Malawi, a landlocked country in Southern Africa, remains one of the poorest countries in the world, despite making significant economic and structural reforms to sustain economic growth. As in other countries, the COVID-19 pandemic has had a significant impact on the economy and livelihoods. CGIAR scientists have assessed perceptions and experiences in rural Malawi related to COVID-19 to determine the impact of the pandemic in the country.

**ECONOMIC IMPACT OF COVID-19**

CGIAR modeling analysis shows that Malawi’s gross domestic product (GDP) declined by an estimated 16.5 percent in April/May 2020 due to social distancing measures. This decline led to approximately 1.6 million people, mainly in rural areas, temporarily falling into poverty. Losses in household incomes from social distancing measures were expected across all levels of incomes, but those in the wealthiest income quintile and urban areas experienced greater declines in their per capita incomes.

The agricultural sector, which was exempt from most social distancing restrictions, experienced a relatively small contraction (5.1 percent) due to the knock-on effects of social distancing. As a result of a decline in exports, the agri-food system (primary agriculture, agro-processing, food trade and transport, and food services such as restaurants) is estimated to have contracted by 10.2 percent. Food services experienced a decline of 39.3 percent from the closure of schools, restaurants and other food outlets during the two-month social distancing period. Disruptions in tourism also contributed to this decline.

**MITIGATION MEASURES TAKEN BY THE GOVERNMENT AND THEIR EFFECTS**

The COVID-19 Policy Response (CPR) Portal collates government policy measures introduced by countries in reaction to the pandemic. Malawi implemented national lockdown measures, which were adjusted with regional restrictions. It began with early bans on public gatherings in March 2020, which were extended in July and again in August. Restrictions were also imposed on schools, with a phased approach used to reopen.

The response in the health sector began with increased testing and included expanded health insurance for healthcare professionals at the forefront of the fight against the pandemic. The government also provided more financial support for the health sector and hired more health workers.

In terms of monetary and financial policies, the government eliminated Information, Communication and Technology (ICT) fees, lowered...
interest rates and raised bank transaction limits. Measures were taken to boost liquidity and lower the cost of funds for commercial banks to support economic recovery.

The government announced an emergency cash transfer program targeting around 172,000 households in Malawi’s four main cities from May 2020 for six months. Under this scheme, each beneficiary household was to receive MWK 35,000 (about US$40) per month via mobile money payments. The government also planned to provide cash top-ups to existing Malawi Social Cash Transfer Program (MSCTP) beneficiaries in all 28 districts of Malawi.

CGIAR COVID-19-RELEVANT WORK IN MALAWI

COVID-19 in rural Malawi: Perceived risks and economic impacts

A CGIAR brief presented an analysis of perceptions of COVID-19 impacts and risks for 1,020 households in eight districts in rural Malawi, based on surveys conducted in August 2020. The study is ongoing, and follow-up interviews will be conducted with respondents every three months for the next year. The study’s original aim was to understand the seasonality of rural labor activities. However, after the onset of the pandemic, several COVID-19-related questions were incorporated into the survey to assess perceptions and experiences in rural Malawi. In rural areas, the incidence of COVID-19 is very low, suggesting that the disease’s direct health impacts are unlikely to be high. Yet disruptions resulting from national policies, as well as behavioral changes, could still drive substantial economic responses.