

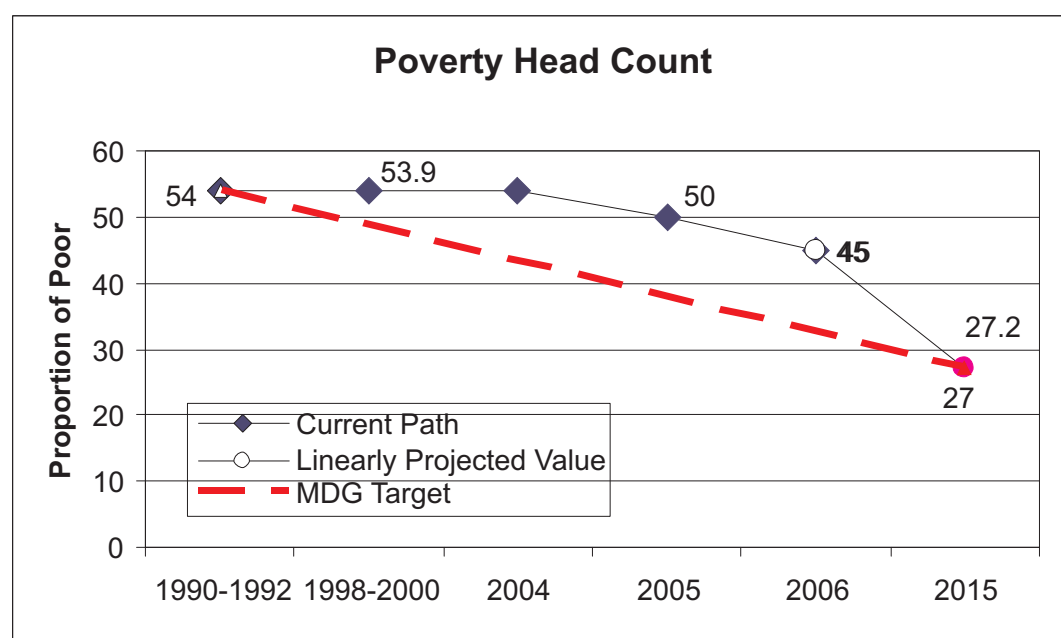
# Goal 1. Eradicating Extreme Poverty

There are two main targets under this goal. The first target is to halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day. Three indicators were selected to monitor progress towards this target: the proportion of population below the national poverty line; the poverty gap ratio; and finally the share of the poorest quintile in national consumption. The second target is to halve, between 1990 and 2015, the proportion of people who suffer from hunger. Two indicators have been selected; the prevalence of underweight children under five years of age; and the proportion of population below the minimum level of dietary energy consumption.

**Target 1. Halve between 1990 and 2015 the proportion of people whose income is less than one dollar per day.**

*Indicator: Proportion of people below the poverty line (Poverty Head Count)*

**Chart 1: Poverty Head Count**



*Source: 1991 HESSEA, 1998, 2000 IHS and 2005, 2006 WMS*

*Note: This graph has been linearly projected from the value of the year 1998-2000*

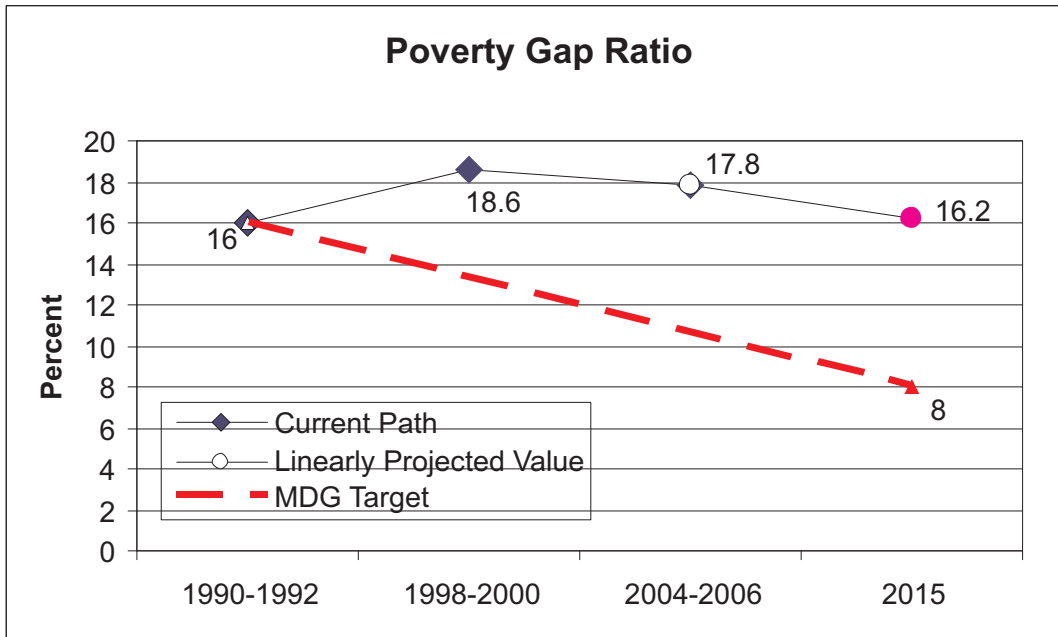
Chart 1 depicts the changes in poverty rates between 1992 and 2006. The figure shows that poverty has declined from about 54 percent in 1998 to 45 percent in 2006. At this rate of change, poverty is projected to reduce to about 27 percent by 2015. This implies that the country is on track to achieve the MDG target. The sharp decline in poverty levels between 2005 and 2006 is due to input subsidy the Government has introduced.

*Indicator: Incidence of depth of poverty as measured by the poverty gap.*

The second indicator under Target 1 is the extent of the poverty gap ratio. The poverty gap ratio is the average distance separating the poor from the poverty line, expressed as a percentage of the poverty line. Hence the poverty gap counts not only the number of the poor, but also it considers how poor the people are.

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Chart 2: Poverty Gap Ratio



Source: 1991 HESSEA and 1998, 2000 IHS

Chart 2 above shows that poverty gap ratio increased from 16 percent in 1992 to about 19 percent in 2000 and then dropped slightly to about 18 percent in 2006. All other things being the same, if this rate of change continues, the poverty gap will have declined to around 17 percent by the year 2015. Hence, it looks unlikely that Malawi will reduce by half the poverty gap ratio by the year 2015.

Indicator: Share of poorest quintile in national consumption.

The third indicator under Target 1 is the share of poorest quintile in national consumption. Like the other two indicators above, the main sources of this indicator are household surveys. The target under this indicator is to double the share of the poorest quintile in the national consumption.

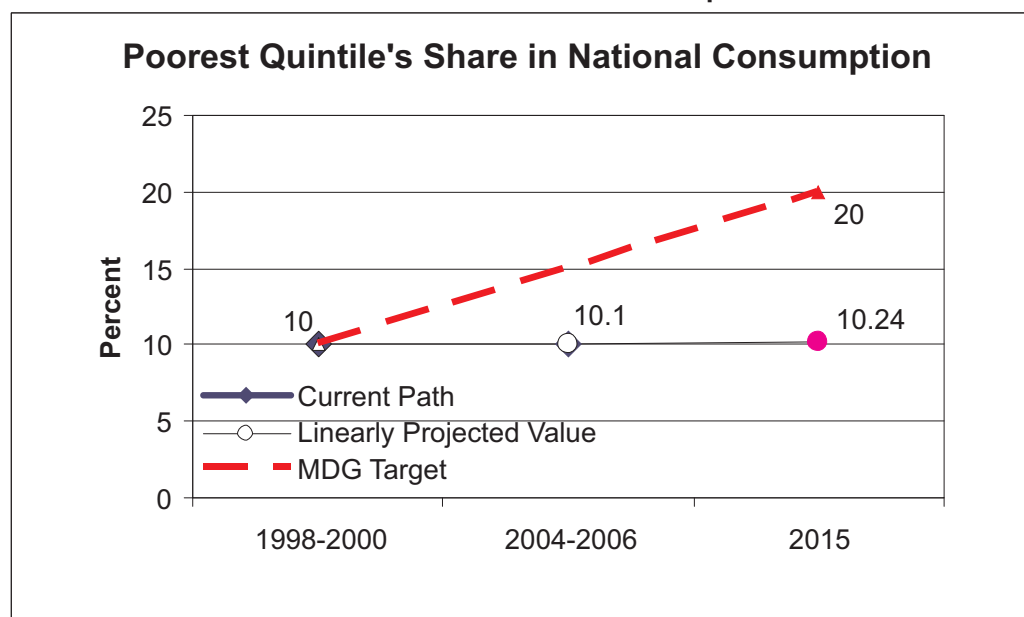
Chart 3 below shows the current and projected trend in the poorest quintile share in national consumption. As indicated in the figure, the share of the poorest quintile in Malawi has not improved between 1998 and 2005. The 1998 Integrated Household Survey revealed that the poorest 20 percent of the population controlled only around 10 percent of national consumption implying that inequality is not decreasing. At this rate the MDG target will not be achieved by 2015.



Common sight in Malawi since Input Subsidy

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**Chart 3: Poorest Quintile's Share in National Consumption**



Source: IHS 1998 and 2005.

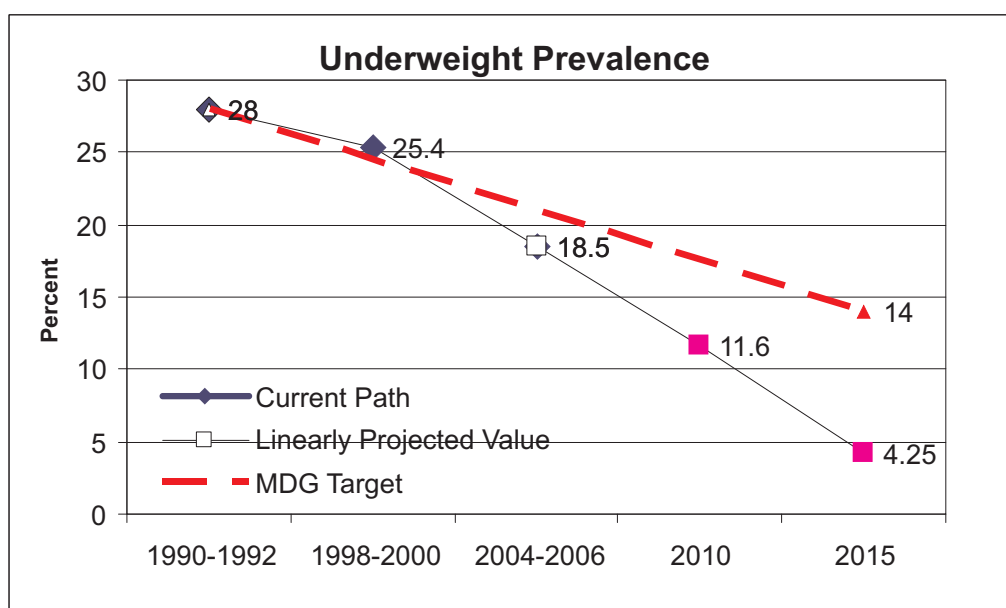
## Target 2. Halve, between 1990 and 2015, the proportion of people who suffer from Hunger.

The second target under goal number one is to eradicate extreme poverty and hunger. As mentioned above, there are two indicators under this target. The current status and trends on these indicators is discussed below.

Indicator: Prevalence of underweight children (Under five years of age)

The nutritional well being of young children reflects the household's, community and national investments in family health, and contributes to the country's development both directly or indirectly. Prevalence of underweight children is taken as a proxy indicator of the proportion of the population that is undernourished. This is the proportion of persons whose food intake falls below the minimum requirement or food intake that is insufficient to meet dietary energy

requirements continuously. They are the people who suffer from hunger.



**Chart 4 : Underweight Prevalence**

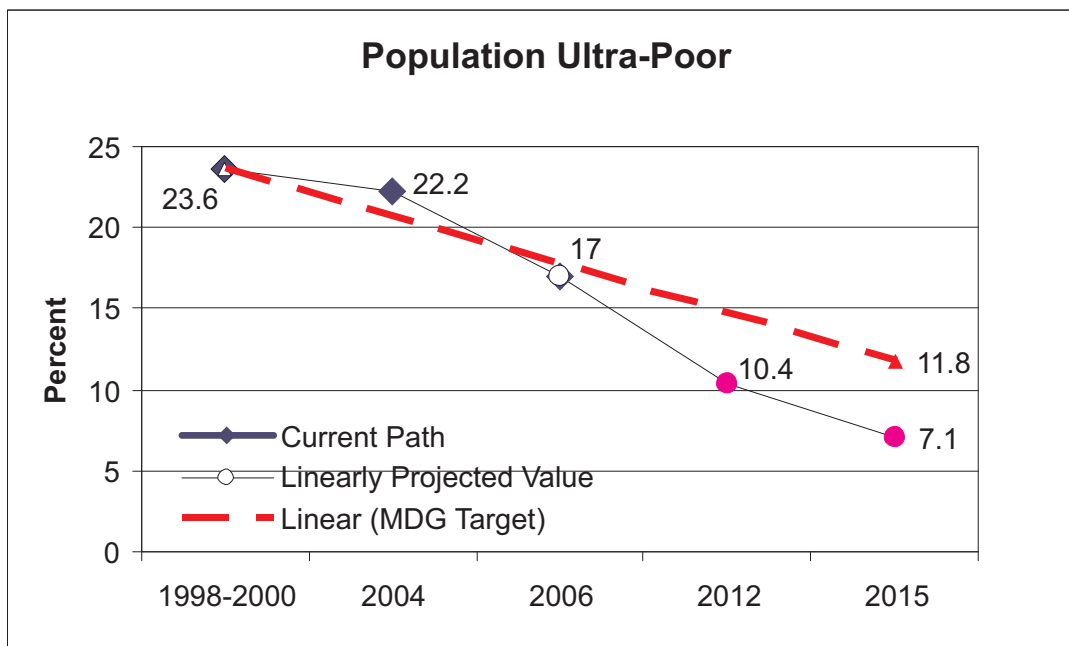
Source: 1992, 2000, 2004 MDHS and 2005, 2006 WMS

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Chart 4 above shows that prevalence of underweight in children five years of age has decreased steadily from 28 percent in 1992 to about 25 percent 2000 and to about 19 percent in 2006. If progress continues at this rate, only about 4 percent of children under five years will be underweight by 2015. This implies that the country is on track to achieve the MDG target.

*Indicator: Proportion of population below minimum level of dietary energy consumption.*

**Chart 5: Population of Ultra Poor**



*Source: 1998, 2005 IHS and 2005, 2006 WMS*

The 1998 and 2005 poverty profiles of Malawi estimate the proportion of population below minimum dietary energy requirement by defining a food poverty line. All persons below this line were deemed ultra-poor. In 1998 about 24 percent of the population was deemed ultra poor. After five years, the proportion of ultra poor persons has stayed more or less constant at 22 percent. However, in 2006 the proportion of ultra poor persons has dropped to 17 percent. At this rate, the projected proportion of persons deemed ultra poor will be about 7 percent by the year 2015. Therefore based on the current trends, Malawi is on track to reduce by half the proportion of persons below minimum level of dietary energy consumption by the year 2015 as shown in Chart 5 above.

## Challenges

There are several challenges that the country is facing with respect to eradicating extreme poverty and hunger, some of which include the following:

- High illiteracy rates that make it hard to introduce new programmes for poor farmers;
- Poor food storage facilities that result in food insecurity, hunger and malnutrition;
- Critical shortage of capacity and skills in many institutions that are involved in the delivery of development programmes;
- Inadequate finance to supplement the necessary programmes that could have a significant impact on poverty;
- Lack of produce markets for rural agriculture, which discourages poor farmers from growing cash crops.

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## Policy Framework and Strategies

In an effort to reduce extreme poverty and hunger the government is implementing a number of strategies, which include the following:

- Initiated a number of agriculture programmes to improve the agriculture sector including intensifying production of other cash crops such as cotton, wheat, and cassava;
- Established the MK5 billion Malawi Rural Development Fund to disburse loans to the poor in rural and urban areas;
- Established One Village One Product (OVOP) Scheme to encourage people to get into value adding processes;
- Introduced input subsidy targeting poor smallholder farmers
- Rehabilitated abandoned irrigation schemes for smallholder agriculture production for maize, rice and vegetables;
- Identified other sectors for economic growth such as manufacturing and agro- processing, tourism, small scale mining and infrastructure development;
- Zero tolerance to corruption