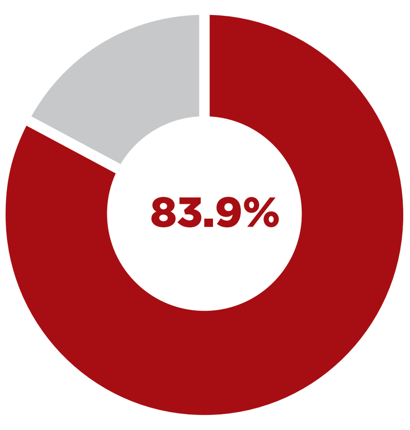
Vulnerable to Shocks: Malawi

HOW VULNERABILITY TO RAINFALL KEEPS MALAWI'S HOUSEHOLDS POOR

Malawi in 2013

Largely rural. 84% of Malawi's 16.2 million households were rural in 2013.



Experiencing a moderate decline in poverty. From 2010-2013, 7% more households moved out of poverty than became poor.

Vulnerable to shocks. Even households that were not poor were vulnerable: in 2013, 44% of non-poor households had a probability greater than 40% of falling into poverty in the next period. Of these households, about half were vulnerable because of expected rainfall, employment and health shocks.

VULNERABILITY OF NON-POOR HOUSEHOLDS

- 22% were vulnerable without factoring in expected shocks
- 44% were vulnerable when factoring in expected shocks

Vulnerablities

Dependence on agriculture. Most households depended in rain-fed agriculture, making them highly susceptible to rainfall shocks that affect crop production.

Low capacity to manage shocks. Rural households lacked access to financial and insurance mechanisms. In the absence of these structures, households have to rely on asset wealth to offset losses from shocks and protect themselves from falling into poverty or falling even farther below the poverty line.

Rainfall shocks posed the greatest risk to households, greater than the effect of health, employment, or maize price shocks in all regions of Malawi. All risks together nearly doubled the number of households considered vulnerable, versus those expected to be poor based on structural household characteristics alone.

High regional rainfall variation. Households in the Northern and Southern regions were least able to manage the damage from shocks. While all regions are susceptible to rainfall variation, the Northern region has the highest percentage of vulnerable households historically.

EXPECTED SHOCKS BY REGION

Region	Rainfall: deviation from historical mean	Maize Prices: deviation from historical mean	Malaria: Probability of occurring in the household	Off-Farm Employment Loss: Probability of occurring in the household
Northern	20%	14%	26%	19%
Central	18%	16%	32%	14%
Southern	24%	17%	28%	15%

When Shocks Occur

1 The poverty gap increases. Vulnerable households faced an average consumption shortfall of **14%** in 2013. Of these households, the group with the lowest wealth was expected to have a shortfall of **28%**. Thus, the least wealthy were also expected to fall the farthest below the poverty line.

2 Households and Malawi pay the price. When severe flooding in half of Malawi's 28 districts occurred in 2015, damage and losses were projected to cost **US$335 million**, and recovery and reconstruction **US$494 million**.

This graphic was adapted in November 2016 from the study "Vulnerability to Poverty in Rural Malawi", by Nancy McCarthy, Director at LEAD Analytics, Josh Brubaker, Research Analyst at LEAD Analytics, and Alejandro de la Fuente, Senior Economist in the Poverty Global Practice at the World Bank. The graphic and the report are produced with financial support from the European Union (EU) in the framework of the ACP-EU Africa Disaster Risk Financing Initiative, managed by the Global Facility for Disaster Reduction and Recovery (GFDRR). The sole responsibility of this publication lies with GFDRR. The European Union is not responsible for any use that may be made of the information contained herein.

Building Disaster Resilience in Sub-Saharan Africa

WORLD BANK GROUP

GFDRR
Global Facility for Disaster Reduction and Recovery