



This is the fifth 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 will be produced in the near future.

Highlights

- *Between 2004 and 2016 the incidence of poverty in Malawi decreased slightly. This was due to large decreases in urban poverty, while poverty incidence in rural areas increased.*
- *Extreme poverty decreased at the urban and national levels between 2010 and 2016.*
- *In 2016, the national and urban poverty gaps were at their lowest, while the rural poverty gap was slightly higher than in 2004.*
- *The incidence of poverty in the Northern and Southern region decreased between 2010 and 2016; during the same period the incidence of poverty in the Central region increased but remained lower than in the other two regions.*
- *Taking into account measures of poverty other than consumption, the disparities between urban and rural areas decreased between 2004 and 2016.*
- *Malawi is among the countries with the highest incidence of poverty in Africa, with only Madagascar, the Democratic Republic of the Congo, and Burundi ranked as poorer.*

Background to the Integrated Household Surveys (IHS)

This analysis draws from the second, third, and fourth Integrated Household Surveys (IHS2, IHS3 and IHS4), conducted by the Government of Malawi's National Statistical Office (NSO) as part of the World Bank Living Standards Measurement Study – Integrated Surveys on Agriculture (LSMS-ISA) initiative. The 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, while the IHS4 was conducted between April 2016 and April 2017, covering 12,447 households. For the sake of brevity, this key facts sheet refers to the three IHS waves as 2004, 2010, and 2016. All three surveys used four questionnaire instruments: (1) household, (2) agriculture, (3) fisheries and (4) community questionnaires. Once appropriately weighted, the IHS surveys are representative at national, district and urban/rural levels. All values presented in this Key Facts series have been adjusted using the sampling weights provided by the NSO. All prices have been adjusted for inflation using NSO's Consumer Price Index and are reported in January 2017 values.

What is poverty?

Poverty is a multidimensional concept. This paper uses the consumption definition, which states that poverty is a condition whereby household consumption is below the level needed to maintain a basic living standard in terms of food, shelter, housing, healthcare, and education. The cost of meeting one's basic living standard differs from country to country and as a result poverty lines vary. The Malawi Government set the national poverty line at MWK 70,899, MWK 109,797, and MWK 164,191 per person annually for 2004, 2010, and 2016 respectively (in January 2017 values). Households consuming less than these national poverty lines in the respective years are classified as living in poverty. Extreme poverty, also known as food poverty, describes a more severe form of poverty in which a person or household has insufficient consumption to meet their daily nutritional requirements. The national extreme poverty lines for 2004, 2010, and 2016 were respectively MWK 43,987, MWK 68,120, and MWK 101,864 per person annually. In line with other estimates of poverty in Malawi and southern Africa, 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 living below the national poverty line. Figure 1 presents the national poverty headcount ratios in 2004, 2010, and 2016. The national incidence of poverty did not change by much between 2004 and 2016, with a statistically insignificant decrease from 52.4 percent to 51.5 percent of the population living in poverty. The incidence of poverty among those living in urban areas decreased between 2004 and 2010 and then increased by a small margin between 2010 and 2016. Among those living in rural areas a statistically significant upward trend can be observed for the entire period with an increase in the incidence of poverty from 55.9 percent to 59.5 percent due to increases between both 2004 and 2010 and also 2010 and 2016. The overall slight decrease in national poverty can be attributed to the decrease in urban poverty between 2004 and 2010, which outweighed the increase in rural poverty observed over the period.

Figure 1. Incidence of poverty

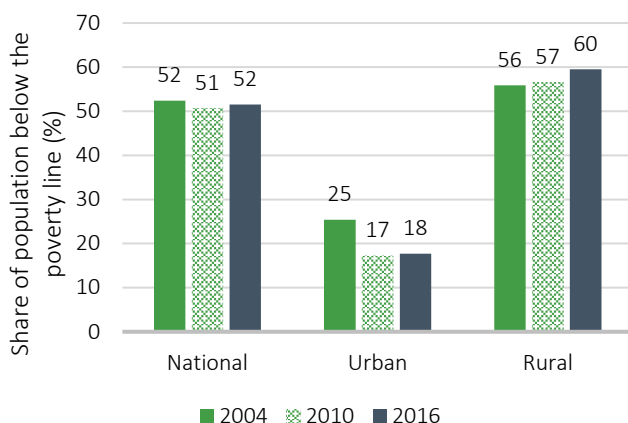
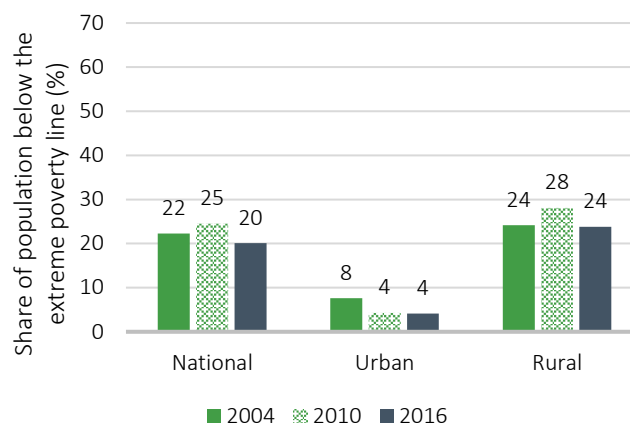


Figure 2. Incidence of extreme poverty

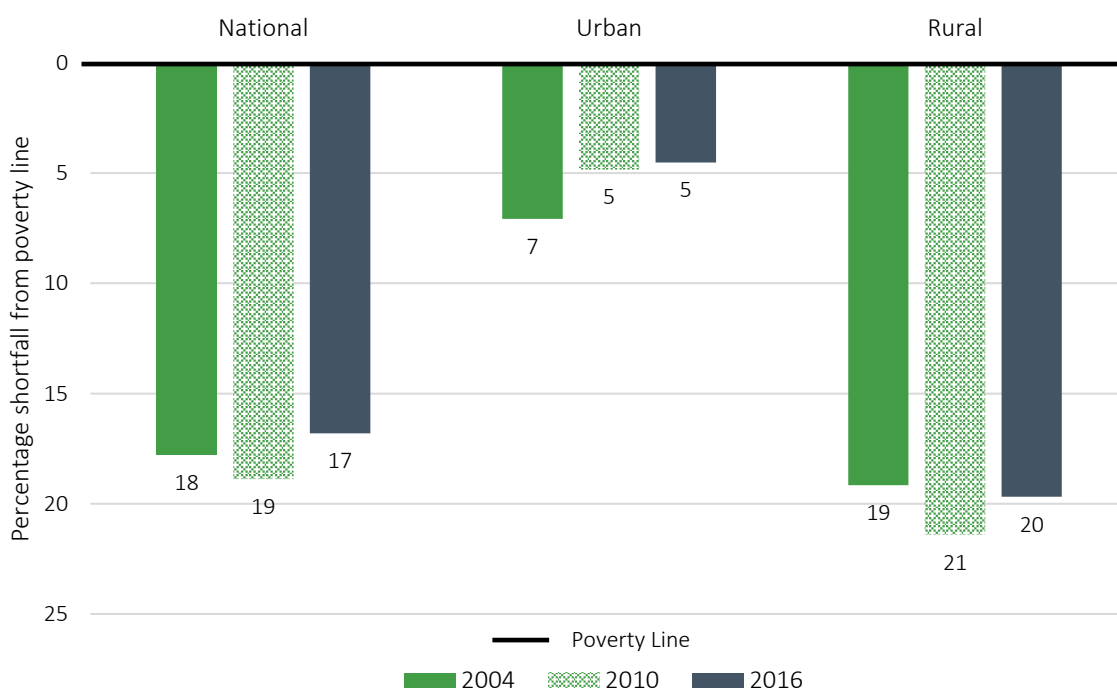


The extreme poverty headcount ratio, presented in Figure 2, is the share of the population that lives below the extreme poverty line, which is 38 percent lower than the national poverty line. As expected, the share of people living in extreme poverty is significantly lower than those living in poverty as those living in extreme poverty are only a subset of those living in poverty. At the national level we observe a significant decrease in extreme poverty between 2010 and 2016 from 24.5 percent of the population living far below the poverty line to 20.1 percent. In rural areas, extreme poverty incidence increased from 24.2 percent in 2004 to 28.1 percent in 2010 before decreasing again to 23.8 percent by 2016. In urban areas, extreme poverty decreased from 7.6 percent in 2004 to 4.3 percent in 2010 after which it remained almost unchanged. With most of Malawi’s population living in rural areas, the national trend closely followed the rural trend.

How poor are the poor?

Figure 3 presents the poverty gap, which shows the depth of poverty. This is the additional annual consumption that it would take to bring an average household out of poverty. At the national level, the poverty gap increased between 2004 and 2010 from MWK 29,202 (17.8 percent) to MWK 31,008 (18.9 percent) and then decreased to MWK 27,602 (16.8 percent) in 2016. In urban areas, the poverty gap decreased by MWK 3,675 (4.8 percent) between 2004 and 2010 and remained relatively the same in 2016 with a MWK 521 (4.5 percent) decrease. In rural areas between 2004 and 2010 there was an increase in the additional consumption needed to come out of poverty from MWK 31,451 (19.2 percent) to MWK 35,141 (21.4 percent). This increase was followed by a decrease in 2016 as the gap was narrowed to MWK 32,327 (19.7 percent). Overall, the national and urban poverty gaps were at their lowest in 2016, with the rural poverty gap slightly higher than the 2004 poverty gap, though not significantly.

Figure 3. Depth of poverty



Where are the poor?

Table 1 presents the incidence of poverty at the regional level. The Southern region experienced the highest incidence of poverty in each of the surveyed years, followed by the Northern and Central regions. However, while poverty incidence decreased in both the Southern and Northern regions (from 59.7 percent in 2004 to 56.0 percent in 2016 in the South, and from 54.1 percent to 49.5 percent over the same period in the North), it increased in the Central region from 44.2 percent in 2004 to 47.5 percent in 2016.

Table 1. Incidence of poverty by region

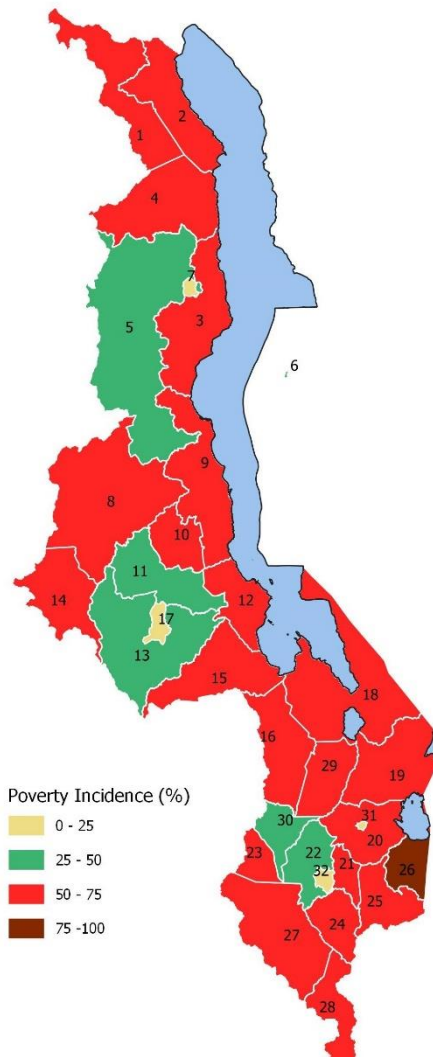
Region	Poverty incidence (%)		
	2004	2010	2016
Northern	54.1	54.3	49.5
Central	44.2	44.5	47.5
Southern	59.7	55.5	56.0

To help visualize the distribution of poverty across the country, Figure 4 charts the 2016 incidence of poverty by district and Table 2 presents the underlying numbers. The four cities—Blantyre, Zomba, Lilongwe, and Mzuzu—have the lowest incidence of poverty (all well below 20 percent). Phalombe stands out as the district with the highest poverty incidence (83.2 percent). However, due to its small total population, nine other districts contain larger numbers of poor people, with the bulk of them concentrated in the most populous districts of Lilongwe rural and Mangochi, both of which have only average poverty rates. Similarly, 20 districts have larger poor populations than Chitipa—the district with the second highest poverty rate.

Figure 4. Incidence of poverty by district

Table 2. Incidence of poverty by district

District	Poverty incidence (%)	Population	Poor population
1 Chitipa	73.8	224,598	165,806
2 Karonga	57.1	351,470	200,816
3 Nkhata Bay	57.7	281,850	162,644
4 Rumphi	53.6	224,343	120,228
5 Mzimba	42.9	225,159	96,706
6 Likoma	31.4	10,468	3,285
7 Mzuzu City	9.7	243,816	23,688
8 Kasungu	53.0	869,089	460,480
9 Nkhatakota	53.4	395,411	211,178
10 Ntchisi	53.5	298,652	159,738
11 Dowa	48.8	807,782	394,053
12 Salima	58.4	435,442	254,408
13 Lilongwe rural	47.9	1,507,114	722,303
14 Mchinji	50.5	617,493	312,085
15 Dedza	63.1	757,922	477,997
16 Ntcheu	54.1	592,895	320,924
17 Lilongwe City	18.0	1,117,369	201,177
18 Mangochi	59.5	1,065,230	633,439
19 Machinga	72.4	633,524	458,604
20 Zomba rural	55.9	410,917	229,803
21 Chiradzulu	66.4	678,940	450,927
22 Blantyre rural	38.9	323,999	125,944
23 Mwanza	53.6	106,235	56,913
24 Thyolo	67.3	658,742	443,133
25 Mulanje	69.2	582,202	402,991
26 Phalombe	83.2	386,375	321,292
27 Chikwawa	63.2	554,786	350,550
28 Nsanje	74.3	290,827	216,162
29 Balaka	61.3	413,554	253,428
30 Neno	46.9	160,420	75,187
31 Zomba City	15.8	149,827	23,667
32 Blantyre City	8.0	931,426	74,798
National	51.5	16,307,879	8,404,350



Who are the poor?

Table 3 presents a profile of the characteristics of those living in poverty with a look at their demographic attributes in the three survey periods. Looking at household size it is evident that large households were more likely to be living in poverty than small ones. In 2016, only 38.2 percent of people living in small households with fewer than 5 members were poor while 59.8 percent of people living in medium-sized households (between 5 and 8 members) and 62.7 percent of those living in households of 9 or more members were poor. However, between 2004 and 2016, poverty incidence among people living in small households increased by 4 percentage points, while poverty incidence among people living in medium-sized households remained almost unchanged, and that among people living in large households fell by 2.3 percentage points. Household size thus became less predictive of poverty incidence.

Table 3. Poverty by household size

Household size	Poverty incidence (%)		
	2004	2010	2016
1 – 4	34.2	35.8	38.2
5 – 8	60.9	57.6	59.8
≥ 9	65.0	60.5	62.7

Poverty incidence generally increased with the age of the head of the household (Table 4). In 2004, 38.4 percent of people living in households headed by an individual younger than 30 years were poor. Of people living in households headed by someone between 30 and 44 years of age, 53.1 percent were poor. Of those living in households headed by someone between 45 and 59 years of age, and those in households with an elderly head aged 60 years or more, 58.4 percent and 58.5 percent respectively were poor. However, by 2016, poverty incidence among people living in youth-headed households increased to 44.5 percent, and that of people headed by individuals between 45 and 59 years of age and by the elderly declined to 53.3 percent and 50.4 percent respectively. As in the case of household size, the age of the household head has thus become less predictive of household's poverty status over time.

Table 4. Poverty by age, marital status, and sex of household head

	Poverty incidence (%)		
	2004	2010	2016
Household Head's Age			
13 - 29	38.4	41.3	44.5
30 - 44	53.1	52.7	53.6
45 - 59	58.4	53.3	53.3
> 60	58.5	52.4	50.4
Household Head's Marital Status			
Married	52.2	50.0	50.6
Unmarried	53.1	53.6	54.8
Household Head's Sex			
Female	58.5	57.2	58.7
Male	51.0	49.1	49.1

Table 5. Poverty by education of household head

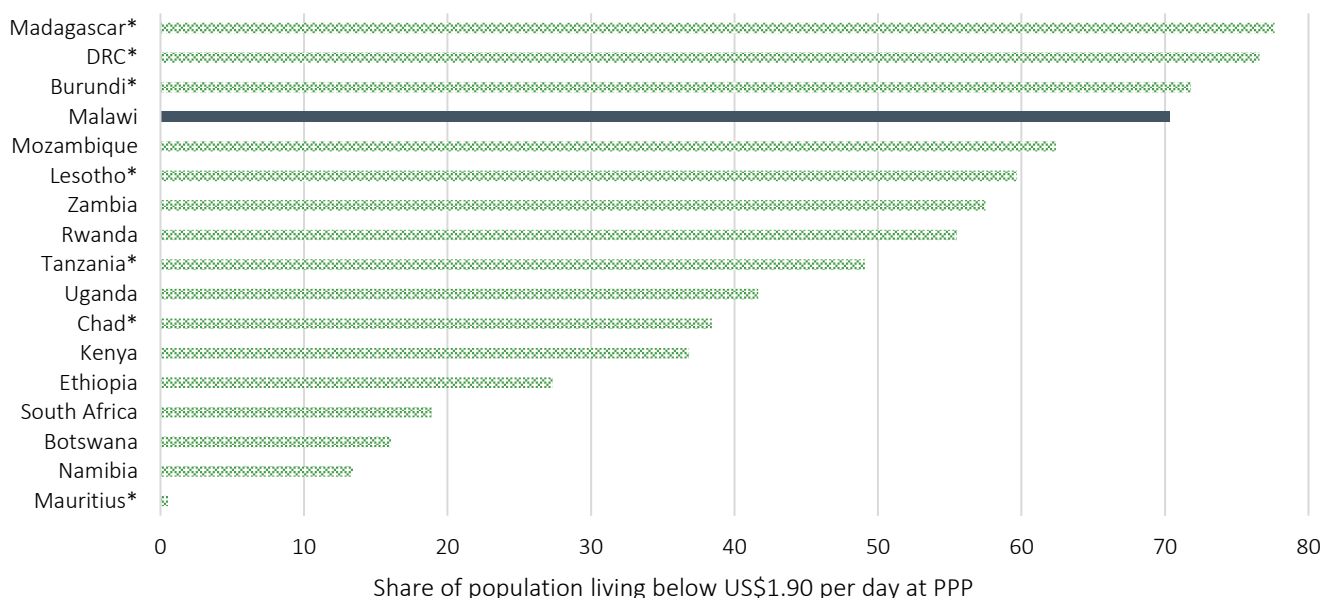
	Poverty incidence (%)		
	2004	2010	2016
Household Head's Education			
Attended School	47.1	44.7	48.0
Never Attended School	67.2	71.8	70.8
No completed qualification	55.2	54.5	59.2
Primary School Leaving Certificate	41.9	37.0	42.8
Junior Certificate of Education	28.3	28.7	31.1
Malawi School Certificate of Education	12.6	12.7	16.3
Diploma or degree	2.2	1.5	1.2

Table 5 shows that throughout the period, poverty incidence decreased with increasing education level of the household head, and that the importance of education in predicting poverty increased over time. This is a common pattern in most developing countries, with rising levels of unemployment or underemployment among those with no or little education, and post-secondary education becoming more important for those wishing to obtain jobs in the formal sector (Fields, 2011). Between 2004 and 2016, poverty incidence declined in households headed by those educated beyond secondary school, and increased in all other households, with the differences becoming larger over time.

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. The purchasing power parity calculation establishes an exchange rate between currencies based on the value of a goods and services that the currency can buy rather than on the official exchange rate. Using the international poverty line, which is higher than the national one used by the Government of Malawi, the national incidence of poverty in 2016 was 70.3 percent. Figure 5 presents an international comparison of poverty headcount ratios at US\$1.90 at PPP for Southern and East African countries. The latest available data according to the World Bank were used for each of the countries. Countries with data older than 2014 are marked with an asterisk. Malawi had the fourth highest poverty headcount ratio in the region (and, indeed, on the continent).

Figure 5. Incidence of poverty in Africa



Source: World Bank (2019)

Multidimensional poverty

The value of consumption/expenditure is relatively easy to calculate, readily comparable, and contributes so greatly to wellbeing that it is often the only metric used to measure poverty. However, human wellbeing has many other aspects, such as health, education or environmental quality, to name just a few. Measures of consumption capture these aspects only poorly, if at all. To better capture the diverse nature of poverty, the United Nations Development Programme Multidimensional Poverty Index (MPI) considers 10 indicators which capture poor people's experience of deprivation. Table 6 presents the incidence of multidimensional poverty (the share of the population deprived in more than a third of the indicators after applying importance weights), the intensity of poverty (the weighted average number of indicators in which poor people are deprived), and the MPI, which is the product of the multiplication of the incidence and intensity of multidimensional poverty. At the national level, the MPI decreased between 2004 and 2016, with both the incidence and intensity of poverty decreasing in each survey period. The proportion of the population who are multidimensionally poor decreased by 19.4 percentage points over the period, which was the main driving force for the continued decrease in the MPI. A similar trend is observed in both urban and rural areas, with the incidence of multidimensional poverty – and consequently the MPI – decreasing faster in rural areas than in urban areas. In contrast to measures of poverty based solely on consumption, the gap between multidimensional urban and rural poverty rates decreased between 2004 and 2010.

Table 6. Multidimensional poverty

	Multidimensional poverty index			Incidence of multidimensional poverty			Intensity of multidimensional poverty		
	2004	2010	2016	2004	2010	2016	2004	2010	2016
National	0.381	0.334	0.244	72.1%	66.7%	52.7%	52.8%	50.1%	46.2%
Urban	0.171	0.175	0.087	36.8%	39.7%	20.8%	46.6%	44.2%	41.9%
Rural	0.419	0.366	0.270	78.5%	72.0%	58.1%	53.3%	50.8%	46.5%

Source: Oxford Poverty and Human Development Initiative (2017 and 2018) based on DHS surveys.

Summary

Malawi experienced decreases in the national incidence of poverty and extreme poverty and in the depth of poverty between 2004 and 2016. In urban areas, the incidence of poverty and extreme poverty, and the depth of poverty also decreased. However, in rural areas, where 86 percent of the population lives there were increases in the incidence of poverty and the depth of poverty, although the incidence of extreme poverty in rural areas remained roughly constant. At the regional level, the Northern and Southern regions experienced decreases in the incidence of poverty, while the Central region experienced increasing poverty, although it remained the region with the lowest incidence of poverty. Malawi's four cities have the lowest incidences of poverty among all districts, while the disparities between urban and rural areas widened over time. This trend, however, is reversed when dimensions of poverty other than consumption are taken into account.

The characteristics of the poor are consistent over time. People living in larger households were more likely to be poor than those in smaller households, as were people in households headed by older or less educated individuals. These differences, however, became less important over time. Similarly, people living in female-headed households or households headed by unmarried individuals were more likely to be poor than their respective counterparts, and these differences became more prominent over time.

In comparison to other countries in the region, Malawi has the highest incidence of poverty among countries with data collected after 2014 and has the fourth highest incidence of poverty among those with data no older than 2008.

References and further reading

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Note that this Key Facts sheet represents a small fraction of the analyses that can be conducted using the IHS data. IFPRI Malawi has already produced Key Facts sheets on agriculture, food and nutrition security, social safety nets, and inequality. 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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