



This is the fourth in a series of Key Facts sheets that IFPRI is producing based on the Integrated Household Surveys (IHS). The purpose of the series is to present data relevant to key policy issues on agriculture, food systems, and development topics in Malawi. Other Key Facts Sheets are available on our website at massp.ifpri.info.

Highlights

- The proportion of people living below the poverty line declined by one percentage point between 2004 and 2019. In the same period, the incidence of extreme poverty declined by 2 percentage points.
- The depth of poverty declined between 2010 to 2019 at national, urban, and rural levels, implying that the average consumption expenditure of the poor is moving closer to the poverty line (the poor are becoming less poor).
- In contrast with the Northern and Southern regions, where the incidence of poverty declined over the survey years, the proportion of poor people in the Central region increased.
- With an incidence of poverty under 20%, Malawi's 4 cities (Mzuzu, Lilongwe, Blantyre and Zomba) are considerably less poor than the rest of the country. Twelve districts have a poverty incidence of over 60%, with Mchinji district having the highest rate (68%).
- Based on the international poverty line, the incidence of poverty in Malawi was 68.5% as of 2018, making it the 6th poorest country in Africa.

Background to the Integrated Household Surveys (IHS)

This analysis uses data from the second, third, fourth and fifth Integrated Household Surveys (IHS2, IHS3, IHS4 and IHS5), conducted by the Government of Malawi's National Statistical Office (NSO). IHS2 was conducted between March 2004 and March 2005 with a sample of 11,280 households, IHS3 was conducted between March 2010 and March 2011 covering a total of 12,271 households, IHS4 was conducted between April 2016 and April 2017, covering 12,447 households while IHS5 was conducted between April 2019 and April 2020, covering 12,288 households. Once appropriately weighted, the IHS surveys are representative of national, district, and urban/rural levels. The analysis uses the survey sampling weights provided by the NSO, hence all values presented in this Key Facts series are representative of the population of Malawi. All prices have been adjusted for inflation using NSO's Consumer Price Index and are reported in April 2019 values.

What is poverty?

Whilst poverty is a multidimensional concept, this paper uses the consumption definition of poverty as it gives a more accurate measure of living standards as compared to income. Thus, poverty is defined as the condition whereby the value of a household's total consumption (regardless of it being purchased, received for free or self-produced) falls below the level needed to maintain a basic living standard in terms of food, shelter, housing, healthcare, and education. Using the cost of basic needs approach, the Government of Malawi established the national poverty lines at MK 107,028, MK 131,380, MK 188,613, and MK 165,879 per person annually in 2004, 2010, 2016 and 2019 respectively in April 2019 values.² Individuals living in households whose consumption falls below these poverty lines are classified as poor. Extreme poverty is a more severe form of poverty in which a household has insufficient consumption to meet its members' nutritional requirements. The national extreme poverty lines in 2004, 2010, 2016 and 2019 were MK 66,402, MK 81,510, MK 117,016, and MK 101,293 per person per year respectively. The poverty estimates presented here do not adjust for differences in the age and sex of household members nor for household economies of scale.

How much poverty is there?

The incidence of poverty at the national level is represented by the national poverty headcount ratio, which shows the proportion of the population whose consumption is below the national poverty line. Figure 1 presents the poverty headcount ratios in 2004, 2010, 2016 and 2019. The incidence of national poverty changed marginally over the survey years, ranging between 51% and 52%. The incidence of urban poverty was highest in 2004, with 25% of the urban

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² The poverty line decreased in real terms between 2016 and 2019 even though inflation reached 37 percent in the same period. This is likely because the cost of goods and services which are not necessary to satisfy basic needs increased faster than the cost of necessities.

population living below the poverty line. This sharply declined to 17% in 2010 then increased to 19% in 2019. As expected, the incidence of poverty is higher in rural areas, where it remained between 56% and 59% during the observed period

Figure 1: Incidence of poverty

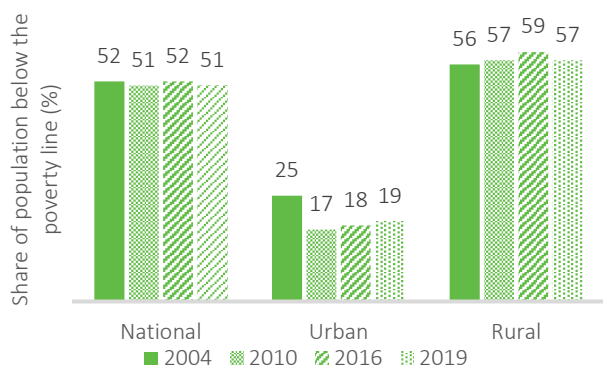
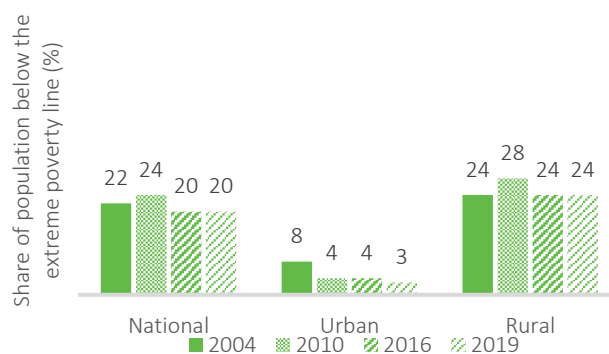


Figure 2: Incidence of extreme poverty

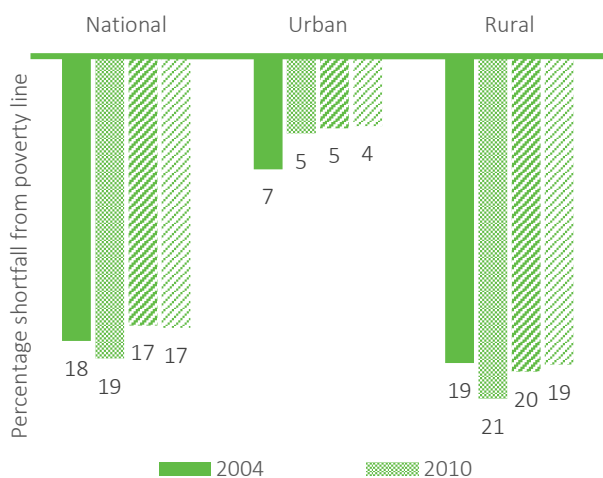


The extreme poverty headcount ratio, presented in Figure 2, is the share of the population that lives in households below the extreme poverty line. The share of people living in extreme poverty halved from 8% to 4% between 2004 and 2010 and remained more or less constant thereafter. In rural areas and nationally, the extreme poverty rate remained more or less stable at around 24% and 20% respectively, with small temporary spikes in 2010.

How poor are the poor?

The depth of poverty is shown in Figure 3. It is measured by the poverty gap index, which is the extent to which the poor fall below the poverty line. It is the additional annual consumption that it would take to bring an average poor household out of poverty expressed as a proportion of the poverty line. To make comparisons easier, the poverty gap reported in this paper has been calculated in reference to the 2019 poverty line.

Figure 3: Depth of poverty



At the national level the poverty gap increased from MK 29,502 (17.8% of the 2019 poverty line) in 2004 to MK 31,326 (18.9%) in 2010, declined to MK 27,891 (16.8%) in 2016, then slightly increased to MK 28,131 (17.0%) in 2019.

There is a declining trend in the poverty gap index in urban areas, indicating that the average consumption expenditure of the urban poor is moving closer to the poverty line. The additional income required for the urban poor to move out of poverty decreased from MK 11,732 (7.0%) in 2004 through MK 8,019 (4.8%) in 2010 and MK 7,497 (4.5%) in 2016 to MK 7,260 (4.4%) in 2019. In rural areas, the additional income needed for the poor to exit poverty was largest in 2010 at MK 35,502 (21.4%), declining to MK 31,989 (19.3%) in 2019. As of 2019, the poverty gap index in rural areas was almost five times higher than that of the urban area.

Where are the poor?

Table 1 presents the trends in the incidence of poverty at the regional level. Between 2004 and 2016, the Southern region had the highest proportion of people living below the poverty line. In 2019, the Central region recorded the highest level of poverty incidence after having the lowest incidence of poverty in the previous survey years. In contrast to the Northern and Southern regions, where the incidence of poverty declined by 21 and 9 percentage points respectively, the proportion of poor people in the Central region increased by 12 percentage points between 2004 and 2019.

Table 1: Incidence of Poverty by Region

Region	Poverty Incidence (%)			
	2004	2010	2016	2019
Northern	54.1	54.3	49.5	32.9
Central	44.2	44.5	47.5	55.8
Southern	59.7	55.5	56.0	51.0

Figure 4 below illustrates the distribution of the incidence of poverty by district across the country and Table 2 presents the underlying numbers. Unsurprisingly, the proportion of poor people is lowest in the four cities which have an incidence of poverty between 11% and 16%. Mchinji district has the highest incidence of poverty (68%) followed by Kasungu (67%) and Dowa (65%). However, due to its size, Lilongwe rural has the highest absolute number of poor people (1,071,650) followed by Mangochi (760,402) and Kasungu (583,121). The rural districts with the lowest incidence of poverty are Nkhata Bay (22%), Likoma (26%) and Rumphi (26%).

Figure 4: Incidence of poverty by district

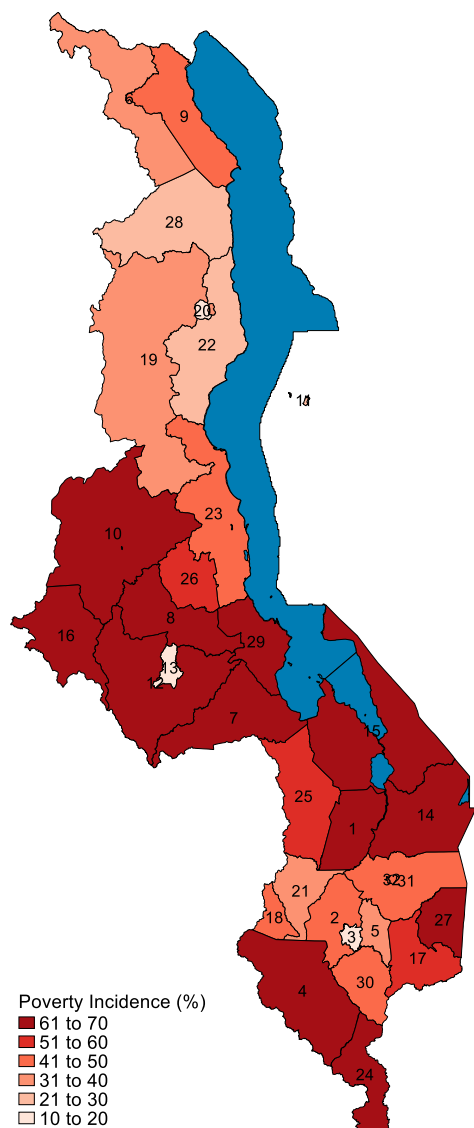


Table 2: Incidence of poverty by district

District	Poverty incidence (%)	Population	Poor population
1 Balaka	63	454,779	285,311
2 Blantyre	44	466,075	204,644
3 Blantyre City	15	819,955	121,921
4 Chikwawa	61	581,329	355,967
5 Chiradzulu	38	365,879	140,357
6 Chitipa	39	240,260	92,738
7 Dedza	62	856,147	527,800
8 Dowa	65	799,727	520,655
9 Karonga	41	374,881	153,954
10 Kasungu	67	870,639	583,121
11 Likoma	26	14,888	3,856
12 Lilongwe	63	1,688,116	1,071,650
13 Lilongwe City	16	1,031,520	161,255
14 Machinga	62	768,642	478,556
15 Mangochi	64	1,196,694	760,402
16 Mchinji	68	620,783	424,988
17 Mulanje	55	705,262	386,617
18 Mwanza	47	136,209	64,085
19 Mzimba	39	959,875	370,343
20 Mzuzu City	11	232,763	26,703
21 Neno	40	142,226	56,969
22 Nkhatabay	22	290,965	63,969
23 Nkhota kota	43	404,747	173,932
24 Nsanje	63	306,731	192,612
25 Ntcheu	57	683,816	388,319
26 Ntchisi	55	329,353	181,790
27 Phalombe	64	444,735	283,413
28 Rumphi	26	235,253	62,027
29 Salima	62	496,502	310,047
30 Thyolo	49	738,431	364,484
31 Zomba	49	768,818	374,829
32 Zomba City	13	108,102	14,556
National	51	18,134,103	9,201,870

Who are the poor?

Figure 5 shows the proportion of people belonging to households living below the poverty line categorized by household size. Individuals living in large households (with 7 or more members) are twice as likely to be poor as those living in small households (with 4 or fewer members). There may be some economies of scale that large households can exploit allowing them, for the same consumption per capita, to reach higher welfare levels than a small household. Similarly, they are likely to consist of more small children who have, per capita, lower consumption needs. Taking such factors into consideration would attenuate the differences somewhat, but unlikely eliminate them altogether. Regardless of size, from 2004 to 2019 households have realized little movement in poverty rates. The share of poor people belonging to large households has gone up from 66% to 68%.

Figure 5: Poverty by household size

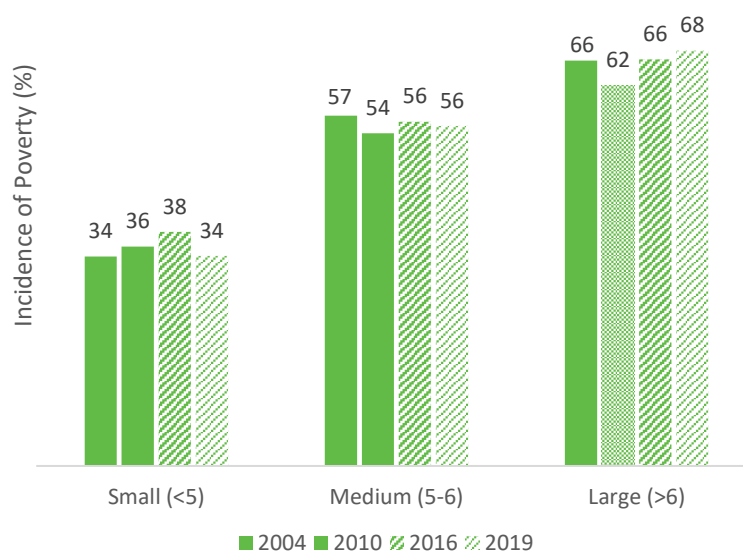


Table 3 presents the incidence of poverty by characteristics of household head. Generally, poverty incidence was higher among people living in households with older heads than among those living in households with younger heads. However, this difference became less wide over time as poverty incidence increased by 6 percentage points among people living in households with heads under 30 years of age between 2004

and 2019, while decreasing in the rest of the population. This decline was most pronounced among people living in households with older heads (over 59), especially between

2004 and 2010. This decline coincides with the introduction in 2004 of the Social Cash Transfer Program which mainly targets the elderly.

People living in households with unmarried and female heads had a higher poverty incidence than those living in households with married and male heads respectively.

Prevalence of poverty decreases with the education of the household head: In 2019, 71% of people living in households headed by someone who never attended school were poor, compared 44% of those living in households with a head who completed primary education, and 14% of people living in households headed by an MSCE holder. These statistics validate the importance of education in alleviating poverty in the country.

International comparison

While most countries set their own poverty lines, the World Bank defines an international poverty line equivalent to US\$1.90 per person per day at purchasing power parity (PPP) in 2011 prices, which is based on the average of the national poverty lines of 15 of the poorest countries. The purchasing power parity calculation establishes an exchange rate between currencies based on the value of a basket of goods and services that the currency can buy in different countries rather than the official exchange rate.

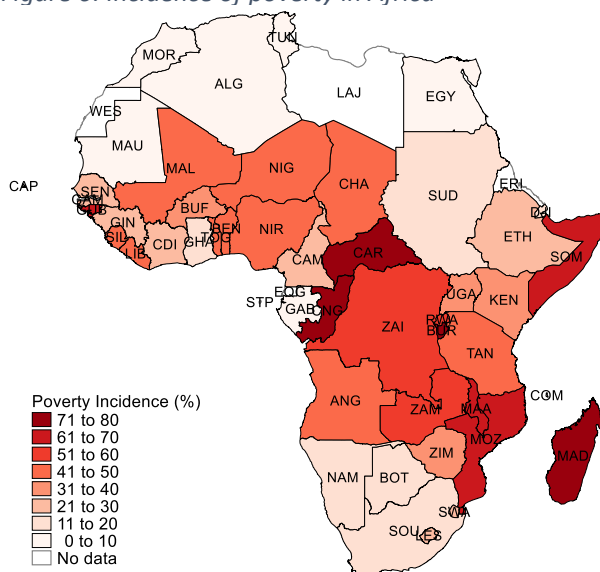
Based on this international poverty line, the incidence of poverty in Malawi is at 68.5% as of 2018. Figure 6 presents an international comparison of poverty headcount ratios at US\$1.90 at PPP for African countries. The latest available World Bank data was used for each of the countries. Malawi recorded the sixth highest poverty headcount ratio on the continent. The Northern Africa countries of Tunisia, Algeria and Morocco had the lowest incidence of poverty of 0.22%, 0.32% and 0.66% respectively.

Table 3: Poverty by characteristics of household head

Household head's age	Poverty incidence (%)			
	2004	2010	2016	2019
13 - 29	38.4	41.3	44.5	44.3
30 - 44	53.1	52.7	53.6	51.6
45 - 59	58.4	53.3	53.3	53.5
≥ 60	58.6	52.4	50.4	50.6
Household head's marital status				
Married	52.2	50.0	50.6	50.0
Unmarried	53.1	53.6	54.8	53.5
Household head's sex				
Female	58.5	57.2	58.7	56.8
Male	51.0	49.1	49.1	48.4
Household head's education				
Never attended school	67.2	71.7	70.8	71.2
Incomplete primary	55.2	54.5	59.1	56.5
Completed primary	41.9	37.0	42.8	43.5
Completed JCE	28.3	28.7	31.0	30.7
Completed MSCE	10.9	9.8	11.5	13.8

Note: The Junior Certificate of Education (JCE) is awarded after passing form 2 examinations of secondary education. The Malawi School Certificate of Education (MSCE) is obtained after passing the final (form 4) examination of secondary education.

Figure 6: Incidence of poverty in Africa



This Key Facts sheet represents a small fraction of the analyses that can be conducted using the IHSS data. Please visit the IFPRI Malawi website to stay up to date on Key Facts sheets and other outputs: massp.ifpri.info



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