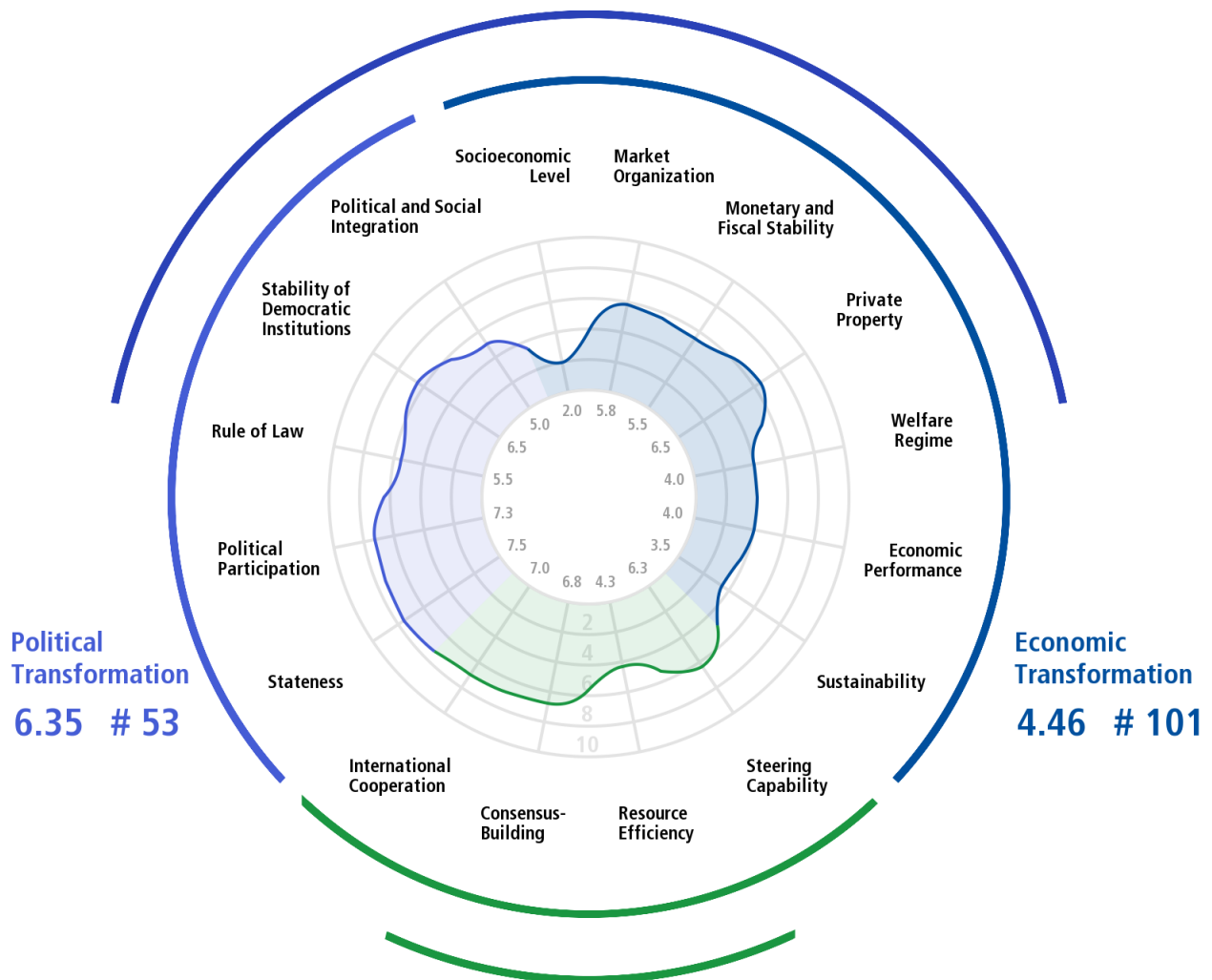


# Malawi

## Status Index

**5.41 # 67**

on 1-10 scale out of 137



**Political Transformation**  
**6.35 # 53**

**Economic Transformation**  
**4.46 # 101**

## Governance Index

**5.70 # 42**

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2020 Country Report – Malawi. Gütersloh: Bertelsmann Stiftung, 2020.

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**Key Indicators**

Population	M	<b>18.1</b>	HDI	<b>0.485</b>	GDP p.c., PPP \$	<b>1309</b>
Pop. growth <sup>1</sup>	% p.a.	<b>2.6</b>	HDI rank of 189	<b>172</b>	Gini Index	<b>44.7</b>
Life expectancy	years	<b>63.3</b>	UN Education Index	<b>0.459</b>	Poverty <sup>3</sup>	% <b>89.4</b>
Urban population	%	<b>16.9</b>	Gender inequality <sup>2</sup>	<b>0.615</b>	Aid per capita \$	<b>85.8</b>

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. 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 2019 saw the continuation of President Peter Mutharika’s first term of office, which commenced in May 2014. The country’s economy remains fragile, stagnant and vulnerable to exogenous shocks. Government operations are constrained, partly due to the after-effects of the “Cashgate” corruption scandal, which involved extensive plundering of government resources by civil servants and their acolytes, and the suspension of direct budget support by many international aid donors. Progress in prosecuting “Cashgate” offenses has been slow. The inflation rate has decreased to single-digit levels, but upward pressures are felt from increasing maize, fuel and utility prices. The national currency, the Malawi kwacha, has remained stable against major global currencies.

Corruption and other governance-related challenges continue to blight the country. Two recent examples highlight the situation. First, in response to shortages of maize – the country’s staple crop – the government sought to procure maize from Zambia to meet the shortfall. However, it later transpired that the government-owned enterprise tasked to handle the procurement, ADMARC, colluded with suppliers in Zambia to inflate the buying price in contravention of Malawian procurement law. The transaction was eventually suspended but it revealed wrongdoing on the part of senior government officials, including a minister, who were involved in fraudulent procurement processes. Second, criticisms have been voiced against the proposed project to supply water from Lake Malawi to the capital city, Lilongwe. Estimated at the cost of about \$500 million, the Lilongwe Water Board had signed project contracts without the contractor having conducted a full environmental and social impact assessment, in flagrant violation of the law.

The consolidation of democracy remains a challenge. Political parties, civil society organizations, the mass media (print and electronic), traditional leaders and other important political actors are poorly positioned to promote the development of a truly democratic culture. For their part, political parties are only partially committed to democratic principles in their internal affairs. Civil society organizations have been infiltrated by pro-government figures, who alongside some traditional

leaders have advanced pro-government interests through misinformation, scandalization of opposition parties and critical civic groups such as the public affairs committee.

A recent development is the emergence of the United Transformation Movement (UTM) as a new political party ahead of the May 2019 elections. With former vice president, Saulos Chilima, at the helm, the UTM is poised to challenge the incumbent president at the polls. The contest is likely to be fierce, and there is a possibility of violence. Judging from public rallies around the country, the UTM seems to enjoy some traction. Apparently nervous about mounting opposition, the DPP has tried to block registration of the UTM as a party but failed by a court order. Attempts have also been made to discredit Chilima by claiming that he is not a Malawian. The incumbent DPP has an established party infrastructure and substantial economic resources at its disposal, partly acquired through corrupt means and partly by the use of state resources. Although there is currently no way of knowing who might emerge victorious in the three-horse race between Mutharika, Chakwera and Chilima, it seems the UTM may well emerge as the victor come the May 2019 elections.

## 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 in favor of 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 failed in his attempt to change the constitution to allow him to stand for a third term. Muluzi's regime, unlike that of his predecessor, Dr. Banda, adopted economic and market liberalization policies, ostensibly on the advice of the World Bank and the International Monetary Fund (IMF). Many parastatals were privatized and the government reduced its support for the provision of many social services. As a result, the economic policies championed by the Muluzi regime brought about substantial economic hardship for many Malawians.

Bakili Muluzi left office in 2004 and handed over leadership of his political party to Bingu wa Mutharika, his chosen successor. However, Muluzi and Bingu soon fell out and Bingu formed his own political party – the Democratic Progressive Party (DPP) –, which remained the incumbent party until Bingu's death in 2012. More than 70 members of parliament defected from the UDF to the DPP. The opposition tried unsuccessfully to compel those defecting to renew their mandates from the electorate, as stipulated by section 65 of the constitution, because they had defected from the party (UDF) on whose ticket they had been elected. Bingu defied a supreme court ruling to the effect that section 65 must be implemented and stalled until the 2009 elections that he won by a landslide. Joyce Banda succeeded Bingu, but was defeated at the polls in 2014, when Peter Mutharika emerged as the victor. Peter Mutharika's current presidential term runs until May 2019 when the next election is due.

Successive governments since 1994 have faced several challenges. Overall, the economy is ailing and shows little sign of improvement. It remains reliant on smallholder agriculture and small manufacturing and service sectors. Aid dependency is high. Corruption and the abuse of office remain a persistent scourge. Efforts to deal with corruption are piecemeal and half-hearted. Corruption is endemic and involves the top echelons of society, so genuine commitment to curtailing it is grossly lacking. Corruption and abuse of office are likely to remain serious challenges in the foreseeable future.

The political culture and practices by successive governments have relied on ethnicity and patrimonialism. This is evident in appointments to key government positions, which are often used to co-opt critics or to retain control. Such appointments to key positions are not always based on professional criteria and the competence of the appointees.

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

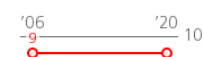
The state in Malawi holds an absolute monopoly over the legitimate use of force, which covers the entire country. There has been no significant challenge to the state's monopoly on the use of force since independence. Malawi has remained peaceful since independence and experienced no major violent conflicts except sporadic incidents of violence following specific events (e.g., contested election results or other events leading to public demonstrations). A notable exception is the nationwide protest on July 20, 2011, which escalated into violence and left some 20 dead and many others injured.

While the state's monopoly on the use of legitimate force remains uncontested across the country, three developments warrant attention. First, in the run-up to the May 2019 general elections, the country experienced cases of political violence perpetrated mostly by ruling Democratic Progressive Party militia. Secondly, over the years there have been intermittent calls to reorganize the country from a unitary to a federal state. These calls have been championed primarily by politicians and activists from the northern part of the country. The main argument advanced by the proponents of federalism is that the northern region has been neglected by the central government, and that a federal system of governance would bring about more even development across the country. While a debate on federalism has emerged sporadically, it is likely that Malawi will remain a unitary state in the foreseeable future. Thirdly, a movement known as the People's Land Organization has emerged in the southern region of Malawi, especially in Thyolo and Mulanje districts, where large tea estates are located. This movement sought to encroach on plantations, claiming that the land had been alienated from its ancestors during colonialism and declaring the region an independent republic. However, this localized movement has gained little sustained traction and its leader, Vincent Wandale, was recently indicted and convicted of criminal trespassing and conspiracy to commit a misdemeanor after inciting his followers to occupy a tea estate in Thyolo. This movement has not seriously challenged the state's authority.

Question  
Score

Monopoly on the  
use of force

9



1

Notwithstanding Malawi being a colonial construct, the overwhelming majority of the population today accept that Malawi is a legitimate territorial state. The Malawian state has not deliberately discriminated against or withheld citizenship from specific population groups. No serious challenges have been raised since independence to the legitimacy of the nation-state. All expressions of discontent about the state and its performance have been voiced within the framework of the existing state structures. With the exception of intermittent calls for the conversion to a federal state and the feckless declaration of an independent republic in Thyolo and Mulanje districts, there has been no serious challenge to the state's authority over the entirety of the country's territory and its population.

Under Malawi's constitution, every person who was a citizen of Malawi before the adoption of the new constitution (in May 1994) retained Malawian citizenship afterwards. Citizenship 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. Section 20 of the constitution prohibits all forms of discrimination based on nationality, ethnicity or social origin. In principle, anyone 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. Otherwise, the state has not deliberately pursued a policy of withholding citizenship from qualifying individuals.

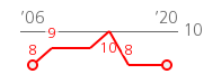
While Malawian citizens perceive themselves as Malawians, they also carry an ethnic identity that is expressed variously in language, culture and rituals. During election campaigns, politicians appeal to ethnic identities that sometimes trump their Malawian identity.

The constitution provides that Malawi is a secular state. The norms that influence governance in the country cannot be said to be sourced or premised on any particular religion, although the population overwhelmingly adhere to Christian denominations. Still, religious bodies have traditionally been politically influential. For example, in times of national crisis, religious leaders offer alternative courses of action provide guidance to their congregations through e.g., pastoral letters and audiences with the head of state. The influence exerted by religious groupings on the legal order, political institutions, and policy formulation is usually indirect and subtle, but sometimes direct and overt.

Malawians often portray themselves as god-fearing. Unwittingly perhaps, this has generated latent tension between the demands of secularism as laid down in the constitution and some religious beliefs that do not necessarily conform to the constitutional stipulation. For example, faith-based organizations mobilized protests against the amendment of the abortion law and the rights of sexual minorities (i.e., the LGBTI community). Long-standing public debates over same-sex relationships

#### State identity

8



1

#### No interference of religious dogmas

7



1

and marriages have raged in the country. While same-sex relationships would appear to be protected under the non-discrimination clause in the constitution, the main arguments against legalization of same-sex relationships are based on religious dogma. Another area where religion has had significant influence on legislation was demonstrated in debates in late 2018 aimed at relaxing rules on abortion. Religious leaders organized street protests against the proposal and the government was eventually forced to delay the tabling of the bill in parliament.

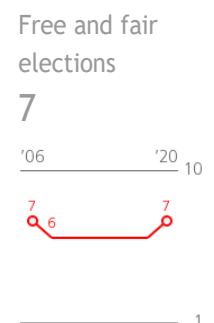
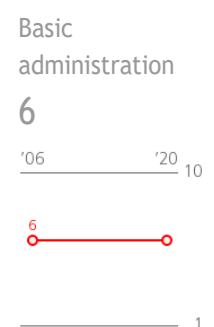
In the mid-to-late 1990s, Malawi embarked on a drive toward decentralization. This was intended to bring the government “closer to the people” and improve the efficiency of service delivery. Nearly two decades later, it is evident that progress in real terms has been modest. While formal commitment to decentralization ostensibly remains, in practice little has been achieved in terms of devolution of decision-making power from the central level to local government structures. Despite the failure of decentralization, the state’s administrative structures, some of which include elected bodies, cover the entire country. However, service provision through these structures vary considerably, with comparatively better services in urban areas than in rural areas. A particular structure that warrants attention is the traditional authorities (TAs), that is, the areas in which chiefs wield considerable influence, particularly in matters of land ownership. The chiefs are not elected but appointed and receive a stipend from the government.

The availability of basic public services is compromised by general government inefficiency and corruption at all levels. Lower tiers of government suffer from a lack of resources commensurate with the tasks they are responsible for delivering. The result is that resources are often misallocated or plainly misappropriated, and social needs remain unmet.

## 2 | Political Participation

General elections have been held at regular five-year intervals since 1994. However, local government elections were not held between 1999 and 2014, leaving local councils in limbo for a decade after their electoral mandate expired in 2005. The electoral system is based on the first-past-the-post plurality principle in single-member constituencies. Over the years, external observers have found general elections generally free and partially credible but not always fair. The electoral calendar in Malawi is fixed by law. The constitution prescribes that general elections 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 determined by the Electoral Commission. The electoral calendar as prescribed by the constitution so far been adhered to.

The constitution guarantees equal and universal suffrage to all citizens of eligible voting age. Political parties are allowed to canvass for votes and field candidates for





possible election to office. Elective offices are filled in accordance with the electoral results. No incumbent government has actively sought to overturn the result of an election by trying to remove an elected candidate. However, in the aftermath of the 2014 elections then-President Joyce Banda declared the elections null and void and ordered a recount of ballot papers. The judiciary however ruled that such an action was unconstitutional.

The Electoral Commission, the body responsible for the administration of all elections, has been subject to harsh criticism over the years. The commissioners of the Electoral Commission are all appointed by the president following recommendations/nominations by the parties represented in the National Assembly, a process that is seen to compromise its independence and impartiality. Consequently, the Electoral Commission is composed in a partisan manner and the political leanings of the commissioners have tended to undermine their impartiality and constrain the operations of the organization.

Registration procedures for voters are generally transparent and fair. However, the Electoral Commission has generally lacked resources to conduct simultaneous registration across the entire country, which has tended to slow down registration process. All political parties and their representatives are allowed to observe and monitor the voter registration process. Similarly, party agents are allowed to observe and monitor the casting of votes on polling day and the subsequent vote counting. The ability to observe and monitor the elections, however, is tilted in favor of the larger political parties as opposed to the under-resourced parties who often fail to muster the requisite resources to recruit personnel for monitoring and observing the elections on their behalf.

State-owned media, in spite of their legal duty to provide balanced coverage of all political campaigns, have persistently favored the incumbent government during election campaigns. However, independent, private media (print and electronic) have contributed to a leveling of the playing field as far as media coverage is concerned.

Actual polling has generally tended to follow international standards and to be secure and secret. There have been residual concerns about accessibility of voting materials to people with disabilities (e.g., the visually impaired), but the Electoral Commission has expressed commitment to addressing this challenge.

The democratically elected representatives have formal power to govern in Malawi. There are strong indications, however, that between elections, key decisions are not made or influenced solely by elected representatives, but rather by informal forces outside elected institutions. Informality often overrides the formal rules and processes and thus undermines the power of elected representatives.

Parallel structures of formal and informal governance are pervasive but difficult to assess. Formal authority to govern is granted to elected representatives, but a close analysis of some decisions (e.g., appointments 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, non-elected personalities do not have veto powers regarding decisions made by elected officers.

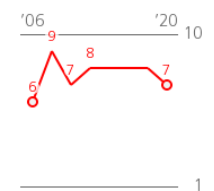
A very good example is the abortive attempt to change the electoral system from simple plurality to absolute majority in 2018. The government came under intense pressure from civil society and the international donor community to enact the proposed changes. However, government only paid lip service to the proposals and tabled a bill in parliament that ruling party legislators unanimously voted against. As a result, the proposed law was never enacted.

The freedoms of association and assembly are constitutionally guaranteed in Malawi. Individuals and political parties are free to associate and organize meetings and public assemblies. Recent history, however, has shown that the state has means of curtailing these critical freedoms, and has routinely interfered with the exercise of these rights. Public rallies are sometimes declared illegal without sound justification. A common avenue used by the government 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 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 mean that prospective demonstrators should seek permission from the police before assembling and demonstrating. As a result, the police, often at the behest of the executive, have been reluctant to grant permission to assemble and demonstrate in cases where the theme of the demonstration or rally is deemed unacceptable to the incumbent government. It is arguably because of this, and other reasons, that the 20 July 2011 demonstrations resulted in many fatalities, due to confusion over whether the demonstrations were authorized or not.

In terms of association, specifically, and using political parties as an example, the formation of political parties in Malawi is easy. The result is that many (over 40) political parties have been formed and registered over the years, even though not all are active currently. In this regard, the government has sometimes used its power to

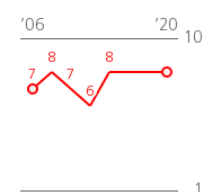
Effective power to govern

7



Association / assembly rights

8



deny or regulate registration of political parties to frustrate the efforts of new political parties to establish themselves and compete with the incumbent party. A case in point is the recent attempt to deny registration of the United Transformation Movement (UTM), spearheaded by Saulos Chilima, the former vice president, to challenge President Mutharika at the polls.

While the freedoms to associate and assemble are constitutionally guaranteed, in practice they depend on the prevailing political climate.

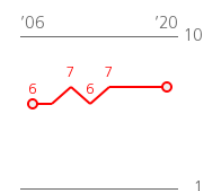
Freedom of expression is guaranteed by section 35 of the constitution. Individuals and organizations are generally free to express themselves. However, certain legal provisions provide protection against defamation (Penal Code Chapter 7:01, Laws of Malawi, Chapter XVIII) and may operate to stifle freedom of expression (e.g., Official Secrets Act, Chapter 14:01 Laws of Malawi). The Access to Information Bill was enacted by the National Assembly on December 14, 2016 and assented to by the government in February 2017, thus ending 12 years of overt government reluctance and resistance. The Malawi Human Rights Commission was tasked to oversee the implementation and enforcement of the act. The mechanisms for implementation have not yet been fully developed, which means, in effect, that the act's provisions remain in abeyance. Freedom of expression is curtailed by this continuing lack of public access to information.

Direct government censorship 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. An array of community FM radio stations have been established as well as private TV channels. Open harassment of the media or individuals has almost disappeared. However, ruling party militia continue to openly harass and attack opposition voices with little response from the police. During the state of the nation address by President Mutharika to parliament in 2018, ruling party actors attempted to prevent legislators who had left the ruling DPP from joining a newly founded party. This occurred on the premises of parliament, with no action taken by police to stop it. It also appears that the government utilizes covert tactics to frustrate media that consistently publish material critical of the government on issues such as corruption. Tactics applied against the media are economic in nature. Discontinuation of government advertising is one method. Demands for settlement of tax arrears at short notice is another. The purpose is to gag media that uses investigative journalism to uncover reprehensible behavior by the government.

On a positive note, the defamation provisions in the penal code are no longer enforced vigorously, thus contributing to increasing media independence and freedom of expression.

Freedom of expression

7



### 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 throughout the constitution confirms the separation of powers and horizontal accountability across the three branches of government.

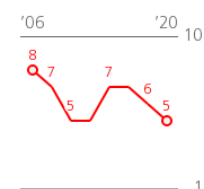
However, the governance system in Malawi is typically presidential and confers wide discretionary powers upon the president. The National Assembly cannot oust the president by means of a vote of no confidence, only by an elaborate procedure of impeachment. While the constitution underwrites the separation of powers, and checks and balances, in practice the executive has often overstepped its constitutional limits and encroached on the domain of other branches of government. The failure by the executive to consistently treat the other branches of government as equal partners is tantamount to a failure of constitutionalism. An egregious example is the defiance and stalling by then-president Bingu wa Mutharika in response to the 2007 ruling by the Supreme Court of Appeal that section 65 of the constitutions must be implemented. This section requires MPs who have defected from the party on whose ticket they were elected and joined another party, to renew their mandate from the electorate in a by-election. After the 2004 elections, Bingu and many MPs who had stood as candidates for the United Democratic Front (UDF), defected and formed their own party, the Democratic Progressive Party (DPP). However, they avoided having to face the electorate again.

The executive's dominance is illustrated by its control over the exchequer. Meetings of the National Assembly as well as judicial operations are constrained due to inadequate funding. In both cases, the source of funding is the executive who prepares the state budget. The actions and inactions of the executive, therefore, serve to entrench its dominance and minimize the ability of the other branches of government to check its authority and exercise oversight.

More recent examples of the executive's dominance relate to its unwillingness to set a commencement date for several bills, years after they were passed by parliament. In December 2016, parliament passed an Access to Informant Bill. This was only assented to by the president in February 2017. However, the law did not become operational for almost two years, after the minister of justice failed to set a commencement date for when the act could come into force. The official gazette notice setting the commencement date of December 1, 2018, was only issued on November 1, 2018.

Separation of powers

5



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

The judiciary in Malawi is guaranteed independence through several provisions in the constitution, including section 103. The constitutional provisions give a solid foundation 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 contravening the constitution or other applicable laws. However, the judiciary has struggled to maintain its independence due to a lack of financial autonomy. The executive provides its funding through allocations in the state budget. However, the common complaint is that the judiciary is perennially underfunded, constraining its ability to perform its constitutional checks on the executive. While there have been rumors of some judicial officers being swayed in their rulings, to date no judge has been publicly disciplined for corruption or any other form of dereliction of duty.

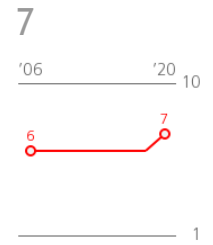
The use and misuse of injunctions and stay orders illustrate how the integrity of the judiciary may be compromised when politicians “shop around” for sympathetic judges willing to issue a particular injunction. It is unclear what substantive legal bases judges have for issuing injunctions or stay orders apart from the soundness of the arguments advanced by the parties concerned.

At the lower magistrate court level, corruption is somewhat more prevalent than higher up the hierarchy. Furthermore, magistrates sometimes erroneously impose custodial sentences for misdemeanors and thus contribute to overcrowding in prisons.

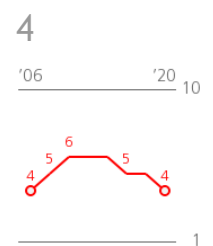
The authority to prosecute criminal offenses is vested in the Director of Public Prosecutions in terms of section 99 of the constitution. The Anti-Corruption Bureau (ACB) is a specialized agency for the prosecution of corrupt practices, but operates under the general superintendence of the Director of Public Prosecutions. While public officers who have abused their office have been prosecuted in the past, it is evident that prosecution of office holders close to the incumbent government is difficult. The director of the ACB is widely perceived to be a political appointee.

Nominally, the DPP has independent powers to determine the prosecutions that his office can institute. In practice, the DPP will always be constrained when trying to prosecute office holders due to the potential adverse repercussions. The DPP can be removed from office by the president, ostensibly for incompetence, being compromised, incapacitated or reaching retirement age (see section 102 of the constitution). The wording of section 102 leaves room for abuse and has in practice meant that the DPP serves at the discretion of the president. This situation compromises the independence of the DPP and constrains the DPP in prosecuting office holders who abuse their positions.

Independent  
judiciary



Prosecution of  
office abuse



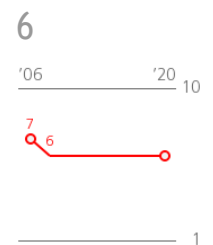
During the research period, several cases involving high profile figures have been taken to court only after intense public pressure. Even then, such cases have either stagnated in the courts or have been insufficiently pursued and ended up in acquittals. This includes a corruption case involving a former minister of agriculture who was accused of influencing the award of a tender to purchase maize from outside Malawi. Although the scandal came to light in late 2016, the president refused to sack the minister concerned from cabinet until civil society organizations obtained a court order compelling the president to dismiss the minister. Meanwhile, the Anti-Corruption Bureau spent several months before arresting the minister (in July 2017), only after pressure from civil society organizations. The case was insufficiently prosecuted and resulted in the acquittal of the former minister in early 2018.

During the study period, there have been several cases of corruption, including one that came to light in mid-2018 concerning the provision of food rations to the police. According to media reports, a company that supplies food rations conspired with procurement officers from the Malawi police service to be awarded a supply contract and then proceeded to inflate the prices after the tender was awarded.

That said, the fact that prosecutors are often pressured into action suggests that abuse of public office can be punished, but that this depends on the willingness of whistle-blowers to come forward as well as sustained pressure from civil society.

The bill of rights in Malawi's constitution is one of the most comprehensive catalogs of rights contained in any constitution. This includes the right to life, education, culture and language, the right to own property, right to development, freedom of association, freedom of opinion, freedom of expression and freedom of the press among several others. The constitution further guarantees the right not to be subjected to cruel and inhumane treatment or punishment and prohibits discrimination on several grounds that include gender, sexual orientation, religion, ethnicity and race. From a normative perspective, there are thus sufficient guarantees to protect a range of rights. The constitution established the following institutions, in addition to the courts, to 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. The law has established rights from which all citizens stand to benefit and has established institutions designed to assist citizens in seeking redress in case of violations. The major shortcoming in seeking redress for rights violations 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 a judgment directing payment of compensation for violation of civil rights, it remains uncertain as to whether the person would actually receive compensation in good time. Often, there is a considerable time lag between obtaining a judgment and receiving compensation.

Civil rights



Despite the existence of constitutional safeguards and guarantees of rights and liberties, people continue to be discriminated on several grounds. For example, during the study period, there have been several reports of individuals living with albinism being murdered and dismembered so that their body parts can be used in rituals; there have also been reports of prisoners and crime suspects being tortured, and deaths in police custody. In one case, a young female suspect was reported to have been raped by police officers while in police custody in October 2018.

#### 4 | Stability of Democratic Institutions

Constitutional provisions and subsidiary legislation have established democratic institutions in Malawi. However, their functioning is erratic and not always consistent with their legal mandates. Nevertheless, democratic institutions are generally accepted as legitimate, even though the execution of their mandate is often compromised.

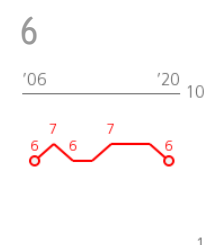
Between the central and lower tiers of government, the main area of contention has been the lack of clearly defined devolution of functions and decision-making powers from the central level to subnational entities – elected or appointed. There is a glaring discrepancy between the devolved tasks and commensurate funding to implement decisions taken at local levels. As a result, local level management is often faulty, and power remains concentrated at the central level. This situation breeds inefficiency, corruption and abuse of office.

Between the branches of government, the major problem involves restraining the executive, which invariably tends to overstep its constitutional mandate. Executive dominance tends to diminish the stipulated roles of the other branches of government.

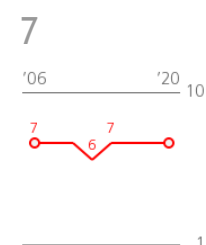
All political players agree that Malawi's legal framework imbues its democratic institutions with a certain normative legitimacy. However, challenges arise when these institutions attempt to fulfill their mandates according to the law. The normative legitimacy of the democratic institutions is not contested. A recent survey showed that 71% of Malawian respondents support democracy, 84% reject presidential dictatorship, 69% reject one-party rule, and 86% reject military rule. However, further analysis of the same survey results find that only 39% of Malawians profess support for democracy and at the same time reject all three authoritarian alternatives. It is evident that many institutions are weakened by the actions of the executive and other interest groups. This often occurs when institutions espouse positions that do not align with the interests of the incumbent government.

Civil society organizations (CSOs) are organized and regulated in terms of the Non-Governmental Organizations Act of 2000 under the umbrella of the Council for Non-Governmental Organizations in Malawi (CONGOMA). They form a mixed bag of entities. Some are mere extensions of foreign CSOs from whom they receive funding.

Performance of democratic institutions



Commitment to democratic institutions



Others are genuinely domestic despite relying on foreign funding. While many lobby on policy issues, others engage in development activities and service delivery (e.g., in education, health and water supply) perceived to be politically neutral. Many perform admirably in their respective fields of activity and deserve commendation. There is no doubt that CSOs, whether domestic or foreign, exert some influence. On occasion, when voicing harsh criticism of the government, they elicit responses in equally tough language. The freedom given to CSOs to carry out their work is generally extensive, especially when they do not challenge government institutions or policies. The president has a special advisor on civil society affairs. However, there have been frequent allegations of government (executive) infiltration of CSOs to subvert their role of scrutinizing the government and to make civil society more compliant or subservient to the government. Political parties, though numerically prolific, have limited influence because many of them are not represented in either the National Assembly or in other administrative structures.

The clergy continue to speak out against government excesses. From time to time faith-based organizations publish pastoral letters or statements on salient issues, such as corruption, significant policies or electoral matters. The president has a dedicated advisor on religious affairs. However, some members of the clergy and civil society have been accused of colluding with the government, in return for money.

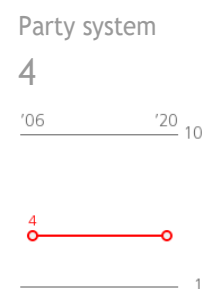
The fact that President Peter Mutharika was elected with only 36% of the vote continues to be used to undermine his legitimacy, especially among opposition ranks.

## 5 | Political and Social Integration

Political parties in Malawi, although numerous, have, with few exceptions, shallow social roots in the electorate and weak institutional structures. Clientelism remains prevalent and many political parties coalesce around ethnic identities or the personality of a key founding member who may also be a source of funding.

It is hard to distinguish between the ideological orientations of the various political parties. Party manifestos ahead of elections generally contain promises of economic growth, better social services and a uncorrupt government. Voters tend to rally around political parties due to ethnic identity or clientelism rather than ideological preference. With the exception of 2009, electoral party support since 1994 has tended to be regional, including in the latest 2014 elections.

The party system in Malawi remains highly fragmented. This largely reflects the predominance of ethnic-cum-regional cleavages, in combination with strong (and wealthy) personalities as party leaders. As a result, Malawian politics are orientated toward personalities rather than ideology or policy issues. Electoral success depends heavily on networks of clientelism and patrimonialism, not on impressive election





manifestos. This lack of ideology or policy orientation encourages political opportunism and serves to explain why party defections are frequent.

As an illustration, the state vice president decided to leave the ruling party in early 2018 to found his own new political party in mid-2018. He was followed by several supporters of the ruling party, including a number of legislators.

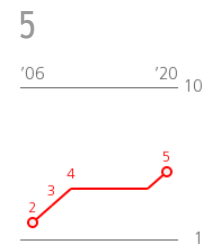
Many interest groups are active in Malawian society. One of the oldest and most active remains the interfaith and interdenominational Public Affairs Committee (PAC). Formed in 1992, PAC comprises faith-based organizations (FBOs) across mainstream Christian denomination (Catholic, Anglican and Presbyterian) and Pentecostal groupings as well as Muslims. PAC is vocal on political issues and draws particular attention to corruption. It has also been involved in mediation between the government and CSOs. Other interest groups are issue based and emerge in response to particular challenges. For example, the Forum for the Defense of Democracy was formed in 2003 to champion opposition to the attempts by erstwhile president Bakili Muluzi to amend the constitution so he could serve a third term in office. In times of crisis or fierce political struggle, interest groups and forces tend to coalesce around common objectives. For example, in 2011 a broad coalition of civil society organizations organized nationwide protests to challenge the increasingly autocratic behavior by then-president Bingu wa Mutharika. Many coalitions are ad hoc and disband after their objectives have been met.

In the private sector the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) articulates the interest of private businesses, particularly on policies affecting the economy. The MCCCI publishes an annual report on the business climate in Malawi.

Trade unions and professional associations exist but they do not seem to exert much influence on a regular basis. However, they do make their voice heard when occasionally going on strike. Employees in manufacturing, agriculture and the public sector are generally subservient.

Ethnic associations have been formed such as the Mulhako wa Alhomwe, established in 2008 by the late president Bingu wa Mutharika to preserve Lhomwe customs, beliefs and language. The Mutharika brothers belong to the Lhomwe ethnic group in the southern region. Other ethnic associations include the Chewa Heritage Foundation; Chiwanja cha Ayao; Mdauku wa Atonga; Mzimba Heritage Association; and Tumbuka Heritage. Although ethnic associations do not feature prominently in the political landscape, they contribute to maintaining and strengthening ethnic identities.

Interest groups



As a system of governance, democracy retains high approval ratings in Malawi. A survey conducted in 2017 showed that 71% of Malawian respondents support democracy, 84% reject presidential dictatorship, 69% reject one-party rule, and 86% reject military rule. However, only 39% of Malawians reject all three authoritarian forms of governance while at the same time expressing full support for democracy. Malawians subscribe to the idea that decision-making must be preceded by broad consultation. Nevertheless, considerable public resentment is evident regarding the failure of democracy to deliver key social goods, and this gives rise to some nostalgia about the one-party system prior to 1994.

Ironically, while democracy as a system of governance scores well, the same cannot be said about democratic performance. Perceptions abound that democratic norms have been subverted by successive leaders, who have furthered their own personal or narrow political interests to the detriment of the common good.

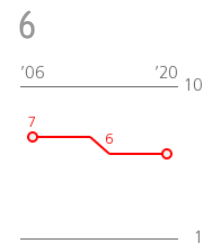
The level of trust in democratic institutions varies. For example, among the three branches of government, the judiciary scores highest in terms of public trust while the executive scores lowest. The National Assembly scores somewhere in between, on the perception that members of parliament tend to prioritize 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 common objectives (e.g., the care of orphans or the construction of village facilities). The incentive for cooperation is provided by the government via food-for-work programs and similar incentives.

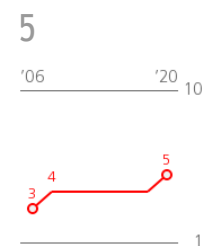
Voluntary organizations within many communities are formed around particular issues. For example, care for the environment may lead to organized tree planting, assisted by CSOs, in order to enhance environmental sustainability. Similarly, local communities, particularly in urban areas, organize informal policing to counter crime. At the same time, however, the prevalence of abject poverty in many parts of the country increasingly leaves local populations to fend for themselves. Even so, the levels of solidarity and social cohesion remain considerable and buttress voluntary associations, even if poor people only have their labor to contribute.

Public opinion surveys find very low levels of trust for elected leaders while informal leaders enjoy high levels of trust. For example, a 2017 survey found that only 36% of Malawians said trusted the president; 40% and 39% trusted members of parliament and local government councilors respectively. Meanwhile, the same survey found 67% of Malawians trusted traditional leaders while a further 81% expressed trust in religious leaders.

#### Approval of democracy



#### Social capital



## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Malawi's predominantly agrarian economy remains extremely vulnerable to external shocks and is impeded by structural constraints. The World Risk Report 2018 puts Malawi in the high-risk category, susceptible to extreme weather events such as floods and protracted dry spells, sometimes followed by armyworm infestation. Malawi also lacks adaptive capacity. Adverse weather events in combination with policy mistakes have led to fiscal deterioration, reduced growth, and increased risks. This does not augur well for poverty reduction, especially against a background of high population growth rates. The total population of Malawi was 17.6 million in 2018, compared to 13 million 10 years previously, representing a 35% increase over the decade. This translates to a growth rate of 2.9% per annum. Owing to the high population growth rate, real per capita GDP growth has remained sluggish at 1.5% per annum over the past two decades.

The Human Development Index (HDI) highlights Malawi's dire economic situation. In 2017, Malawi's value on the HDI was 0.477 – which put the country in the low human development category – at 171 out of 189 countries. Malawi is one of the world's poorest countries. Even the impressive nominal growth rates during the period 2005 to 2011, exceptional due to massive subsidies, made little difference to reducing poverty and inequality. According to the Malawi Poverty and Vulnerability Assessment, the poverty rate declined from 54% in 1998 to 52% in 2005 and to 51% in 2011. This slow improvement is perhaps surprising given the fact that Malawi has experienced relative social tranquility and avoided major turmoil since independence. Consumption inequality remained stable with a Gini coefficient of 0.39 in the period 2005 to 2011 but worsened to 0.43 by 2013. Poverty is worst in rural areas and the southern region, while inequality is highest in urban areas. Deep poverty inhibits participation in the broader economy and society and makes poor voters vulnerable to manipulation by politicians.

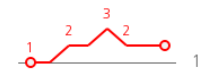
Race is not a significant factor in Malawi's socioeconomic dynamics, unlike ethnicity. Access to opportunities may depend on one's ethnic identity and connections to ethnic kin. Gender is also a key factor, reflected in the fact that women occupy few influential positions in society. Patriarchy remains a predominant social paradigm in Malawi. The country ranked 163 out of 188 countries on the U.N. Gender Inequality Index. The Mo Ibrahim African Governance Index put Malawi at 22 of 54 African countries in terms of gender rights in 2017, with 60.9 points out of a possible 100, an increase of 1.4 points in the last decade.

Question  
Score

Socioeconomic  
barriers

2

'06 '20 10



Economic indicators		2015	2016	2017	2018
GDP	\$ M	6373.2	5433.0	6303.3	<b>7065.0</b>
GDP growth	%	2.8	2.5	4.0	<b>3.5</b>
Inflation (CPI)	%	21.9	21.7	11.5	<b>12.4</b>
Unemployment	%	5.8	5.7	5.5	<b>5.4</b>
Foreign direct investment	% of GDP	8.1	6.0	4.4	<b>1.4</b>
Export growth	%	16.4	40.1	3.7	-
Import growth	%	19.9	54.6	-1.5	-
Current account balance	\$ M	-930.2	-911.8	-1021.4	-
Public debt	% of GDP	61.2	61.3	61.5	<b>62.9</b>
External debt	\$ M	1721.1	1849.7	2183.6	<b>2266.0</b>
Total debt service	\$ M	70.4	75.5	71.3	<b>72.6</b>
Net lending/borrowing	% of GDP	-4.4	-3.3	-3.0	<b>-5.8</b>
Tax revenue	% of GDP	15.2	15.5	17.3	<b>17.0</b>
Government consumption	% of GDP	13.9	13.6	13.7	-
Public education spending	% of GDP	5.6	4.7	4.0	-
Public health spending	% of GDP	2.7	2.8	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.6	0.6	0.8	<b>0.8</b>

Sources (as of December 2019): 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. It is not uncommon for procurement procedures to be flouted in favor of businesses close to the incumbent government.

On average in Malawi, it takes 37 days to start a business with up to 50 employees and start-up capital of 10 times the country's per capita gross national income (GNI). Establishing a business in Malawi is burdensome, as it takes, according to the World Bank's 2019 Doing Business report, seven procedures, 37 days and costs of 38.6% of the average income per capita. This places Malawi at a low rank of 153 out of 190 in the sub-index "Starting a Business."

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.

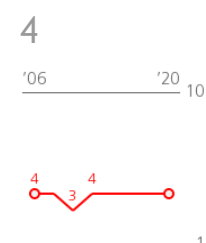
Due to limited opportunities in a stagnant formal sector, Malawi's informal economy has experienced a rapid expansion, attracting a large number of young people and women. Data from the most recent Labor Force Survey (2013) shows that 89% of employed persons in Malawi are engaged in informal employment.

Malawi passed the Competition and Fair Trading Act in 1998, which established the Competition and Fair Trading Commission (CFTC) as the body mandated to regulate competition and prevent the emergence of monopolies and cartels. The competition policy primarily covers the reduction of restrictive unfair business practices and the promotion of consumer protection in general.

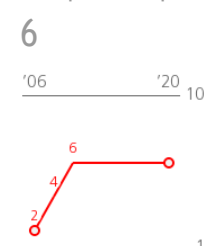
The CFTC was established in the wake of market liberalization policies that were introduced after the democratic transition in 1993/1994. In terms of sequence, however, market liberalization occurred some time before the establishment of the regulatory authority to monitor competition. The CFTC started at a rather slow pace but has since become fully operational and assertive in its role. The CFTC is charged with authorizing all mergers and takeovers before final approval for legal operation in Malawi. While the performance of the CFTC has improved over the years, there are still questions over whether the organization has sufficient capacity to oversee complex mergers and takeovers.

Predating the CFCT Act is the Malawi Competition Policy, which was adopted in 1997. Its stated primary goal is to ensure that consumers are adequately protected from firms, whether large or small engage in exploitative pricing collusion or collusion that is designed to prevent competition.

### Market organization



### Competition policy



Besides the CFTC Act and the competition policy, Malawi has several other legal instruments that directly or indirectly seek to safeguard and protect a competitive trading environment. These include the Consumer Protection Act (2003) and the Sale of Goods Act (1967). The country is also a signatory to several international protocols that seek to promote a competitive trading environment. These include the Southern African Development Community (SADC) Declaration on Regional Cooperation in Competition and Consumer Polices, which was adopted in 2009, and the COMESA Competition Regulations (2004). Malawi is already engaged in the initiative of the SADC to establish a general competition framework by 2020.

As part of the Structural Adjustment Programs (SAPs) in the 1980s, the Malawian economy was liberalized to some extent. Foreign trade has been further liberalized, especially after the democratic transition in the mid-1990s. However, foreign trade is still subject to foreign exchange and export controls. The third Malawi Growth and Development Strategy (MGDS III) covering the period 2017 to 2022 reaffirms the government's commitment to foreign trade promotion. The country imports far more than it exports.

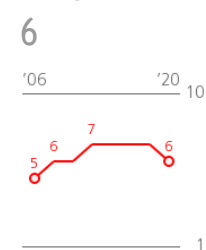
Malawi is landlocked and is dependent on trade routes via Mozambique, Tanzania and South Africa. As a member of the Southern African Development Community (SADC), Malawi puts emphasis on regional trading and reinforced trade links with its neighbors.

Malawi is a member of the WTO, participates in WTO deliberations and has adopted many of the WTO standards. Malawi has also been negotiating with the European Union on economic partnership agreements (EPA). The simple average of the most favored nation (MFN) applied total tariff for Malawi in 2017 was 12.4%.

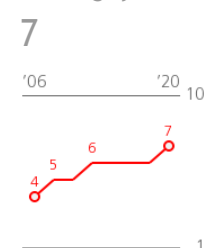
The banking sector is overseen by the Reserve Bank of Malawi. The sector currently consists of 12 commercial banks. However, the market is dominated by two commercial banks, National Bank of Malawi and Standard Bank (Malawi), with many of the other commercial banks significantly smaller.

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 present, 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. In 2018, Malawi's commercial banks recorded increased capital adequacy ratios. In 2017, the central bank's capital to assets ratio was 15.6%. Non-performing loans decreased from 10.3% in 2016 to 8.6% in 2017.

Liberalization of foreign trade



Banking system



The commercial banking sector remains profitable and resilient. Bank lending to the private sector remains weak however, despite increased demand, as reported in a recent Bank Lending Survey (BLS). Limited growth in lending to the private sector is primarily due to high interest rates.

## 8 | Monetary and fiscal stability

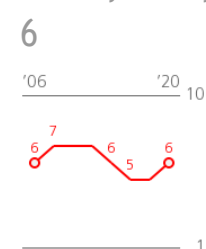
Malawi's inflation rate has remained persistently high since mid-2012 at an average of 23% to 25% annually. The Reserve Bank of Malawi is nominally independent but, in practice, since its leadership is politically appointed, it remains vulnerable to political manipulation. The foreign exchange policy has varied over the years depending on the administration in charge. For example, the government of Bingu wa Mutharika insisted on what was palpably an overvaluation of the local currency against major foreign currencies, resulting in a significant shortage of foreign exchange. The subsequent administration of Joyce Banda decided in mid-2012 to float the Malawi kwacha with the result that it immediately lost significant value against major currencies. Malawi's real effective exchange rate in 2017 was 74.4, down from 93.9 10 years before. Overall, the government maintains its influence over the country's foreign currency policy, which, in turn, effects the inflation rate.

Recently the inflation rate has fallen considerably and currently stands at single digit levels (9.7% in October 2018) but remains higher than that of comparator countries in the region. The current inflation rate faces upward pressure from increasing maize, fuel and utility prices. As food items feature significantly in the inflation rate, future developments will depend to a large extent on the harvest after the 2018/2019 growing season.

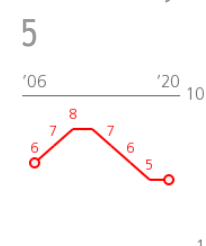
The government's long-term development strategy was ostensibly laid down in Vision 2020, adopted in 1998. Lacking operational content, Vision 2020 has left little imprint on policy formulation and has exerted modest influence on the country's development trajectory. Since the adoption of Vision 2020, medium-term development agendas and strategies have been formulated in two successive Malawi Growth and Development Strategies (MGDS) I and II. The recently launched third and latest MGDS III covers the period 2017-2022.

Malawi is dependent on international aid and following the country's "Cashgate" corruption scandal many donors scaled back their aid programs and suspended budget support. In response, the government has emphasized fiscal prudence and increased domestic revenue generation through the Malawi Revenue Authority. However, the government has resorted to predominantly domestic borrowing to finance budget deficits. The overall result is that the country's fiscal and debt policies have not been conducive to macroeconomic stability, especially long-term.

### Monetary stability



### Fiscal stability



According to the latest figures from the World Bank, public debt stood at 54.7% of GDP as of 2017, down from 73.1% in 2016. Net lending: borrowing in 2017 was at -3.01%, down from -3.3 in 2016.

## 9 | Private Property

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

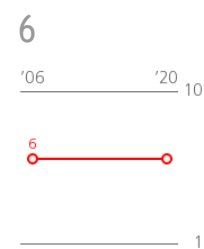
However, special rules apply to the selling and registering of land as this is a particularly important asset in a predominantly agrarian economy. The general rule for selling land is that where land is offered to a non-citizen, priority should be given to a Malawian, provided he/she is willing to pay the asking price. This means that if land is being sold to a non-citizen, the buyers should first advertise in national newspapers. 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. This is primarily due to bureaucratic obstacles within the governance system.

Although rules exist for disposal of property, in most of rural Malawi, property ownership and disposal follows traditional rules and customs that are usually determined by family systems. In the country's patrilineal societies in the northern region and southern tip of the country, property is passed through the male line. This often puts females in a precarious position with limited technical property ownership. This is especially precarious in the event of the death of a husband. In the matrilineal societies in central and much of southern Malawi, property ownership and disposal follows the female line, which has the opposite effect in terms of security of ownership for males.

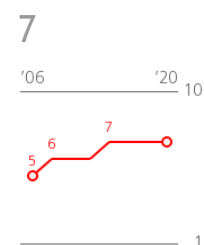
Private companies are recognized as engines of economic growth. Government rhetoric implies that it will consistently implement policies to support private companies. The law protects private companies from arbitrary exploitation and expropriation by the government. Privatization processes are regulated by law and have, by and large, adhered to the law.

The World Bank Doing Business 2019 gave Malawi the score of 59.59 out of a potential 100 on the ease-of-doing-business indicator. This represents an increase of 0.84 percentage points from the 2018 score of 58.75. The same report indicated that it takes 37 days to register a new business. However, the latter is expected to improve with the electronic innovations being piloted by the office of the registrar general.

Property rights



Private enterprise





## 10 | Welfare Regime

Malawi has no formal social security system that covers the entire country and all its citizens. However, in the formal sector, a National Social Security Fund (NSSF) (a provident fund for pension purposes) exists to which employees and employers make contributions based on wage levels. Upon retirement, employees may withdraw their contributions and interest earned. The NSSF covers only a small fraction of the population.

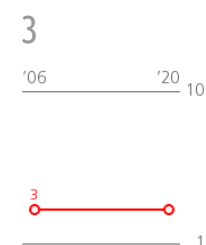
The government and non-governmental organizations operate programs that provide social safety nets for the vulnerable. These initiatives come in many forms, but the principal form delivered by the government is local food-for-work programs. Vulnerable communities are encouraged to participate in these programs and are rewarded with food in return for labor. Many of the government's projects that offer social safety nets are funded by donors.

Traditional Malawian societies have always maintained informal social security networks based on kinship or other relationships. This has meant, for example, that relations look after kinfolk and members of the extended family in the event of need. Local communities also organize savings and credit co-operatives (SACCOs) that abound in Malawi. However, these networks are informal and their sustainability is fragile.

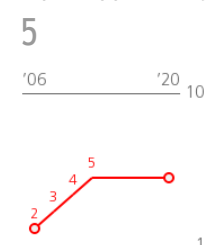
The levels of school enrollment at primary, secondary and tertiary levels reveal significant gaps between females and males. Overall, Malawi's literacy rate is 66% according to World Bank Indicators. There has been a marked improvement over time, but the average conceals a gender disparity. Traditionally, males have enjoyed greater access than females to education at all levels. According to the 2017 Integrated Household Survey report, a higher share of Malawian males aged 15 years and above (81%) was literate compared to their female counterparts (66%). Government programs over the past 20 years have actively sought to achieve a better gender balance, enjoying limited success. The female share in enrollment decreases the further up in the education system. There are also regional disparities: the educational level is highest in the northern region, primarily a legacy of missionary schools.

Traditionally, the formal labor force has been dominated by men, although in smallholder agriculture, women perform the bulk of the work. In 2017, 48.1% of the labor force was female. The Gender Equality Act was adopted in 2012. It requires government agencies and departments to recruit no less than 40% and no more than 60% of either gender. While this act has yet to be fully implemented, it charts a direction toward full parity in the recruitment of men and women, especially within government departments. However, as equality of opportunity on the labor market is largely a function of level of education, as long as the disparity within the educational system persists, a similar disparity will be reproduced in the labor market.

Social safety nets



Equal opportunity



## 11 | Economic Performance

According to the World Bank, Malawi's GDP per capita when adjusted by purchasing power parity (PPP) was \$1,095 in 2017. This represented a slight increase from 2016 when it stood at \$1,084. The 2017 per capita GDP figure compares unfavorably against the global GDP per capita PPP average of \$18,250. The comparison shows that the economic situation in Malawi is dire. This is notwithstanding the fact that real GDP growth was an estimated 3.7% in 2018, down from 5.1% in 2016/17.

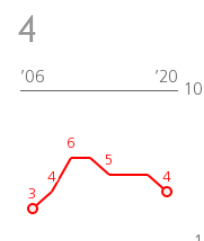
Other World Bank indicators confirm there is little improvement in the economic outlook for the country. The country needs significant economic growth in order to improve the economic outlook. The private sector is critical for a favorable growth scenario, and there needs to be a substantial injection of foreign investment. However, the economic environment remains inconducive to attracting foreign investors, despite Malawi's considerably improved position in the World Bank's Ease of Doing Business Ranking over the past few years, from 164 out of 189 countries worldwide in 2015, to 141 out of 189 in 2016, to 133 out of 190 in 2017, and to 111 out of 190 in 2018.

The 2018 Malawi Business Climate Report by the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) lists the cost of finance, the cost and irregularity of electricity supply, and telecommunications as the most important obstacles to doing business. These are followed by crime; ineffectiveness of parliament to enact relevant laws; customs regulations, procedure and bureaucracy; taxation; and erratic water supply. The reduction in lending rates by credit institutions in 2018 was not substantial enough to encourage increased private sector borrowing because the rate was still very high, around 24%. High charges for utilities such as electricity and water, compounded by irregular supplies have seriously hampered production.

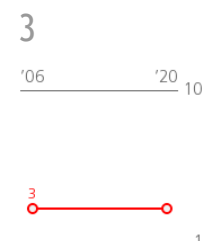
## 12 | Sustainability

The Environment Management Act of 1996 and concomitant regulations require that environmental concerns be taken into account in both macro and microeconomic terms. In practice, however, the enforcement of legal standards is inconsistent and often subject to short-term political expediency. The planned project to supply water from Lake Malawi to the capital city, Lilongwe, is a case in point. While the cost of this project is estimated at \$500 million, it has become apparent that project contracts were signed before conducting a proper environmental and social impact assessment (ESIA), in contravention of the law. All projects of this nature are legally required to submit an ESIA.

Output strength



Environmental policy



Malawi's deforestation rate is ranked fourth in the world, second in Africa and first in the SADC. In 2017, government estimates suggested that Malawi's forests were being depleted at a rate of between 1.8% and 2.6% annually, primarily for charcoal, firewood and timber. Recognizing the severity of the deforestation rate in the country, beginning 2017, the government enrolled the army to undertake 24-hour patrols of the country's major forests, with authorization to arrest loggers and confiscate their equipment.

Malawi's education policy is adversely affected by the country's economic problems. In the 2018/2019 national budget, education was allocated a total of MWK 166 billion, which represented about 11% of the national budget and 3% of GDP, a drop from 4% of GDP in 2016.

Although investment in education has been low and has fluctuated over time, Malawi has taken some positive steps in education. The proportion of the Malawi population aged 15 years and above that was literate in 2017 was 73%, indicating an increase from the 65% rate reported in 2010-2011 according to data from the most recent Integrated Household Surveys.

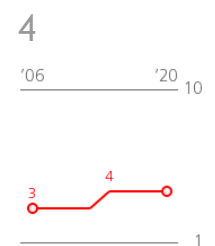
The country introduced free primary school education in 1994, which immediately raised enrollment rates in primary schools. However, the government was to some extent unprepared as it had insufficient schools and teachers to accommodate the increased enrollment. While efforts have been made subsequently to deal with the increasing number of primary school pupils, the transition rates to secondary and tertiary levels are low. Transition challenges are partly due to insufficient secondary schools and facilities at institutions of higher learning, coupled with the lack of affordability of tuition fees and accommodation (at boarding schools and colleges).

The poor quality of education at lower levels of the educational system sometimes leads to high failure rates at secondary and tertiary levels.

Recent years have seen the proliferation of private universities to supplement public institutions.

The attention to research is unsystematic and the government's allocation of funds to support research endeavors is grossly insufficient. Research activities are largely dependent on foreign sources.

Education policy /  
R&D



## Governance

### I. Level of Difficulty

Malawi faces extreme and widespread poverty. While modest progress has been made toward creating an educated and skilled labor force, literacy levels remain low. The government is the single largest employer in the formal sector, as the private sector remains small.

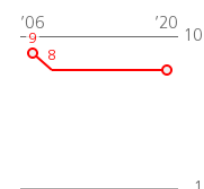
The country is landlocked and relies on transport routes through Mozambique, Tanzania and South Africa. The cost of such long-distance transport is considerable, making imported goods more expensive to Malawians and exported goods more expensive to trading partners. Little progress has been made since independence to substantively mitigate the effects of being landlocked. For example, the railway line to Beira in Mozambique, which offers one of the shortest and cheapest transport routes, has long remained in a state of disrepair.

The country suffers from serious infrastructure shortcomings, exemplified by the road network. While the main trunk road network is in a reasonably good state, although limited in coverage, most rural areas are poorly served. The lack of a good and extensive road network has an adverse effect on the country's agricultural sector as farmers in rural areas are constrained in their ability to transport their produce to markets and procure essential inputs.

In terms of climate change, Malawi is highly vulnerable to extreme weather conditions such as flood, drought and strong winds that cause natural disasters. For some people in flood-prone areas, displacement has become routine during the rainy season, especially in Chikwawa and Nsanje districts of the Lower Shire valley. Recurrent disasters reduce economic growth as considerable resources are diverted to emergency operations, to the detriment of growth-promoting activities. Adverse weather conditions are compounded by deforestation due to charcoal burning. As a result, valuable productive topsoil is lost through erosion on steep hillsides. A rapidly increasing population has also caused people to settle in some areas prone to flooding.

Structural  
constraints

8



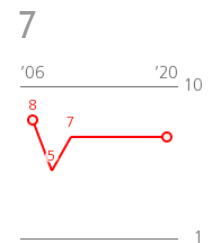
A multitude of civil society organizations (CSOs) play a prominent role in the governance realm, acting primarily to scrutinize the government and as participants in the public debate. Organized and regulated in terms of the Non-governmental Organizations Act of 2000 under the umbrella of the Council for Non-Governmental Organizations in Malawi (CONGOMA), they form a mixed bag. Some are extensions of foreign CSOs from whom they receive funding. Others are genuinely domestic even though they also rely on foreign funding. While many lobby on policy issues, others engage in development activities at the grassroots, providing services in such sectors as education, health and water supply.

CSOs, whether domestic or foreign, do exert some influence but their entry points and channels of influence vary. Interaction with government institutions are normally ad hoc and often based on personal networks. Generally, civil society has increasingly asserted itself in recent years. The president has a special advisor on civil society affairs who liaises with CSOs.

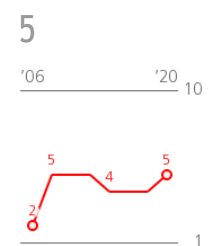
The main cleavage in Malawian politics is ethnicity. All major political parties appeal to ethnic identity – which is broadly coterminous with regional origin – as a basis of mobilization. With the exception of the 2009 elections, in which the incumbent DPP garnered support throughout the country, largely due to the popularity of the farm input subsidy program, electoral support tends to follow regional cum ethnic lines. The ethnic nature of political parties means that the incumbent party invariably practices politics that overtly or covertly favor the ethnic group of its leadership.

There have been isolated incidents of violence during election campaigns that stem from the ethnic nature of the political system, as well as from other cleavages such as religion. However, the July 20, 2011, nationwide protests that erupted into violence suggest that not all is calm. Discontent simmers under the surface and may emerge if grievances are not addressed. Malawians generally abhor violence, but their patience may run out. The issue of land is particularly sensitive, as evidenced by the recent emergence of the People's Land Organization in Thyolo and Mulanje districts in the southern region.

#### Civil society traditions



#### Conflict intensity



## II. Governance Performance

### 14 | Steering Capability

Successive governments in Malawi have failed to set clear priorities and address them with consistent policy implementation in line with strategic, long-term objectives. The principal example is Vision 2020, which was adopted in the late 1990s. It was soon consigned to the bookshelves, in large measure because it was insufficiently operational. Only salutary references have been made to Vision 2020 since it was published. As the year 2020 approaches, there is very little to show by way of its consistent implementation.

Medium-term strategies have been developed in two Malawi Growth and Development Strategies (MGDS I and II). Although far more operational than Vision 2020, these strategies also failed to prioritize sufficiently, given Malawi's limited resources. The recent MGDS III, covering the period 2017 to 2022, cannot be said to impose a strict order of priority. It sets out five broad priority areas: (i) agriculture, water development, and climate change management; (ii) education and skills development; (iii) transport and ICT infrastructure; (iv) energy, industry and tourism development; and (v) health and population. These areas cover just about all sectors across the board.

Government's inability to follow through on development initiatives is in many ways a function of a widespread unwillingness among successive governments to continue the policy initiatives of previous administrations. Instead, new leaders often start their own projects while abandoning those of their predecessors. When Joyce Banda ascended to the presidency in 2012 after the death of Bingu wa Mutharika, she set out her own development initiatives while abandoning a number of projects that had been started by her predecessor such as the Nsanje Inland Port and plans to construct several universities around the country. In the same manner, when Peter Mutharika became president after the 2014 elections, he abandoned most of the projects of his predecessor such as the Mudzi Transformation Fund.

In addition to politics, donor priorities frequently result in inconsistent implementation of development strategies in Malawi. This is particularly notable in the education sector that has seen the adoption and abandonment of several curriculum review initiatives that have been driven by various donors. Given Malawi's high dependence on foreign aid, the government has been willing to change course in return for promises of further aid.

Question  
Score

Prioritization

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Although successive governments have made commendable attempts to set short to medium-term priorities in their development policies and plans, consistent implementation in accordance with those priorities has been lacking. Malawi seems better at developing and setting priorities than implementing them. Governments remain sensitive to the vagaries of electoral competition and sometimes alter their priorities in order to boost their chances of electoral victory. In terms of strategic visions, as an aid-dependent country Malawi is vulnerable to donor influence and aid conditions. In view of the fact that about 40% of Malawi's budget has long been financed by donors, it is unsurprising that the priorities that successive governments have set over the years have been influenced by the donor community rather than by domestic preferences. Donor priorities do not always align with those of Malawi.

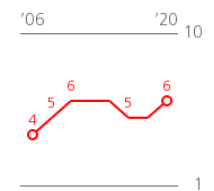
With the exception of performance audits of some government projects or institutions conducted by the national audit office, there is no evidence of a comprehensive audit to determine which priorities have been implemented and which ones have not.

Malawi has a long history of public sector reform. There have been 80 reform attempts by successive administrations since independence in 1964, but none have produced the desired results. This dismal record suggests poor institutional learning and low innovative capability. Many reform attempts have been driven by the donor community in an effort to build state capability based on legal-rational Weberian precepts, often without reference to context and history. The latest reform initiative was undertaken in 2015, triggered by the “Cashgate” scandal. The accompanying report was refreshingly candid: the Malawi public service had exhibited poor and declining performance in service delivery and management of public agencies, a deterioration of work ethics, indiscipline and absenteeism and proliferation of fraud and corruption.

However, despite numerous efforts the politicization of the public service remains deeply entrenched and institutional learning and innovation are largely absent. It is indicative of the political sensitivity of the 2015 proposed reforms that responsibility for their implementation was transferred to the Office of the President and Cabinet (OPC) and its public sector reforms management office. As it was, political commitment to the reform agenda did not prove genuine and sustainable. No significant changes emerged from the 80th attempt at public sector reform.

#### Implementation

6



#### Policy learning

6



## 15 | Resource Efficiency

It is doubtful that the government uses its human, financial and organizational resources in an efficient manner. Recruitment processes are not always transparent and based on objective criteria of professionalism. Civil servants may be appointed and dismissed on non-professional grounds such as ethnicity, regionalism and loyalty or disloyalty to those in power. Such practices compromise the quality of the government's human resources.

Sometimes government projects are allocated resources without being subject to a thorough feasibility study and cost-benefit analysis. An infamous example is the so-called Nsanje Inland Port, which was promoted by the late president Bingu wa Mutharika. Today, it can best be described as a “white elephant.”

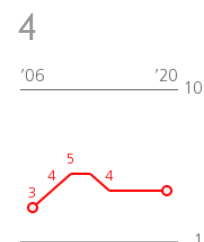
Despite efforts to instill prudence in the management of public resources, budget discipline is often lax and resources are diverted to purposes other than those intended. Lax budget discipline is compounded by endemic corruption at all levels of the civil service. Particularly egregious cases of grand (as distinct from petty) corruption are the “Cashgate” and “Maizagate” scandals, which involved the pilfering of billions of kwacha by means of dubious procurement deals and manipulation of the country's financial management system.

Besides corruption, there is extensive wastage of resources in the public sector. Government officials, from the president to leaders of key government agencies, drive in expensive gas-guzzling vehicles that are usually sold cheaply to the user after only a few years of use. The president drives in large convoys and teams of senior public officials that include cabinet ministers, follow him wherever he goes.

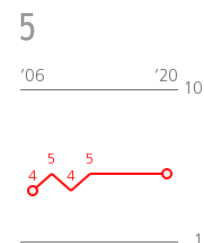
Meanwhile, civil servants are grossly underpaid, which results in corrupt practices or absconding from work to pursue other income generating opportunities.

Policy coordination is the task of the cabinet, which comprises all ministers. The cabinet must approve all white papers and policy documents before tabling them in parliament. In 2015, the merger of the Ministry of Economic Planning and Development, and the Ministry of Finance to become the Ministry of Finance, Economic Planning and Development contributed to improved policy coordination within government. However, given Malawi's precarious economic situation and its vulnerability to weather-related disasters, the government is often overwhelmed by emergencies that require urgent attention and upset established policy priorities and timely implementation. This renders coherent policy implementation difficult.

Efficient use of assets



Policy coordination





Corruption is endemic in Malawi. Corruption has many causes, but is fueled by deep societal inequalities, poverty, patronage networks and an inefficient public service. Petty corruption at all levels of society and in most sectors of the economy is experienced by the majority of Malawians in their daily lives. In addition, major corruption scandals have rocked Malawi in recent years, variously dubbed “Cashgate” and “Maizagate,” involving high-level civil servants, senior politicians and senior military officers. The Public Procurement Act stipulates the procurement procedures to be followed. However, the system can still be subverted by government agencies.

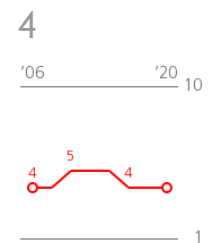
The Anti-Corruption Bureau (ACB) has been established as a specialized government agency to deal with corruption. The bureau faces multiple challenges to its operations. Structurally, its independence from the executive is not guaranteed. The director of the ACB can easily be removed from office by the president. Operationally, the law requires that the ACB must seek consent from the director of public prosecutions before instituting any significant prosecution. It is indicative of the ineffectiveness of the justice system that the investigation of major scandals such as “Cashgate” and “Maizagate” has taken an inordinately long time and that cases remain pending before the courts for years. The slow speed of the justice system is partly due to case overload, but also the result of political interference.

In 2009, Malawi launched a National Anti-Corruption Strategy. The strategy required government agencies and departments to establish institutional integrity committees to serve as anti-corruption agents at agency and departmental levels. However, most agencies and departments were slow to establish these committees. The strategy’s five-year life span expired in 2013 and it was only during 2018 that efforts to develop a new strategy began.

Government accounts are audited by the national audit office under the stewardship of the auditor general. As the auditor general has observed on several occasions, his office is under-resourced and, consequently, unable to audit all government departments in a timely and effective fashion. In any event, the government has consistently been slow to act on recommendations following audits performed by the auditor general.

Malawi has enacted the Public Officers (Declaration of Assets, Liabilities and Business Interests) Act. The office of the director of assets declarations has been operational for a few years, and many public officers have declared their assets, although many others have dragged their feet or failed to comply with the legal requirement.

#### Anti-corruption policy



The Access to Information Act (ATI) was passed by parliament in 2016 and the assent by the president was celebrated as a milestone in the media landscape. For 12 years, several versions of the bill had been pending before parliament but never enacted. The ATI law assigns the task of overseeing the implementation of the act to the Malawi Human Rights Commission (MHRC). The act also provides protection for whistle-blowers who divulge information about inappropriate withholding of information.

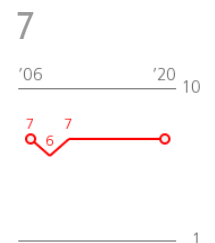
### 16 | Consensus-Building

All major political actors agree that democracy is the only acceptable governance paradigm in Malawi. There are discernible efforts among political actors to prevent the re-emergence of autocracy, such as that of former president, Hastings Banda, during the pre-1994 era. A representative survey indicated that 71% of Malawian respondents support democracy, 84% reject presidential dictatorship, 69% reject one-party rule, and 86% reject military rule.

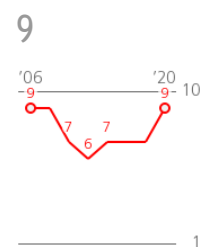
While all actors agree that the country should follow a capitalist system where markets are liberalized, there are significant differences of opinion about the extent to which the government should cushion the poor and vulnerable and how it should do this. By way of illustration, since 2006 the government has been running a farm input subsidy program to boost food production. Although most political actors support this program in principle, there are significant differences of opinion over its implementation and the level and coverage of such a subsidy. Other government interventions in favor of the poor include the Malawi Social Cash Transfer Program and the Decent and Affordable Housing Program (DAHSP), which was introduced in 2014 to provide subsidized construction material to poor households.

Political actors across the board are generally supportive of democratization. The armed forces have shown no proclivity to interfere in domestic politics and have respected the primacy of civilian authorities in determining the country's democratic path. On the rare occasions that anti-democratic elements emerged, their influence has been minuscule.

Consensus on goals



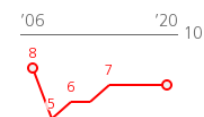
Anti-democratic actors



There are many cleavages in Malawi but the most significant is ethnicity. Political parties have generally appealed to ethnic identities to garner support in their election campaigns. Ethnicity is largely coterminous with regional origin. These cleavages are reflected in electoral support patterns that are regionally based. The exception is the 2009 elections, when the votes were more evenly distributed across the country. Religion is also a social and political cleavage but is less important than ethnicity.

Cleavage /  
conflict  
management

7

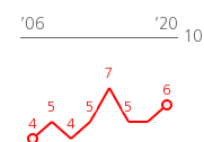


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Civil society  
participation

6



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A particular sub-category of CSOs are faith-based organizations (FBOs). Malawi is a profoundly religious society with a multiplicity of faiths and denominations. They act independently and collectively (for example through the Public Affairs Committee (PAC), the Malawi Council of Churches (MCC), and the Evangelical Association of Malawi (EAM)). FBOs occasionally issue pastoral letters or statements on salient political and social issues – e.g., corruption and elections – that receive coverage in the media. Clergy also seek influence through audiences with the president.

In November 2018, the government introduced a bill to amend the NGO Act. This bill has been criticized for seeking to disempower CSOs in the country, partly by shifting regulatory power from the Council for Non Governmental Organizations (CONGOMA), to the NGO Board. If enacted, this law will entail a paradigm shift from NGO self-regulation to government regulation.

The democratic transition in 1993/1994 was a critical juncture in the history of Malawi that required reconciliation following three decades of dictatorial rule under Dr. Kamuzu Banda. The pre-1994 era was characterized by the arbitrary detention and disappearance of many Malawians. The emerging political consensus after 1994 led to the establishment of a National Compensation Tribunal to atone for the suffering inflicted during Dr. Banda's rule. Although the lifetime of the tribunal has been extended, it has so far failed to dispose of its caseload. In many cases, complaints were heard that the compensation was a mere pittance not commensurate with the losses people had suffered. The mandate of the tribunal was limited to compensating victims. No deliberate attempt was made to bring about conciliation between the victims of Dr. Banda's rule and the perpetrators of abuse. Reconciliation over the excesses of Banda's rule remains unresolved.

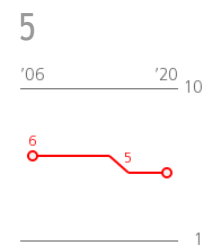
Albeit at a much lesser level, following the nationwide protest of July 20, 2011, which left more than 20 people dead at the hands of heavy-handed police, promises were made to compensate the families of the deceased. But to date the promises have not been honored.

## 17 | International Cooperation

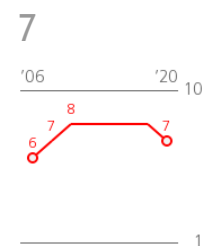
Malawi's economy is heavily aid-dependent. Over the years, about 40% of the state budget has been sourced from donors.

Since 2008, when Malawi switched diplomatic recognition from Taipei to Beijing, Malawi has been a recipient of several Chinese grants and loans that have been used to finance physical infrastructure, including roads, the national stadium, parliament, hotels and other facilities. This has helped the government, not least because China does not impose major conditionalities on their development aid. The effects of these investments are generally seen to be minimal. In 2016, foreign aid accounted for over 28% of gross national income. Aid per capita stood at about \$69 per annum between 2011 and 2015. While direct budget support was for some time an important mode of aid, program and project aid has featured prominently in aid packages, either through state institutions but increasingly through civil society organizations. Following the "Cashgate" scandal, many donors suspended budget support but retained project support under tighter controls. The shortfall left by reduced international financial assistance has proved difficult to fill through domestic revenue generation. The government has resorted to domestic borrowing to finance the budget deficit.

### Reconciliation



### Effective use of support



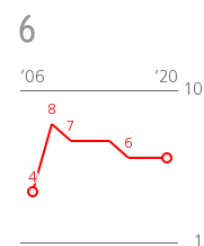
Successive governments have consistently portrayed themselves to the donor community as credible and reliable partners. However, structural deficiencies within government systems, coupled with neopatrimonialism, have produced significant shortcomings in the way in which government follows up on its international commitments. For example, corruption undermines the manner in which government utilizes resources sourced from development partners.

Malawi has acceded to all major international and regional conventions on human rights: (a) the International Covenant on Civil and Political Rights (ICCPR) that includes rights related to elections such as freedom of assembly, freedom of expression, and freedom of association; (b) the International Covenant on Economic, Social and Cultural Rights (ICESCR); (c) the Convention on the Rights of the Child (CRC); (d) the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW); (f) the Convention on the Rights of People with Disabilities (CRPD); and (g) the African Charter on Human and People's Rights (ACHPR). As a signatory to these instruments, Malawi is legally obligated to abide by their precepts. Many of the obligations are enshrined in Malawi's constitution as the Bill of Rights, while others have been legislated and specified in acts of parliament. However, adherence to the legal obligations has been challenging and performance with regard to different rights is uneven. Improvements in economic, social and cultural rights are the hardest to achieve, while gender equality is on an upward trend. In the sub-category on participation and rights within the 2018 Ibrahim Index of African Governance, Malawi ranked 11 out of 54 African countries with a score of 64.5 in 2017, an improvement of 7.4 points since 2008. In terms of the specific gender dimension, Malawi was 22 out of 54 African countries with a score of 60.9, a slight improvement of 1.4 points over the 2008 to 2017 period.

As the designated national human rights institution, the Malawi Human Rights Commission (MHRC) monitors human rights protection and investigates alleged violations. The MHRC enjoys A-status accreditation with the International Coordinating Committee of National Institutions for the Promotion and Protection of Human Rights – according to the so-called Paris principles. Malawi also has an ombudsman that handles individual complaints.

The Human Rights Council deliberated upon Malawi's latest report in May 2015. While the country was commended for taking action in a number of areas, criticisms were also made, especially with respect to controversial issues such as the rights of sexual minorities, the liberalization of abortion laws, and the abolition of the death penalty. Capital punishment remains on the statute books of Malawi for crimes such as treason, murder and rape. No executions have been carried out since 1992.

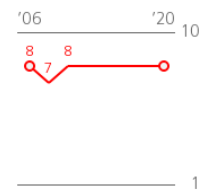
#### Credibility



Malawi is a member of the African Union and consistently participates in AU activities, including peacekeeping operations. At the subregional level, Malawi is a member of the Southern African Development Community (SADC) and of the Common Market for Eastern and Southern Africa (COMESA). Generally, Malawi has cooperated well with all neighboring countries on various matters, notwithstanding some friction with Mozambique over arrears at Beira harbor. A peaceful solution to the boundary dispute with Tanzania over the northern part of Lake Malawi is being sought through mediation, and Malawi has participated fully in this endeavor.

#### Regional cooperation

8



## Strategic Outlook

The next general elections are scheduled for May 2019. At that juncture, incumbent president, Peter Mutharika, will seek re-election. All political parties are jostling for elected positions and the presidency. While most parties have formulated election manifestos, they rarely espouse long-term transformative perspectives along ideological lines. The campaigns in the forthcoming tripartite elections will center on issues such as education, health care, water and electricity supply. Although critically important to the everyday lives of Malawians, the politicians' promises only address these short-term concerns, and do not put forward long-term solutions to the intractable problems that have plagued Malawi for decades. Personality and popular policies to gain votes feature more prominently than discussion of long-term issues.

The electoral contest tends to undercut the need for political players to create a broad-based, inclusive democracy in Malawi. The persistence of patrimonialism and ethnicity means that the structures and culture of democracy remain weak. Political parties must inculcate a culture of democracy and inclusivity within their internal structures and external operations. It is unrealistic to expect a political party to govern democratically when the party itself does not fully subscribe to democratic values.

A major impediment to democratization is that political parties persist in appealing to ethnic identity and regionalism when trying to canvas support. As a result, the ostensibly democratic practice tends to be exclusionary; the winners focus on sharing the spoils among their kin and supporters without any deliberate efforts to be inclusive. Failure to overcome the twin challenges of ethnicity and patrimonialism means that Malawi's democracy will remain flawed.

As a result, corruption will continue to pose a challenge for the foreseeable future with the risk that it could become accepted as normal. The general populace already tends to assume that access to a service necessitates paying a bribe. This evolution is ominous because it indicates that corrupt behavior is becoming entrenched and part of the culture. The integrity and legitimacy of the government are thus undermined.

There is little indication that the country's economy will improve in the near future. Without increasing economic growth, the government's efforts to raise domestic revenue will be difficult. Realistically, external donor support is needed. Many donors have been reluctant to resume giving aid as they had done before the corruption scandals (e.g., budget support), although some have.

Three possible future scenarios are discernible:

1. Despite many efforts by the incumbent DPP government to thwart the opposition spearheaded by the UTM, incumbent president, Peter Mutharika, whose popularity has plummeted, is ousted through the polls in May 2019. A new government is formed with Saulos Chilima as president – probably in a coalition with the Malawi Congress Party and other minor parties – and embarks on a comprehensive program to address the many societal ills that have plagued the country for

decades. Relations with the donor community are repaired and aid resumed, including budget support. However, the legacy of neglect from previous regimes and the entrenched position of the spoilers in the system makes recovery an arduous task.

2. Malawi's vulnerability to the adverse effects of climate change (floods, droughts and other calamities) continues to exert a heavy toll on the economy. Weather-related disasters cause humanitarian crises and food insecurity. While willing to provide disaster relief, the donor community remains skeptical to resuming aid, especially in the form of budget support, owing to the incumbent government's failure to curb corruption. Economic growth rates remain low, especially in per capita terms, and the inflation rate rises. Civil unrest escalates, particularly in the cities, and the government responds with increasing repression with police brutality reminiscent of Bingu Mutharika's regime. Freedom of the press is curtailed and an atmosphere of intolerance is created. Malawi increasingly resembles a failed state and faces international criticism.

3. The incumbent DPP government embarks on serious efforts to curb corruption and takes action to implement the MGDS III. Particular efforts and resources are devoted to adapt to climate change to forestall plummeting economic growth rates and to avert devastation for populations living in the affected areas. In terms of economic management, revenue collection increases and budgetary discipline is strictly enforced. Inflation stabilizes and an economic crisis is averted. Protests occur due to the government's austerity program, but they never escalate to threaten the public order countrywide. Peter Mutharika runs for re-election in 2019 and is able to secure victory by a narrow margin through a combination of incumbent advantages and by forging political alliances with other parties, particularly with the United Democratic Front (UDF) under the leadership of Atupele Muluzi who has already held a ministerial post in the DPP government.

It is exceedingly difficult to determine, which of the above scenarios is most likely. The history of Malawi suggests it is highly unlikely that the Mutharika regime is prepared to make amends and embark on a path it has shown little willingness to tread so far (scenario 3). It is also doubtful that other parties are prepared to enter into an alliance with the DPP given its unpopularity with the electorate.

The more likely scenario is business as usual (scenario 2), which represents a continuation of current practices, compounded by adverse weather conditions that would undermine the government's ability to change course even if it had the will to do so.

The entrance of the UTM on the electoral scene is a new development, and it may have a chance of success at the 2019 polls (scenario 1). The novelty of the UTM seems both a strength and a weakness. Its strength in the eyes of the electorate is precisely the fact that it represents difference. Its weakness is its lack of a party machinery to carry through a successful campaign.