

# MALAWI

Extreme poverty rates in Malawi (defined in notes) have declined slowly and remain high – the proportion of people with less than \$1.25 (PPP 2005) a day fell from around 80% in 2000 to 72% in 2010. Over half of people in Malawi are among the poorest 20% of the people in the world.

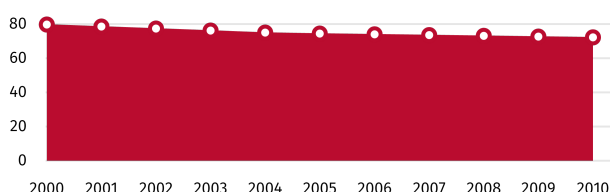
- ODA is by far the largest international inflow, commercial finance and remittances are low
- Domestic resources are among the very lowest in the world – government spending is just \$65 per person (PPP 2014)
- ODA levels are high compared with the overall size of the economy – equivalent to 22% of GDP in 2014

## Overview



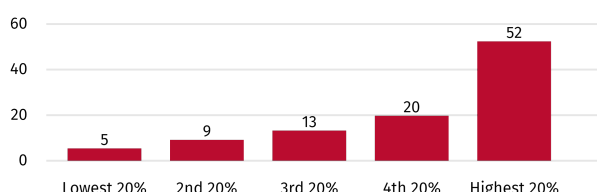
### Poverty rates fell slowly in the 2000s and remain high at over 70% by latest estimates

2000-2014, % of population living on under \$1.25 per day



### The richest 20% of Malawi's population has 10 times the income of the poorest 20%

2014, share of income of bottom 20% of population

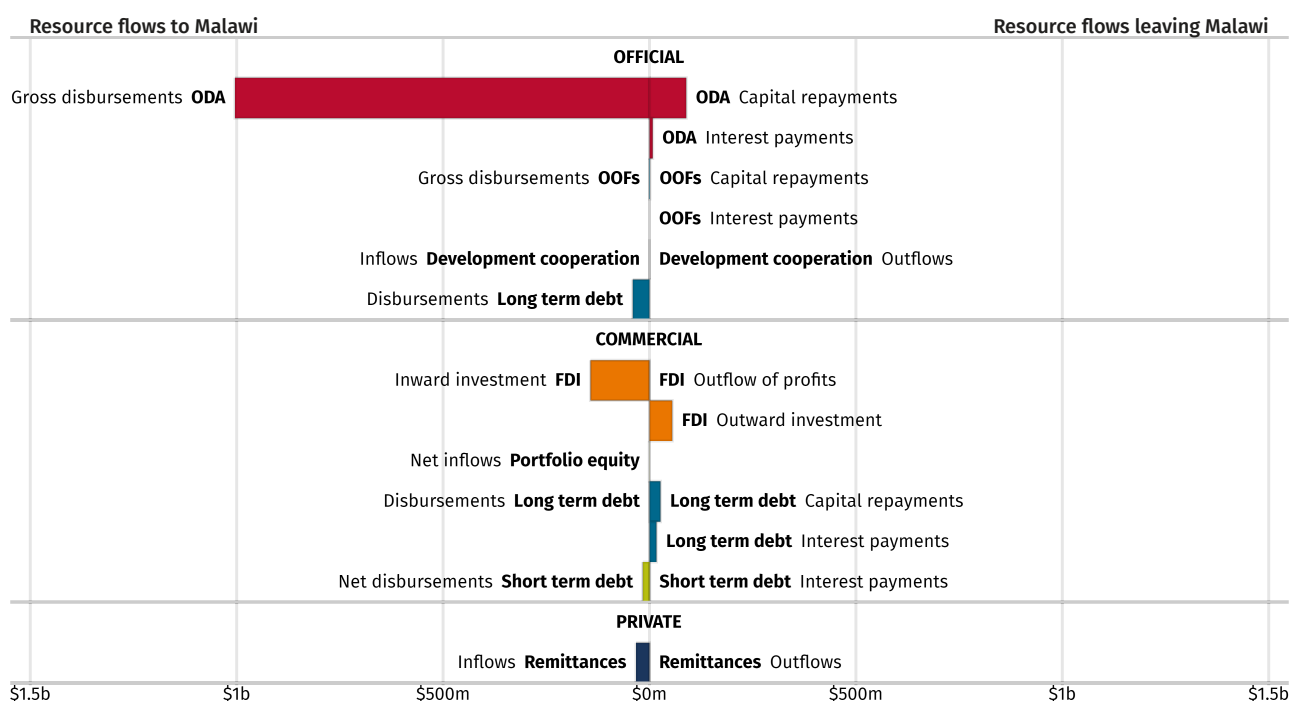


Average GDP per capita: **US\$280** (2014)

## Resource flows to and from Malawi

### Malawi's resource inflows are dominated by ODA, which accounts for 83% of the total

2014, international resource inflows and outflows (US\$ billions, constant 2012 prices)



Notes: We define extreme poverty as measured using the \$1.25 (PPP 2005) extreme poverty line. Purchasing power parity (PPP) prices are the rate at which a country's currency would have to be converted into that of another country to buy the same amount of goods and services in each country. PPPs are constructed by comparing the cost of a common basket of goods in different countries. Depth of poverty is a measure of the average gap in incomes for people living below the poverty line spread across the population of the whole country, expressed as a percentage of the \$1.25 a day poverty line. 'Domestic public resources available' refers to the total non-grant revenue either collected or projected to be collected by the government in the financial year 2014. Across countries in sub-Saharan Africa the richest 20% of the population have 10 times the income of the poorest 20% on average. Acronyms: ODA: official development assistance.

## Government finance

Income tax (38%) and grants (13%) account for over half of total government revenue. Financing accounts for over 20% of total resource bundle. Development expenditure is primarily foreign financed and makes up 20% of total spending.

### Income tax (38%) and taxes on goods and services (31%) provide similar levels of funding

2013, latest year of actual revenue (US\$ billions, constant 2012 prices)

Total Revenue and grants 100% of total   US\$0.8bn	Grants 13% of total   US\$0.1bn	Indicated Grants 5% of total   US\$0bn	
		Project Grants 8% of total   US\$0.1bn	
	revenue 87% of total   US\$0.7bn	Tax Revenue 76% of total   US\$0.6bn	International Trade Taxes 8% of total   US\$0.1bn
			Taxes on Goods and Services 31% of total   US\$0.2bn
		Non-Tax Revenue 11% of total   US\$0.1bn	Taxes on Income and Profits 38% of total   US\$0.3bn

### External financing comes solely from concessional sources

2013, latest year of actual financing (US\$ billions, constant 2012 prices)

Financing 100% of total   US\$0.2bn	Net Domestic Finance 57% of total   US\$0.1bn		
	Net External Finance 43% of total   US\$0.1bn	Amortization -2% of total   US\$0bn	
		Loans 50% of total   US\$0.1bn	Project Loans 37% of total   US\$0.1bn
			Other Concessional 12% of total   US\$0bn

### Interest payments, almost all of which goes to service domestic borrowing, account for over 15% of government spending

2013, latest year of actual expenditure (US\$ billions, constant 2012 prices)

Total Expenditure 100% of total   US\$1bn	Recurrent Expenditure 80% of total   US\$0.8bn	Subsidies And Transfers 18% of total   US\$0.2bn	Transfers to Public Entities 5% of total   US\$0bn
			Fertilizer and Seed Subsidy 7% of total   US\$0.1bn
			Interest and Capital Repayments on Loans
		Goods And Services 20% of total   US\$0.2bn	Generic Goods and Services 10% of total   US\$0.1bn
		Wages And Salaries 25% of total   US\$0.2bn	
		Interest Payments 15% of total   US\$0.1bn	Domestic 14% of total   US\$0.1bn
	Development Expenditure 20% of total   US\$0.2bn	Externally Financed 16% of total   US\$0.2bn	

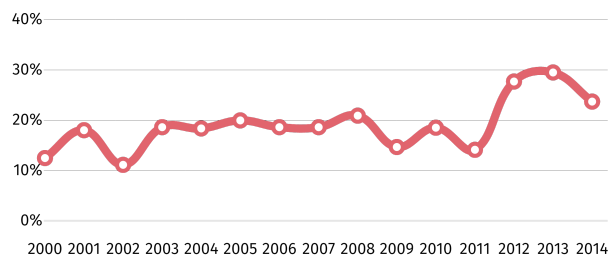
Notes: Year of data refers to the 2015 fiscal year running from July 2014 to June 2015. The pink boxes represent negative values, typically showing repayments of loans under financing. Some labels have been omitted from these visualisations; please refer to the online country profile page on the Development Data Hub for more details.

## ODA

Gross ODA to Malawi totalled US\$1 billion in 2014, down from US\$1.2 billion reported in 2012 and 2013. The health sector received the largest share of ODA at 35%. Over one-third of ODA to health in Malawi came from the US. Cash grants accounted for one-quarter and loans one-fifth of total ODA in 2014, and almost 60% of new ODA loans came from IDA. The US, IDA and UK provided the most overall to Malawi – between them around half of the total. 36% of aid to Malawi is classified as ‘mixed project aid’ as the data on some projects is not detailed enough to separate cash grants from aid in kind.

### ODA relative to GDP fell from 2012 and 2013, but remains high at 22%

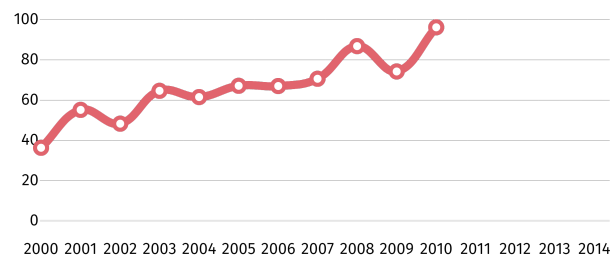
Gross ODA % of GDP



■ Total ODA as a % of GDP ■ Total ODA (excl-non-transfer) % of GDP

### ODA per poor person has remained relatively stable

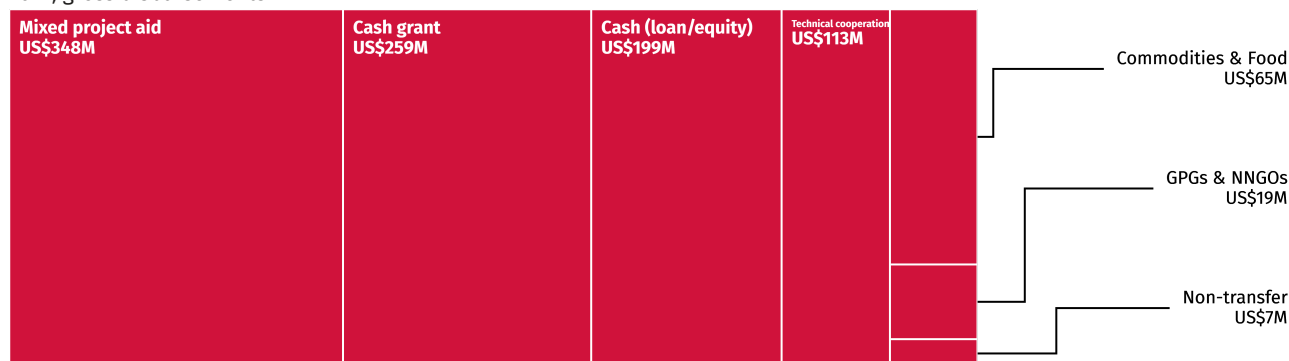
ODA per person living under \$1.25 a day



■ Total ODA as a % of GDP ■ Total ODA (excl-non-transfer) % of GDP

### Over a third of aid is classified as mixed project aid making it difficult to identify the main form of financing

2014, gross disbursements

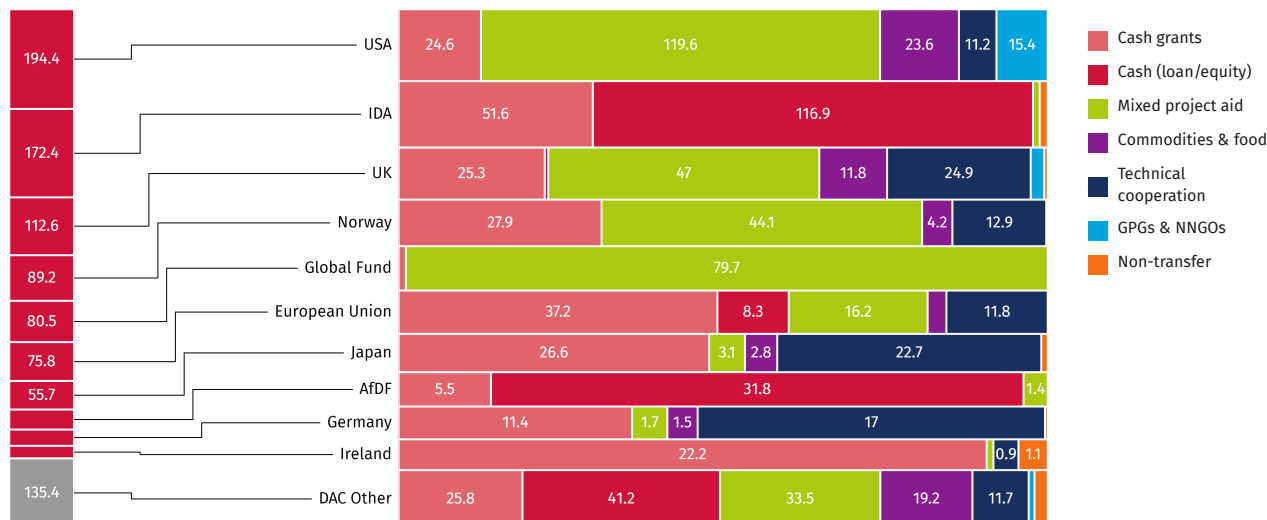


Note: GPGs, global public goods; NGOs, Northern non-governmental organisations.

### Two of the top three donors – the US and the UK – report most of their aid as mixed project aid

2014, US\$ millions, gross disbursements

#### Aid from the ten largest donors



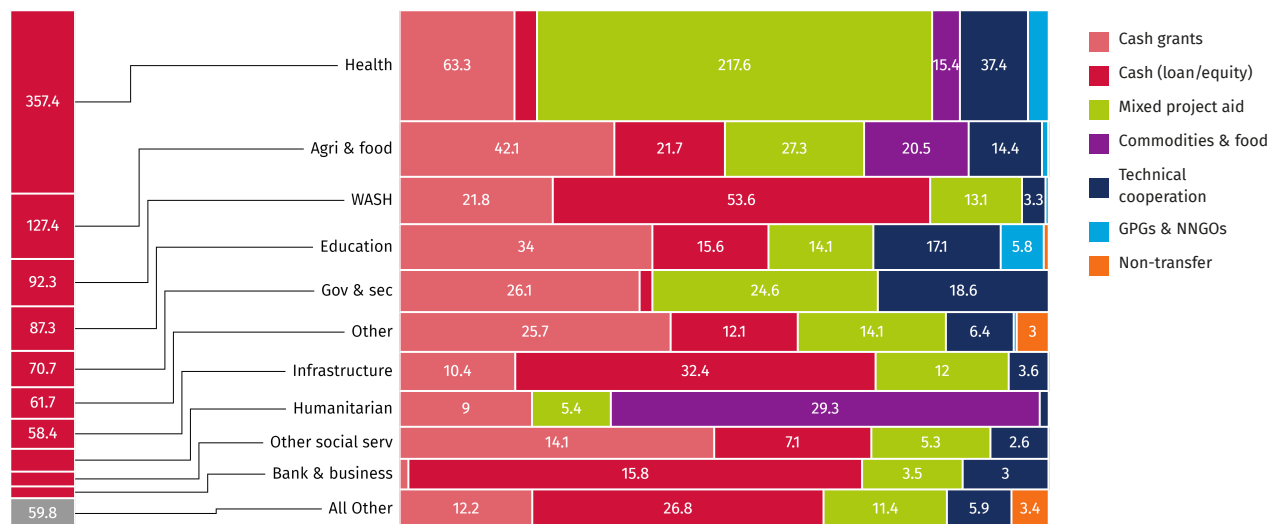
Note: The spike in ODA receipts in 2006 is due to exceptional debt relief. ODA is equivalent to 0.64% of GDP in all developing countries and 2.6% in sub-Saharan Africa in 2014. Acronyms: GDP: gross domestic product; IDA: International Development Association.

## What is aid spent on?

### Over a third of all aid goes to health but it is difficult to identify the main form of delivery

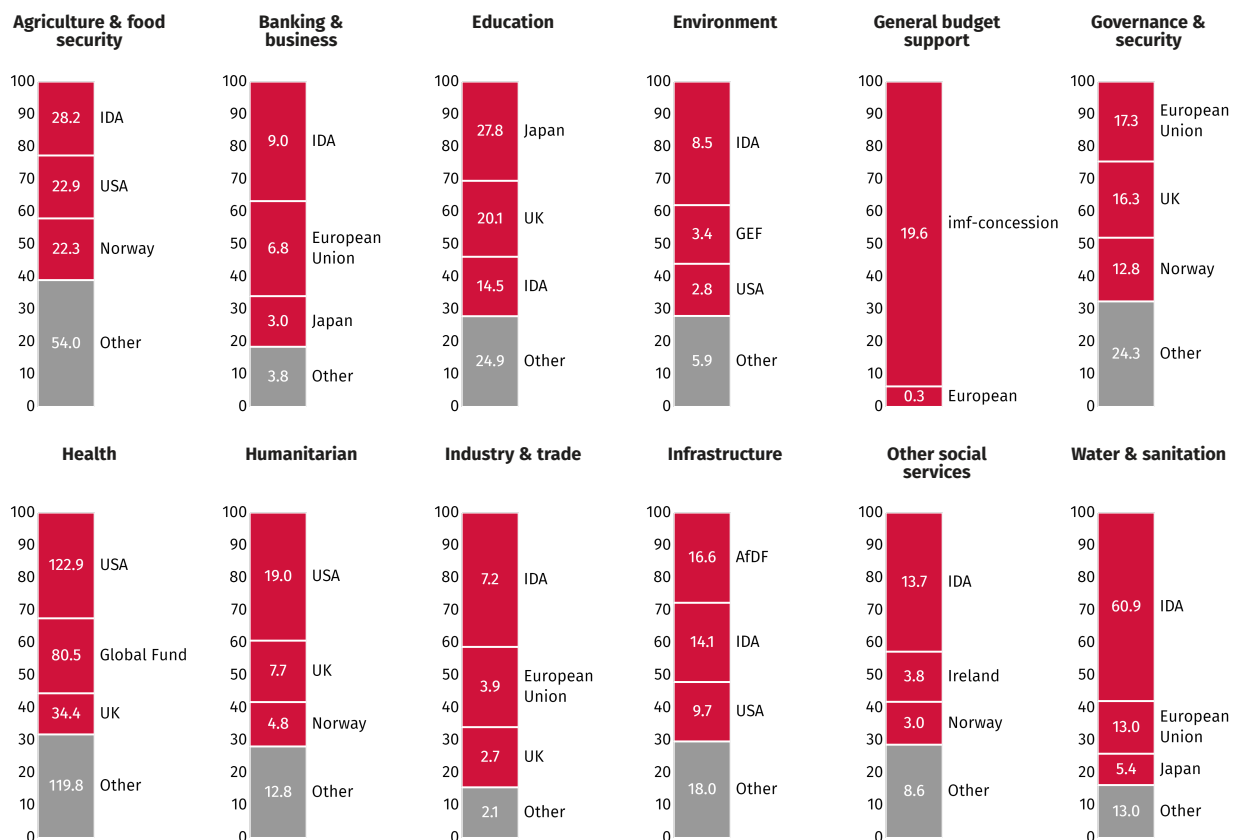
2014, US\$ millions, gross disbursements

Total aid by sector



### IDA provides the most aid in six sectors; the US provides over 40% of all humanitarian assistance

2014, gross ODA, % of total (US\$ disbursements in columns)



Notes: Data is from the OECD Development Assistance Committee (ODA and other official flows data), the World Bank (long-term debt, remittances, gross national income (GNI) and poverty), the United Nations Conference on Trade and Development (FDI), IMF article IV publications (domestic revenue and expenditure), Global Financial Integrity (illicit financing and trade mispricing). Other official flows (OOFs) are typically loans that are either not sufficiently concessional to count as ODA, or are mainly in support of commercial objectives, such as donor exports. All data in US\$ is in 2012 prices. 'Other' sector aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. Acronyms: FDI: foreign direct investment; IMF: International Monetary Fund; OECD: Organisation for Economic Co-operation and Development; OOFs: other official flows.