Chapter 8
POVERTY
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8.1   Introduction

One of the main objectives of PRSP is to institute programmes for   poverty reduction and improve the Malawian population welfare economically. There is need to asses the economic situation of the population at regular intervals so that needed intervention measures can be made by policy makers.

Poverty analysis in CWIQ survey was based on the module designed by the World Bank in the Generic CWIQ survey. It uses an already existing set of poverty predictors from a household expenditure survey in the country. For Malawi this was the Integrated Household Survey (IHS) done in 1998.

A methodology was developed for estimating a welfare function for ranking households across expenditure quintiles for poverty analysis. The different phases of its implementation were:
1. Construction of a working file and identification of potential predictor variables from IHS.
2. Selection of poverty predictors,
3. Estimation of weighted coefficients, and
4. Derivation of a weighted function for ranking households for poverty analysis.

8.2   Poverty Situation

The Malawi CWIQ uses the ultra-poor and quintile method of expressing poverty results. Absolute poverty categories are used to examine how the characteristics of the ultra-poor differed from those other categories. Relative poverty analysis was used. Households were grouped into 5 quintiles (groups consisting each of 20 percent of all households) according to their rank based on their household welfare indicator used in the poverty analysis. Households with relatively small welfare indicators are the poorest households and are grouped in the first quintile. In contrast, households with relatively high welfare indicators are grouped in the filth or wealthiest quintile.

In urban areas about 67 percent of the households were in the ultra poor category and only about 6 percent were in the wealthiest category while in rural areas around 15 percent were in the ultra poor category and about 21 percent in the wealthiest category (table 8.1).

Regional variations are small. In the northern region the number of households by poverty status increase as you move from the poorest category (about 14 percent of the households) to the wealthiest category (about 30 percent). In the centre about 22 percent were in the poorest and about 18 percent in the wealthiest and in the South households were more or less distributed evenly around 20 percent in each quintile.

Table 8.1: Distribution of the rural and urban households by poverty quintile at district level

	Poverty Quintile				
	Ultra poor	2	3	4	Wealthiest
Malawi	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**
Rural	15.2	19.6	20.9	21.2	21.4
Urban	67.1	23.7	10.7	7.6	5.7
Northern Region	**13.6**	**15.8**	**16.7**	**21.7**	**29.8**
Chitipa	30.7	28.9	18.4	13.8	12.7
Karonga	4.2	14.5	16.8	24.6	34.3
Rumphi	3.4	10.7	17.5	23.7	38.6
Nkhata Bay	8.3	13.7	16.7	26.9	29.7
Likoma	36.4	26.5	23.5	14.4	4.9
Mzimba	11.1	14.7	16.6	22.1	32.2
Mzuzu City	75.6	21.0	11.0	6.0	3.5
Central Region	**22.0**	**22.0**	**20.4**	**18.3**	**18.2**
Kasungu	9.7	12.4	11.7	21.1	41.3
Ntchisi	12.2	15.9	20.2	17.3	31.8
Dowa	11.1	13.3	16.7	21.1	34.3
Nkhotakota	9.0	25.4	23.5	23.0	16.3
Mchinji	14.7	19.9	15.9	20.1	27.9
Lilongwe Rural	17.9	22.7	26.1	18.2	14.8
Salima	6.0	14.9	18.7	27.4	27.7
Dedza	12.7	26.8	26.3	21.0	11.6
Ntcheu	37.2	29.3	17.2	14.7	8.0
Lilongwe City	73.3	25.7	10.4	5.8	1.8
Southern Region	**19.7**	**19.3**	**20.4**	**21.0**	**19.3**
Balaka	8.8	21.4	27.1	24.3	14.8
Machinga	10.4	23.0	28.2	22.3	13.2
Mangochi	27.8	22.4	20.1	19.5	12.6
Zomba	9.6	13.5	26.3	31.4	14.2
Chiradzulu	14.4	20.7	14.6	24.2	24.3
Blantyre Rural	6.3	19.6	21.7	27.0	20.9
Mulanje	8.7	13.8	21.4	20.8	31.2
Thyolo	36.1	21.7	14.1	11.5	22.0
Phalombe	18.4	20.1	21.4	14.3	25.7
Mwanza	15.3	20.8	26.4	17.8	18.4
Chikwawa	12.7	12.8	19.3	23.8	28.1
Nsanje	7.8	20.2	17.3	21.6	29.5
Blantyre City	58.9	23.1	11.0	9.8	9.5
Zomba Municipality	96.5	12.7	10.6	1.7	0.7

The distribution of households according to social-economic characteristic of the head of household does not significantly differ as you move from the ultra poor to the wealthiest quintile. In the private sector (both private formal and informal) more households are in the ultra poor quintile while in the self-agriculture and public sectors more households are in the wealthiest quintile (table 8.2).

There is very little variation of the distribution of households in the poverty quintiles according to sex of the head of households or the marital status of the head. The results show that more households in both cases are in the wealthier quintiles than in the poorer quintiles. However in terms of household size, the results shows that in small households the distribution shows more households in the wealthier quintiles than in the poor quintiles while in households with larger household sizes the trend is the different. More households are in the poorer quintiles.

The distribution of households according to the education of the household head also shows that in all cases more households are in the wealthier quintiles than in the poorer ones. However, for households whose heads had no education or lower education more a bigger proportion of households are in the poorer quintiles as compared to households whose heads had a higher educational qualification.

The distribution of households according to land holding size of the households shows that households with no land holding more households are in the poorer quintiles (over 70 percent of the households) while for households with landholding size of greater than 2 hectares , more households are in the wealthier quintiles (over 75 percent of the households).

Distribution of households with regards to livestock ownership shows that for household keeping no livestock or keeping poultry the trend is the same. More households were in the poorer quintiles than in the wealthier ones. While households keeping cattle one medium livestock, that is, pigs, goats or sheep more households are in the wealthier quintiles.

Table 8.2: Distribution of households by poverty quintile and the characteristics of the household head and household

	Poverty Quintile				
	Ultra poor	2	3	4	Wealthiest
Malawi	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**
Social Economic Group					
Public	20.5	18.9	19.3	21.7	19.4
Private formal	33.0	21.9	18.9	17.0	13.3
Private informal	32.2	25.1	20.6	13.0	13.6
Self-agriculture	15.1	19.7	20.6	21.5	21.4
Self-other	28.9	20.0	19.5	16.3	18.0
Unemployed	19.9	17.2	17.7	20.0	24.9
Other	15.2	16.3	23.3	25.2	17.5
Sex of household head					
Male	20.1	19.6	19.3	19.7	21.3
Female	19.8	21.2	21.8	20.9	16.2
Marital Status					
Never married	5.5	18.0	20.2	28.3	22.9
Monogamous	21.8	20.3	19.7	19.2	19.6
Polygamous	17.2	19.5	20.3	17.7	24.6
Divorced/separated	20.9	20.5	21.1	20.2	17.4
Widowed	15.7	19.0	20.0	23.1	20.5
Highest Education Level					
None	19.7	20.5	21.3	20.6	17.7
Some primary	22.4	21.0	20.5	18.2	18.7
Comp. primary	21.6	17.4	18.4	20.4	22.3
Some secondary	15.7	19.8	17.4	20.6	25.2
Completed secondary	11.1	17.7	15.0	25.2	27.8
Post secondary	3.5	11.4	22.0	25.6	31.2
Household Size					
1-2	2.1	9.8	20.8	31.0	29.0
3-4	14.1	22.8	23.5	20.0	18.1
5-6	31.0	23.2	18.9	14.8	16.0
7+	39.9	21.4	12.4	13.8	19.0
Land holding size					
None	48.7	30.6	16.8	10.9	3.3
<1 ha	27.6	29.0	26.6	16.8	3.3
1-1.99 ha	5.0	10.5	20.7	36.4	20.7
2-3.99 ha	2.7	1.4	1.4	13.0	75.3
4-5.99 ha	1.3	0.2	0.9	0.0	91.9
6+ ha	1.2	0.0	0.6	0.0	92.5
Livestock holding					
No livestock	26.4	23.2	21.2	17.9	13.6
Poultry	26.4	23.2	21.2	17.9	13.6
Medium livestock	12.9	15.3	18.4	22.3	28.4
Cattle	9.2	10.4	14.3	19.8	42.1