Malawi in 2013

Largely rural. 64% of Malawi’s 15.7 million households were rural in 2013.

Vulnerable to shocks. Even households that were not poor were vulnerable in 2013, 46% 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, health, and employment shocks.

VULNERABILITY OF NON-POOR HOUSEHOLDS

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

Low capacity to manage shocks. 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.

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.

When Shocks Occur

1. The poverty gap increases. Vulnerable households faced an average consumption shortfall of 16% 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 is adapted from information 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.

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Expected shocks by region

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