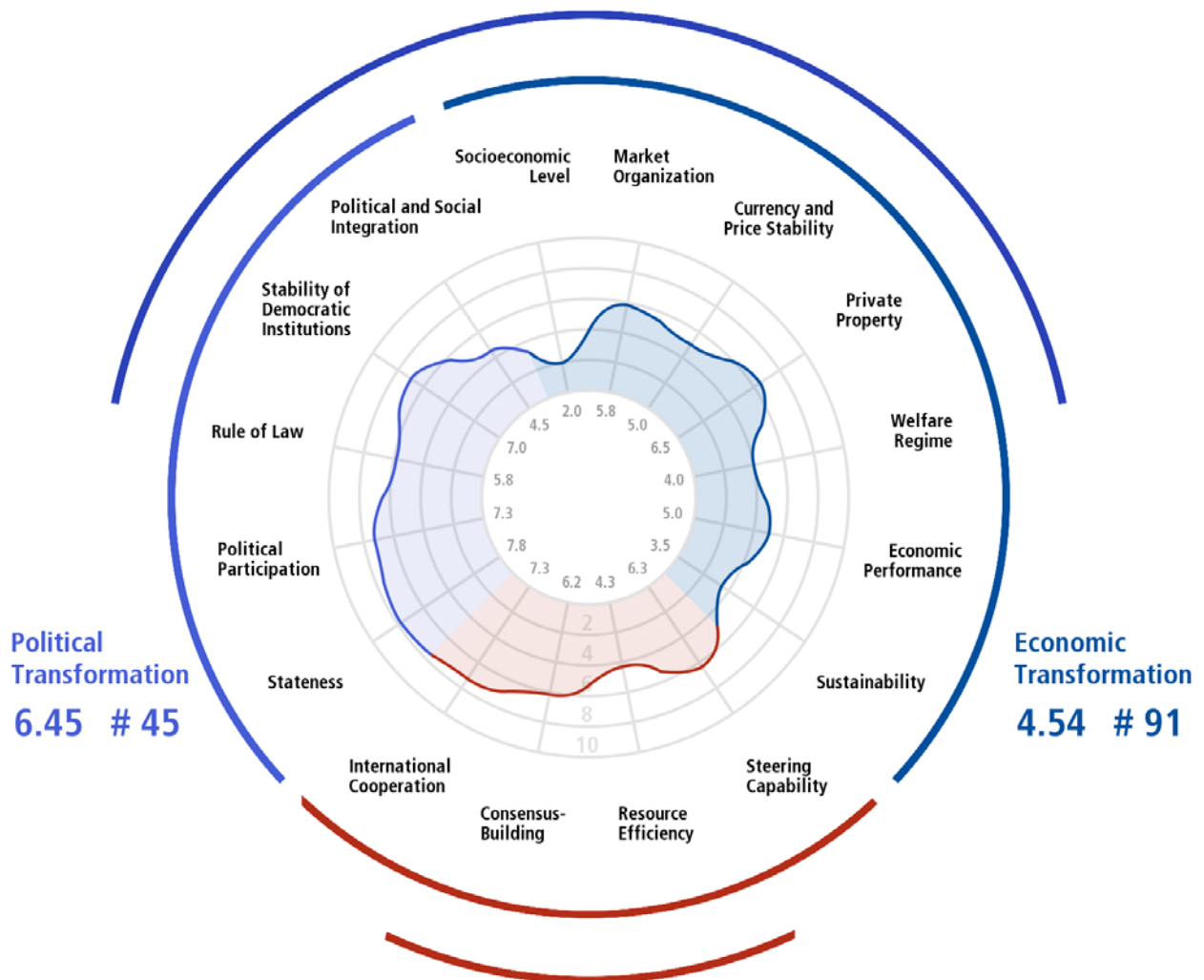


# Malawi

## Status Index

**5.49 # 66**

on 1-10 scale out of 129



**Political Transformation**  
**6.45 # 45**

**Economic Transformation**  
**4.54 # 91**

## Governance Index

**5.61 # 42**

on 1-10 scale out of 129

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2018. It covers the period from February 1, 2015 to January 31, 2017. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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### Key Indicators

Population	M	18.1	HDI	0.476	GDP p.c., PPP \$	1169
Pop. growth <sup>1</sup>	% p.a.	2.9	HDI rank of 188	170	Gini Index	46.1
Life expectancy	years	62.5	UN Education Index	0.481	Poverty <sup>3</sup>	% 88.4
Urban population	%	16.5	Gender inequality <sup>2</sup>	0.614	Aid per capita \$	59.7

Sources (as of October 2017): The World Bank, World Development Indicators 2017 | UNDP, Human Development Report 2016. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

## Executive Summary

The review period to 2017 saw President Peter Mutharika continue with his term of office, which commenced in May 2014. The country's economy, however, remained fragile, stagnant and vulnerable. Government operations remain constrained and the effects of the Cashgate Scandal, which involved the extensive plundering of government resources by civil servants and their acolytes, were still visible especially the withdrawal of donor support in many key areas. Inflation remained relatively high and the national currency, the Malawi Kwacha, continued to lose value against major global currencies. While some donor aid was tied to progress in prosecuting Cashgate offenses, government progress on these cases has been rather modest.

Corruption and other governance-related challenges continue to blight the country. Two recent examples highlight the situation. First, in the light of shortages of maize, the country's staple crop, the government arranged the procurement of additional maize from Zambia. However, as it later transpired, the government parastatal that was tasked with securing the procurement, ADMARC, seemingly colluded with suppliers in Zambia to inflate the price that the maize was bought at and breaking Malawian procurement law. The transaction was eventually suspended but it clearly revealed wrong doing on the part of government officials involved in procurement processes. Second, adverse comments have also been made about the proposed projects meant to supply water from Lake Malawi to the capital city, Lilongwe. The project was estimated to cost \$500 million. However, as has later been revealed, the Lilongwe Water Board proceeded in signing project contracts without the contractor having conducted a full environmental and social impact assessment. This is against the dictates of the law which require an environmental and social impact assessment for all such projects.

The consolidation of democracy in the country remains a challenge. The political parties, civil society groups, public broadcasting agencies (Malawi Broadcasting Cooperation Radio and Malawi Television), traditional leaders and other important political actors are too fragile and poorly positioned to support the development of a truly democratic culture. On their part, political

parties have only a partial commitment to democratic principles in their own internal running. Civil society organizations have been infiltrated by pro-government establishments, which alongside some traditional leaders, have advanced pro-government interests through public misinformation, and scandalizing of the opposition parties and critical civic groups like the Public Affairs Committee.

## History and Characteristics of Transformation

A recounting of Malawi's recent history, especially post-independence, must begin with the 1993 referendum in which the majority of the population voted against the one-party state and for multiparty democracy. Following the re-introduction of multiparty democracy, Bakili Muluzi of the United Democratic Front (UDF) was elected president and went on to serve two five-year terms until 2004. Muluzi's regime, unlike his predecessor Dr. Banda, adopted economic and market liberalization policies, ostensibly following advice from the World Bank and IMF. This meant that many government parastatals were privatized and the government withdrew public support for the provision of many social services. The result was that the economic and market liberalization championed by the Muluzi regime also brought about substantial economic hardship for many Malawians.

Bakili Muluzi left office in 2004 and handed over the leadership of his political party to Bingu Mutharika, who was his chosen successor. Muluzi and Bingu Mutharika, however, soon fell out and Mutharika formed his own political party through which he governed the country until his death in 2011. Bingu Mutharika was succeeded as president by Joyce Banda and Joyce Banda was succeeded by Peter Mutharika. Peter Mutharika's current presidential term will run until 2019 when the next elections are due.

Several challenges have faced successive governments in Malawi since 1994. Corruption and abuse of office remains a persistent scourge. It is fair to say that the government's efforts to deal with corruption remain piecemeal and salutary. There is insufficient commitment and political will to decisively deal with corruption in the country, as such corruption and abuse of office are likely to remain a challenge in the country.

The paradigm of politics practiced by successive governments has also unduly relied on ethnicity and patrimonialism. This can be seen in the appointments to key government positions which are often used as leverage to appease followers. Overall, though, appointments to key positions are not dependent on the competence of the persons involved.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

The state in Malawi retains an absolute monopoly on the use of force which covers the entire country. There has been no challenge of note on the state's monopoly on the use of force since independence. Malawi as country has remained peaceful since independence and has experienced no major conflict apart from sporadic incidents of violence following specific events (e.g., contested election results or other events leading to public demonstrations).

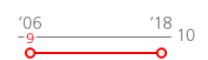
While the state's monopoly on the use of force remains uncontested across the country, it is noteworthy to highlight at least two developments. First, over the years there have been calls to re-organize the country from a unitary state to a federal state. These calls have been championed largely by politicians and activists from the northern part of Malawi. The major argument cited by the proponents of federalism has been that the northern part of Malawi has been ignored and undeveloped by the central government, and that a federal system of governance may bring about even development across the country. Not much has come out of this agitation for a federal system of government and it is likely that Malawi will remain unitary for the foreseeable future. Second, a movement has been organized in the southern region of Malawi (formally known as the People's Land Organization) especially in Thyolo and Mulanje districts, which are home to large estates and plantations growing largely tea and coffee. This movement has sought to reclaim land on which the estates sit for allegedly being wrongly confiscated from the natives during colonization. The movement, however, has not gained much traction even though the leader of the movement was purported to have declared the districts of Thyolo and Mulanje part of an independent republic. The leader of this movement, Vincent Wandale, was recently convicted of criminal trespass and conspiracy to commit a misdemeanor, among other crimes, after inciting his followers to occupy a tea estate in Thyolo. Overall, though, this movement has not seriously challenged the state's authority in any way.

Question

Score

Monopoly on the use of force

9



1

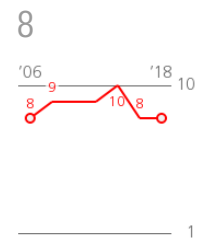
In spite of the colonial origins of the state of Malawi, the large majority of the country's population accept that Malawi is a legitimate nation-state. The Malawian state has not deliberately discriminated against or withheld citizenship from certain populations. No serious questions have been raised since Malawi became independent about the legitimacy of the nation-state. All expressions of discontent about the state have been conducted within the framework of the existing state structures. With the exception of calls for the establishment of a federal state and the purported declaration of an independent republic in Thyolo and Mulanje, there has been no concerted challenge to the state's authority to control the entirety of the country and the population.

Under Malawi's constitution, every person who was a citizen of Malawi before the adoption of the constitution (in May 1994) was proclaimed to continue to possess Malawi citizenship after the constitution entered into force. Citizenship in Malawi can be acquired by birth, descent, marriage, registration and naturalization. The precise procedures for acquiring citizenship or losing it are contained in the Citizenship Act, Chapter 15:01 Laws of Malawi. The constitution, in section 20, prohibits all forms of discrimination including on the basis of nationality, ethnicity or social origin, among other bases. In principle, everyone can acquire citizenship upon fulfilling the minimum requirements for residence as prescribed under the Citizenship Act. One anomaly, however, is that while citizenship will automatically be conferred on foreign spouses of Malawian men the same is not the case for foreign spouses of Malawian women. Other than the preceding, the state has not deliberately pursued a policy of withholding citizenship to qualifying individuals.

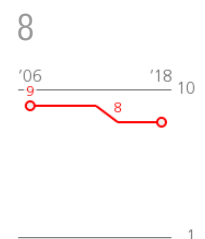
Malawi is established as a secular state and the constitution confirms this fact. The norms that influence governance in the country cannot be said to be sourced or premised on any particular religion. This, notwithstanding, religious bodies have traditionally been politically influential in the country. For example, in times of national crisis, religious leaders will always seek to provide alternative guidance to their congregations. The influence that religion can be said to have on the legal order and political institutions is indirect and subtle rather than direct and overt.

Malawians often seek to portray themselves as a god-fearing nation. This has, unwittingly perhaps, generated latent tensions between the demands of secularism that the constitution stands for and some religious beliefs that do not necessarily marry neatly with the constitutional stipulations. Recently, by way of example, one of the topical debates has been the status of same-sex relationships in the country. While one would assume that same-sex relationships would be protected under the non-discrimination clause in the constitution the bulk of the arguments against legalization of same-sex relationships rely on religious dogma as their foundational premise.

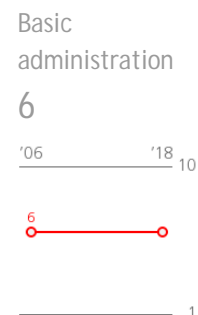
#### State identity



#### No interference of religious dogmas



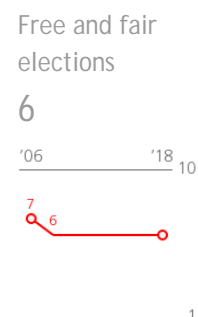
Toward the mid- to late-1990s, Malawi embraced the drive toward decentralization. This move was meant to bring the “government close to the people” and improve efficiency in service delivery. Almost two decades after embracing decentralization, progress, in real terms, has been rather scarce. While there is a formal commitment to decentralization, it seems in practice little has been implemented that actually devolves powers from central government to local government structures. The preceding notwithstanding the state’s administrative structures encompass the entire country. However, service provisions through these structures vary considerably with, relatively, better service in urban areas and poor service in rural areas.



The availability of basic public service, overall, is compromised by general government inefficiency and corruption. The result is that resources are often misdirected or plainly misappropriated with the result that social needs are never fulfilled.

## 2 | Political Participation

General elections have been held at regular five-year intervals since 1994, governed by the plurality electoral system. Over the years, the recurring verdict after each successive general election has been that elections have been, generally, free and partially credible but not always fair.



The electoral calendar in Malawi is largely fixed by law. The constitution prescribes that general elections must be held on the Tuesday in the third week of May in the fifth year of any parliament. Where this date is impractical, the elections must be held within seven days of that Tuesday on a day to be appointed by the Electoral Commission. So far, the electoral calendar as prescribed by the constitution has been adhered to.

The constitution guarantees equal and universal suffrage to all potential voters. Political parties are allowed to canvass for votes and present candidates for possible election to office. Elective offices are filled in line with electoral results and there has been no record of an incumbent government actively seeking to overturn the result of elections by trying to remove an elected candidate.

The Electoral Commission, as the body in charge of all elections, has come in for some fair criticism over the years. The major complication with the Electoral Commission, which compromises its independence and impartiality, is that the commissioners serving the commission are all appointed by the president following recommendations/nominations made by the various political parties represented in the National Assembly. Consequently, the Electoral Commission inevitably ends up being composed in a partisan manner and the political baggage of the commissioners has tended to constrain the operations of the commission.

Registration procedures for voters are generally transparent and fair. The commission, however, has lacked resources to conduct simultaneous registration of voters across the

country and tends to stagger registration of voters across the country. All political parties and their representatives are allowed to observe and monitor the process of registering voters, including the casting of votes and vote counting. The ability to observe and monitor the elections, however, favors political parties and candidates that have resources as the under-resourced candidates often cannot summon the resources to recruit personnel to monitor and observe the elections on their behalf.

State owned media, in spite of the legal duty to provide balanced coverage of all political campaigns, has continued over the years to favor the incumbent government during election periods. It is fair to conclude that if the current approach continues, there will be no fair coverage of political parties and candidates on state-owned media.

Actual polling, however, has generally tended to follow international conventions and has been secure and secret. There have been residual concerns about accessibility of voting materials to people with disabilities (i.e., the blind), but the Electoral Commission has expressed commitment to resolving this.

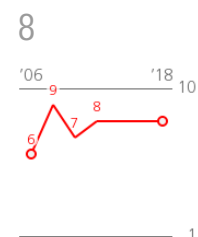
The democratically elected representatives have power to govern in Malawi. There is, however, strong indication that between elections, some key decisions of government are not made or influenced by elected representatives but by other informal forces outside of the elected government. To this extent it can be said that informal systems of governance sometimes override the formal establishment of elected representatives.

The relationship between formal and informal governance structures in Malawi remains intriguing. Formal authority for governing is granted to elected representatives, but a close analysis of some decisions (i.e., appointment to key government positions or removal from key government offices) suggests that informal forces sometimes sway government decisions. The informal forces, arguably, are a manifestation of neo-patrimonial politics and the reliance on ethnic cliques to sustain elected representatives in office. Nevertheless, it is not the case that non-elected personalities have open veto powers on decisions of elected officers.

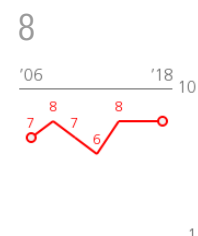
The freedom of association and assembly are constitutionally guaranteed in Malawi. Individuals and political parties are free to associate and organize assemblies. Recent history, however, has demonstrated that the state is always a threat to the freedom of association and assembly in Malawi.

While the constitution guarantees both the freedom of association and assembly, the state has, in the recent past, routinely interfered with the exercise of these rights. A common avenue used by the government to interfere with these rights has been through the Police Act. Under the Police Act anyone intending to assemble and demonstrate must give notice of the intended assembly and demonstration to the officer in charge of the local police station, and also to the relevant district commissioner. While the law clearly suggests that prospective demonstrators must give notice to the police and the district commissioner, the police have generally and deliberately interpreted this requirement to

Effective power to govern



Association / assembly rights





mean that prospective demonstrators should seek permission from the police before assembling and demonstrating. The result has been that the police, often with the influence of directions from the executive, have been reluctant to provide permission to assemble and demonstrate where the theme for the demonstration is not acceptable to the current government. It is arguably because of this, and other reasons, that the July 2011 demonstrations resulted in many fatalities due to the confusion as to whether the demonstrations were actually authorized or not.

In terms of association, specifically, and using political parties as an example, the formation of political parties in Malawi is fairly easy. As a result, many (over 40) political parties have been formed and registered over the years, even though not all of them are currently active. In this case too, the government has sometimes used its power to regulate the registration of political parties to frustrate the registration of new political parties where the same are deemed to be a threat to (or a breakaway faction of) the incumbent government.

This means that while the rights to associate and assemble are guaranteed legally, the practical and full enjoyment of these rights has sometimes depended on the prevailing political climate.

Freedom of expression is guaranteed by Section 35 of the constitution. Individuals and organizations are, generally, free to express themselves freely. However, certain legal provisions provide protection against defamation (Penal Code Chapter 7:01, Laws of Malawi, Chapter XVIII) and may operate to stifle freedom of expression (e.g., Official Secrets Act, Chapter 14:01 Laws of Malawi). The delay in the implementation of the Access to Information Act may also operate to undermine freedom of expression. The Access to Information Bill was passed by the National Assembly on 14 December 2016, ending 12 years of overt government reluctance and resistance.

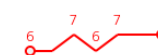
Direct government censorship of expression in Malawi has been rolled back significantly and the post-1994 period has witnessed a flourishing environment for expression both for individuals and media organizations alike. Open harassment of the media or individuals has also nearly disappeared. It seems, however, that while open harassment may have been eliminated the government utilizes covert tactics to “oppress” media bodies that consistently publish material critical of the government. It is the preceding, others argue, that led to the closure of Blantyre Newspapers Ltd in January 2017, allegedly over tax arrears. In respect of Blantyre Newspapers, others have argued that the closure was largely because the firm’s papers and television station were constantly publishing stories critical of the current government, not necessarily because of outstanding taxes.

On a positive note, the provisions in the Penal Code providing for defamations are no longer being enforced vigorously, increasing media independence and freedom of expression. On a rather negative note, although the government passed the Access to Information Act and presidential assent was granted in February 2017, the mechanisms

Freedom of  
expression

7

'06 '18 10



1

for implementing the act have not been fully developed. This has, in practice, meant that the provisions of the Access to Information Act remain in abeyance. Without the right to access information, the freedom of expression is largely meaningless.

### 3 | Rule of Law

The separate status of the three branches of government is constitutionally entrenched (see, sections 7, 8 and 9 of the constitution). The allocation of responsibilities across the constitution also confirms the separation of powers among the three branches of government.

While the constitution supports the separation of powers, and checks and balances, practice has demonstrated that the executive often oversteps its constitutional limits thereby encroaching on the domain of the other branches of government. The failure by the executive to consistently treat the other branches of government as equal partners represents a failure of constitutionalism in the country. The executive's dominance is demonstrated by its management of the exchequer. Meetings of the National Assembly as well as judicial operations are limited due to a lack of funding. In both cases, the source of funding remains the executive. The actions and inactions of the executive, therefore, serve to entrench its dominance and minimize the ability of the other branches to check its authority.

The judiciary is, by and large, independent. It remains the branch of government that inspires the highest level of confidence among the public.

The judiciary in Malawi was guaranteed independence through several provisions in the constitution, including section 103 of the constitution. The constitutional provisions have provided a solid basis on which the judiciary has based its operational independence since 1994. Generally, the judiciary has been willing to review executive decisions for compliance with the constitution and other laws. In appropriate instances, the judiciary has been able to overturn government actions for contradicting the constitution or other applicable laws. Yet, in spite of the preceding, the judiciary has struggled due to a lack of financial autonomy. Funding for the operations of the judiciary must be provided by the executive and the common complaint is that the executive always under-allocates funds to the judiciary with the result that the judiciary is constrained in fulfilling its constitutional mandate. While there have been rumors of certain judicial officers being influenced to make decisions the one way or the other, so far, no judge has been publicly disciplined for corruption or any other form of dereliction of duty.

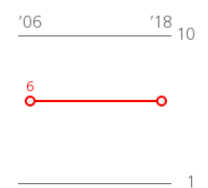
Separation of powers

6



Independent judiciary

6



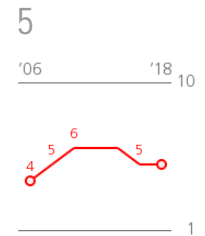
The authority to prosecute criminal offenses is ultimately vested in the Director of Public Prosecutions (DPP), see section 99 of the constitution. The Anti-Corruption Bureau exists as a specialized agency for the prosecution of corrupt practices but operates under the general superintendence of the DPP. Prosecutions of public officers who have abused their offices have been conducted in the past, but it is clear that the prosecuting authorities have difficulties in prosecuting officeholders who hold the favor of the incumbent government.

Nominally, the DPP has independent powers to determine the prosecutions that his office must conduct. In practice, the DPP's office will always be constrained when trying to prosecute current officeholders due to the potential adverse effects to the officeholder at the time. The DPP can be removed from office by the president, if the president is convinced the current officeholder is incompetent, compromised, incapacitated or has reached retirement, section 102 of the constitution. The wording of section 102 leaves room for abuse and in practice has meant that the officeholder serves at the pleasure of the president. The preceding factor compromises the independence of the DPP and operates to constrain the DPP in prosecuting officeholders who abuse their positions.

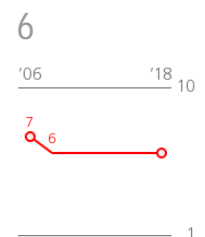
The constitution of Malawi extensively protects civil rights and also creates institutions that are supposed to help in remedying abuses of constitutional rights.

The bill of rights in Malawi's constitution is one of the most extensive catalogs of rights contained in a constitution. This means that, from a normative perspective, there are sufficient guarantees to protect the numerous rights. The constitution established the following institutions, in addition to the courts, to help promote and protect civil rights: the Ombudsman, section 120; and the Human Rights Commission, section 129. The constitution also provides in section 46(2) that any person whose rights have been violated has the right to approach any court, the Ombudsman or the Human Rights Commission for redress. Clearly, the law has established protections which all citizens must benefit from and has also established institutions which are meant to help citizens seek redress in case there has been a violation of civil rights. The major drawback in seeking redress for violations of rights in Malawi lies in the time it takes government to comply with determinations directing compensation to victims. As matters stand, even if a victim obtained judgment directing compensation for violation of civil rights, it remains uncertain as to whether the person would actually receive compensation in good time. Often times, there is a huge time lag between obtaining a judgment and receiving compensation.

Prosecution of  
office abuse



Civil rights



#### 4 | Stability of Democratic Institutions

Legislation has established democratic institutions in the country. However, their functioning is erratic and not always consistent with their legal mandates.

Between the central government and the local government, the major area of contention seems to be the inability of the central government to devolve functions to the local government institutions across the country. The result is that functions that are often managed at local government level in other countries are still concentrated at the central government level. This breeds inefficiency in the functioning of government, and is also a recipe for corruption and abuse of office. Between the branches of government, the major problem involves reigning in the executive which invariably tends to overstep its constitutional mandate. The dominance of the executive tends to diminish the relevance of the other branches of the government.

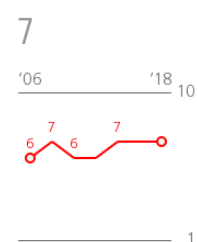
Democratic institutions in Malawi have normative legitimacy. All political players agree that the law imbues all democratic institutions with a certain normative legitimacy. The challenge arises when these institutions attempt to carry out their mandates to the letter of the law.

While the normative legitimacy of the democratic institutions is hardly under contest. It is clear that many of these institutions are undermined by the executive and other interest groups especially when they espouse positions that do not align with the interests of the incumbent government.

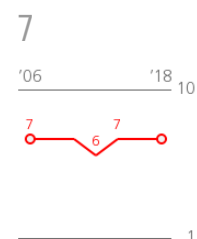
Civil society remains active as a check on government excesses and is generally given the space to carry out its work. However, there have been constant allegations of government (executive) infiltrating civil society organizations to subvert their role of checking the government and to make civil society more compliant to the government. Political parties, though numerically prolific, have limited influence as many of parties have neither representation in the National Assembly nor administrative structures across the country. The clergy continue to speak out against government excesses. However, some members of the clergy and civil society have been accused, in return for money, of colluding with the government.

Overall, while democratic institutions are generally accepted as being legitimate, the execution of their mandate is often compromised.

Performance of democratic institutions



Commitment to democratic institutions



## 5 | Political and Social Integration

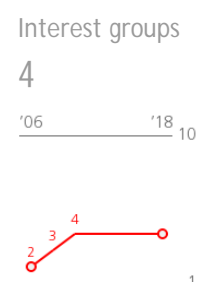
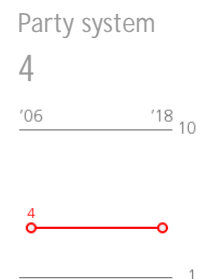
Political parties in Malawi, though numerous, have, with few exceptions, shallow social roots and weak institutional organization. Clientelism remains prevalent and many political parties coalesce around ethnic identities or around the personality of a key founding member. While there are numerous political parties, it is hard to distinguish the ideological difference between various political parties. Generally speaking, voters have demonstrated a tendency to rally with political parties either because of ethnicity or clientelism rather than due to a party's ideological approach to governance.

The party system in Malawi remains highly fragmented. Ironically, despite this fragmentation, it is not always easy to tell the ideological differences between various political parties. Many of the parties are constructed around personalities rather than a clear articulation of a particular ideology or a commitment to certain issues. This notwithstanding, there is general tolerance which has allowed many political parties to thrive.

Political parties rely heavily on clientelism and patrimonialism to sustain networks of support. With the exception of the general election in 2009, there remains substantial ethnic support for all major political parties which tends to undermine whatever manifesto a political party may put forward. It seems to be the case that political parties do not succeed because they have developed the most impressive manifesto but rather because they have a broader network of patronage.

There are many interest groups that are active in the country. One of the oldest and most active remains the Public Affairs Committee, a grouping of various religious groups and other nonreligious groups which was formed in 1992 and remains active. Other interest groups have been issue based and have risen in response to particular challenges that have come up. For example, the Forum for the Defense of Democracy was formed around 2003 to champion opposition to the attempts by the then president, Bakili Muluzi, to amend the constitution to allow him to serve a third term in office. It seems to be the case that the greater the challenge facing Malawian society the more likely it is that interest groups will work together toward the attainment of a common objective. For example, in 2011 a broad coalition of civil society organizations was able to organize nationwide protests to challenge the increasingly autocratic tendencies by the then president, Bingu wa Mutharika.

The degree of cooperation among the various interest groups is often not permanent and fluctuates according to the issues that are being confronted.



Democracy, as a system of governance, retains high approval ratings in Malawi. Nevertheless, there also remains high resentment at the failure of democracy to deliver on key social goods and this tends to generate nostalgia about the one-party system.

Democracy as a system of governance that attempts to generate consensus around key decisions is highly approved of in Malawi. Arguably, this is largely due to the population subscribing to the idea that decision-making must be preceded by consultation.

Ironically, while democracy as a system of governance scores highly, the same cannot be said of democratic performance. Perceptions suggest that democratic norms have been subverted by successive leaders to undermine the common interest and further their own personal or narrow political interests.

The level of trust in democratic institutions is also varied. For example, among the three branches of government, it is the judiciary that scores highest in terms of public trust while the executive scores lowest. The National Assembly scored somewhere in between the executive and the judiciary, its major blemish being the perception that members of parliament tend to over-prioritize their own interests at the expense of the public.

In many parts of the country, the levels of trust among the population remain high. Localized groups can be found in many areas to support the attainment of identified objectives (i.e., the care of orphans or the construction of village facilities). Often though, the incentive for cooperation is provided by the government via food-for-work programs and other such incentives.

Voluntary organizations within many communities are formed around particular issues. For example, the care of the environment (i.e., vegetation or fish) may be the subject of voluntary local organizations which will, for example, manage the environment and the resources therein sustainably. Sufficient levels of solidarity can, therefore, be said to exist to support voluntary associations.

Approval of democracy

6



1

Social capital

4



1

## II. Economic Transformation

### 6 | Level of Socioeconomic Development

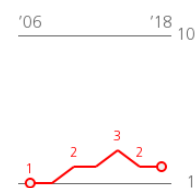
By the government's own concession, poverty in Malawi remains deep, severe and widespread. The country's economy remains undiversified and vulnerable to external shocks. While the economy registered substantial growth in the immediate post-independence period, economic development has been sluggish since the 1980s, which was compounded by the adoption of World Bank/IMF sponsored structural adjustment programs.

Question  
Score

Socioeconomic  
barriers

2

Using the Human Development Index highlights the dire economic situation in Malawi. Malawi scores 46.1 on the latest HDI Gini Index suggesting the persistence of high inequality between the rich and the poor in the country. On the Poverty Index Malawi scores 87.6% which also goes to show that there is a large part of the population that lives on less than \$3.10 per day. Malawi's score on the U.N. Education Index is 0.481 against a global average of 0.623 which is also indicative of the fact that not too many people are being educated. Overall, Malawi ranks 170 out of 188 countries on the HDI. Malawi's ranking on the HDI is ironic considering that it is a country that has experienced relative tranquility and avoided any major conflicts since independence.



As in many other countries, the deep levels of poverty impede the population's participation in the broader economy. High poverty levels also make the population vulnerable to exploitation by politicians. The major problem here is the disparity between the rich and the poor; the richest people in Malawi are extremely wealthy while the poor are deeply poor.

Race is not a very big factor in Malawi's socioeconomic dynamics though ethnicity is. Access to opportunities may depend on one's ethnicity and connection to the powers that be. Gender is also a key factor seeing as females do not occupy many positions of influence in society. Malawi's rank on the U.N. Gender Inequality Index is 163 out of 188 countries.

Economic indicators		2013	2014	2015	2016
GDP	\$ M	5518.9	6054.8	6373.2	<b>5441.9</b>
GDP growth	%	5.2	5.7	2.8	<b>2.5</b>
Inflation (CPI)	%	27.3	23.8	21.9	-
Unemployment	%	6.4	6.4	6.6	<b>6.7</b>
Foreign direct investment	% of GDP	8.2	9.9	8.1	<b>6.0</b>
Export growth	%	88.5	24.2	17.1	<b>40.1</b>
Import growth	%	38.1	21.2	20.2	<b>54.6</b>
Current account balance	\$ M	-1236.2	-1128.5	-714.9	-
Public debt	% of GDP	59.3	55.2	61.1	<b>60.2</b>
External debt	\$ M	1560.3	1658.2	1734.4	<b>1846.6</b>
Total debt service	\$ M	44.0	65.1	66.8	<b>73.1</b>

Economic indicators		2013	2014	2015	2016
Net lending/borrowing	% of GDP	-0.9	-4.8	-4.4	<b>-3.3</b>
Tax revenue	% of GDP	14.1	15.9	15.2	<b>15.6</b>
Government consumption	% of GDP	16.4	12.5	13.9	<b>16.2</b>
Public education spending	% of GDP	5.4	4.8	5.6	-
Public health spending	% of GDP	5.8	6.0	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.2	0.9	0.7	<b>0.6</b>

Sources (as of October 2017): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

## 7 | Organization of the Market and Competition

In principle, there is room for free market competition and laws have been adopted to support market-based competition. In practice, however, the government often intervenes in critical areas to regulate the market.

The currency market is controlled by the government through the Reserve Bank of Malawi. To convert currency, one needs to use an approved dealer or one of the commercial banks. The ease of conversion is often dependent on the sums of money involved.

Malawi passed the Competition and Fair Trading Act in 1998. This act establishes the Competition and Fair Trading Commission (CFTC) which is the body given the mandate to regulate competition and prevent the emergence of monopolies and cartels.

The CFTC was established in the wake of the market liberalization policies that were introduced after 1993/1994. In terms of sequence, perhaps the government got it wrong by liberalizing the market first and then establishing the authority to monitor competition later. In any event, the CFTC started at a rather slow pace but has since picked up its pace. It is this organization that must authorize all mergers and takeovers before they can be undertaken in Malawi. While the performance of the CFTC has improved over the years, it is still questionable whether the organization has sufficient capacity to oversee complex mergers and takeovers. Legally, however, the law does contain safeguards to regulate mergers and takeovers.

Market-based competition

4

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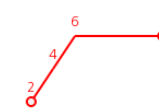


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Anti-monopoly policy

6

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1



In the early 1980s, the Malawian economy was liberalized in the wake of the Structural Adjustment Programs (SAPs). Foreign trade has been liberalized since the 1990s but it is still subject to exchange control regulations and also export controls. The current Country Strategy Paper (CSP, 2013-2017) for Malawi coincides with the second Malawi Growth and Development Strategy (MGDS) covering the period 2011 to 2016. Malawi is landlocked and the government emphasized between 2013 and 2017 a regional focus to strengthen linkages with the country's neighbors.

Malawi is a member of the WTO, and participates in WTO deliberations and has adopted many of the WTO standards. Malawi has also been negotiating with the European Union on the EPA.

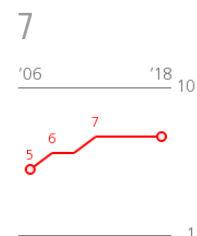
The banking sector in Malawi is overseen by the Reserve Bank of Malawi. The sector currently consists of 12 commercial banks. However, the market is dominated by two commercial banks, National Bank of Malawi and Standard Bank (Malawi), with many of the other commercial banks significantly smaller.

The Reserve Bank of Malawi launched the applicability of the Basel II requirements in Malawi in 2014. By January 2014, however, not all the banks in the country had complied with the Basel II capital adequacy requirements. At the moment, indications are that all commercial banks in the country are Basel II compliant and the industry is geared to move on to Basel III. The Reserve Bank of Malawi has expended considerable effort in ensuring that all banks comply with the minimum capital requirements as directed by the Basel II requirements. Specific information about capital adequacy ratios, disclosure rules and other issues is not easy to find. Though the Reserve Bank produces an annual report which gives an idea about the performance of the banking industry. The reports can be accessed at <https://www.rbm.mw/Supervision/BankSupervision/?activeTab=BASUAnnualReports>.

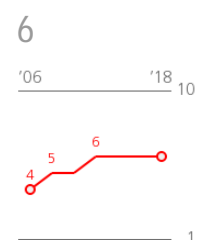
## 8 | Currency and Price Stability

Currently, Malawi's inflation rate is very high. According to World Bank data, Malawi's inflation rate is the fourth highest in the world. Only Venezuela, South Sudan and Ukraine have higher inflation rates. The Reserve Bank of Malawi is nominally independent but, in practice, subject to executive manipulation. The foreign exchange policy has varied over the years depending on the administration in charge. For example, the government of Bingu wa Mutharika persisted with what was plainly an artificial valuation of the local currency compared to major foreign currencies with the result that there was a significant shortage of foreign exchange in the country. The subsequent administration of Joyce Banda proceeded to float the Malawi Kwacha with the result that it immediately lost significant value against the major currencies. Overall, the government maintains its influence over the country's foreign currency policy which in turn also has an effect on the inflation rate.

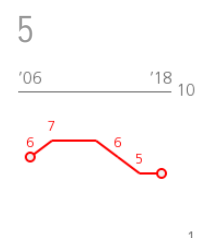
Liberalization of foreign trade



Banking system



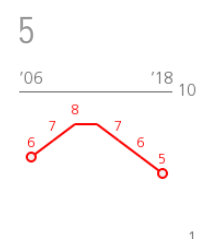
Anti-inflation / forex policy



The central bank remains nominally independent but since its leadership is also politically appointed, it remains vulnerable to political manipulation.

The government's long-term development strategy was, supposedly, captured in the Malawi Vision 2020. Over the years, the medium-term development agenda of the country has been guided by medium-term development strategies. Currently, the government is working on development the Malawi Growth and Development Strategy III. Notably, the last development strategy expired in 2016 and the country has been moving forward without any formal medium-term development strategy. In truth, the Vision 2020 was quickly ignored as soon as it was developed and has had little influence on the country's development trajectory. The overall result is that the country's fiscal and debt policies have not been conducive to macroeconomic stability, especially long-term stability.

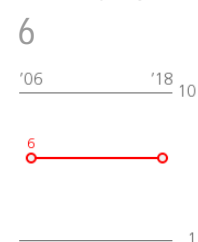
#### Macrostability



## 9 | Private Property

Private property rights remain well protected in the country. Property rights and regulations on acquisition, use and sale are very well defined in Malawi. There are very clear laws regulating acquisition of all forms of property including realty and chattels. The conditions on which property rights can be interfered with are defined in the constitution and are quite clear.

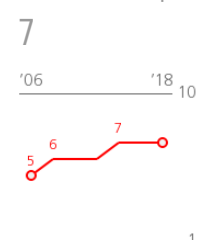
#### Property rights



One area in which special rules apply for selling or registering property is land. The general rule for selling land is that where the land is being offered to a non-citizen, the first option for the sale should be to a Malawian willing to pay the asking price. This means that if land is being sold to a non-citizen the buyers are supposed to advertise in national newspapers and only where no citizen is willing to pay the asking price can the transfer be completed to the foreigner. The World Bank Doing Business Index reveals that it takes an average of 69 days to register property in Malawi but this is largely due to bureaucratic huddles within the governance systems.

Private companies are recognized as engines for economic growth. Much rhetoric is directed at suggesting that the government will consistently implement policies to support private companies. The law protects private companies from arbitrary exploitation by the government. Privatization processes are regulated by law and have, so far, attempted to consistently follow the law.

#### Private enterprise



The World Bank Doing Business Index suggests that it takes about 37 days to register a new business. This, however, is likely to change with the innovations that are being piloted by the office of the Registrar General, where companies are registered (i.e., migrating to an electronic system).

## 10 | Welfare Regime

There is no formal social security system in Malawi. However, the government and non-governmental organizations operate programs that provide social safety nets for the vulnerable. These programs come in many forms but the principal options utilized by the government is to develop local programs on a food-for-work basis. Vulnerable communities are encouraged to participate in these programs and are rewarded with food for the labor that they offer on the projects. The government’s projects that offer social security safety nets are often funded by donor aid.

On an informal level, traditional Malawian societies have always maintained informal social security networks based on kinship. This has meant, for example, that relatives always look out for other members of the extended family in the event of need. However, these are informal networks and their durability is being challenged by the demands of the capitalistic economy.

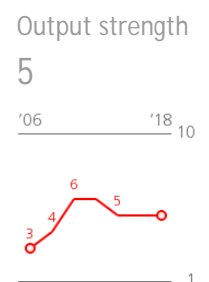
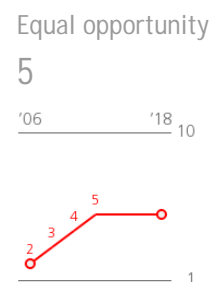
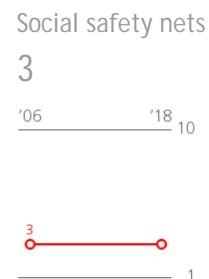
The levels of school enrollment at primary, secondary and tertiary levels reveal significant gaps between female and male enrollment. Overall, Malawi is reported to have reached a literacy rate of 66% on the World Bank Indicators. This shows a marked improvement in literacy but perhaps conceals the gender disparity in enrollment. Traditionally, males have had greater access to education at all levels than females. Government programs over the past 20 years have actively sought to bring about some equilibrium with some success, hence the relatively high literacy rate.

Traditionally, the labor force has also been dominated by men. The most recent innovation, from a legal perspective, has been the adoption of the Gender Equality Act, 2012. Under this act, government agencies and departments must make sure that they do not recruit less than 40% and no more than 60% of one gender. While this act has yet to be fully implemented, there is hope that a full implementation of the act will bring about parity in the recruitment of men and women, especially within government departments.

## 11 | Economic Performance

According to the World Bank Development Indicators for 2015, Malawi’s GDP per capita PPP is \$1,184. This is against a global GDP per capita PPP average of \$14,653. As the gap shows, the economic situation in Malawi is dire. Other indicators on the World Bank index confirm that there is very little growth that can sustainably improve the economic outlook for the country. As earlier pointed out, the inflation rate remains high and only three other countries in the world have inflation rates higher than Malawi.

The country needs significant growth in order to improve the economic outlook of the country. For this, the private sector remains critical. However, this would invariably involve making local conditions attractive for foreign investors, since economic growth

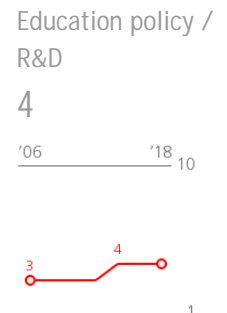


cannot be generated only by local investors. Unfortunately, the country is not rated highly as a destination for foreign investment. According to the World Bank, Malawi scores 8.0 on the FDI Index, this makes it a less than ideal destination for foreign investment. With the preceding outlook, it is foreseeable that the economy will continue to struggle for the foreseeable future.

## 12 | Sustainability

The Environment Management Act 1996 and regulations made thereunder require that environmental concerns must always be taken into account in both macro- and microeconomic terms. In truth, however, implementation of the standards set by law is inconsistent and often times subordinated to political expedience. For example, one only needs to check the planned project to supply water from Lake Malawi to the capital city, Lilongwe. While this project is estimated to be valued at \$500 million, it has become apparent that project contracts were signed without first conducting a proper Environmental and Social Impact Assessment (ESIA), despite legislative requirements. All such projects are required by law to submit an ESIA.

The country's education policy is also caught up in the country's economic problems. The country introduced free primary school education in 1994, which immediately raised enrollment in primary schools. However, the government was by and large caught unawares as it had insufficient schools and teachers to deal with the increase in enrollment. While adjustments have been made to accommodate the increase in primary school enrollment, there are still insufficient secondary schools and public universities to absorb all prospective secondary school and university students. The attention to research is also unsystematic and insufficient funds have been allocated by the government to support research across the country.



## Governance

### I. Level of Difficulty

The country still faces extreme poverty which, as earlier said, is also very widespread. While significant progress has been made in creating an educated labor force, literacy levels in the country are still low. The government, remains the single largest employer in the formal employment.

The country is landlocked, and relies on the seaports of Beira, Mozambique and Dar es Salaam, Tanzania, among others to import goods. The fact that many imported goods have to travel a long distance before reaching Malawian markets contributes to high prices which are passed onto consumers. Little progress has been made, since independence, to substantively mitigate the effects of being a landlocked country. For example, the rail line to Beira, which offers one of the cheapest ways to import goods into the country was in a state of disrepair for a long time. Additionally, recourse to rail transport remains limited.

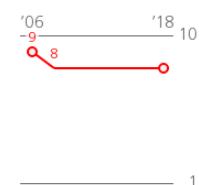
The country has serious infrastructure deficiencies. This is exemplified by the road network in the country. The road network remains rudimentary and does not extend significantly to many of the rural areas. The lack of a proper road network has a knock-on effect on the country's agricultural productivity as farmers, in rural areas, are constrained from transporting their produce and bringing in the needed inputs.

Malawi also remains prone to natural disasters especially floods. It is now becoming routine for people to be displaced by floods during each rainy season. Environmental degradation has contributed to the prevalence of flooding in the country with the catchment area for many rivers having been significantly deforested. A rapidly growing population has also meant that people have now settled in some areas that are very prone to floods.

There is an emergent tradition of civil society in Malawi. Civil society organizations have, with the passage of time, begun to assert themselves but they remain ever vulnerable to government interference. There are many civil society organizations even though many of them do not have a national footprint and their agendas tend to be limited. Many civil society organizations are constrained by the fact that their existence is often tied to funding from international donors. In the absence of such funding and support, therefore, such civil society organizations will have no

Structural  
constraints

8



1

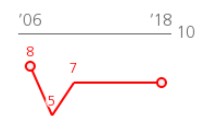
Civil society  
traditions

7

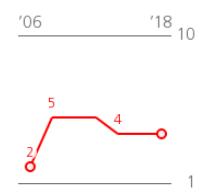
continued existence or relevance. The culture of participation in public life is also fragile. While participation in public life may be more visible during the run-up to national or local elections, it is often not so visible outside of election campaigns.

The divisive feature in Malawian politics is ethnicity. All major political parties, in the one way or the other, have attempted to mobilize support on the basis of the ethnic origin of the top leadership. As matters stand, there is hardly a political party that can claim to have a consistent and established nationwide following. The ethnic nature of political parties means that invariably the governing party practices politics that overtly or covertly “favor” the ethnic group of its leadership.

There haven’t been many incidents of violence that can be said to stem from the ethnic nature of the political system. However, this remains a volatile powder keg which may explode at any time in the future.



Conflict intensity  
4



## II. Governance Performance

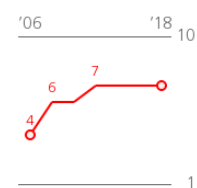
### 14 | Steering Capability

Successive governments in Malawi have failed to set and follow up with consistent implementation of strategic and long-term objectives. The principal example here is what became of the Vision 2020 which was developed in the mid-1990s but immediately consigned to the book shelves. Only salutary references were made to the Vision 2020 and its priorities over the years. As the year 2020 is approaching there is very little to show by way of consistent implementation of the priorities set in the Vision 2020.

Experience has shown that while successive governments in Malawi have made attempts to set, at least, short- to medium-term priorities, there has been very little by way of systematic implementation of the priorities. Governments remain vulnerable to the demands of electoral competition and sometimes governments alter priorities simply for the purposes of boosting their chances in elections. In terms of strategic visions, the country is also vulnerable to donor influence and aid conditions. The priorities that successive governments have set over the years have sometimes been the result of influence by the country’s donors. In spite of the preceding, it is not always a given that the priorities of a particular donor will coincide with the priorities of the country.

Question  
Score

Prioritization  
7



On the basis of the latest in the government’s medium-term development strategies, the Malawi Growth and Development Strategy 2, it is doubtful whether the government in Malawi has been consistent in implementing its own development priorities. While the country fares slightly better in developing and setting priorities, its performance in the economic sphere is rather dismal in terms of implementing its own priorities. There also seems to be no evidence of systematic audits to determine which priorities are being implemented and which priorities have not been implemented. In general, 40% of Malawi’s development budget is financed by donors.

The cumbersome bureaucratic structure of government makes it difficult for government to respond and react quickly to make the necessary adjustments in policy implementation. Over the past year, there has been a program of reforming the public service, it is hoped that if the recommendations from the reform program are implemented the government may be better placed to act in an innovative and flexible manner.

### 15 | Resource Efficiency

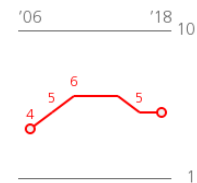
It is doubtful whether the government efficiently uses its human, financial and organizational resources. For example, the monopoly that the government, and the office of the presidency, has in dismissing or appointing civil servants means that often no proper explanations are given for appointing or dismissing civil servants. This compromises the government’s human resource potential.

Financially, the prevalence of corruption also means that government resources are hardly utilized for the intended purposes. Recently, it was revealed that millions of Kwachas were pilfered by civil servants in dubious procurement deals - <http://www.economist.com/blogs/baobab/2014/02/malawi-s-cashgate-scandal>.

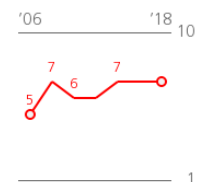
The challenges in policy implementation mean that coordinating policy in a coherent way is also problematic for the government. In 2015, the merger of the Ministry of Economic Planning and Development, and the Ministry of Finance (to become Ministry of Finance, Economic Planning and Development) has further improved coordination within the government. The government is constantly being overtaken by immediate needs in policy implementation.

Corruption in Malawi remains widespread. It is generally agreed that while there are many causes, corruption is largely fueled by deep societal inequalities, poverty, patronage networks and an inefficient public service. The specialized government agency established to deal with corruption is the Anti-Corruption Bureau (ACB). The bureau is faced with multiple challenges that constrain its operations. Structurally,

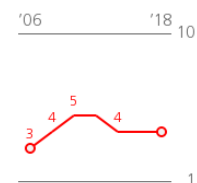
Implementation  
5



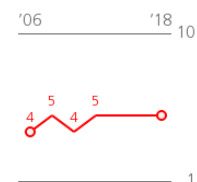
Policy learning  
7



Efficient use of assets  
4



Policy coordination  
5



Anti-corruption policy  
4

the law establishing the ACB, the Corrupt Practices Act, established the ACB in such a way that its independence from the executive is not guaranteed. The director of the ACB can be removed from office by the president without much ado. Operationally, the law requires that the ACB must always seek “consent” from the Director of Public Prosecutions before instituting any significant prosecution.

Government accounts are audited by the National Audit Office which is under the stewardship of the Auditor General. As the Auditor General has pointed out on several occasions, his office is under-resourced and, consequently, unable to audit all government departments promptly or effectively. In any event, the government has consistently been slow to act on recommendations following from audits done by the Auditor General.

Malawi has a law regulating asset declarations, the Public Officers (Declaration of Assets, Liabilities and Business Interests) Act. The office of the Director of Assets Declarations is currently about three years old. It seems, however, that the establishment of the office has spurred many public officers to make declarations of their assets. What remains to be seen, however, is what the office will do to those public officers that fail to declare their assets. In any event one must apply to the director to access a declaration lodged with the directorate.

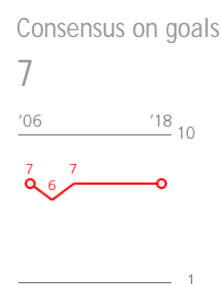
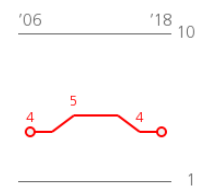
A new law on access to information has been approved by the president, the Access to Information Act. The act, however, is not yet fully operational. It is hoped that when the act has been fully operationalized, it will become easier for citizens to access information in the government’s custody. Access to information, it must be recalled, has a bearing on the right of citizens to political participation.

All government procurement is managed under the Public Procurement Act. The act is meant to ensure transparent procurement systems for the government. Recent events, however, have demonstrated that the system can still be subverted by government agencies.

## 16 | Consensus-Building

All major political actors agree on democracy as the governing paradigm in Malawi. There is a discernible effort among all political actors to, for example, prevent the re-emergence of a brutal autocracy, such as President Hastings Banda’s regime that governed the country before 1994.

While all actors agree that the country should follow a capitalistic system where markets are liberalized, there are significant differences in opinion about the areas in which and methods by which the government should cushion the poor and vulnerable. By way of illustration, the government has for the past couple of years been running a subsidy program for farmers purchasing inputs. Although many political actors

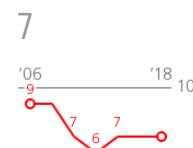




support this program, there are significant differences in opinion about how the program is implemented and whether it should be permanent or temporary.

Political actors, across the board, are generally in support of democratization. The army has a limited role in the democratic governance of the country and has so far respected the primacy of the civilian authorities in determining the country's democratic path. Occasionally, anti-democratic elements have arisen, but so far, they have not been able to overcome the democratic forces.

Anti-democratic actors



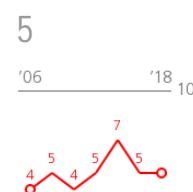
The most significant cleavages in Malawi are ethnic based. Political parties have turned out to be ill-suited to manage this type of cleavage. In any event, political parties have actively sought to benefit from the ethnic cleavages to garner support.

Cleavage / conflict management



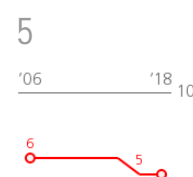
Almost 500 NGOs, most of which are funded by international donors, are based in Malawi. Civil society is allowed to operate reasonably freely in the country. There are doubts, though, whether government has created sufficient avenues to involve civil society in agenda-setting, and policy implementation and formulation. Others also question the sincerity of government when it involves civil society seeing as the involvement may be merely ornamental and not because government is actually influenced by the contributions made by civil society.

Civil society participation



The most significant history requiring reconciliation in Malawi, was the 30-year dictatorial rule by Dr. Kamuzu Banda. This period was characterized by the arbitrary detention and disappearance of many Malawians. The political consensus around 1993 and 1994 decided to establish a National Compensation Tribunal to compensate everyone that suffered during Dr. Banda's rule. Although the life-span of the tribunal was extended, it failed to dispose of its case load. In many cases, there were complaints that the compensation given was a pittance and did not correspond to the losses the people actually suffered. The mandate of the tribunal was limited to compensating victims. In truth, therefore, no deliberate attempt was made to bring about a conciliation between the victims of Dr. Banda's rule and the perpetrators of abuse. Reconciliation over the excesses of Banda's rule remains unresolved.

Reconciliation



## 17 | International Cooperation

In a sense Malawi’s economy is dependent on foreign (donor) support. In 2012, Western countries invested over \$1.1 billion in the country. In 2016, foreign aid accounted for over 28% of gross national income. Successive governments have harnessed foreign support differently. The clearest example of foreign support is through direct budgetary support. It is clear that without international assistance, the executive would have problems balancing its national books. According to the World Bank data, aid per capita stands at around \$69 for the period from 2011 to 2015.

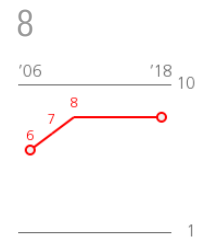
The long-term road map for the development of the country, in all dimensions, is supposed to be the Vision 2020. However, as pointed out earlier, the Vision 2020 has largely been ignored over the past 20 years or so.

On the face of it, successive governments have consistently portrayed themselves as credible and reliable partners. Structural deficiencies within government systems, however, have meant that there are significant shortcomings in the way government follows up on its international commitments. For example, corruption undermines the manner in which government utilizes resources sourced from development partners.

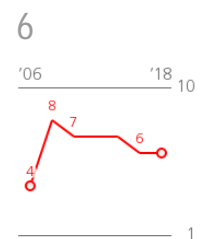
In terms of partnerships with treaty bodies, while Malawi has signed many international treaties, the country’s reporting record remains grim. There are many reports which are still outstanding and little effort is being expended to clear the backlog. There are also doubts as to whether recommendations from these bodies will be seriously implemented.

Malawi is a member of the African Union and consistently participates in AU activities. At the sub-regional level, Malawi is a member of the Southern African Development Community (SADC) and also a member of the Common Market for Eastern and Southern Africa (COMESA). Generally speaking, Malawi has cooperated well with all neighboring countries in various matters. For example, the on-going Malawi/Tanzania boundary dispute is currently being mediated through a panel of former leaders from the SADC and Malawi has participated fully in an attempt to find a peaceful solution to the dispute.

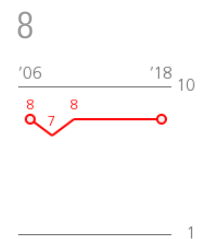
Effective use of support



Credibility



Regional cooperation



## Strategic Outlook

The next general election in the country is scheduled for May 2019. This will be a major event in the country and it is apparent that political parties are already jostling for political office. While it is important for political parties and all other players to plan for the forthcoming general elections, it is also clear that incumbent governments during election periods tend to engage in policies that are simply meant to generate votes rather than follow clear long-term and even short-term strategic interests of the country.

The country's political players need to work to create a broad-based and inclusive democracy in Malawi. The persistence of patrimonialism (others argue that at present it is neo-patrimonialism) and ethnicity in Malawian politics has meant that democracy and democratic structures remain very weak. For starters, political parties need to inculcate a culture of democracy and inclusivity within their internal structures and operations. It is unrealistic to expect a political party to govern democratically when the party itself does not fully subscribe to democratic values.

One major drawback for democratization in the country is that political parties, though key actors in the consolidation of democracy, are less than democratic and are still reliant on ethnic affiliation to generate support. The result is that the democracy practiced in Malawi tends to be exclusionary - the winners focus on sharing the spoils among their kinsmen and supporters without any deliberate efforts to be inclusive. Without overcoming the twin challenges of ethnicity and patrimonialism Malawi's democracy will remain defective.

Recent years have demonstrated that government integrity systems have also suffered significantly. Corruption and abuse of office remain rife. The law enforcement agencies meant to deal with corruption and abuse of office remain weak, and the government's commitment to improving their capacity is not apparent. The preceding means that corruption will continue to be a challenge in Malawi for the foreseeable future. More sinister is the fact that many forms of corrupt practices are beginning to attain a measure of "normalcy." This is because it is often assumed that in certain government departments, one must, for example, pay a bribe before being able to access a service. This is a dangerous path, which will only lead to the further entrenchment of corruption and a loss of integrity on the part of government.

There is little indication to show that the country's economy will improve in the short term. For the long term, the country must cumulatively work on means to support the national budget without relying on external support. For starters, external support often comes with conditions that are not always conducive to the local economy. The government also needs to muster greater fiscal discipline otherwise the country's economy will remain moribund. In part, fiscal discipline may be brought about by allowing the Ministry of Finance, and other supervisory bodies, to implement the legislative oversight over all government departments as prescribed by law.

The country remains susceptible to natural disasters, especially floods. As recent history has demonstrated, such natural disasters have disruptive effects and tend to result in diversion of resources that could otherwise have been used for national development. Considering that the country relies on rain-fed agriculture to produce staple foods, floods tend to have very wide-ranging negative effects. Although the government has a department dedicated to disaster preparedness, it is obvious that there needs to be improved planning for both foreseeable and non-foreseeable disasters, with greater resources allocated to the department. As matters stand, it seems that the resources for responding to disasters are allocated only once a disaster has occurred rather than before. The responses to natural disasters are thus temporal and inconclusive.