

A Brief and Selective Overview of Challenges in Malawi

Called the warm heart of Africa, the small country of Malawi is consistently ranked as one of the poorest in the world – 3rd lowest in recent International Monetary Fund (IMF) reports.

Malawi's Gross National Income per person of only \$320, and Malawi's economy has been extremely slow growing compared with other African countries. Malawi's economy is trailing its African peers, including those who were at the same level of economic well-being in 1995. Malawi is characterized by economic stagnation and a slow pace of poverty reduction. Malawi has been negatively affected by natural shocks like droughts and flooding, as well as domestic political and governance shocks.

One of the most recent comprehensive reports by the IMF ([click here](#)) notes that Malawi has made some good progress on a number of fronts:

- Education (gains in access to primary education have been steady and positive, with about 75% of those who should be in school actually attending); and on
- Health (child malnutrition and under 5 years of age child mortality have both been declining).

<https://www.imf.org/en/Publications/CR/Issues/2018/05/09/Malawi-2018-Article-IV-Consultation-and-Request-for-a-Three-Year-Arrangement-Under-the-45863>

Much of this progress is the result of large flows of development assistance flowing from developed countries.

Unfortunately, economic poverty in Malawi has not been reduced in any way. Rural poverty has increased, and extreme poverty has increased even faster. Food insecurity in rural Malawi remains widespread, especially among the rural poor.

Agriculture constitutes the backbone of the Malawian economy and agricultural performance has more significant implications for economic growth and poverty reduction, especially in rural areas, than any other sector. Boosting agricultural productivity will require the reallocation of resources to provide more comprehensive and targeted support to the rural poor, including efforts through introducing climate-smart agriculture, investing in irrigation and water management, and transitioning subsistence agriculture to more diversified, commercial agriculture.