

Poverty & Equity Brief

Sub-Saharan Africa

Malawi

April 2020

The share of Malawians living below the international poverty line of \$1.90/day has declined only slightly from 71.7 percent in 2010 to 70.3 percent in 2016. Moreover, due to population growth, the number of people below the international poverty line has increased by 10.8 million to 12.1 million. In addition, more than 90 percent of the poor reside in rural areas, where poverty has increased slightly since 2010. The share of the population below the national poverty line has not changed much: it increased slightly from 50.7 percent in 2010 to 51.5 percent in 2016. Due to recurrent shocks such as drought and flooding, rural poverty has increased during 2010-2016 and is concentrated in the South. 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.

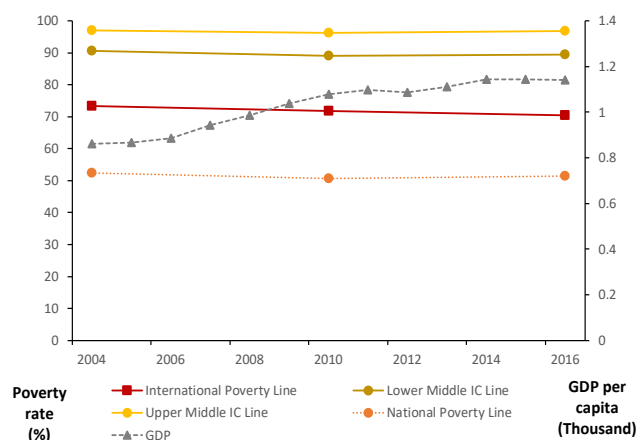
Since 2010, Malawi has made tremendous progress toward reducing inequality, and managed to reverse some of the surge in inequality between the rich and the poor during 2004-2010. Growth incidence analysis indicates that the consumption of the bottom 40 percent of the population grew by 3 percent per year between 2010 and 2016. This favorable consumption growth increased the shared prosperity premium, growth of the bottom 40 percent minus overall growth, to 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.

As a result of COVID-19 pandemic, economic growth outlook in Malawi is not encouraging. Despite anticipated better crop harvest, real GDP is forecasted to shrink by 3.2 percent in 2020. The Government has announced restrictions on movement for non-essential workers. The resulting slow economic activity and labor mobility would disproportionately affect the livelihoods and poverty status of urban residents who depend on daily incomes from self-employment and wages.

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	12.1	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	15.4	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	16.6	96.7	2016
Multidimensional Poverty Measure		76.0	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		0.94	2010-2016
Annualized Consumption Growth per capita from Household Survey		1.57	2010-2016
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.40	2010-2016

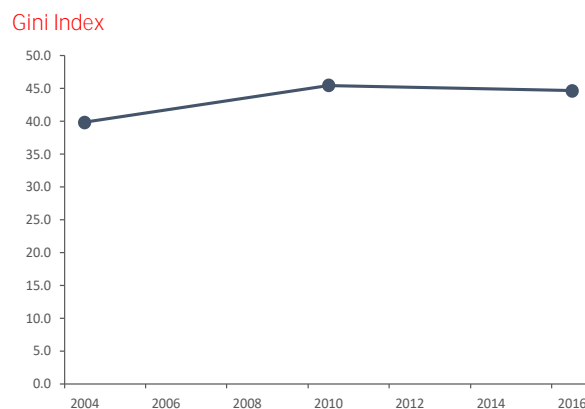
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

POVERTY HEADCOUNT RATE, 2004-2016



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

INEQUALITY TRENDS, 2004-2016



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

KEY INDICATORS

Distribution among groups: 2016	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2016
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	75	25	7	93	Monetary poverty (Consumption)	
Rural population	19	81	48	52	Daily consumption less than US\$1.90 per person	70.3
Males	30	70	40	60	Education	
Females	29	71	40	60	At least one school-aged child is not enrolled in school	3.1
0 to 14 years old	24	76	47	53	No adult has completed primary education	56.2
15 to 64 years old	35	65	35	65	Access to basic infrastructure	
65 and older	30	70	32	68	No access to limited-standard drinking water	12.9
Without education (16+)	17	83	49	51	No access to limited-standard sanitation	48.1
Primary education (16+)	27	73	40	60	No access to electricity	6.7
Secondary education (16+)	57	43	17	83		
Tertiary/post-secondary education (16+)	95	5	N/A*	99		

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

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

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

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. In the past, the six-year interval between these surveys has prevented poverty to be tracked frequently. However, the Government of Malawi, with technical and financial support from the World Bank, is conducting IHS in a three-year cycle. Accordingly, the latest IHS (2019/20) has been under implementation since April 2019, but it was suspended in April 2020 due to COVID-19. 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 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.