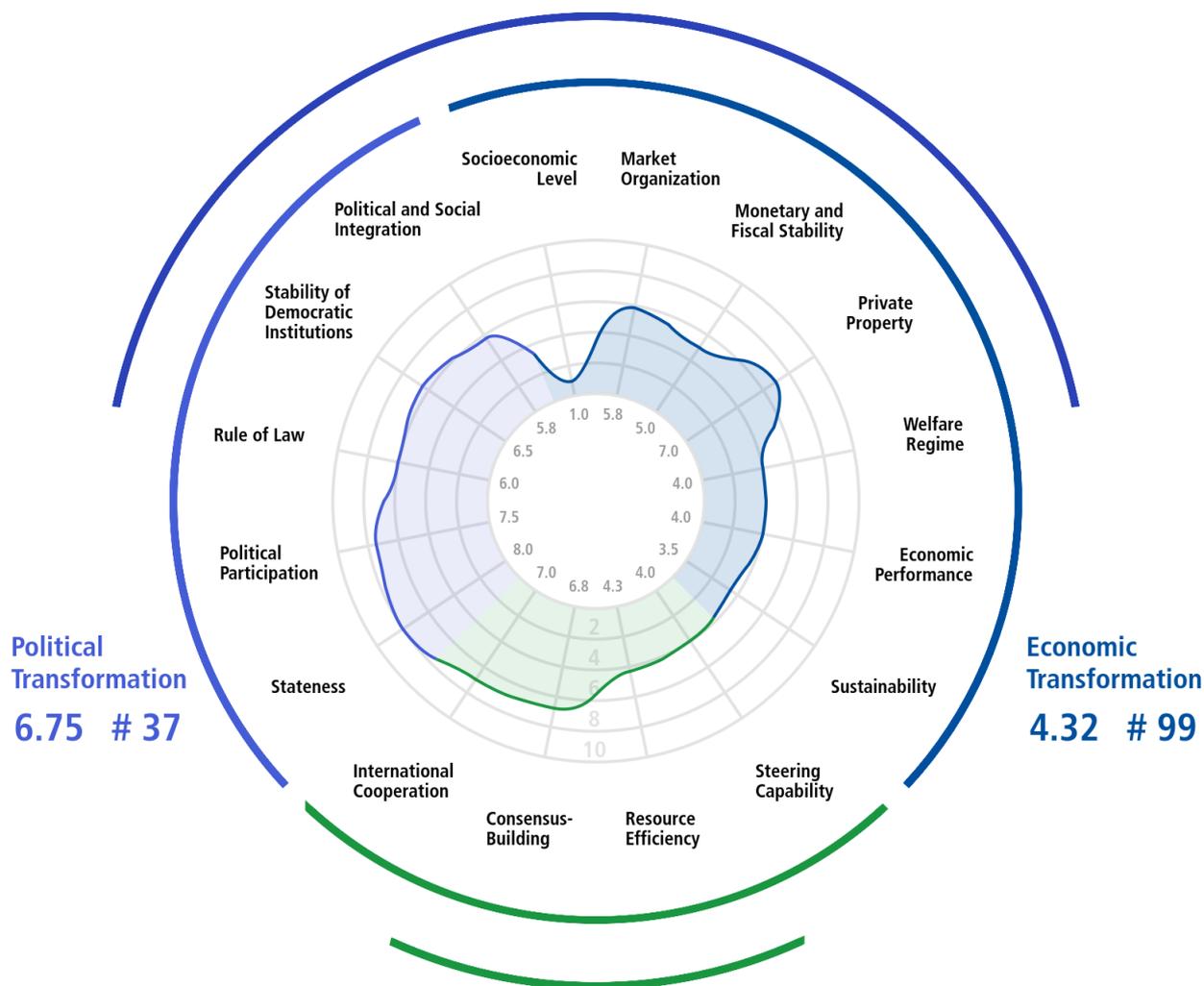


Malawi

Status Index

5.54 # 59

on 1-10 scale out of 137



Political Transformation
6.75 # 37

Economic Transformation
4.32 # 99

Governance Index

5.10 # 46

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. 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>.

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Key Indicators

Population	M	21.7	HDI	0.517	GDP p.c., PPP \$	1859
Pop. growth ¹	% p.a.	2.6	HDI rank of 193	172	Gini Index	38.5
Life expectancy	years	67.4	UN Education Index	0.450	Poverty ³	% 89.1
Urban population	%	18.6	Gender inequality ²	0.581	Aid per capita \$	82.0

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

Malawi has remained a formal democracy since the 1994 transition to a multiparty system. The High Court, sitting as the Constitutional Court, annulled the 2019 elections and ordered fresh elections to be held within 150 days. The ruling also clarified that the concept of a majority means 50% plus at least one of the valid votes cast. This corrected understanding of the term differed from the widely held view under the first-past-the-post electoral system, which treated the party garnering the largest number of votes as the winner – a mere plurality falling short of the 50%+ requirement.

The ruling demonstrated both the independence of the judiciary and the power of the rule of law. It created a new political dynamic because no party could realistically muster a majority on its own. An electoral alliance would be needed. The two largest parties and several smaller ones subsequently formed the Tonse Alliance and won the new elections by a comfortable margin. A source of concern is the revival of a Chewa tradition of masked dancers, which might signal growing attention to ethnic identity in party competition for votes and thus undermine the unity of the Malawian people.

Malawi's economy is in dire straits, relying predominantly on small-scale agriculture and some large plantations. The manufacturing sector is small. Economic growth has been sluggish, leaving the revenue base weak. The high cost of finance, an irregular electricity supply and the insufficiency of the telecommunications infrastructure are major obstacles to doing business. External shocks, in particular the impacts of the war in Ukraine and repeated tropical cyclones, have added to the adverse conditions. The imbalance between exports and imports has created persistent shortages of foreign exchange. Fuel for the transportation of goods has been in short supply, causing gas stations to close periodically. This, in turn, has served as a brake on all economic activity, pushing up inflation. In May 2022, the Reserve Bank devalued the kwacha by 25% and again by 44% in November 2024.

Because of the country's weak economic base, the poverty rate has not declined. Instead, food insecurity has increased, affecting about a quarter of the population. A lack of budget discipline has led to the diversion of funds to non-productive purposes. Endemic corruption is stifling economic progress, and no decisive action has been taken to counter this malaise. Assistance from international donors has provided some relief, but the government has resorted to increased borrowing on unfavorable terms and at high interest rates.

Malawi is not a welfare state providing social security to the entire population. Confined to the formal sector, the National Social Security Fund (NSSF) provides pensions funded by contributions from employees and employers. Because the bulk of the workforce in Malawi is self-employed in smallholder agriculture or operates informally through small- or medium-sized enterprises, the NSSF caters to only a small segment of the population.

The government and non-governmental organizations operate programs that provide social safety nets for the most vulnerable. Many of the government's projects offering social safety nets are funded by donors. Traditional Malawian societies maintain informal social security networks based on kinship, with relatives caring for kin. The Department of Disaster Management is responsible for preventive work and humanitarian assistance after weather-related disasters, but it is under-resourced. Local communities also organize plentiful savings and credit cooperatives, but these networks are informal and fragile.

History and Characteristics of Transformation

Before the country's independence in 1964, the Malawi Congress Party (MCP) was formed with Hastings Kamuzu Banda at the helm. For three decades, until 1994, Kamuzu Banda – declared president for life in 1971 – ruled as an autocratic leader in a one-party state. The most significant transformative political development was the 1993 referendum, in which citizens expressed their preference for a multiparty system.

The 1994 elections saw the rise of a new party, the United Democratic Front (UDF), led by Bakili Muluzi, who became the first state president under the new multiparty dispensation. He remained in office until 2004. At the end of his second term, Muluzi attempted to amend the constitution to allow his re-election to a third term, but the move was defeated. Muluzi was succeeded by Bingu wa Mutharika, who emerged victorious in 2004. However, following internal party squabbles, Bingu left the UDF and established the Democratic Progressive Party (DPP), which he led to victory in 2009. After Bingu died of a heart attack in 2012, his vice president, Joyce Banda, assumed the presidency, but her bid for re-election in 2014 was unsuccessful. Bingu's younger brother, Arthur Peter Mutharika, who had taken over leadership of the DPP, defeated Joyce Banda in 2014 and remained in office until he was ousted in 2020's rerun presidential election, following the High Court sitting as the Constitutional Court's nullification of the flawed 2019 vote. The ruling also clarified that a majority means 50% plus at least one of the valid votes. This meant that any contesting party had to enter into an alliance to secure victory.

During Mutharika's tenure, the MCP experienced a revival under its new leader, Lazarus Chakwera. Before the botched 2019 elections, Mutharika's vice president, Saulos Chilima, formed a new party, the United Transformation Movement (UTM). The MCP and UTM formed an electoral alliance with several smaller parties and won a comfortable victory in the fresh 2020 elections.

Lacking discernible underlying ideologies, the election manifestos of all parties promised improved services that Malawians eagerly desired: education, health care, communication, water and electricity supplies, agricultural subsidies, and more.

During the Kamuzu Banda era, the state controlled the economy. Post-1994 democratization also brought economic liberalization and market-based competition. The liberalization reforms were accelerated by structural adjustment programs sponsored by the World Bank and the International Monetary Fund. The reforms included the divestiture of parastatals, a process supported by the Malawi Confederation of Chambers of Commerce and Industry (MCCCI), the private sector's principal interest organization.

Despite some economic liberalization, the state retained a substantial role in the economy, primarily through key state-owned enterprises, sector-based policies and development plans such as the Malawi Growth and Development Strategy (MGDS III). Significant state-led development initiatives included the National Industrial Policy, the National Export Strategy II (2021 – 2026), and Malawi's comprehensive long-term Vision 2063 agenda under the theme "An Inclusively Wealthy and Self-Reliant Nation."

However, Malawi lacks a workable road map toward industrialization. The government has implemented significant agricultural subsidies through programs such as the erstwhile Farm Inputs Subsidy Program (FISP) and its successor, the Affordable Inputs Program (AIP). Despite the cost, these state-financed programs are popular with the many smallholders who depend on rain-fed agriculture, producing mainly for subsistence but also marketing cash crops. Smallholders make up 82% to 85% of the population. Tobacco, tea and sugar production takes place mainly on large estates. Tobacco has long been Malawi's largest foreign-exchange earner, accounting for about 60% of exports. Malawi's economy has attracted little foreign investment.

Corruption remains pervasive and disrupts the economy and governance despite the National Anti-Corruption Strategy II (2019 – 2024) and the Strategic Plan of the Anti-Corruption Bureau (2020 – 2024). Malawi has an ingrained culture of corruption that is difficult to eradicate. The Anti-Corruption Bureau's director-general was arrested in the middle of the night during the review period, but was later released unconditionally, suggesting that powerful interests oppose determined action against corrupt behavior. As of the close of the period, the position of director-general remained vacant after the previous incumbent declined to seek a second term.

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

There is no challenge to the state monopoly on the use of force. The armed forces and the police are the two state institutions authorized to use force, either against external enemies or to quell internal disturbances such as occasional protests or riots.

Question
Score

Monopoly on the
use of force

9



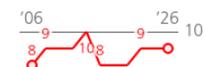
1

Malawians overwhelmingly identify as members of the Malawian nation-state. The constitution grants citizens equal rights.

State identity

9

The principal identity as Malawian does not preclude a secondary identity based on ethnic origin. The 2018 census reported the following ethnic affiliation percentages:



1

- Chewa: 35%
- Lhomwe: 20%
- Yao: 13%
- Tumbuka: 10%

In political terms and voting patterns, this distribution is significant. The MCP's ethnic support base is mainly the Chewa, who reside predominantly in the central region, whereas the Lhomwe reside predominantly in the southern region and support the DPP. The Yao, who reside mostly in the "eastern" region, tended to support the UDF with its first president after 1994 and are likely to support a reemerging UDF in an electoral alliance. The Tumbuka live predominantly in the northern region; owing to that region being less populous, their only probable political weight would be in an electoral alliance with a larger party.

Although ethnic identity is secondary to Malawian identity, a resurgence of the ethnic factor in the 2025 electoral campaign would challenge the dominant state identity.

In a 2024 Afrobarometer national survey, 57% of Malawians said they did not think their ethnic group was treated unfairly by the government. The same survey found that only three in 10 Malawians (31%) considered themselves primarily in ethnic rather than national terms, with the rest either preferring to be known first by their national identity or at least as both. Malawians are also very tolerant of people from other ethnic groups, as 80% in the 2024 Afrobarometer survey said they would not mind having an individual from a different ethnic group as a neighbor.

Formally, Malawi is a secular state. There is no state religion. Rather, there are many faiths and denominations. Even so, it is fair to say the Malawian population is profoundly religious, as evidenced by regular attendance at churches and mosques. The incumbent state president is a Pentecostal theologian belonging to the Assemblies of God denomination. His personal faith does not noticeably affect his role as head of state and government.

About 12% to 15% of the population adheres to Islam, while the remainder belong to a variety of Christian denominations, among which Catholics are the largest and Presbyterians are second.

The current government's position in favor of Israel in United Nations votes and the government's decision to signal a desire to move Malawi's embassy from Tel Aviv to Jerusalem appear largely influenced by the president's strong religious background.

Although Malawi is a secular state, religious organizations play a significant role through pastoral letters. Observers generally agree that the interfaith and interdenominational Public Affairs Committee (PAC) played a key role in the transition from a one-party to a multiparty system in 1993/94. At regular intervals, PAC issues statements on salient matters and seeks an audience with the president to voice its concerns and criticism. However, these entities operate as non-governmental organizations, although access to the president may arguably be facilitated by his theological background.

While basic administrative structures exist, including ministries and specialized institutions with specific mandates, their functionality and effectiveness are severely hampered by resource constraints that reflect the state of the economy. The shortage of foreign exchange is debilitating, leading to periodic shortages of gasoline and diesel. Malawi does not export enough to generate sufficient foreign exchange. The entire private and public sectors suffer as a result. Pervasive corruption exacerbates the problem.

The World Bank reports in its World Development Indicators (WDI) 2024, with data from 2022, that 71.9% of the population had access to basic water sources, while 49.2% had access to basic sanitation facilities. About 14% of the population had access to electricity.

No interference of religious dogmas

8



1

Basic administration

6



1

2 | Political Participation

Elections in Malawi are generally free and fair, although some hiccups may occur. The Malawi Electoral Commission (MEC) is responsible for organizing and overseeing the conduct of elections. In 2019, however, irregularities were so numerous that the High Court, sitting as the Constitutional Court, annulled the elections and ordered a fresh one to be held within 150 days. The ruling also clarified that the concept of a majority means 50% plus at least one legally cast vote. This clarification contrasted with the widespread notion under the so-called first-past-the-post electoral system that the party garnering the most votes – that is, a mere plurality – was to be declared the winner. This ruling changed the political dynamic in that no party on its own was likely to achieve a majority. Hence, electoral alliances were needed. As a result, the MCP and the relatively new party, United Transformation Movement (UTM), joined forces with several smaller parties in the Tonse Alliance, which achieved a comfortable majority in the fresh 2020 election. Since then, the Tonse Alliance has effectively disintegrated, particularly after the UTM vice president died in a plane crash in June 2024. Therefore, ahead of the September 2025 elections, parties were jostling for partners with which to form new electoral alliances.

Some controversy has arisen over the identity-verification requirements for the MEC's voter registration process. Only national identity cards are acceptable, but it seems that the National Registration Bureau (NRB), the only authorized issuer of national identity cards, has been inefficient or under-resourced and has lagged behind, leaving many eligible voters without such ID cards and thus unable to register. This has caused much commotion and sparked allegations of possible electoral fraud.

However, the problem is that the law sets a specific registration period for the MEC, so any extension would be considered illegal. At the end of the registration period for the 2025 elections, only 65% of eligible voters had registered, increasing the likelihood of high voter apathy in the elections scheduled for September 16, 2025.

The controversy over voter registration may lead to violence if MEC is unable to resolve the problem by extending voter registration and improving the National Registration Bureau's performance in issuing national ID cards. Tensions are high and are likely to increase toward September 2025. Any issue – however small – may be exploited to justify action, including violence.

Free and fair elections

7



Nominally, voters have given elected representatives the power to govern. But in practice, civil society groups informally challenge that formal power, depending on the issues at hand. Ethnic interests may assert themselves in the allocation of state resources, and quasi-religious organizations may make their voices heard on matters of ethics, corruption, the interests of minority groups such as LGBTQ+ communities, and abortion.

Regardless of the informal influence of specific groups, elected representatives' ability to govern, whether at the local, regional or state level, is hampered above all by resource constraints. The current state of the Malawian economy leaves little room to implement plans effectively. The long-term Malawi 2063 plan, which seeks to bring Malawi to the level of a middle-income country by 2063, is a case in point. Reflecting the religiosity of Malawian politicians and their use of biblical imagery, both political leaders and ordinary citizens widely acknowledge that Malawi's much-invoked journey to a promised land "flowing with milk and honey" remains far-fetched dream.

Malawi has a multitude of registered civil society organizations (CSOs), some with political or quasi-political agendas and others with a wide variety of objectives. Some operate nationwide, while others are confined to certain regions or districts. It is also common for communities to form self-help groups. In general, these groups are free to form and conduct activities. They are only occasionally reprimanded by the authorities if their criticisms are perceived as being too sharp or unfounded.

Many of these groups receive financial support from international CSOs or donors to undertake worthwhile activities, such as recent efforts to build protective dikes in flood-prone areas to guard against the effects of future tropical cyclones, especially in the southernmost areas of the country.

In a society that attributes significant weight to religious adherence and practice, religious organizations across the spectrum of faiths and denominations are free to congregate and perform services. A special coalition of religious organizations is the Public Affairs Committee (PAC), which regularly issues statements criticizing the government and, on occasion, also seeks an audience with the state president to voice its concerns face-to-face. The government has never acted to restrain the PAC's activities, although its responses may not always have pleased the PAC.

Recently, the government voiced concern that a few CSOs are engaging in illegal cross-border foreign exchange and commodities transactions with entities in neighboring countries (in fact, smuggling). It has used this as a pretext to impose restrictions.

Effective power to govern

8



1

Association / assembly rights

8



1

The freedom of expression is enshrined in the constitution and generally respected. Civil society organizations seem unrestrained in their public criticism of the government. Indeed, their tone is often sharper than that of the mass media.

Columns by newspaper commentators are usually freer in their selection of subject matter and tone of presentation than is true of ordinary mass media reporting. They are often refreshingly frank and critical of government action or inaction, using a sarcastic tone.

3 | Rule of Law

The constitution prescribes the separation of powers among the three arms of government. However, the powers given to the presidency are extensive and, in effect, undermine the intended system of checks and balances. This is the main reason electoral competition for the presidency is so fierce.

In the evolving political culture since the introduction of the multiparty dispensation in 1994, parliament has always been subservient to the executive. Malawi has a presidential, not parliamentary, system of governance.

Malawi's judiciary is generally considered an independent arm of the country's governance system.

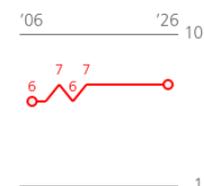
Debates on bills, budgets and policies occur predominantly within the committee system, where dissenting views are voiced but rarely, if ever, reach a plenary motion. Some of those views reach the public through the mass media, but they have no effect on the balance of power among the three branches of government.

Malawi's judiciary is generally considered an independent arm of the country's system of governance. A recent international assessment ranked Malawi's judiciary at eighth place among 34 sub-Saharan African countries and second out of 16 low-income countries with regard to its ability to uphold the rule of law. A 2024 survey by Afrobarometer found that 63% of Malawian respondents expressed high levels of trust in the judiciary.

The annulment of Malawi's flawed 2019 presidential election and the ordering of fresh elections to be held within 150 days were manifestations of the judiciary's independence. The ruling of the High Court, sitting as the Constitutional Court, also contained a highly significant clarification of the concept of majority to mean 50% plus at least one of the legally cast votes. This contrasted with the common perception that a majority meant only the largest number of votes in the first-past-the-post electoral system, which had been used since the 1994 democratic opening – in effect, only a plurality. This clarification created a new political dynamic, as it meant that no existing party would realistically be able to muster a majority. The formation of

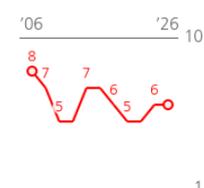
Freedom of expression

7



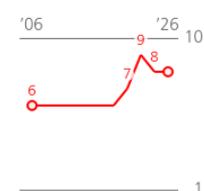
Separation of powers

6



Independent judiciary

8



electoral alliances became inevitable. Consequently, the largest and oldest party, Malawi Congress Party (MCP), and a fairly new party, the United Transformation Movement (UTM), joined forces with several smaller parties to form the Tonse Alliance, which won a comfortable victory of just short of 60% in the fresh election held in 2020.

Although Malawi's judiciary enjoys a relatively good reputation, there is room for improvement. The legal process is often criticized as being very slow. This is largely due to a lack of capacity to expedite cases.

The Office of the Ombudsman has registered more than 100 complaints against the judiciary, mostly related to delayed delivery of judgments and in some cases alleging corruption at lower levels of the court hierarchy.

There have also been frequent accusations of corruption among senior members of the judiciary, although these largely remain unsubstantiated.

The clarification of the concept of majority as contained in electoral laws also underscored the judiciary's role in authoritatively interpreting the existing legal regime.

Abuse of office and corruption for personal gain are commonplace in Malawi. It is no exaggeration to say corrupt behavior is ingrained in the political and civil service culture. Indeed, some candidates for parliamentary positions have openly said they are motivated by economic gain rather than by public service and the representation of constituents at the state level.

When the first term of the director of the Anti-Corruption Agency (ACB), Martha Chisuma, expired midyear in 2024, she did not seek an extension for a second term. Apparently, she was frustrated by inadequate or lukewarm verbal support from the executive. At one point, she was arrested at 2 a.m. and taken to a cell north of the capital, Lilongwe. She was later released – unceremoniously – without any further explanation available to the public. It is not unreasonable to interpret such abusive police actions as intimidation. President Chakwera has taken a long time to appoint a new ACB director, an indication that curbing corruption does not have a high priority despite proclamations to the contrary.

Given the dire state of the economy and the drain on public budgets that corruption entails, the ineffective prosecution of corrupt officials not only reflects poor ethics, but is also a serious waste of taxpayer money.

Prosecution of
office abuse

4

'06 '26 10



1

The constitution contains a comprehensive list of rights that corresponds to international standards, except that same-sex unions remain outlawed. Malawi has also acceded to a number of international conventions, including the International Covenant on Civil and Political Rights; the International Covenant on Economic, Social and Cultural Rights; the Convention on the Elimination of All Forms of Discrimination against Women; the Convention on the Rights of the Child; and the African Charter on the Rights and Welfare of the Child.

The public institutions responsible for enforcing the legal instruments are the Human Rights Commission and the Office of the Ombudsman. However, the current economic situation makes it difficult to ensure compliance with the legal instruments to which Malawi has acceded.

It is fair to say that Malawi treats its citizens reasonably well in that the government does not pursue deliberate policies that violate human rights. Whatever violations are brought before the two institutions that oversee adherence to constitutional commitments and international conventions stem from neglect due to inadequate human and budgetary resources. This is particularly evident in the slow processing of complaints.

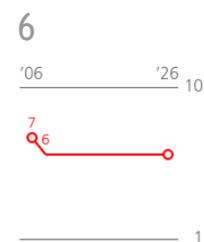
This is not to say that violations do not occur. For example, the police forces have been accused of engaging in rough treatment and even some instances of torture.

4 | Stability of Democratic Institutions

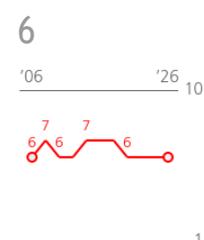
Formal democratic institutions exist in Malawi, including the norms and rules that govern their management. In that sense, Malawi has been a formal democracy since the transition to a multiparty system in 1994. Even so, many constraints remain, mainly due to a lack of resources and qualified personnel to ensure that institutions function according to institutional precepts. In other words, there is a gap between the established tasks of the institutions and the material and human resources available to fulfill them. Corruption and abuse of office also undermine the democratic functioning of the designated institutions. Given the excessively powerful presidency – and hence the weak balance of power between the three main arms of government – as well as the lack of effective coordination between other government institutions and departments, the functioning of the democratic system is less than satisfactory.

While the citizenry is aware of the deficiencies and, on occasion, voices demands to address them, there is no doubt that Malawians favor a democratic system of governance. Forthcoming elections, a key element of democratic practice, mobilize voters to participate.

Civil rights



Performance of democratic institutions



Overall, most relevant actors accept the existing institutions as legitimate. These include a range of civil society organizations (CSOs) with diverse agendas. Their activities are regulated by the Non-Governmental Organizations Act and fall under the umbrella of the Council for Non-Governmental Organizations in Malawi (CONGOMA). Some NGOs focus on limited geographic areas or concentrate on specific themes. Many rely on foreign funding and perform important tasks that government institutions lack the capacity to fulfill, such as humanitarian support.

Acceptance of democratic institutions as legitimate does not mean relevant actors are pleased with those institutions' performance. Therefore, some CSOs openly criticize the government in harsh terms and, on occasion, mobilize citizen protests. The employers' association and trade unions tend to be vocal about the tax regime, wage levels and the high inflation rate. In other words, they seek to hold the government to account.

The profound religiosity of Malawians makes the interfaith and interdenominational Public Affairs Committee particularly significant, probably because the committee transcends other divisions in society based on class or ethnicity. Although drawing on religious tenets and norms, the pastoral letters PAC issues from time to time address political, economic and social concerns that transcend narrow sectional interests. Such letters have an integrating effect and contribute to public debate.

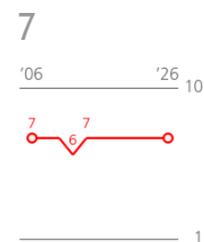
While established democratic institutions are considered legitimate, a wide range of actors take the government to task for failing to live up to electoral promises. They also contribute to public debate on salient issues. It is difficult to ascertain whether such activities influence the government to take remedial action, make adjustments or improve performance.

As Malawi approached the September 2025 elections, there were reports that armed groups had disrupted peaceful protests and demonstrations. The police forces' failure to arrest any members of these groups was interpreted as a sign that they were supported by officials in the ruling party.

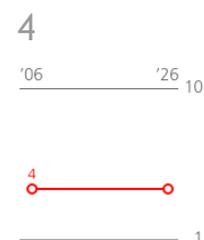
5 | Political and Social Integration

The party system is unstable and, in most cases, tied to strong individual leaders. Beyond the personalized nature of parties, to the extent they have social roots these are ethnic, as manifested in the electoral results. Much debate concerns perceived or real injustices in the ethnic-cum-regional distribution of public services. It is not possible to discern the ideological underpinnings of party manifestos. Election campaigns promise improvements in most public services, such as education, health, food security, infrastructure and water supply.

Commitment to democratic institutions



Party system



Since the 1994 transition to a multiparty system, the party structure has been unstable. New parties have emerged because of internal rivalries and opportunism. The clarification of the concept of majority in the 2020 Constitutional Court ruling spurred further party dynamism as parties needed to form electoral alliances in order to secure a majority of votes. The formation of the Tonse electoral alliance exemplified this ahead of the fresh 2020 elections. Since that time, Tonse has effectively broken down. Ahead of the 2025 elections, parties were thus jostling for partners to form alliances that could yield victory on September 16, 2025.

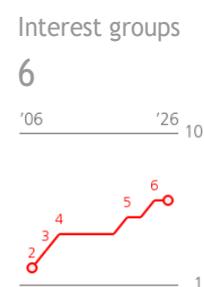
Parties that secure at least 10% of the national vote are entitled to state financial support and must account for the use of these funds.

A range of organized interest groups exists in Malawi. Some reflect economic interests; others are religious; some express and promote ethnic identities. There are also professional associations such as the Malawi Law Society (MLS) and the Economic Association of Malawi (Ecama), both of which raise matters for public debate from time to time. Notably, the MLS has recently championed a review of the existing constitution.

The Malawi Confederation of Chambers of Commerce and Industry (MCCCI) represents private sector interests and plays a key role in negotiations over wages and working conditions. Vis-à-vis the government, it acts as a pressure group pushing for a conducive business environment, including on the issue of taxation. The Malawi Congress of Trade Unions (MCTU) represents workers and negotiates with the MCCCI over wages and work-related conditions. The dire condition of the economy currently leaves little room for genuine negotiations over wage levels and other matters. In an unprecedented move, the MCCCI proposed raising the minimum wage in Malawi by 30% during the review period to alleviate the negative effects on the poor of an inflation rate of the same magnitude. The MCTU accepted the suggestion.

Ethnic associations exist to preserve and promote ethnic traditions. Such groups include Mulhako wa Alhomwe, Chewa Heritage Foundation, Chiwanja cha Ayao, Mdauku wa Atonga, Mzimba Heritage Foundation and Tumbuka Heritage. Since the 1994 democratic opening, the importance of ethnic sentiments and identities has gradually diminished in the political arena. Recently, however, ahead of the 2025 elections, it appears that some ethnic traditions have been resuscitated for political purposes.

In view of the profound religiosity of Malawians, religious organizations abound across religions and Christian denominations. Their political importance and influence are visible first and foremost through the Public Affairs Committee (PAC), which spans Muslim and Christian groups. Since its pivotal role in the 1994 transition, the PAC has continued its political activities by issuing publicly available pastoral letters and holding audiences with the president (himself a Pentecostal minister). The organization has voiced concerns about political and social matters, often in sharp terms and tone.



There is no doubt that democracy, as a system of governance, enjoys a high level of approval and support among citizens. Malawians do not want a return to the pre-1994 one-party dispensation. Several surveys over the years have repeatedly confirmed solid support for democratic rule, including support for broad public consultation. Public dismay and criticism focus on the state's poor performance in terms of providing services and improving living conditions, rather than on the democratic methods and processes themselves. This has led to greater attention to improving the economy in order to create a better basis for improved performance. A compounding factor is pervasive corruption, which is attributed to unethical behavior rather than to the failure of democratic systems and principles.

The judiciary enjoys a higher level of trust than the legislative branch of government. The powerful presidency is seen as largely responsible for the state's poor performance. Although the Tonse Alliance promised to trim the powers of the presidency, nothing has been done to that effect to date.

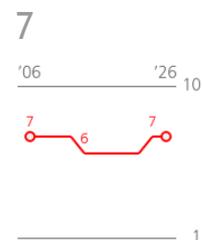
In the latest Afrobarometer Survey, 58% of Malawians said they preferred democracy to any other political system. However, only 40% indicated that they were very or fairly satisfied with the state of democracy in the country. In addition, 65% said they supported presidential term limits, and 68% said the media should be free and fair. Overall, levels of public approval of democratic norms remain high.

Voluntary organizations in various forms have been active in Malawian society for decades, whether in the form of registered civil society organizations (CSOs) or through informal associations in local communities. Many of these activities are supported financially from abroad. Many are self-help activities that have probably increased in prevalence out of necessity due to poverty. Social relations in neighborhoods are generally tight-knit and address mundane tasks, such as covering costs for social occasions – be they funerals or more auspicious events such as weddings and baptisms. In urban areas, voluntary community associations may also address security matters and the prevention of crime in the absence of proper public policing. This form of social capital reflects a measure of local solidarity.

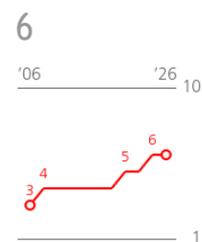
The key point is that the increasing manifestations of social capital are likely a reflection of neglect by public institutions such as the police and elected leaders at the local level. They also reflect the downturn in the economy.

In Round 10 of the Afrobarometer survey, 40% of Malawians said they trusted other citizens somewhat or a lot.

Approval of democracy



Social capital



II. Economic Transformation

6 | Level of Socioeconomic Development

Malawi's economy is dominated by agriculture, much of which is small scale and produced largely for household members' own consumption, with only a meager surplus for sale. Over the years, the government has launched various subsidized programs to support smallholders, for example the current Agricultural Input Program (AIP), which provides seeds and fertilizer to a select group of farmers. The AIP is controversial and is a major cost item in the state budget.

In addition to small-scale farming, agricultural output – particularly tea and tobacco – also comes from large plantations. Tobacco is the country's largest export crop and accounts for about 60% of foreign-exchange earnings. The plantations provide seasonal job opportunities for many people. The agricultural sector is vulnerable to damage from extreme weather events partly driven by climate change, for example in the form of prolonged droughts or dry spells that disrupt planting, floods, and tropical cyclones. The government's ability to adapt to these challenges through preventive action or disaster management when they occur has been poor. High levels of population density in affected areas has forced poor people to live in vulnerable areas on steep slopes. For the economy as a whole, extreme weather events have reduced growth rates.

The manufacturing sector is limited, and the service sector is modest, centered primarily on tourism. The fisheries in Lake Malawi are significant, especially for the population living along the lakeshore.

The 2018 population census showed a total population of 17.6 million. However, with an intercensal growth rate of 2.9%, the total population was projected to exceed 21 million by the end of 2024. With such a high population growth rate, per capita GDP growth has remained sluggish. The largest city is the capital, Lilongwe, with a projected 2024 population of 1,199,718, followed by Blantyre with about 885,237. While poverty is most pronounced in rural areas, the widest disparity between the poor and the affluent is in urban areas, and has generally been increasing.

The latest U.N. Human Development Index ranked Malawi at 172nd place out of 193 countries, with a score of 0.508. This means Malawi is among the poorest countries in the world.

Question
Score

Socioeconomic
barriers

1

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Economic indicators		2021	2022	2023	2024
GDP	\$ M	12378.1	12429.1	12712.2	11008.9
GDP growth	%	4.6	0.9	1.9	1.8
Inflation (CPI)	%	9.3	21.0	28.8	32.2
Unemployment	%	5.7	5.0	5.0	5.0
Foreign direct investment	% of GDP	1.0	1.6	1.6	2.0
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-1917.7	-2218.1	-2276.1	-
Public debt	% of GDP	66.5	75.7	86.7	87.6
External debt	\$ M	3197.9	3340.1	3604.4	-
Total debt service	\$ M	109.8	138.5	150.9	-
Net lending/borrowing	% of GDP	-6.6	-10.6	-	-
Tax revenue	% of GDP	11.6	13.5	-	-
Government consumption	% of GDP	-	-	-	-
Public education spending	% of GDP	-	2.7	-	-
Public health spending	% of GDP	1.4	0.9	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.8	1.0	1.0	-

Sources (as of December 2025): 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, Malawi subscribes to free-market competition, and legislation has been enacted to that end. Yet market freedom is constrained by government intervention in the name of regulation. Beyond legitimate regulatory measures, tendering procedures are often violated to favor businesses with close ties to the incumbent government or individual cabinet members. This is, no doubt, tantamount to corruption.

The domestic currency – the kwacha – is controlled by the Reserve Bank of Malawi, the country’s central bank. Conversion of the kwacha into other currencies can be done only through authorized dealers and commercial banks. In May 2022, the kwacha was devalued by 25% and again by 44% in November 2023. Such dramatic interventions by the central bank make it difficult for businesses to strategize.

Much economic activity takes place informally, especially on the part of small and medium-sized enterprises (SMEs), which account for a very large proportion of employment and income for the lower echelons of society.

Malawi’s competition policy is governed by the Competition and Fair Trading Act of 1998, and the Competition and Fair Trading Commission (CFTC) oversees compliance. The law’s main purpose is to prevent the emergence of monopolies that may harm consumers and block the entry of new businesses. For example, mergers and takeovers must be approved by the commission. Even with this institution in place and operational (though subject to capacity constraints), informal collusion that in practice amounts to corruption remains a major challenge.

In addition to the Competition and Fair Trading Act, Malawi has enacted complementary legal instruments such as the Consumer Protection Act of 2003. With the internationalization of business, Malawi has signed international protocols. As a member of the Southern African Development Community (SADC), Malawi adopted the Common Market for Eastern and Southern Africa (COMESA) Competition Regulations in 2004 and in 2009 signed the SADC Declaration on Regional Cooperation in Competition and Consumer Policies, to the same end.

Although the foreign trade regime is formally liberalized, the main constraint is a severe shortage of foreign exchange to pay for imports, because exports bring in far too little foreign currency. The inability to pay for critical fuel imports (gasoline and diesel) occasionally leads to crises marked by long lines or even closed gas stations. These constraints on economic activity are debilitating. The transport sector in a landlocked country such as Malawi is critical. Imports of any kind depend on long transport routes via ports in Mozambique and Tanzania, as well as from South Africa.

Market organization

4

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Competition policy

6

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Liberalization of foreign trade

6

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Malawi is a member of the World Trade Organization, but this does not alleviate Malawi's foreign exchange shortage. Import cover in late 2024 stood at only one month, compared with the recommended three months. In 2022, the simple average of applied most-favored-nation tariff rates for Malawi was 12.2%.

The banking sector is monitored by the central bank, the Reserve Bank of Malawi (RBM). The subjects of regulation include compliance with the Basel requirements on minimum capital assets. A dozen commercial banks operate in the country, with the National Bank of Malawi and Standard Bank (Malawi) being the largest. The policy rate adopted by the central bank has hovered around 25% and has influenced the interest rates commercial banks charge on their loans.

In 2014, the RBM ordered implementation of the Basel II standards. However, not all banks in the country have yet complied with the Basel II capital adequacy requirements. Currently, all commercial banks in the country are deemed Basel II compliant, and the industry is prepared to transition to Basel III. The central bank has made substantial efforts to ensure that all banks meet the minimum capital requirements under Basel II. In 2022, the central bank's capital-to-assets ratio stood at 9%. In 2024, the non-performing loan ratio stood at 7.2% of total loans.

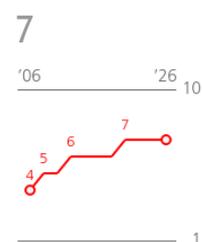
Because of the country's serious foreign-exchange shortage, the central bank has recently imposed strict regulations to control and monitor inflows and outflows of foreign-exchange.

Paradoxically, the banking sector has been profitable and resilient. However, the high interest rates charged to borrowers have dampened demand for loans. Bank lending to the private sector remains weak 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.

The Malawi Stock Exchange (MSE) is the primary venue for trading equity and debt instruments. Ongoing initiatives aim to more closely link the MSE with the broader capital markets of the Southern African Development Community (SADC).

The bond market is also gaining traction, particularly through participation by state-owned entities. For example, the Roads Fund Administration (RFA) has raised capital by issuing bonds through private placements. Two such bond issues totaling MWK 10 billion (around \$13.7 million) highlight the growing viability of non-bank financing options in Malawi's financial ecosystem.

Banking system



8 | Monetary and fiscal stability

The inflation rate has been high throughout the past decade, averaging between 23% and 25% a year. In the past two years of the review period, it has exceeded that average. In 2023, the inflation rate reached 28.8% and rose to 32.2% in 2024. Moreover, inflation for food items in the reference basket of goods has been higher than for non-food commodities, estimated at a rate of close to 40%. The Reserve Bank of Malawi is responsible for monitoring the inflation rate and keeping it in check, for example via the policy rate of interest, which has been maintained at 26% in an effort to dampen inflation. However, as of the close of the review period, this does not seem to have worked.

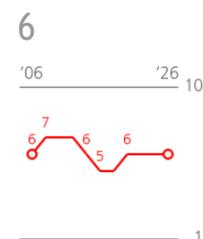
The national currency – the kwacha – has depreciated gradually and consistently against major currencies in the international currency market. In addition to the gradual weakening of the national currency, the Reserve Bank devalued the kwacha by 25% in May 2022 and by 44% in November 2023. However, the parallel-market exchange rate for the Malawi kwacha was still more than double the official rate at the end of 2024.

The inflation rate has been driven up by rising prices for fuel and food items such as white maize, the staple food in the form of “nsima,” the ubiquitous maize porridge in all meals. As a major exporter of maize, war-ridden Ukraine has decreased its exports of that crop on the world market, further pushing the price spiral upward. A smaller maize crop in the 2023/24 harvesting season led to further price increases for maize. Moreover, smuggling of maize out of Malawi has reduced the supply of that crop on the domestic market.

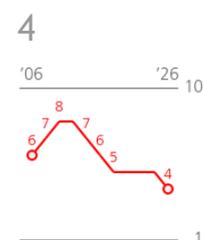
As various experts have pointed out, including Frank Kamanga and Mtendere Chikonda (2017), the RBM lacks independence and communication between political and economic actors is often informal and sporadic.

A basic problem in Malawi is the gap between revenues and expenditures in government budgets. Policy ambitions may be commendable, but the policies are rarely implemented as expected because of budgetary indiscipline. The two long-term strategies – Vision 2020 and the current one, Malawi 2063 – illustrate the futility of ambitious goals when revenues are grossly inadequate to cover budgetary needs. Malawi’s fiscal policy goals under Malawi 2063 emphasizes prudent financial management, the enhancement of tax revenue, improvement of the performance of state-owned enterprises, and enhancements of transparency and accountability through robust public financial management systems. Yet serious fiscal challenges persist, with the budget deficit projected at 7.7% of GDP in FY 2024/25 and government consumption growing modestly by 1.5% to 1.6% annually.

Monetary stability



Fiscal stability



The government’s short-term “solution” has been to increase borrowing on international and, increasingly, domestic credit markets. Borrowing can make sense if the funds are invested in projects that yield dividends. However, the government has borrowed for non-productive activities and recurrent expenditures. The result has been rising indebtedness, with a large share of the national budget consumed by interest payments. In addition to increasing the debt burden, domestic borrowing has tended to crowd out private investors. By the close of the review period, the debt burden amounted to about 80% of GDP.

Malawi relies heavily on international donors for loans at concessionary interest rates and grants. In the wake of the so-called Cashgate scandal, the donor community reduced its aid portfolios in the country. In response, the government seemed to promote fiscal prudence and sought to increase domestic revenues through the Malawi Revenue Authority. Given the dire state of the economy, however, raising domestic revenues is unrealistic. Corruption continues to be a drain on public budgets.

9 | Private Property

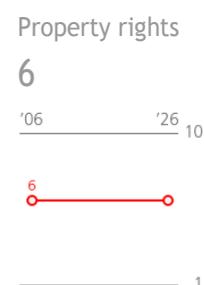
Private property rights are well protected under the laws of Malawi. These laws regulate the acquisition, use and sale of property. Because land is a particularly important asset in Malawi’s predominantly agricultural economy, special rules and regulations apply to land transactions. Malawian citizens receive preference over potential foreign interests in acquiring land.

In rural areas of the country, land ownership and transfer are largely determined by traditional rules and customs that vary from one ethnic group to another. In patrilineal societies in the northern region and the southern tip of the country, property passes from one generation to the next through the male line. This inheritance practice leaves women in a vulnerable position, even though women – even in patrilineal societies – carry out much of the farm work.

By contrast, in matrilineal societies in the central region and much of the southern region, property ownership follows the female line, giving males less security of ownership.

Conjugal unions and marriages across ethnic lines, including between patrilineal and matrilineal systems, are increasingly common. This phenomenon adds to the complexity of ownership relations. It often generates disputes because interpretations of traditions differ.

Although private agricultural property is protected, the process of establishing businesses is hampered by lengthy bureaucratic procedures.



Private companies are considered drivers of economic growth, as reflected in the government's policy rhetoric. Yet government policy in practice does not consistently favor the private sector. In recent years, the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) has voiced dissatisfaction with the tax regime, which is seen as stifling investment. Furthermore, the fuel crisis is undermining private companies' ability to produce because of high transport costs. Similarly, a shortage of foreign exchange is undermining the importation of critical raw materials.

The informal sector is large, and is estimated to have contributed 35% of GDP in 2023. The service sector contributed 55%. Private enterprises operate in the retail, transport or tourism sectors, for example. The agricultural sector – one of the key employers – is driven by private enterprises, most of which are smallholders.

10 | Welfare Regime

Malawi is not a welfare state that provides social security for the entire population. Confined to the formal sector, the National Social Security Fund (NSSF) functions as a provident fund that provides pensions. The fund receives contributions from employees and employers, with amounts determined by wage levels. Upon retirement, employees may withdraw their entire accumulated contributions and accrued interest. However, because the bulk of the workforce in Malawi is self-employed in smallholder agriculture or operates informally through small or medium-sized enterprises (SMEs), the NSSF serves only a small segment of the population.

The government and non-governmental organizations operate programs that provide social safety nets for the most vulnerable, typically through local food-for-work schemes. Many of the government's projects offering social safety nets are funded by donors, often through civil society organizations.

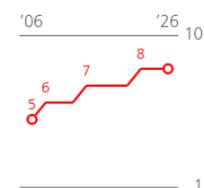
Traditional Malawian societies have long maintained informal social security networks based on kinship and other relationships. For example, relatives care for immediate and extended family in times of need. Agrarian communities, in particular, have become more vulnerable because of extreme weather events such as droughts and floods. These calamities undermine local communities' ability to function as social security networks.

The Department of Disaster Management (DODMA) is responsible for preventive work such as building dikes, as well as for humanitarian assistance in the aftermath of weather-related and other disasters, but it is under-resourced for the task.

Local communities also organize savings and credit cooperatives (SACCOs), which are plentiful in Malawi. However, these cooperatives are informal and somewhat fragile.

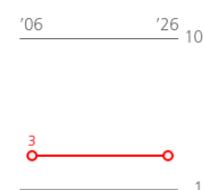
Private enterprise

8



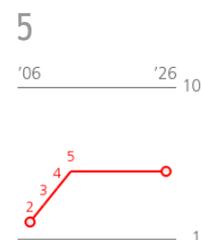
Social safety nets

3



School enrollment rates at the primary, secondary and tertiary levels reveal significant gaps between females and males. Overall, Malawi’s literacy rate for people 15 or older is 75.5%. There has been a marked improvement over time, but the average conceals a gender disparity. Traditionally, males have enjoyed greater access to education at all levels than females. According to the 2020 Integrated Household Survey, 83% of Malawian males 15 or older were literate, compared with 69% of females. Government programs over the past 20 years have actively sought to achieve better gender balance, with limited success. The enrollment rate among females decreases at higher levels of the education system. Faced with school fees, parents generally cannot afford to send all their children to school. They have to prioritize, and often do so in favor of boys. There are also regional disparities, as the educational level is highest in the northern region, primarily due to the enduring legacy of missionary schools. Although this is not based on statistical information, Tumbuka names from the northern region, such as Nyirenda, Munthali and Mkandawire, are over-represented in academic institutions and top leadership positions.

Equal opportunity

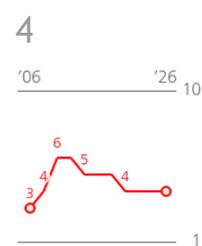


Traditionally, men have dominated the formal labor force, although women perform the bulk of work in smallholder agriculture. In 2021, women accounted for 48.7% of the labor force. The Gender Equality Act of 2013 prohibits gender discrimination and requires government agencies and departments to fill no less than 40% and no more than 60% of positions with either gender. While the act has not been fully implemented, it serves as a guide toward achieving gender parity in employee recruitment, particularly in government departments. However, educational attainment largely determines equality of opportunity in the formal labor market. As a result, persistent gender disparities in the education system create a similar imbalance in the labor market. Women hold 23% of seats in the National Assembly.

11 | Economic Performance

Malawi’s GDP per capita was \$602.30 in 2023. This compares unfavorably with the global GDP per capita of \$18,250 and that in sub-Saharan Africa of \$1,621.30. These figures indicate that the economic situation in Malawi is dire. The GDP growth rate fell from 5.4% in 2019 to 0.8% and 0.9% in 2020 and 2022, respectively.

Output strength



World Bank indicators show little improvement in the country’s economic outlook. The country needs significant economic growth to improve these forecasts. The private sector will play a critical role in any favorable growth scenario, and a substantial injection of foreign investment will be needed. However, the economic environment remains uncondusive to attracting foreign investors, despite Malawi’s improved position in the World Bank’s Ease of Doing Business ranking over the past few years – rising from 164th out of 189 countries worldwide in 2015 to 109th of 189 in 2019.

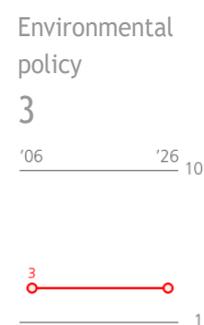
The 2022 Malawi Business Climate Report by the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) listed the cost of finance, the cost and irregularity of electricity supply, and the insufficiency of telecommunications as the most important obstacles to doing business. External shocks – in particular, the impacts of the war in Ukraine and two recent tropical cyclones – have added to adverse conditions and worsened the balance-of-payments crisis and foreign-exchange shortage, which have in turn affected the importation of intermediate goods and services that are at the core of productive efforts. Other factors include comparatively high crime rates; the ineffectiveness of parliament in enacting relevant laws; customs regulations, procedures and bureaucracy; taxation; and the erratic water supply. Increasing domestic borrowing by the state to finance the budget deficit brought about by recurrent spending is crowding out private sector access to credit, and the interest rate remains very high, around 24%. High fees for utilities such as electricity and water, compounded by irregular supplies, have seriously hampered production.

12 | Sustainability

The Environment Management Act of 1996 and the accompanying regulations require that environmental concerns be taken into account when formulating macro- and microeconomic policies. However, in practice, the enforcement of legal standards has been inconsistent and often subject to short-term political expediency. A prime example of this is the planned Salima-Lilongwe Water Project, which aims to provide drinking water from Lake Malawi to the capital city, Lilongwe. It has come to light that the contract with a South African company to implement the project was signed before a proper environmental and social impact assessment (ESIA) had been conducted, which violates the law. All projects of this nature are required by law to conduct an ESIA. The estimated cost of the project has remained at about \$500 million, causing some controversy. The World Bank has raised concerns about its cost-effectiveness and financial sustainability, particularly in light of Malawi's debt burden.

Malawi's deforestation rate ranks fourth in the world, second in Africa and highest in the SADC region. In 2017, government estimates indicated that Malawi's forests were being depleted at a rate of 1.8% to 2.6% annually, primarily for the purposes of charcoal burning, firewood, timber harvesting and agricultural encroachment. Recognizing the severity of deforestation, the government has deployed army units to conduct 24-hour patrols of the country's major forests, with authorization to arrest loggers and confiscate their equipment.

Some civil society organizations (CSOs) have undertaken tree planting to combat deforestation. A large share of the population still uses charcoal for cooking because of a lack of other energy sources. Therefore, charcoal burning is a major driver of deforestation, along with logging.



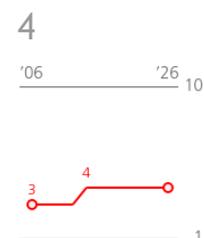
Malawi is disproportionately affected by the adverse effects of climate change, including in the form of tropical cyclones, floods and droughts. While Malawi does contribute to the emissions of climate gases, its contribution is minuscule compared with that of most other countries.

Malawi's education policy is adversely affected by the country's economic challenges. Malawi scored 0.470 in the 2022 Education Index, an improvement from 0.328 in 2018. In the 2022/23 national budget, education accounted for 16.3% of spending, with additional funds allocated for educational infrastructure projects such as the construction of teacher training colleges, girls' hostels in secondary schools, and the rehabilitation and development of infrastructure in public universities. This represented a significant increase compared with previous years. Malawi has implemented measures aimed at improving the education sector. The country introduced free primary school education in 1994, resulting in higher enrollment rates for girls and boys. However, the government was unprepared for the subsequent surge in enrollment, lacking sufficient schools and teachers to accommodate the growing demand.

According to the fifth Integrated Household Survey (2019 – 2020), 75.5% of the Malawian population aged 15 or older was literate (with a rate of 83% for men and 68.8% for women), indicating a significant improvement over the survey's findings for the period from 2016 to 2017, which showed a literacy rate of 72.8%. However, transition rates to both secondary and tertiary education are low. Transition challenges can be attributed in part to a shortage of secondary schools, insufficient facilities at higher learning institutions, inadequate accommodations, and difficulties in affording tuition. Poor-quality education at lower levels sometimes results in high failure rates at the secondary and tertiary levels.

The main public university is the University of Malawi (UNIMA), which once comprised four constituent colleges (Chancellor College, the Polytechnic, Kamuzu College of Nursing and the College of Medicine) but has since been split into separate universities. One major educational and research facility serving the agricultural sector is the Lilongwe University of Agriculture and Natural Resources (LUANAR), which recently merged with a previous UNIMA college and the Natural Resources College. While all UNIMA colleges are in the central or southern regions, the University of Mzuzu (MZUNI) is in the north. The Malawi University of Science and Technology (MUST) was launched in 2012 and admitted its first students in 2014. In recent years, the number of private universities has increased, some with religious affiliations. However, attention to research is inconsistent, and the government allocates little funding to support research. The National Commission for Science and Technology (NCST) is responsible for coordinating research activities in the country. Most university research is commissioned work that relies on foreign funding.

Education policy /
R&D



Governance

I. Level of Difficulty

Malawi faces extreme, widespread poverty. The government is the largest employer in the formal sector, while the private sector remains small. Since independence, the country has made little progress in mitigating the effects of its landlocked position. It also suffers from serious infrastructure shortcomings, particularly in its road network, which tropical cyclones have disrupted. The cost of long-distance transport is considerable, making imported goods more expensive for Malawians and exported goods more expensive for trading partners. The lack of a well-maintained, extensive road network has adverse effects on the country.

The country's agricultural sector struggles to transport produce to markets and to procure essential inputs, hurting farmers in rural areas. Malawi is highly vulnerable to extreme weather events, including floods, droughts and tropical storms, which occasionally result in natural disasters. These recurring disasters serve as a brake on economic growth, as significant resources are diverted to emergency operations managed by the Department of Disaster Management Affairs (DoDMA). The DoDMA, a government agency responsible for coordinating disaster risk management programs, often receives financial assistance from abroad to support its operations, but it is perennially under-resourced relative to its monumental task in the face of climate-induced disasters.

Rapid population growth has pushed people to settle in flood-prone areas. The COVID-19 pandemic further strained Malawi's economy. The country recorded its first COVID-19 cases on April 2, 2020. By the end of 2020, the total number of confirmed cases stood at 6,583, with 189 deaths. However, starting in January 2021, cases and deaths spiked, placing further strain on Malawi's overburdened health system. Although the new government under President Lazarus Chakwera was elected with an ambitious agenda, it was compelled to abandon many of its manifesto promises to prioritize fighting the pandemic. These structural constraints hinder economic growth, which in turn reduces available revenue to stimulate economic activity and promote development. Although the COVID-19 pandemic was not strictly a structural constraint, it added to the government's resource burden in ways that are still being felt.

Structural
constraints

8



1

A multitude of civil society organizations (CSOs) play a significant role in governance, primarily by scrutinizing the government and participating in public debate. They are registered and regulated under the Non-Governmental Organizations Act of 2000 and coordinated by the Council for Non-Governmental Organizations in Malawi (CONGOMA). These organizations operate across a wide spectrum. Some are extensions of foreign CSOs that provide them with funding. Others are genuinely domestic, even though they may also rely on foreign funding.

Faith-based organizations represent a genuinely domestic form of civil society engagement. The best known, and probably most effective, is the Public Affairs Committee (PAC), which spans Muslim and Christian denominations alike. Localized community-based organizations (CBOs) are plentiful and driven by a high level of social trust. While many CSOs lobby on policy issues, others focus on development activities at the grassroots level and provide services in sectors such as education, health and water supply. For instance, the Christian Health Association of Malawi (CHAM), which is affiliated with the Catholic Church, provides approximately 40% of the country's health services, although it collaborates closely with government health facilities.

CSOs, whether domestic or foreign, exert some influence, but their entry points and channels of influence vary. Interaction with government institutions is typically ad hoc and often relies on personal networks. Civil society has generally asserted itself more strongly in recent years. Civil society influence was evident in the massive protests against the flawed 2019 presidential elections, organized by the Human Rights Defenders' Coalition (HRDC). The president has a special adviser on civil society affairs who liaises with CSOs. The government's relationship with civil society is ambivalent, and typically depends on the nature of the individual organization's engagement.

The primary division in Malawian politics is ethnicity. All major political parties appeal to ethnic identity as the basis for mobilization. Electoral support typically falls along regional and ethnic lines. The ethnic nature of the political parties means that incumbent parties consistently engage in politics that openly or subtly benefit their leaders' ethnic communities.

During election campaigns, isolated incidents of violence have arisen from the ethnic nature of the political system, as well as from other divisions such as religion. Discontent simmers beneath the surface and may come to the forefront if grievances are not addressed. Malawians generally detest violence, yet their patience can wear thin.

More than 50% of Malawians are under age 18, a fact that is introducing a new societal dynamic. Young people tend to be more impatient than older generations and less submissive to authority. The issue of land is especially sensitive, as seen in the recent emergence of the People's Land Organization in the Thyolo and Mulanje

Civil society traditions

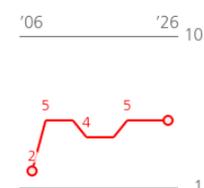
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Conflict intensity

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districts in the southern region, although the group has not gained much traction elsewhere in the country. The current president and the now-deceased vice president are and were respectively from the central and southern regions and appeared committed to bridging divisions based on regional and ethnic identities. However, they have faced criticism for allegedly making appointments along ethnic lines.

Despite Malawians' deep religiosity, overt religious conflicts have not been prominent. Tolerance and the interfaith and interdenominational Public Affairs Committee (PAC) have probably helped dampen religious conflict.

Although the dispute with Tanzania over the border in the northern part of Lake Malawi is not primarily an internal conflict, it might intensify and have internal repercussions. Malawi claims that the border runs along the shoreline on the Tanzanian side. Malawi cites the Helgoland-Zanzibar Treaty of 1890 between the two colonial powers – Great Britain and Germany – which states that the border should follow the shoreline of Lake Malawi on the Tanzanian side. The treaty has not been amended since its adoption. Underlying material interests include the potential discovery of oil and other minerals beneath the lakebed.

II. Governance Performance

14 | Steering Capability

Successive governments in Malawi have set broad priorities but have failed to adopt specific policies or implement them consistently in alignment with long-term strategic objectives. One example is the Vision 2020 strategy, which had not produced discernible results by the end of 2020. The most recent MGDS III plan (2017 – 2022), does not set a strict order of priorities. It outlines five broad priority areas, as follows: 1) agriculture, water development and climate change management; 2) education and skills development; 3) transport and ICT infrastructure; 4) energy, industry and tourism development; and 5) health and population.

In addition to budget constraints, there has been a lack of continuity and commitment between successive governments. Instead of continuing the projects of the previous administration, new leaders often start their own pet projects while abandoning those of their predecessors even when those projects make sense.

In addition to political and policy vacillation by incumbent administrations, diverging donor priorities have contributed to this inconsistency. This is particularly notable in the education sector, which has seen the adoption and abandonment of several curriculum review initiatives driven by various donors. Given Malawi's high dependence on foreign aid, the government has been compelled to change its policy course in return for promises of further aid.

Question
Score

Prioritization

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In early 2021, a new long-term successor strategy to Vision 2020, dubbed Malawi 2063, was adopted. The strategy outlined broad, lofty goals, such as transforming Malawi into a technology-driven middle-income country that guarantees political participation for all. It remains to be seen whether there will be any genuine follow-up. Given Malawi's dire economic situation, such follow-up does not seem realistic.

The COVID-19 pandemic undoubtedly shifted priorities toward the health sector as infection, hospitalization and death rates surged. Significant emergency allocations were released to counter the effects of the pandemic, but a large share of this funding was spent on allowances. Given revenue constraints, the repercussions of COVID-19 are expected to reduce resources available for other purposes. The recent cholera outbreak has further reinforced the prioritization of the health sector.

Implementation has been inconsistent in Malawi. The country appears reasonably proficient at developing and setting priorities but struggles to follow them in practice. Several notable examples point to failed policy implementation. First, despite the introduction of the Vision 2020 plan, poverty reduction goals have not been met, as about half the population still lives below the poverty line.

The National Planning Commission engaged Premier Consult Limited to review and analyze Vision 2020, identify lessons learned and propose possible priority areas for the successor agenda, Malawi 2063. The firm's owner, Oliver Saasa, concluded his review by saying that "the country was efficiently doing the wrong things." Second, on the issue of economic infrastructure, which Vision 2020 was meant to improve, Saasa observed some improvements in the country's road network but said the distance to a good road for the average Malawian had not diminished. Third, the findings have also exposed Malawi's inability to achieve middle-income status, defined as a per capita income of \$1,000 (about MWK 740,000) per year, as targeted in the Vision 2020 strategy. Although the Vision 2020 period has ended, the experiences with it speak volumes about inadequacies in implementation.

There are three possible explanations for this unsuccessful policy implementation. First, incumbent governments may alter their priorities in accordance with short-term electoral calculations. Second, revenues and other resources are in very short supply, which inhibits effective implementation. Third, as an aid-dependent country, Malawi is vulnerable to donor pressures and aid conditions that tend to change over time. The short-term "solution" to the revenue shortfall has been domestic and international borrowing, which is not sustainable in the long run. An increasing share of the national budget is devoted to debt service. The COVID-19 pandemic exacerbated the country's budget constraints. There is no evidence that a comprehensive audit has taken place, with the exception of performance audits of some government projects or institutions conducted by the national audit office to determine which priorities have been implemented and which have not.

Implementation

4

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Ingrained corruption causes resources to be diverted or to end up in private pockets. This exacerbates the implementation challenge. Transparency International's 2021 Corruption Perceptions Index ranked Malawi at 115th place out of 180 countries, with a score of 34 out of 100.

Since independence, there have been 80 attempts at public reform by successive administrations. None has produced the desired results. This dismal record suggests low levels of institutional learning and low innovative capability. Many reform attempts have been driven by the donor community, seeking to build state capability based on Weberian legal-rational precepts.

The 2015 reform initiative, triggered by the “Cashgate” scandal, produced an accompanying report that was refreshingly candid. The Malawi public service had exhibited poor and declining performance in service delivery and in the management of public agencies; a deteriorating work ethic; indiscipline and absenteeism; and a proliferation of fraud and corruption. However, despite numerous efforts, politicization within the public service remains deeply entrenched, and institutional learning and innovation remain largely absent.

Following the 2020 presidential election, the late vice president (who was killed in a plane crash in June 2024) was charged with designing and overseeing implementation of public sector reform initiatives.

A 250-page report was submitted in May 2021, containing thorough analyses and a series of recommendations. Although the report was never officially made public, it was leaked. In response, the president quipped that the report was for internal use only, not for public entertainment and debate. That response speaks volumes about the government's lack of serious will to learn from policy failures and the weakness of its commitment to transparency and accountability.

15 | Resource Efficiency

It is questionable whether the government uses its human, financial and organizational resources effectively. Recruitment processes lack transparency and objectivity, often favoring non-professional considerations such as ethnicity, regionalism and loyalty to those in power. These practices undermine the quality of the government's human resources and make it more difficult to utilize them efficiently. One notorious example in this regard is the Nsanje Inland Port, which was once touted as a prestigious project by the late President Bingu wa Mutharika, but is now regarded as a failure.

Budget discipline is often lax, and resources are frequently diverted. A case in point is the misallocation of funds intended to address the COVID-19 pandemic. A more recent example is the diversion of funds budgeted to support poor segments of the

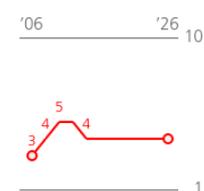
Policy learning

3



Efficient use of assets

4



population to a meeting of the Southern African Development Conference (SADC). This budget indiscipline is exacerbated by widespread corruption within the civil service at all levels. In Transparency International’s 2021 Corruption Perceptions Index, Malawi was ranked at 115th place out of 180 countries, scoring 34 on a scale for which 100 represents a corruption-free environment. This rating represented a slight decline compared with previous years.

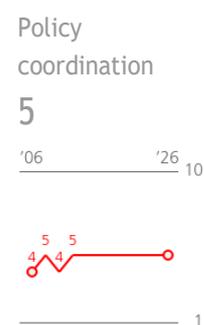
Particularly egregious instances of grand corruption, distinct from petty corruption, have included the “Cashgate” and “Maizagate” scandals. These scandals involved the embezzlement of billions of kwacha through dubious procurement deals and manipulation of the country’s financial management system. While government officials, including the president and top leaders of key government agencies, drive expensive, fuel-consuming vehicles that are often sold cheaply after only a few years, civil servants remain underpaid. This situation creates incentives for corrupt behavior or even absenteeism, with civil servants seeking additional sources of income. Despite promises by President Chakwera to reduce his domestic motorcade and the size of his entourage when traveling abroad, only modest action has been taken to reduce such waste.

The government has successfully appealed to the private sector for additional financial and material resources to support the strained health sector. The post-2020 Chakwera administration adopted a policy of transparency in presenting the budget to parliament and in conducting midyear reviews. Stakeholders have criticized the state’s reliance on domestic and international borrowing, as well as its dependence on donors, to balance the budgets.

Policy coordination is the task of the cabinet, which includes all ministers. The cabinet, led by the president as head of government, must approve all white papers and policy documents before submitting them to parliament. The 2015 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.

Ostensibly, the long-term Malawi 2063 strategy document resulted from an extensive process of consultation across sectors with the aim of ensuring coordination. However, given Malawi’s precarious economic situation and its vulnerability to weather-related and other disasters, the government is often overwhelmed by emergencies that require urgent attention, and which thus distract the state’s focus from established policy priorities and timely implementation. The COVID-19 pandemic was one such example of an emergency that disrupted the order of priorities, further compounded by the outbreak of cholera.

The shortage of foreign exchange in past years has caused fuel shortages and the closure of filling stations. Reduced electricity generation has similarly had adverse effects on industries. These crises make coherent policy implementation difficult. Corruption also undermines coordination.



Corruption is endemic in Malawi. It has many causes, but it is fueled by deep societal inequalities, poverty, patronage networks and an inefficient public service. Most Malawians experience petty corruption in their daily lives at all levels of society and in most sectors of the economy. In recent years, Malawi has been rocked by major corruption scandals involving high-level civil servants, senior politicians and senior military officers, variously dubbed “Cashgate” and “Maizegate.”

The Anti-Corruption Bureau (ACB) was established as a specialized government agency to investigate and counter corruption. However, the bureau faces several operational constraints. Structurally, it is not fully independent of the executive, because the ACB director-general can be removed from office easily. There were some initial signs that the Tonse Alliance government was committed to fighting corruption, as evidenced by the full funding provided to the ACB in the government’s budgets. President Chakwera also spoke of his administration’s commitment to fighting corruption, and promised he would not shield any members of his government accused of corruption.

However, shortly before the end of her term, ACB Director-General Martha Chisuma was arrested in the middle of the night and taken to a police station far from Lilongwe’s city center. She was soon released unconditionally, without any explanation provided to the public. Her arrest indicates resistance among senior civil servants to her active fight against corruption. Afterward, the director of public prosecution – ostensibly the instigator of the arrest – was dismissed by the president for poor judgment. At the time, the arrest was widely seen as an attempt to intimidate the ACB director.

Before the expiration of her first term, Chisuma declined to seek a second term as ACB director-general. Since then, her former deputy has been acting in that position pending the recruitment of a successor. Near the end of the review period, the Office of the Ombudsman disqualified the two main applicants for the position because they did not have the required formal academic education or relevant experience. The failure to fill this position undermined efforts to counter corruption and cast doubt on the government’s seriousness with regard to the issue.

The justice system’s ineffectiveness is evident in the protracted investigations of major scandals, with cases languishing in the courts for years. The system’s slowness stems partly from case overload, but also from political interference. It remains to be seen whether the ongoing anti-corruption rhetoric will translate into serious action to address this malaise.

In 2009, Malawi launched its first National Anti-Corruption Strategy, which required agencies and departments to establish anti-corruption committees. Although activity was initially slow, a total of 80 such committees were established by early 2019. However, ethical rules have not been strictly enforced. When the first strategy expired, the government developed a new National Anti-Corruption Strategy II, which took effect from 2019 to 2024.

Anti-corruption
policy

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Government accounts are audited by the national audit office under the stewardship of the auditor-general, but the office is under-resourced. In any event, the government has been consistently slow to act on recommendations made following such audits. 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 others have been slow to comply or have failed to meet the legal requirement.

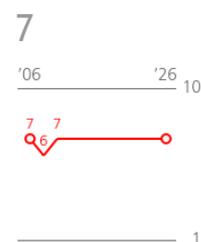
The Access to Information Act (ATI) was passed by parliament and approved by the president in 2016. When it became operational in 2020, it was celebrated as a milestone in the media landscape, as it would improve public insight into government affairs and expand opportunities to expose corrupt dealings. It also provides protection for whistleblowers who reveal that information has been inappropriately withheld.

16 | Consensus-Building

All major political actors agree that democracy is the only acceptable form of governance in Malawi. Political actors are taking discernible steps to prevent the reemergence of autocracy. The historical memory of the pre-1994 autocracy under Kamuzu Banda serves as a safeguard against the rise of authoritarian forces. In the Afrobarometer Round 9 survey, taken in 2022, 57.5% of Malawian respondents said they preferred democracy over any other form of government. Similarly, 69% said they strongly disapproved or disapproved of a one-party system. Furthermore, 86.7% said they strongly disapproved or disapproved of a singularly presidential system of governance without parliamentary or electoral checks. Additionally, 74.9% said they strongly disapproved or disapproved of army rule. The same survey showed that two-thirds of Malawians (66%) expressed support for multiparty competition. Malawians' professed support for democracy as a system of governance does not mean they are satisfied with the output of their current system. Since the Tonse government took power in June 2020, there has been growing disappointment with the outcomes of the democratic process. However, many of the challenges faced by the administration are legacies of past governments or consequences of international events, for which Tonse cannot be held responsible. Nevertheless, a significant portion of the electorate has been swift to place the blame for failures squarely on the incumbent government. No recent surveys have been conducted to gauge levels of democratic commitment or the electorate's satisfaction with the outcomes of the system since the Tonse government came into power.

While all actors agree that the country should adhere to a capitalist system with liberalized markets, there are significant differences of opinion about the extent to which the government should cushion the poor and vulnerable, and about how this should be done. For example, since 2006, the government has been running a Farm

Consensus on goals



Input Subsidy Program (FISP) intended to boost food production. Although most political actors have supported this program in principle, there have been significant differences of opinion over its implementation, criticisms of the corruption involved, and disagreements about the appropriate level and coverage of the subsidy. Other government interventions for the poor have included the Malawi Social Cash Transfer Program, which aims to reduce poverty and hunger rates and improve children's human development. By 2020, the program had reached about 283,000 households, about 7% of the total population. The Tonse Alliance government shut down the FISP and replaced it with a new program for the agricultural sector – the Affordable Input Program (AIP) – again aimed at reducing poverty rates and ensuring food security at both the household and national levels. The AIP has quadrupled the number of beneficiaries receiving subsidized agricultural inputs compared with FISP. However, the AIP has encountered funding problems and input shortages, especially with regard to fertilizer. It remains to be seen whether the AIP will be more successful in transforming lives and enabling poor Malawians to graduate from dependence on government support.

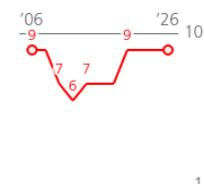
Political actors across the board generally support democratization. The armed forces have shown no proclivity to interfere in domestic politics and have respected the primacy of civilian authorities in determining the country's democratic path. They were reluctant to act during the nationwide demonstrations that followed the botched 2019 elections, when the police appeared unable to maintain peace. While the primary role of the armed forces is to protect the territorial integrity of the state, the army commander of the time, Vincent Nundwe, stated that when the police proved incapable of maintaining law and order, the armed forces had an obligation to intervene and protect citizens under threat.

Ahead of the 2025 elections, Police Inspector-General Merlyne Tolamu and Malawi Defense Force (MDF) commander General Paul Velentino Phiri issued a joint statement warning against political violence in the run-up to the September elections. The statement drew criticism, with some saying it could be misused. However, like his predecessor, Phiri cited Section 160 (1)(b) of the constitution, which mandates that the MDF is to play a role in internal security.

On the rare occasions when anti-democratic elements have emerged, their influence has been minuscule. The police have on numerous occasions overstepped their mandate and engaged in reprehensible behavior, such as beatings and other infringements on human rights – up to and including torture and extrajudicial killings. Nevertheless, police misconduct does not pose a fundamental threat to the democratic order in Malawi.

Anti-democratic actors

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There are numerous cleavages in Malawi, but the most politically significant involves ethnicity. Political parties generally appeal to voters' ethnic identities and regional origins to gain support during election campaigns. Ethnicity and regional identities tend to reinforce each other and are largely aligned. These cleavages are evident in patterns of electoral support.

Religion serves as a social and political division but is far less influential than ethnicity when it comes to voting behavior. Class-based cleavages do exist, but are rarely manifested in ways that resonate within the political arena. Pronounced inequalities in terms of wealth, land ownership and other assets exist but do not typically serve as a basis for political mobilization. These cleavages are deeply entrenched in society, and governments have struggled to reduce them. The Tonse government has adopted a conciliatory approach and appears to be committed to bridging existing divisions. How successful it will be remains to be seen.

Numerous civil society organizations (CSOs) actively participate in public debates. The Council for Non-Governmental Organizations in Malawi (CONGOMA) serves as a coordinating body. One notable instance of NGO influence was the widespread protests against the fraudulent 2019 elections. At times, when expressing criticism toward the government, such organizations have been targeted with equally strong responses from policymakers.

Generally, CSOs are given sufficient leeway to carry out their work, especially when they do not oppose government institutions or policies. CSOs, whether domestic or foreign, exert some influence, but their entry points and channels of influence vary. The president has a special adviser on civil society affairs who works with CSOs. Occasionally, faith-based organizations (FBOs) issue pastoral letters or statements with policy relevance. Aside from general calls for all Malawians to help quell the COVID-19 pandemic, the government implemented no specific NGO initiative in response to the virus.

The democratic transition in 1993/94 was a critical juncture in the history of Malawi, requiring reconciliation following three decades of dictatorial rule under Kamuzu Banda. The pre-1994 era was characterized by arbitrary detention and disappearances of many Malawians. The emerging political consensus after 1994 led to the establishment of a National Compensation Tribunal (NCT) to compensate citizens for the suffering inflicted during Banda's rule. Nearly 20,000 claims were received, and interim awards were paid to fewer than one-third of these, not nearly enough to clear the caseload. In many cases, citizens complained that the compensation offered was merely nominal and not commensurate with the losses people had suffered.

The tribunal's mandate was limited to compensating victims, and it did not make a deliberate attempt at conciliation between victims of Banda's rule and perpetrators of abuse. As a result, the NCT has not provided public closure for past abuses or the antipathy they engendered. Reconciliation regarding the excesses of Banda's rule remains unresolved.

Cleavage /
conflict
management

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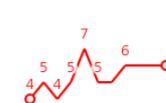


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Public
consultation

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Reconciliation

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Following the nationwide protest of July 20, 2011, which left more than 20 people dead at the hands of the police, promises were made to compensate the families of the deceased, albeit at a much lower level. As of the time of writing, these promises had not yet been honored.

17 | International Cooperation

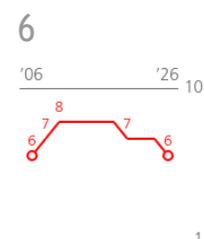
Malawi's economy is heavily aid-dependent. Official development assistance accounts for about 25% of Malawi's GDP, though this share fluctuates. Over the years, about 40% of the state budget has come from donors. However, corruption remains widespread and endemic, leading to significant waste of the resources provided by donors and local taxpayers. Since 2008, Malawi has received several grants and loans from China to finance physical infrastructure such as roads, the national stadium, the parliament building, hotels and other facilities. This assistance has been beneficial, especially because China does not impose major conditions on its aid. However, the direct effects of these investments have been limited to date, primarily because they are concentrated in infrastructure, which generates only indirect impact.

While direct budget support was once a significant form of aid, program and project aid has become more prominent in aid packages. This aid is either provided to state institutions or bypasses public institutions by increasing the proportion channeled through civil society organizations. Following the "Cashgate" scandal, most donors suspended direct budget support, but maintained project support under stricter controls. The reduction in international financial assistance made it difficult to fill the resulting shortfall with domestically generated revenue.

The Malawi Revenue Authority is owed significant arrears by parastatals, government departments and the private sector. The government has resorted to domestic borrowing to finance budget deficits.

Recently, the government launched the Malawi 2063 strategy, which aims to transform Malawi into a wealthy, self-reliant, industrialized "upper middle-income country" by 2063. Development partners, including domestic and international aid agencies, are expected to adapt their programs to align with this agenda. In January 2021, the government announced plans to enact legislation that would require political parties to align their election manifestos with Malawi 2063 to ensure its implementation regardless of which party was in government at any given time.

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 strong currents of neopatrimonialism, have resulted in significant shortcomings with regard to following up on international commitments.

Malawi has acceded to all major international and regional human rights conventions, but its performance has been mixed. In the participation subcategory of the 2020 Ibrahim Index of African Governance, Malawi was ranked at 22nd place among 54 African countries, with a 2019 score of 42.8, down 17.7 points since 2010.

The Malawi Human Rights Commission (MHRC), the country's designated national human rights institution, monitors human rights protection and investigates alleged violations. The U.N. Human Rights Council has reviewed Malawi's reports. While the country has received praise for its actions in various areas, there have also been criticisms, particularly regarding contentious issues like the rights of sexual minorities, restrictive abortion laws and the country's use of the death penalty. Malawi still retains capital punishment as a legal penalty for offenses such as treason, murder and rape.

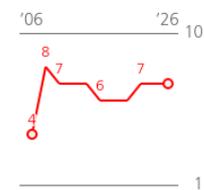
Although Malawi is a relatively small emitter of greenhouse gases, it has ratified the Paris Agreement on climate change. The country is highly vulnerable to climate-related risks and is implementing adaptation measures. As a member of the United Nations, Malawi participates in U.N. activities, including, for example, peacekeeping operations in the Democratic Republic of the Congo.

Malawi is a member of the African Union (AU) 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 the Common Market for Eastern and Southern Africa (COMESA).

Generally, Malawi has cooperated well with all neighboring countries on various matters, despite some friction with Mozambique over arrears at the port of Beira. Malawi is seeking a peaceful solution to its boundary dispute with Tanzania over the northern part of Lake Malawi through mediation and has fully participated in this effort. Smuggling across borders with neighboring countries is causing friction.

Credibility

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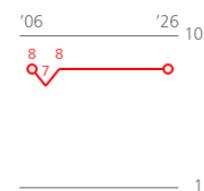


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Regional cooperation

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Strategic Outlook

Malawi faces multiple challenges in the immediate, intermediate and distant future. Regarding the democratic system, the task ahead is to safeguard progress made to date. The change in the electoral system resulting from the High Court sitting as the Constitutional Court's 2020 ruling marked a historic turning point, demonstrating the independence of the judiciary.

Oversight institutions, including the Human Rights Commission, the Office of the Ombudsman and the Anti-Corruption Bureau, need to be strengthened through the infusion of additional human and budgetary resources. There is a pressing need for civil service reform to enhance efficiency in line with the comprehensive review report submitted in 2021.

The government will necessarily play a central role in safeguarding the achievements made to date, but civil society also plays a role. At the grassroots level, Malawians must demonstrate commitment to democratic values. The electorate's concerns extend beyond democracy as a political process. Malawians are primarily interested in the outcomes of the governance system and in tangible improvements in their daily lives. They hope for a revitalized economy and reduced poverty rates, access to quality education, improved health care services, and reliable access to water and provision of electricity. The key is coordination and vigorous implementation of policies. Without visible progress, the electorate may lose faith in the democratic system and become susceptible to charismatic leaders who do not respect democratic principles.

In the economic sphere, there is little to celebrate. The economy suffers from many problems. A comprehensive policy is needed to raise agricultural productivity by expanding the use of advanced machinery and other inputs. This would require land reform, which is likely to spark disputes, as smallholders depend on land as their lifeline.

Any carefully crafted land reform must allay smallholders' fears in this regard. The National Smallholder Farmers' Association of Malawi and the Farmers Union of Malawi would be key stakeholders in that process. Malawi's vulnerability to the adverse effects of climate change (floods, droughts, tropical cyclones and associated calamities) is likely to continue to exact a heavy toll, leading to future humanitarian crises and food insecurity. Renewed efforts are needed to adopt an implementable climate change adaptation policy that goes beyond short-term disaster management.

In parallel with new policies in the agricultural sector, Malawi needs a new industrial policy that can be implemented to increase the industrial sector's modest contribution to GDP. The Malawi Confederation of Chambers of Commerce and Industry (MCCCI) must be integrated as a key contributor in implementing the 2016 National Industry Policy. This interest group consists of members from the manufacturing, mining, services and trade sectors that possess a wealth of insights into the challenges facing the country's industry and trade. A further major challenge will lie in attracting foreign investors. Achieving this will require improved transport routes, along with closer regional coordination through SADC and COMESA.

Corruption currently impedes all sectors of the economy, and renewed efforts beyond halfhearted rhetoric are urgently needed to reduce corrupt practices at all levels. The Anti-Corruption Bureau requires greater resources to pursue investigations and prosecutions more aggressively.

The most serious challenges ahead include providing health care services, assisting destitute people, reducing poverty, reducing inequalities and building resilience to crises. The Tonse government has given grounds for optimism, but only with half a year left in its term as the review period closed, the results have been meager.

International donors may help close some of these gaps, but the government must stand firm on its preferred policy options. The alternative could lead to further policy vacillation and limited impact. Over the long term, increasing domestic economic growth is vital, as it will provide a basis for generating government revenue for development programs.