

# IOA — 2019 — ACBR

AFRICA COUNTRY BENCHMARK REPORT



## Malawi Profile



**Traditional carved log fishing boats fill the waters of the giant Lake Malawi beside tourist crafts and commercial freighters. The country's lush green surroundings also exist alongside widespread human poverty.**



Image courtesy of UrbanPromise

# MALAWI

#25

## MALAWI

## OVERVIEW ANALYSIS

Malawi faces several challenges to overcome their status as one of Africa's poorest nations. The landlocked country must improve trade links by rehabilitating transportation infrastructure. With four out of five Malawians employed in the agricultural sector, industrialised agriculture must be expanded to lift livelihoods out of subsistence farming. Government must take their housecleaning agenda seriously to rid themselves of corruption. A corruption scandal in 2012 resulted in international donor support being frozen, causing the national currency, the Malawian kwacha, to depreciate and causing government to struggle to provide basic services. Yet, in 2018, President Peter Mutharika was embroiled in his own corruption scandal. Malawi gained one position in ACBR 2019, from a mid-level 26<sup>th</sup> place in 2017 to a ranking of 25<sup>th</sup>.

## KEY OPPORTUNITIES

- Agriculturally productive land can be expanded for greater food production
- The stable country faces no internal or external security threats
- Tourism's inroads are set to expand by Lake Malawi and with other key attractions

## KEY CONCERNS

- The landlocked country has few natural resources to exploit
- Corruption remains a drag on good governance
- Rapid population growth hinders social and economic development

## COUNTRY HIGHLIGHTS

PREDOMINANT RELIGION



Christianity

PREDOMINANT LANGUAGE



Chichewa

POPULATION WITHOUT ELECTRICITY

89%  
(#51) ▼<sup>1</sup>

LITERACY RATE

62.1%  
(#35) ▼<sup>4</sup>

PRIMARY ELECTRICITY SOURCE



Hydroelectric

IMPORT/EXPORT

Machinery/  
Tobacco

EXTERNAL DEBT

US\$ 1.861  
billion  
(#36) —

ACTIVE CONFLICT



No

LAND SIZE

118,484 km<sup>2</sup>  
(#36)

INTERNET PENETRATION

9.6%  
(#42) ▼<sup>6</sup>

28.1%



AGRICULTURE

15.8%



INDUSTRY

56.1%



SERVICES

46.3%



0-14

20.6%



15-24

27.4%



22-54

5.7%



55+



Term:

31/05/2014 - present  
5 years (2 term limit)

Political Party:

Democratic Progressive Party



Recent Electoral Information:

20/05/2014  
1 904 399 Votes  
36.4%  
Voter turnout: 70.7%President  
Peter Mutharika

CONTRIBUTIONS TO GDP BY SECTOR

POPULATION AGE BREAKDOWN

NATIONAL GOVERNANCE

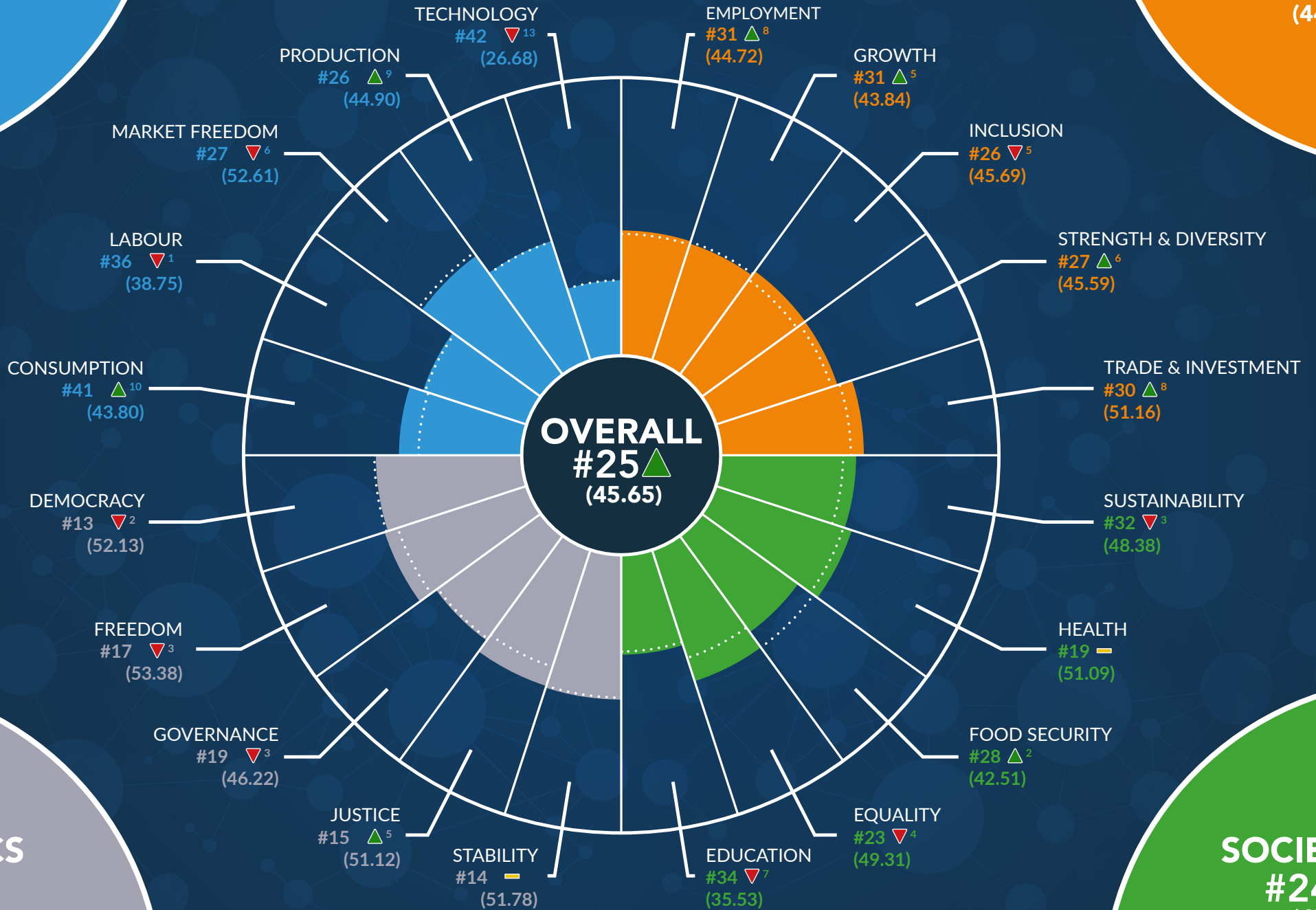
# BUSINESS

#36  
(41.35)

## MALAWI PERFORMANCE OVERVIEW

# ECONOMICS

#28  
(44.81)



# POLITICS

#15  
(50.93)

# SOCIETY

#24  
(45.52)

▲ Increase from 2017

▼ Decrease from 2017

▬ No change

..... 2017 Score

# MALAWI BUSINESS ANALYSIS



## BUSINESS OVERVIEW

Infrastructure improvement and regulatory reform are both required to facilitate business activity in Malawi. The country is one of the world's most densely populated but least developed. Electricity supplies are erratic. Trading across the landlocked country's borders can be cumbersome. Although agriculture is the key sector, responsible for 90% of Malawian exports and the employment of 80% of Malawian workers, the sector is inefficient. Agriculture is primarily on the subsistence level. Prominently grown commodities are cotton, sorghum, sugarcane, tea and tobacco. Sugar, tea and tobacco processing are also important industries within Malawi's small industrial sector. Industries' contribution to GDP has declined in recent years. Manufacturing also includes cement and some consumer products sold locally,

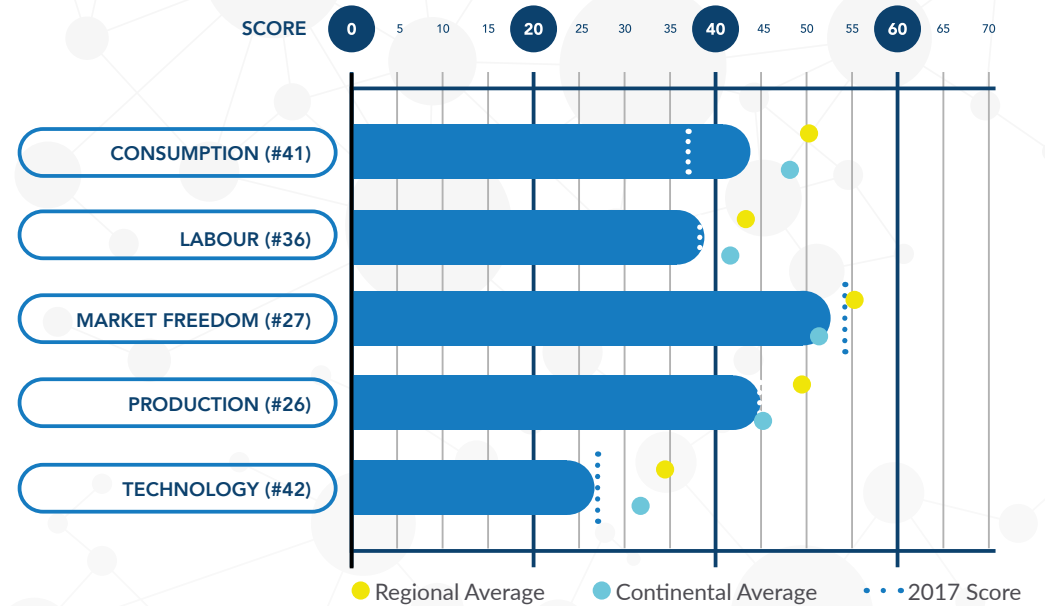
but Malawians largely depend on imported goods. In the absence of commercially exploitable mineral reserves and other natural resources, and with environmental damage feared if timber exports are increased, the country is looking to expand their tourism industry. Lake Malawi is one attraction. Malawi and Tanzania have been in dispute over control since the possibility of oil and gas deposits have given the lake value beyond fishing and recreation. If exploitable fuel reserves are discovered, Malawi would have the foundation for an energy industry.

However, business opportunities are at present limited by a poor local market, causing Malawi to drop two positions in the Business quadrant to 36<sup>th</sup> place.

## BUSINESS DATA COMMENTARY

<p>Malawi data availability <b>96.7%</b></p>	<p><b>REGIONAL AVERAGE</b> 87.41%</p>	<p><b>AFRICAN AVERAGE</b> 77.78%</p>	<p><b>CONTINENTAL RANK</b> #19</p>
	<p>As of present, Malawi scores 96.70% for business data availability, thus ranking 19<sup>th</sup> continentally. This score substantially exceeds both the regional average for Southern Africa, currently at 87.41%, as well as the continental average of 77.78%. This score is facilitated by the existing culture of corporate and commercial recordkeeping, which has resulted in a wealth of business data being rendered available by government, the private sector and international financial institutions such as the World Bank.</p>		

## BUSINESS SCORES & RANKINGS



## BUSINESS STATISTICS

<p><b>% POPULATION IN URBAN CENTRES</b></p> <p>16.9% (#52)</p>	<p><b>LABOUR FORCE IN MILLIONS</b></p> <p>7 million (#20)</p>	<p><b>INDUSTRIAL PRODUCTION GROWTH</b></p> <p>1.2% (#44)</p>	<p><b>PRIME LENDING RATE</b></p> <p>42.3% (#50)</p>
<p><b>% ADULTS WITH A BANK ACCOUNT</b></p> <p>33.71% (#29)</p>	<p><b>ANNUAL AIR PASSENGERS</b></p> <p>0.01 million (#41)</p>	<p><b>MOBILE SUBSCRIPTIONS</b></p> <p>39.68 per 100 (#48)</p>	<p><b>NATIONAL 3G COVERAGE</b></p> <p>42% (#36)</p>

# MALAWI ECONOMIC ANALYSIS



## ECONOMIC OVERVIEW

The disasters of floods in 2015, drought in 2016 and insect plague in 2017 reversed economic progress, particularly in the agricultural sector, that had begun to elevate living standards in Malawi. After the devastation of those three years, 2018 offered a respite, and agriculture recovered. The impact of a return to normal conditions is evident on the reverse of declining GDP growth since the floods. From a negative growth of -2.8% in 2016, GDP growth rose to 3.7% in 2017 and 2018. The economy is expected to grow by 4.1% in 2019, and predicted growth for 2020 is 4.9%.

More government revenue will accelerate efforts to rehabilitate bridges, roads and railroads, as well as address power blackouts. A dependable supply of electricity exists. Thanks to Malawi's

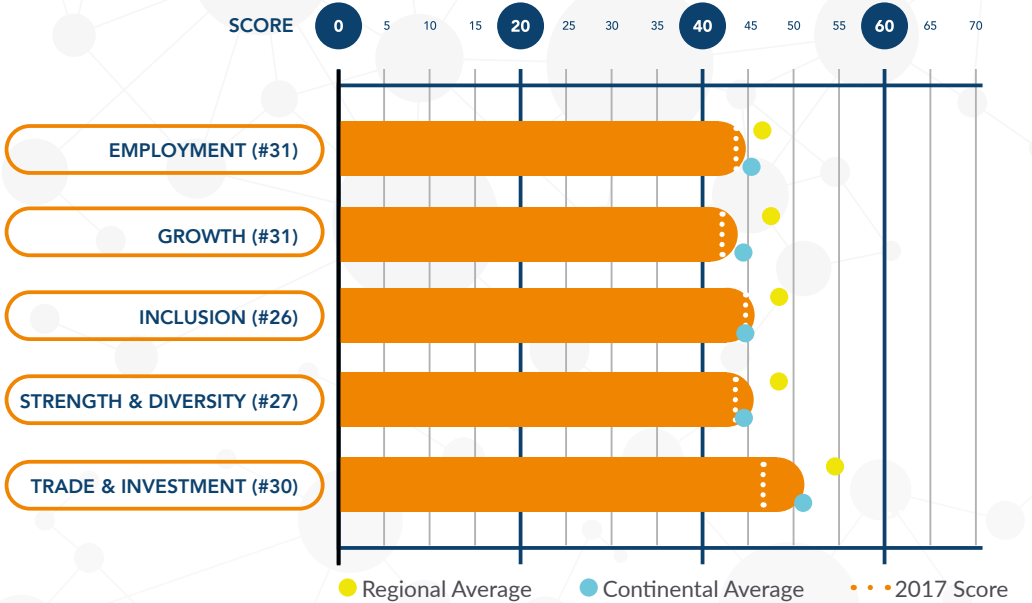
rivers, 99.3% of energy is produced by hydrogeneration. Distribution is the main encumbrance for the energy sector because of the underdeveloped physical structures in place to connect provinces, businesses and homes to the energy grid. Mobile phone use is low for an African country. Because of affordability and connectivity issues, only 40 out of 100 Malawians use mobile phones. However, this is up from 34 out of 100 in 2017 due to an increase in mobile phone transmission towers.

Malawi achieved its largest rank increase, by six positions, in the Economics quadrant, to 28<sup>th</sup> place. Contributing to the better performance was recovery in the agricultural sector from recent years of natural disasters.

## ECONOMIC DATA COMMENTARY

<p>Malawi data availability <b>96.58%</b></p>	<p><b>REGIONAL AVERAGE</b> 87.18%</p>	<p><b>AFRICAN AVERAGE</b> 77.78%</p>	<p><b>CONTINENTAL RANK</b> #13</p>
	<p>The lowest of all quadrants, Malawi's score for economic data availability closely correlates with the previous quadrant at 96.58%, thus ranking 13<sup>th</sup> continentally. Once again, this too compares quite favourably with the respective regional and continental averages of 87.18% and 77.78%. At present, the National Statistical office provides open access to a wealth of macroeconomic data gathered domestically and by international financial institutions, thus resulting in a robust array of indicators.</p>		

## ECONOMIC SCORES & RANKINGS



## ECONOMIC STATISTICS

<p><b>GDP PER CAPITA</b></p> <p>US\$ 1,200 (#48)</p>	<p><b>UNEMPLOYMENT RATE</b></p> <p>6% (#23)</p>	<p><b>TRADE BLOC MEMBERSHIP</b></p> <p>AFTZ, COMESA, SADC</p>	<p><b>INFLATION RATE</b></p> <p>13% (#44)</p>
<p><b>GDP AT PPP</b></p> <p>US\$ 22.4 billion (#35)</p>	<p><b>CURRENCY AND GOLD RESERVES</b></p> <p>US\$ 0.76 billion (#26)</p>	<p><b>FDI NET INFLOWS</b></p> <p>US\$ 277 million (#35)</p>	<p><b>BUDGET SURPLUS (+) OR DEFICIT (-)</b></p> <p>-3.9% (#25)</p>

# MALAWI POLITICAL ANALYSIS



## POLITICAL OVERVIEW

Malawi's incumbent President Peter Mutharika won the May 2019 national elections. His ruling Democratic Progressive Party retained control of the National Assembly in the same election. The opposition had seen its chances strengthened by corruption allegations against Mutharika. A leaked report in 2018 from the country's Anti-Corruption Bureau alleged that Mutharika accepted a US\$ 195,000 bribe from a company that was given a US\$4 million government contract to supply food to Malawi's police force. Mutharika has not been charged with any crime, to the dismay of anti-corruption activists. Government corruption is an ongoing malady. The close 2019 elections signalled a healthy opposition in the country, with two other parties tightly contesting the race.

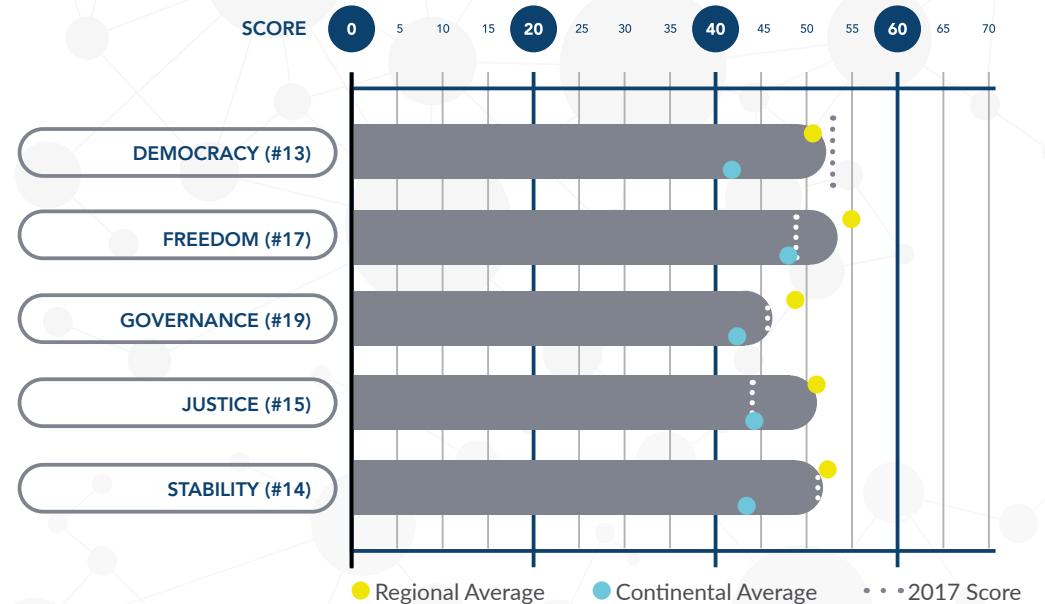
Malawi's governance has achieved stability, and the country faces no threats to national security from insurgencies, neighbouring countries or terrorism. The country's 1995 constitution set up a multi-party system of government with a president as both head of state and head of government. The president is elected to five-year terms. The judiciary's highest body is the Supreme Court of Appeals. The nation's chief justice is selected by the president and approved by the National Assembly.

Malawi dropped two positions in the Politics quadrant to 15<sup>th</sup> place. This is still a relatively high ranking and reflects the country's overall stability and the benefits of the country's location in the politically-stable Southern Africa region.

## POLITICAL DATA COMMENTARY

<p>Malawi data availability <b>99.29%</b></p>	<p><b>REGIONAL AVERAGE</b> 88.82%</p>	<p><b>AFRICAN AVERAGE</b> 82.86%</p>	<p><b>CONTINENTAL RANK</b> #8</p>
	<p>Having transitioned to democracy over twenty years ago, Malawi has consistently managed to uphold regular elections involving multiple transfers of power between contending parties. With political rights widely respected and upheld, this has resulted in a high political data availability score of 99.29%, thus ranking 8<sup>th</sup> continentally. This far exceeds the respective regional and continental averages of 88.82% and 82.86%, thus reinforcing Malawi's generally high data coverage performance.</p>		

## POLITICAL SCORES & RANKINGS



## POLITICAL STATISTICS

<p><b>NUMBER OF POLITICAL PARTIES</b></p> <p>5 (#45)</p>	<p><b>MILITARY EXP AS % OF GDP</b></p> <p>0.7% (#36)</p>	<p><b>REFUGEE INFLOW</b></p> <p>20,526 (#9)</p>	<p><b>NUMBER OF RIGHTS</b></p> <p>66 (#7)</p>
<p><b>DATE OF INDEPENDENCE</b></p> <p>07/06/1964</p>	<p><b>NET OFFICIAL DEVELOPMENT ASSISTANCE</b></p> <p>US\$ 1,243 million (#12)</p>	<p><b>WOMEN IN PARLIAMENT</b></p> <p>16.7% (#33)</p>	<p><b>CAPITAL PUNISHMENT</b></p> <p>Special Cases</p>

# MALAWI SOCIETAL ANALYSIS



## SOCIETAL OVERVIEW

A high death rate of 8.1 persons per 1,000 does not offset population growth and is a sign of poor public healthcare. The average Malawian woman gives birth to 5.43 children, the 9<sup>th</sup>-highest fertility rate in the world. Infant and maternal death rates are high. Assisting better healthcare, however, is the accessibility of clean drinking water, which is enjoyed by 96% of Malawians.

Because of poverty, less than half (47%) of Malawians have access to improved sanitation, although this is an improvement over the 39% recorded in 2017. The risk from disease is high, particularly bacterial diarrhoea and typhoid, as well as dengue fever and malaria. The HIV prevalence rate of 9.11% represents a persistent public health dilemma, accounting for one million

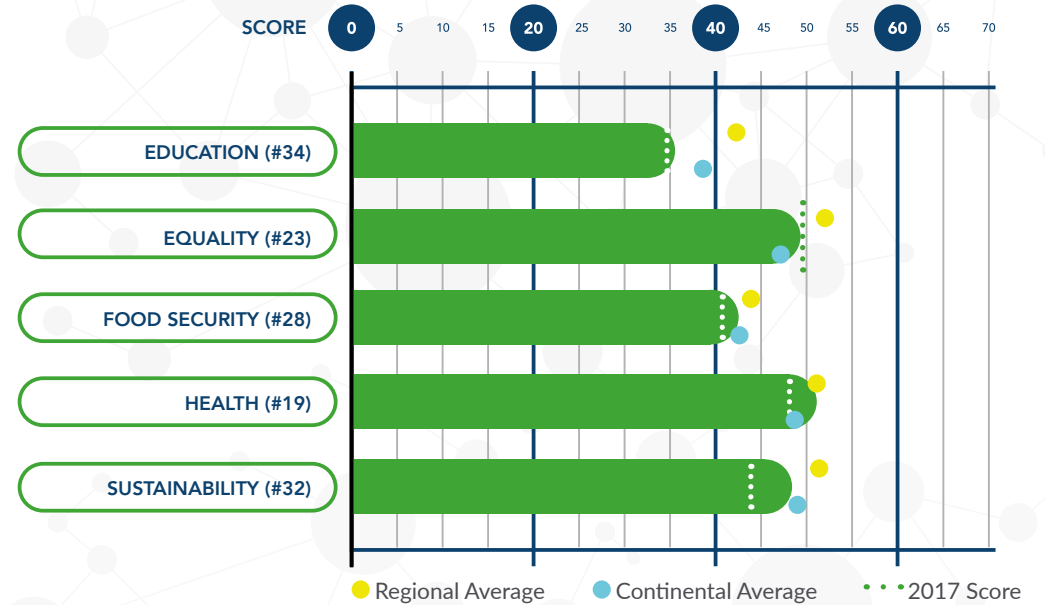
of Malawi's 20 million people living with HIV/AIDS. Better education will address a gender imbalance that finds 69.8% of Malawian males able to read and write but only 55.2% of Malawian women able to do so. Better education would, in fact, improve low literacy levels overall. Education spending is only 4.7% of GDP, which is too low to give education standards the boost that is required.

Although the poor population has many needs, social welfare services are gradually improving, and this is reflected in the elevation of Malawi by two positions to 24<sup>th</sup> place in the Society quadrant.

## SOCIETAL DATA COMMENTARY

<p>Malawi data availability <b>97.96%</b></p>	<p><b>REGIONAL AVERAGE</b> 84.54%</p>	<p><b>AFRICAN AVERAGE</b> 75.28%</p>	<p><b>CONTINENTAL RANK</b> #8</p>
	<p>Echoing the generally high performance of previous quadrants, Malawi presently scores 97.96% for societal data availability, thus ranking 8<sup>th</sup> continentally. Once again, this also fares quite well with the respective regional and continental averages of 84.54% and 75.28%. Long having grappled with developmental issues such as food security, poverty, welfare and service provision, comprehensive societal data is of key importance for ongoing national development.</p>		

## SOCIETAL SCORES & RANKINGS



## SOCIETAL STATISTICS

<p><b>POPULATION SIZE AND GROWTH RATE</b></p> <p>19,196,246 at 3.31% p.a (#19)</p>	<p><b>LIFE EXPECTANCY</b></p> <p>61.7 years (#30)</p>	<p><b>HIV PREVALENCE</b></p> <p>9.2% (#9)</p>	<p><b>SEXUALITY TOLERANCE</b></p> <p>Illegal</p>
<p><b>ACCESS TO DRINKING WATER</b></p> <p>90.2% (#11)</p>	<p><b>HEALTH EXPENDITURE (% OF GDP)</b></p> <p>9.33% (#5)</p>	<p><b>PRIMARY EXPENDITURE (% OF EDU. TOTAL)</b></p> <p>43.92% (#22)</p>	<p><b>SOCIAL MEDIA PENETRATION</b></p> <p>4% (#44)</p>

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