affected the returns to agriculture in the latter half of the decade. Many poor households shifted into and out of low-productivity off-farm secondary activities in response to changing returns and opportunities, but neither coping strategies nor diversified earnings sources were enough to lift households out of poverty.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	15.8	70.7	2012
International Poverty Line 1415.9 in Malagasy ariary (2012) or US\$1.90 (2011 PPP) per day per capita	17.3	77.6	2012
Lower Middle Income Class Poverty Line 2384.6 in Malagasy ariary (2012) or US\$3.20 (2011 PPP) per day per capita	20.3	91.0	2012
Upper Middle Income Class Poverty Line 4098.6 in Malagasy ariary (2012) or US\$5.50 (2011 PPP) per day per capita	21.7	97.3	2012
Multidimensional Poverty Measure		82.9	2012
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		-2.69	2010-2012
INEQUALITY			
Gini Index		42.6	2012
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-1.64	2010-2012
GROWTH			
Annualized GDP per capita growth		-0.48	2010-2012
Annualized Consumption Growth per capita from Household Survey		-1.05	2010-2012
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-0.70	2010-2012

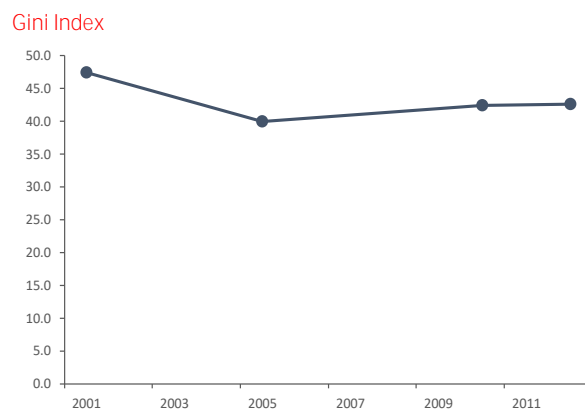
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

POVERTY HEADCOUNT RATE, 2001-2012



Source: World Bank using ENSOMD/SSAPOV/GMD

INEQUALITY TRENDS, 2001-2012



Source: World Bank using ENSOMD/SSAPOV/GMD

KEY INDICATORS

Distribution among groups: 2012	International Poverty Line (%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2012
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	60	40	11	89	Monetary poverty (Consumption)	
Rural population	15	85	46	54	Daily consumption less than US\$1.90 per person	77.6
Males	22	78	40	60	Education	
Females	22	78	40	60	At least one school-aged child is not enrolled in school	34.7
0 to 14 years old	15	85	48	52	No adult has completed primary education	82.5
15 to 64 years old	28	72	33	67	Access to basic infrastructure	
65 and older	27	73	31	69	No access to limited-standard drinking water	59.9
Without education (16+)	11	89	54	46	No access to limited-standard sanitation	76.9
Primary education (16+)	N/A*	96	53	47	No access to electricity	13.0
Secondary education (16+)	46	54	18	82		
Tertiary/post-secondary education (16+)	90	10	N/A*	99		

Source: World Bank using ENSOMD/SSAPOV/GMD

Source: World Bank using ENSOMD/SSAPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

Madagascar's Statistical Office (INSTAT) conducted four household surveys in the past two decades – in 2001, 2005, 2010, and 2012, and has awaited the results of its 2018 census to conduct another. Having completed the census, INSTAT is currently conducting another to be completed in late 2020. While improvements in the survey method have caused some comparability issues, these were not significant enough to affect existing estimated poverty trends. National poverty estimates are based on the cost-of-basic-needs approach. The food poverty line is based on the cost of a food basket that delivers 2,133 calories per capita, and the basic needs poverty line adds an allowance for basic nonfood necessities to the food poverty line. The poverty lines have been re-estimated for each survey year, using the cost-of-basic-needs approach, to account for the effects of the socioeconomic crisis that occurred between these years. The poverty line for 2012 was estimated using the 2010 poverty line adjusted by the national consumer price index and is slightly lower than the international poverty line.

The World Bank provided support to the authorities to implement the first census since 1993, in May/June 2018. The preliminary results of the census have been released and have provided a new sample frame for the design and implementation of the current poverty survey. The new survey will for the first time be a year-round survey to control for large seasonality effects.

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 45 out of the 48 countries in the SSA region. The four countries not covered in the database are Eritrea, Equatorial Guinea, and Somalia. Terms of use of the data adhere to agreements with the original data producers.