

MALAWI

Extreme poverty levels in Malawi have remained relatively constant since 2002, with 70% of the population still living on less than PPP\$1.90 a day in 2013 (latest available estimate). The distribution of income is highly unequal.

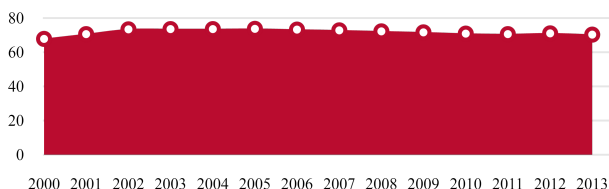
- ODA is by far the largest inflow of international financing, accounting for 84% of the total
- In 2015 spending by the Malawian government equated to PPP\$280 per person, among the very lowest in the world
- Disbursements from the largest three donors, the US, IDA and the UK, account for half the ODA to Malawi

Overview



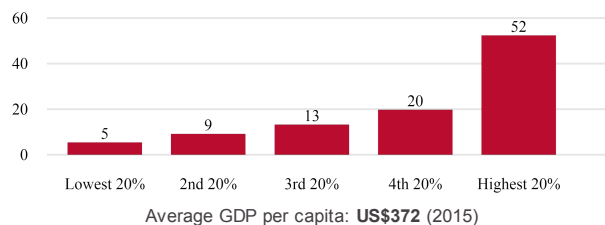
Poverty rates have remained constant at 70% since 2010

% of population living on under \$1.90 per day



The poorest 20% of the population has 5.5% of total income.

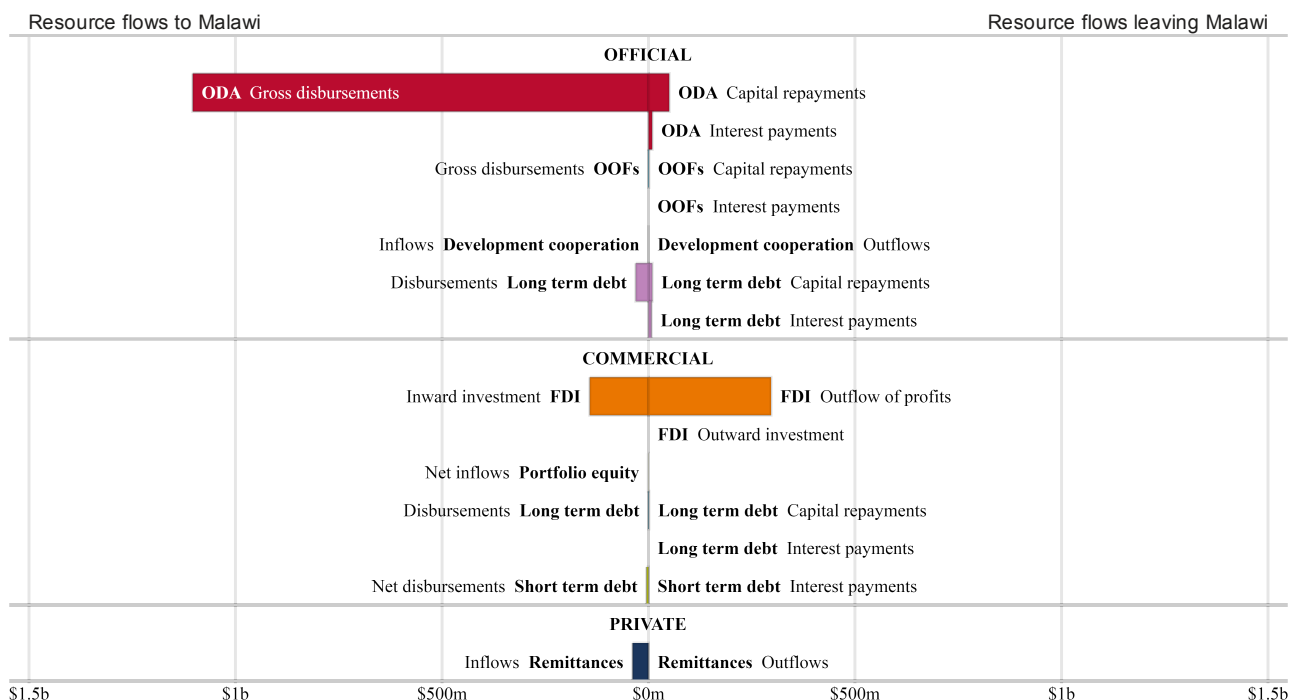
2010, share of income by quintile of population



Resource flows to and from Malawi

ODA dominates the financing landscape in Malawi, while profits on FDI account for most resource outflows

2015, international resource inflows and outflows (US\$ billions, constant 2015 prices)



Notes: We define extreme poverty as measured using the 2011 PPP\$1.90 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 PPP\$1.90 a day poverty line. Poverty data in the overview boxes is for the year 2013. '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 2015. Data on 'international resources available' also refers to the year 2015. Data on government spending per person is expressed in 2015 PPP\$, as estimated by the IMF, and refers to the year 2015 or most recent year prior. Acronyms: FDI: foreign direct investment; GDP: gross domestic product; IDA: International Development Association; IMF: International Monetary Fund; ODA: official development assistance; UK: United Kingdom; US: United States.

Government finance

Income tax (38%) and grants (13%) account for over half of government revenue. Financing accounts for over 20% of the total resource bundle. Development spending is primarily internationally financed and makes up 19% of total spending.

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

2015, latest year of actual revenue (US\$ billions, constant 2015 prices)

Total Revenue And Grants 100% of total US\$1bn	Grants 13% of total US\$158m	Project Grants 8% of total US\$96m	
		Dedicated Grants 5% of total US\$64m	
	Revenue 87% of total US\$1bn	Tax Revenue 76% of total US\$927m	International Trade Taxes 8% of total US\$92m
			Taxes On Goods And Services 31% of total US\$378m
			Taxes On Income And Profits 38% of total US\$466m
		Non-Tax Revenue 11% of total US\$134m	

External financing comes solely from concessional sources

2015, latest year of actual financing (US\$ billions, constant 2015 prices)

Financing 100% of total US\$372m	None 12% of total US\$44m		
	Net External Finance 38% of total US\$140m	International 5% of total US\$19m	Other External 11% of total US\$40m
		Loans 44% of total US\$164m	Project Loans 33% of total US\$122m
	Net Domestic Finance 51% of total US\$188m		

Interest payments, almost all of which go to service domestic borrowing, account for over 14% of government spending

2015, latest year of actual expenditure (US\$ billions, constant 2015 prices)

Total Expenditure 100% of total US\$2bn	Development Expenditure 19% of total US\$304m	Externally Financed 16% of total US\$248m	
		Domestic Financed 10% of total US\$154m	
	Recurrent Expenditure 81% of total US\$1bn	Subsidies And Transfers 17% of total US\$278m	Interest And Subsidies 5% of total US\$77m
			Transfers To Public Entities 5% of total US\$76m
		Goods And Services 20% of total US\$316m	Fertilizer And Seed Subsidy 7% of total US\$110m
			Generic Goods And Services 10% of total US\$156m
		Wages And Salaries 25% of total US\$394m	
		Interest Payments 14% of total US\$230m	Domestic 14% of total US\$216m
		Account Payments 1% of total US\$15m	

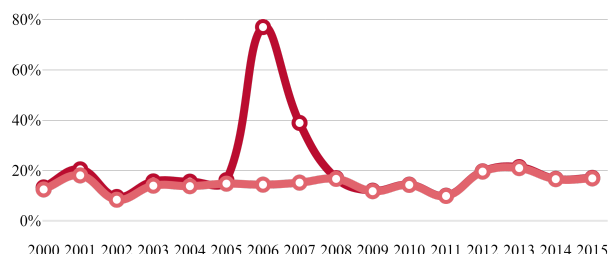
Notes: Year of data refers to the fiscal year 2015 running from July to June. The pink boxes represent negative values, typically showing repayments of loans under financing. Some labels have been omitted from these visualisations; for these, and those that are too small to read, please refer to the online country profile page on the Development Data Hub. For the specific source information see here: <https://github.com/devinit/digital-platform/blob/master/user-data/domestic/csv/domestic-sources.csv>

ODA

Gross ODA to Malawi totalled US\$1.1 billion in 2015, up 18% from levels reported in 2014. Mixed project aid, a mix of cash grants and aid in kind, accounted for 39% of ODA in 2015; significant levels of which came from the US, the largest overall donor. IDA, providing mostly cash in the form of loans and equity, is the second largest donor. The UK is the third largest donor and over a third of its flows are disbursed as mixed project aid. The health sector received the largest share of ODA at 36% in 2015. The US and the Global Fund to Fight AIDS, Tuberculosis and Malaria each provided just under one-third of ODA to health in Malawi. Agriculture and food security is the second and education is the third largest sector.

In 2015, ODA's share in GDP only marginally increased to 17.2% (from 16.9% in 2014)

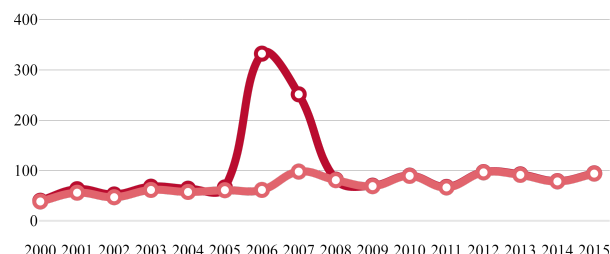
Gross ODA % of GDP



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

Since 2008, ODA per poor person has been fluctuating between US\$70 and US\$100

ODA per person living under \$1.90 a day



■ Total ODA per poor person ■ Total ODA (excl-non-transfer) per poor person

Almost 40% of ODA is classified as mixed project aid, making it difficult to identify the main modality

2015, gross disbursements

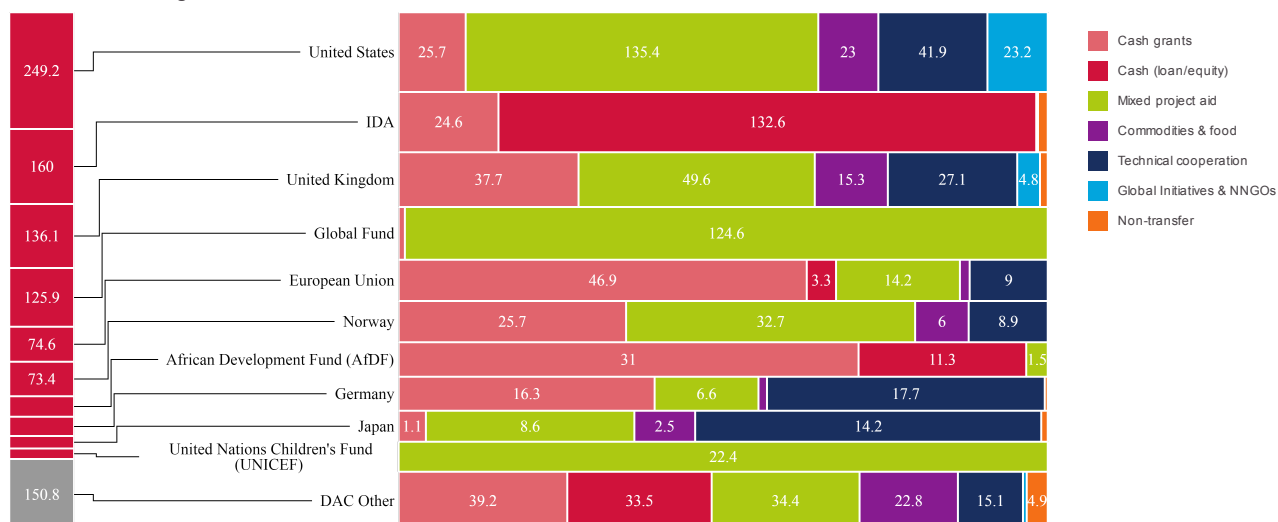


Note: NNGOs, Northern non-governmental organisations.

Mixed project aid accounts for 42% of ODA from the largest 10 donors, the rest is mainly cash

2015, US\$ millions, gross disbursements

Aid from the ten largest donors



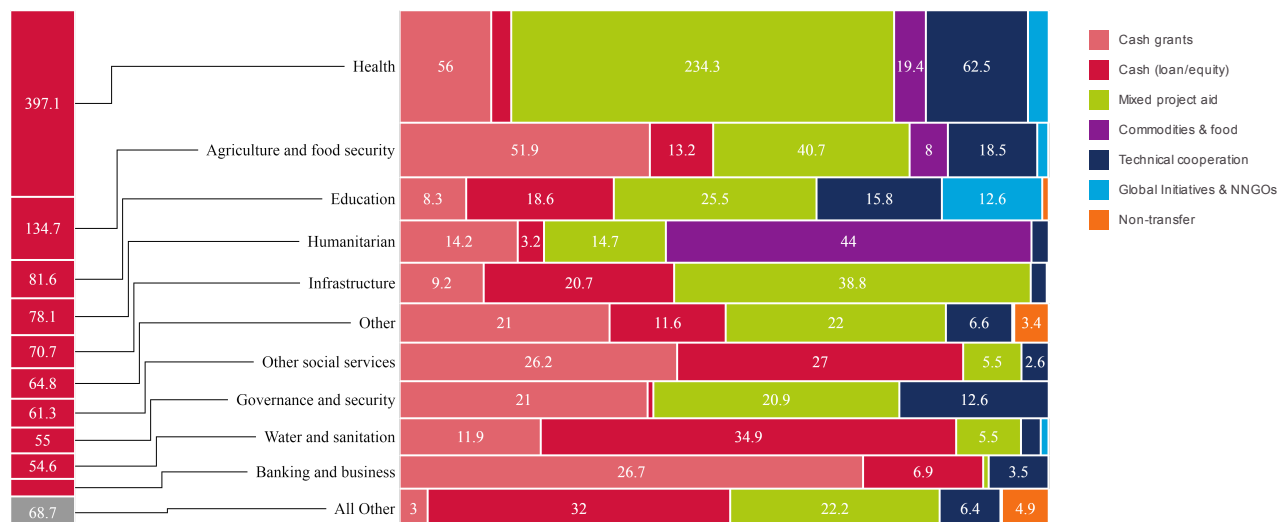
Note: ODA is equivalent to 0.48% of GDP in all developing countries and 2.8% in sub-Saharan Africa in 2015. ODA per capita is equivalent to US\$44 in sub-Saharan Africa. Acronyms: NNGOs: northern non-governmental organisations.

What is aid spent on?

Over a third of ODA went to the health sector but the main financing modality is difficult to identify

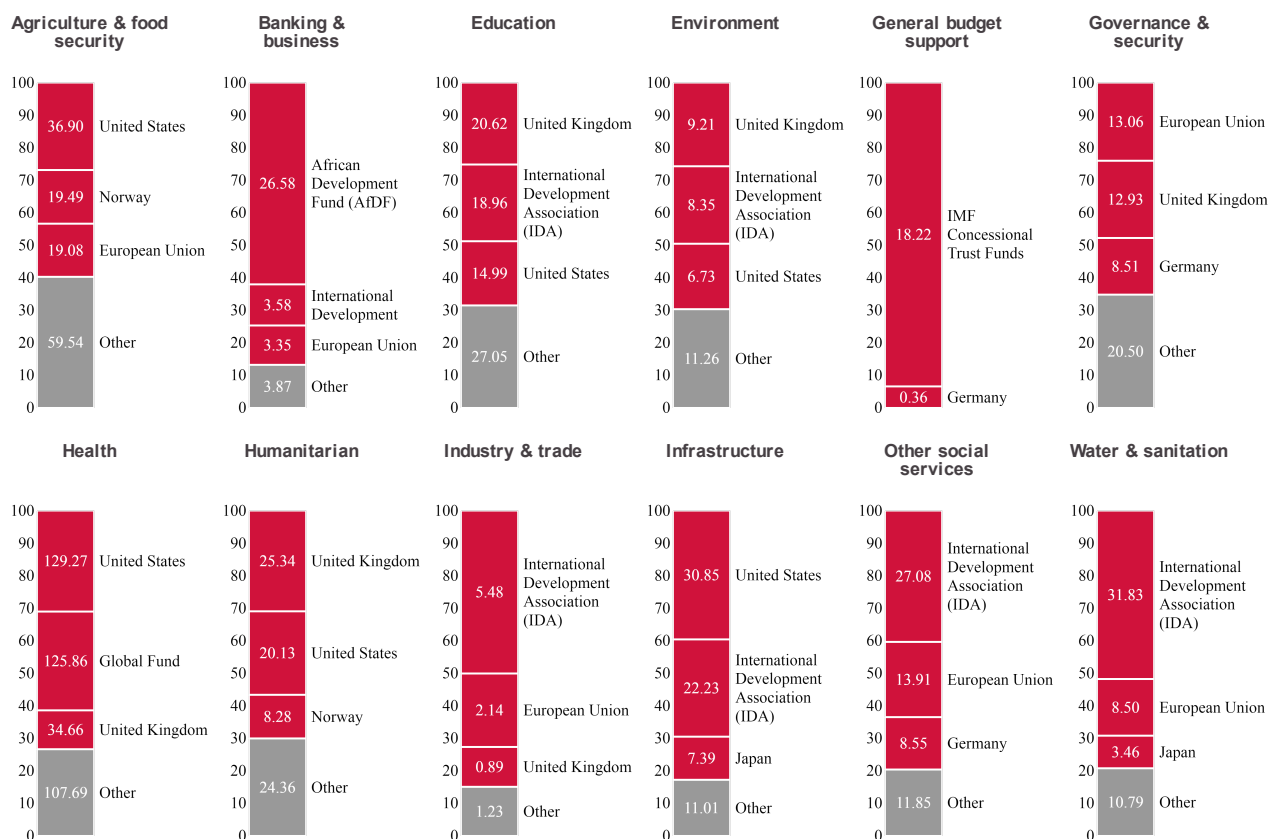
2015, US\$ millions, gross disbursements

Total aid by sector



The US and the Global Fund provide almost two-thirds of the US\$397 million received in health ODA

2015, gross ODA, % of total (US\$ millions 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 UN Conference on Trade and Development (FDI), IMF article IV publications (domestic revenue and expenditure). 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 2015 prices. 'Other' sector aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. Acronyms: OECD: Organisation for Economic Co-operation and Development.