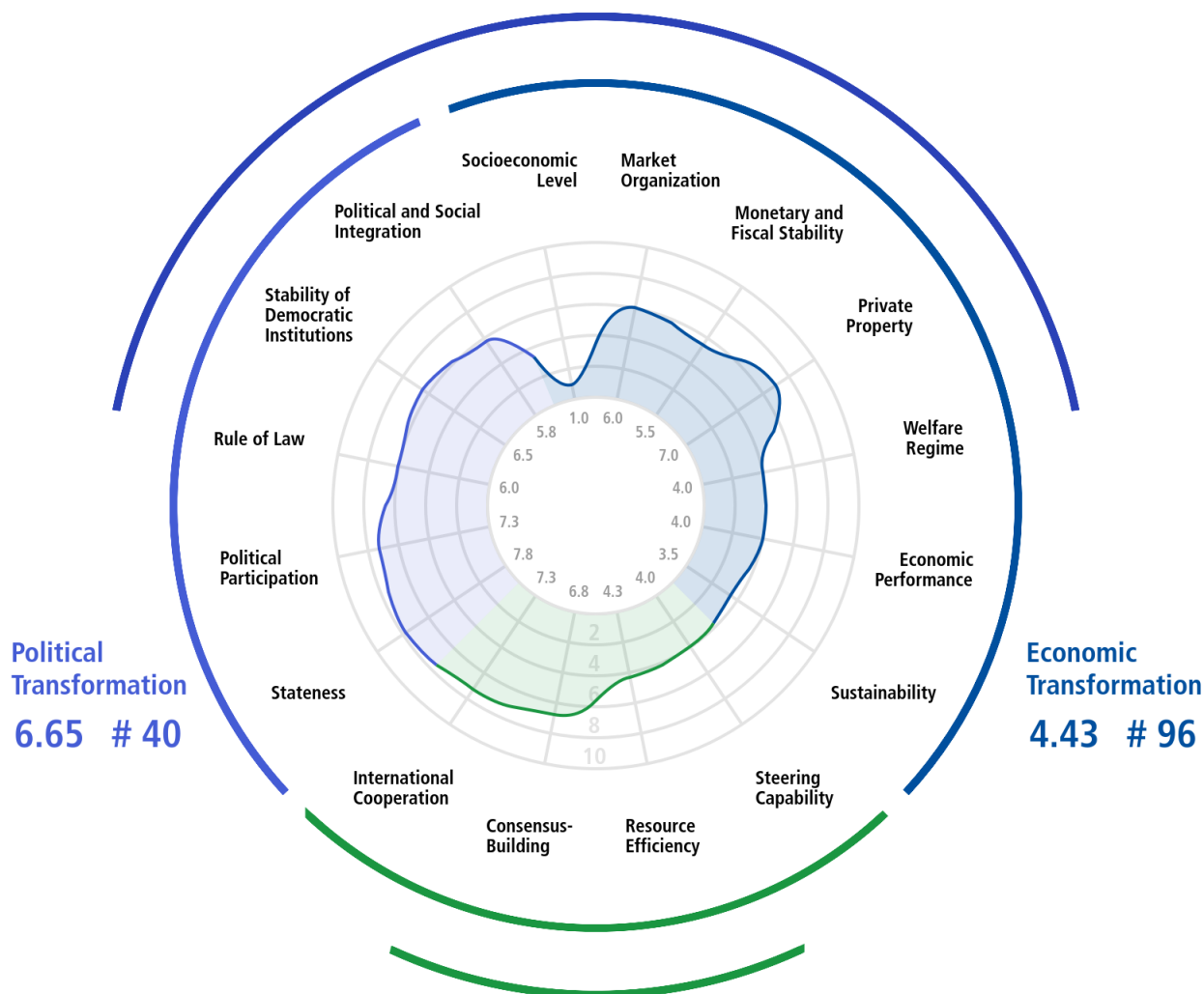


Malawi

Status Index

5.54 # 60

on 1-10 scale out of 137



Political Transformation
6.65 # 40

Economic Transformation
4.43 # 96

Governance Index

5.14 # 50

on 1-10 scale out of 137

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2024. It covers the period from February 1, 2021 to January 31, 2023. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2024 Country Report – Malawi. Gütersloh: Bertelsmann Stiftung, 2024.

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Key Indicators

Population	M	20.4	HDI	0.512	GDP p.c., PPP \$	1732
Pop. growth ¹	% p.a.	2.6	HDI rank of 189	169	Gini Index	38.5
Life expectancy	years	62.9	UN Education Index	0.502	Poverty ³	% 89.1
Urban population	%	18.0	Gender inequality ²	0.554	Aid per capita \$	58.1

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. 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

The period under review, from 2021 to 2022, witnessed two significant changes in Malawi's political landscape.

The ruling by the High Court sitting as Constitutional Court that annulled the 2019 elections also clarified the term “majority” to mean at least 50% plus one of the valid votes cast (contrary to the widespread notion that a mere plurality of the valid votes cast amounts to a majority), with this standard applicable only in the context of presidential elections. This created a new dynamic because it necessitated the formation of electoral alliances to reach that threshold. The Malawi parliament endorsed and approved a proposal by the Malawi Electoral Commission to increase the number of legislative seats from the current 193 to 229 for the 2025 elections. Surveys have shown that most Malawians support democracy as their preferred political system, as adapted to Malawi.

However, while the public largely does not question the political rules of engagement, there has been considerable dismay with the outputs of the political system. The initial excitement following the 2020 Tonse election has transformed into profound dissatisfaction. According to the 2022 Afrobarometer survey, 57% of Malawians express dissatisfaction with the functioning of democracy in the country. The Malawian economy has not performed well. Multiple crises have emerged, resulting in newspaper headlines such as “Mavuto Sakukata” (Endless Problems). Dominated by agriculture and services, the economy's structure has remained largely unchanged since 1994. Long-standing structural factors hinder economic growth. The quality of soil is deteriorating, and limited access to water remains a constraint. Insufficient human resources impede productivity growth, and the institutional and physical infrastructure (electricity, water, and telecommunications) is inadequate. Most critically, exposure to climate-change-induced extreme weather events, including floods, droughts and tropical storms, significantly impacts public resources, necessitating borrowing to balance budgets and leading to unsustainable debt burdens, as well as dependence on donors. A significant proportion (82% – 85%) of the population relies on rain-fed agriculture, primarily for subsistence but also for cash crop marketing. Tobacco,

tea and sugar production occurs on large estates, with tobacco being Malawi's primary foreign exchange earner. Endemic corruption persists and disrupts the economy. The macroeconomic situation is dire, with a very high inflation rate. Widespread poverty persists at the micro-level. The COVID-19 pandemic strained public resources and burdened the health care system, although the government managed the pandemic reasonably well by implementing strict precautions.

History and Characteristics of Transformation

The most significant transformative development since independence was the 1993 referendum, in which citizens expressed their preference for a new multiparty system to replace the one-party system run by the Malawi Congress Party (MCP), with Kamuzu Banda at its helm. The 1994 elections witnessed the rise of a new party, the United Democratic Front (UDF), led by Bakili Muluzi, who became the state president and remained in office until 2004. In 2003, Muluzi attempted to amend the constitution to allow for his reelection to a third term, but the move was defeated. Muluzi was succeeded by Bingu wa Mutharika, who emerged as the victor in the 2004 elections. However, following a falling-out with his predecessor, Bingu left the UDF and established the Democratic Progressive Party (DPP), which he led to victory in 2009. After Bingu passed away from a heart attack in 2012, his vice president, Joyce Banda, assumed the presidency, but her bid for reelection in 2014 was unsuccessful. During this time, Bingu's younger brother, Arthur Peter Mutharika, had been groomed to take over the leadership of the DPP. He defeated Joyce Banda and remained in office until he was ousted in the subsequent 2020 presidential election, which came after the High Court nullified the flawed 2019 vote. During Mutharika's tenure, the MCP experienced a revival under a new leader, Lazarus Chakwera. Prior to the 2019 elections, a new party called the United Transformation Movement (UTM) was formed by Mutharika's vice president, Saulos Chilima. Despite lacking discernible underlying ideologies, the election manifestos of all parties promised improved services that Malawians eagerly desired, including education, health care, communication, water and electricity supplies, agricultural subsidies, and more.

During the Kamuzu Banda era, the state controlled the economy. As the country became more democratic, it also saw a liberalization of the economy and the promotion of market-based competition. These liberalization reforms accelerated with the Structural Adjustment Program sponsored by the World Bank and the International Monetary Fund. Part of this thrust was the divestiture of parastatals, supported by the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) as the private sector's primary interest organization. However, despite some economic liberalization, the state has retained a significant role in the economy, primarily through key state-owned enterprises, development plans, and sector-based policies such as the Malawi Growth and Development Strategy (MGDS III), under the theme "Building a Productive, Competitive and Resilient Nation." Other significant state-led development initiatives include the National Industrial Policy, the National Export Strategy II (2021 – 2026) and Malawi's long-term Vision 2063, which follows the theme "An Inclusively Wealthy and Self-Reliant Nation."

However, Malawi lacks an implementable road map toward industrialization. Significant agricultural subsidies sustained through government-sponsored programs such as the erstwhile Farm Inputs Subsidy Program (FISP) and the current Affordable Inputs Program (AIP) have been implemented. Despite their costs, these state-financed programs are popular with the multitude of smallholders who derive a living from rain-fed agriculture, producing mainly for subsistence but also marketing cash crops. They make up 82% to 85% of the population. Tobacco, tea and sugar production take place mainly on large estates. Tobacco plays a major part in the economy. It has long been Malawi's largest foreign exchange earner, hovering around 60% of exports. However, overdependence on tobacco, the demand for which on the global market has been declining due in part to the efforts of the global anti-smoking lobby, has had a largely negative effect on Malawi's economy. Malawi's economy has attracted little foreign investment.

Corruption remains pervasive, with disruptive effects on the economy and governance, despite the National Anti-Corruption Strategy II (2019 – 2024) and the Strategic Plan of the Anti-Corruption Bureau (2020 – 2024). Senior politicians have expressed the view that there is an ingrained culture of corruption in Malawi that is difficult to eradicate. The director of the Anti-Corruption Bureau was recently arrested but subsequently released unconditionally, a move that suggests that powerful interests are averse to determined actions against corrupt behavior.

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

Transformation Status

I. Political Transformation

1 | Stateness

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

While the state's monopoly on the use of legitimate force remains uncontested across the country, three developments warrant attention. First, in the run-up to the May 2019 general elections, the country experienced cases of political violence perpetrated mostly by the ruling Democratic Progressive Party militia. Second, over the years there have been intermittent calls to reorganize the country from a unitary to a federal state. These calls have been championed primarily by politicians and activists from the northern part of the country. The main argument advanced by the proponents of federalism is that the northern region has been neglected by the central government and that a federal system of governance would bring about more even development across the country. While a debate on federalism has emerged sporadically, it is likely that Malawi will remain a unitary state in the foreseeable future.

Third, a movement known as the People's Land Organization has emerged in the southern region of Malawi, especially in Thyolo and Mulanje districts, where large tea estates are located. This movement has sought to encroach on plantations, claiming that the land had been stolen from its ancestral residents during colonialism and declaring the region to be an independent republic. However, this localized movement has gained little sustained traction, and its leader, Vincent Wandale, was

Question
Score

Monopoly on the
use of force

9



1

recently indicted and convicted of criminal trespassing and conspiracy to commit a misdemeanor after inciting his followers to occupy a tea estate in Thyolo. This movement has not seriously challenged the state's authority.

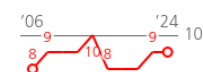
Notwithstanding that Malawi is a colonial construct, the overwhelming majority of the population today accepts Malawi as a legitimate territorial state. However, recent survey data suggest that a significant proportion of Malawians are torn between their identification with the nation and with their ethnic groups. For example, a 2022 Afrobarometer survey found that 18% of Malawians claim to identify more with their ethnic group than with the Malawian national identity. In contrast, about half (49%) of the population say they feel equally ethnic and Malawian. Nevertheless, despite the ethnic pull, there is widespread acceptance of Malawi as a state.

The border with Tanzania in the northern part of Lake Malawi is contested. Malawi claims control over the waters right up to the Tanzanian shores, while Tanzania asserts that the border should be drawn in the middle of the lake. The Malawian state has not deliberately discriminated against or withheld citizenship from specific population groups. No serious challenges to the legitimacy of the nation-state have been raised since independence. All expressions of discontent regarding the state and its performance have been voiced within the framework of the existing state structures. Except for intermittent calls for the conversion to a federal state and the largely unheeded declaration of an independent republic in the Thyolo and Mulanje districts, there has been no serious challenge to the state's authority over the entirety of the country's territory and its population.

Under Malawi's constitution, every person who was a citizen of Malawi before the adoption of the new constitution (in May 1994) has since retained Malawian citizenship. Citizenship can be acquired by birth, descent, marriage, registration or naturalization. The precise procedures for acquiring or losing citizenship are contained in the Citizenship Act, Chapter 15:01 of the Laws of Malawi. Section 20 of the constitution prohibits all forms of discrimination based on nationality, ethnicity or social origin. In principle, anyone can acquire citizenship upon fulfilling the minimum requirements for residence as prescribed under the Citizenship Act. One anomaly, however, is that while citizenship will automatically be conferred on foreign spouses of Malawian men, the same does not apply to foreign spouses of Malawian women. Otherwise, the state has not deliberately pursued a policy of withholding citizenship from qualifying individuals. While Malawian citizens perceive themselves as Malawians, they also carry ethnic identities that are expressed variously in language, culture and rituals. During election campaigns, politicians appeal to ethnic identities that sometimes trump Malawian identities.

State identity

9



1

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

Malawians often portray themselves as God-fearing. Perhaps unwittingly, this has generated latent tension between the demands of secularism as laid down in the constitution and some religious beliefs that do not necessarily conform to the constitutional model. For example, faith-based organizations have mobilized protests against the amendment of the abortion law and the rights of sexual minorities (i.e., the LGBTQ+ community).

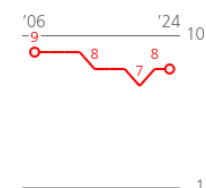
The extent to which religiosity influences policy in Malawi is further illustrated by the decision of the government under President Lazarus Chakwera, who is a Pentecostal Christian pastor, to advocate for a relocation of Malawi's embassy in Israel from Tel Aviv to Jerusalem. Long-standing public debates over same-sex relationships and marriages have raged in the country. While same-sex relationships would appear to be protected under the nondiscrimination clause in the constitution, the primary arguments against the legalization of same-sex relationships are based on religious dogma.

In late 2021, religious groups lobbied against a legislative bill that sought to relax rules against abortion in Malawi. Not only did religious leaders speak out against the bill, but some of them also attended parliament when it debated the proposal. Eventually, parliament was forced to shelve the bill. Although there were attempts throughout 2022 to resuscitate the bill, they continued to face pressure from religious groups and were ultimately unsuccessful.

In the mid-to-late 1990s, Malawi embarked on a drive toward decentralization. This was intended to bring the government “closer to the people” and improve the efficiency of service delivery. Nearly three decades later, it is evident that progress in real terms has been modest. While there is a formal commitment to decentralization, little has been achieved in terms of devolving decision-making power from the central level to local government structures. Despite the failure of decentralization, the state's administrative structures, some of which include elected bodies, cover the entire country. However, service provision through these structures varies considerably, with better services found in urban areas than in rural areas. A particular structure that warrants attention is the traditional authorities (TAs), where chiefs hold significant influence, especially in matters of land ownership. The chiefs are appointed rather than elected and receive a stipend from the government. The

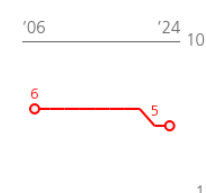
No interference of religious dogmas

8



Basic administration

5



availability of basic public services is compromised by general government inefficiency and corruption at all levels. Lower tiers of government suffer from a lack of resources appropriate for the tasks they are responsible for performing. As a result, resources are often misallocated or misappropriated, leaving social needs unmet. About 70% of the population has access to a basic water source, while 26.6% have access to basic sanitation and 14.9% have access to electricity.

2 | Political Participation

General elections have been held at regular five-year intervals since 1994. However, local government elections were not held between 1999 and 2014, leaving local councils in limbo for a decade after their electoral mandate expired in 2005. The electoral system is based on the first-past-the-post plurality principle in single-member constituencies, with regard to members of the National Assembly. Under this system, the candidate garnering the largest number of votes, but not necessarily 50% plus one vote, is elected. In other words, a mere plurality is needed to win a parliamentary seat.

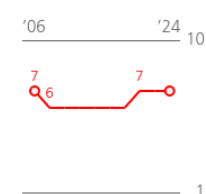
However, the 2020 ruling by the High Court clarified the concept of majority for presidential elections, insisting that the concept of “majority” in this context entails at least 50% plus one of the valid votes cast. This spurred the formation of party coalitions to reach the majority threshold. One example of this was evidenced by the 2020 Tonse alliance, which comprised the two largest opposition parties and several minor ones. Thus, Tonse won the presidency in June 2020 and formed a new government.

In 2022, the Malawi Electoral Commission (MEC) undertook a thorough review of constituency boundaries and proposed to parliament that the number of parliamentary constituencies be increased from 193 to 229. Parliament endorsed the proposal, meaning that as of the 2025 parliamentary elections, the total number of constituencies will be 229.

Over the years, external observers have generally found general elections to be free and partially credible, but not always fair. The only exception occurred in 2019, when the High Court annulled the elections due to numerous irregularities, including the use of Tipp-Ex correction fluid on tally sheets. The electoral calendar in Malawi is established by law. According to the constitution, general elections are scheduled for the third Tuesday in May during the fifth year of any parliament. If this day is not practical, the elections must be held within seven days of that Tuesday, on a day to be determined by the MEC. To date, the electoral calendar as prescribed by the constitution has been followed. The constitution guarantees equal and universal suffrage to all citizens of eligible voting age. Political parties are permitted to campaign for votes and nominate candidates for potential election to office. Elective positions are filled based on the electoral results. No incumbent government has

Free and fair elections

7



actively sought to overturn the election results by attempting to remove an elected candidate. However, following the 2014 elections, then-President Joyce Banda declared the elections to be null and void and ordered a recount of the ballot papers. The judiciary deemed this action to be unconstitutional.

The Malawi Electoral Commission, the body responsible for administering all elections, has faced severe criticism over the years. MEC commissioners are appointed by the president upon recommendations/nominations from the parties represented in the National Assembly, a process that compromises MEC's independence and impartiality. Consequently, MEC is considered partisan, with the political affiliations of the commissioners undermining their impartiality and limiting the institution's operations. Voter registration procedures are generally transparent and fair. However, MEC lacks sufficient resources to conduct simultaneous registration nationwide, which slows down the process. All political parties and their representatives are permitted to observe and monitor the voter registration process. Similarly, party agents can observe and monitor the casting of votes on polling day and during subsequent vote counting. However, the task of observing and monitoring elections is more easily carried out by larger political parties, placing smaller, under-resourced parties at a disadvantage, as they struggle to recruit personnel for observation and monitoring. Although state-owned media have a legal obligation to provide balanced coverage of all political campaigns, they tend to favor the incumbent government during election campaigns. Nonetheless, independent private media (both print and electronic) have increasingly contributed to equalizing media coverage. The polling process generally adheres to international standards of security and secrecy. Accessibility of voting materials for people with disabilities, such as the visually impaired, remains a concern, although MEC has expressed its commitment to addressing this challenge.

The democratically elected representatives have formal power to govern in Malawi. However, there are indications that, between elections, key decisions are not made or influenced solely by elected representatives but rather by informal forces outside elected institutions. Informality often overrides the formal rules and processes, thus undermining the power of elected representatives. Parallel structures of formal and informal governance are pervasive but difficult to assess. Elected representatives are granted formal authority to govern, but appointments and key decisions are also often influenced by informal politics. A high number of legislators tend to focus on constituency issues rather than scrutinizing the bills submitted in parliament. Arguably, the informal forces are a manifestation of neopatrimonial politics and the reliance on ethnic or regional cliques to sustain elected representatives in office. Nevertheless, nonelected personalities do not have veto powers regarding decisions made by elected officers. A very good example is the abortive attempt to change the electoral system from a simple plurality to an absolute majority in 2018. The government came under intense pressure from civil society and the international donor community to enact the proposed changes. However, the government only paid

Effective power to govern

8



1

lip service to the proposals, submitting a bill in parliament that governing party legislators voted unanimously against. As a result, the proposed legislation was never enacted.

The freedoms of association and assembly are constitutionally guaranteed in Malawi. Individuals and political parties are free to associate and organize meetings and public assemblies. However, recent history has shown that the state has means of curtailing these critical freedoms and that it routinely interferes with the exercise of these rights. Public rallies are sometimes declared illegal without sound justification. In doing so, the government often works through the Police Act. Under the Police Act, anyone intending to assemble and demonstrate must give notice of the intended assembly or demonstration to the officer in charge of the local police station, as well as to the relevant district commissioner. While the law clearly states that prospective demonstrators must give notice to the police and the district commissioner, the police have generally and deliberately interpreted this requirement to mean that prospective demonstrators should seek permission from the police before assembling and demonstrating. As a result, the police, often at the behest of the executive, have been reluctant to grant permission to assemble and demonstrate in cases where the theme of the demonstration or rally is deemed unacceptable to the incumbent government. This arguably contributed to the fact that the July 20, 2011 demonstrations resulted in many fatalities, as there was some confusion over whether the demonstrations were authorized or not.

In terms of association, particularly pertaining to political parties, the establishment of political parties in Malawi is a relatively easy process. As a result, numerous political parties (over 40) have been formed and registered throughout the years, although many of these are small and presently inactive. Consequently, the government has occasionally exercised its authority to hinder or regulate the registration of political parties, thereby impeding the efforts of new political parties to establish themselves and compete against the ruling party. An illustrative example of this is the unsuccessful endeavor to deny registration of the United Transformation Movement (UTM), led by former Vice President Saulos Chilima, aimed at challenging President Mutharika in the elections. While the constitution guarantees the rights to associate and assemble, their practical exercise depends on the existing political climate. Section 35 of the constitution ensures freedom of expression, granting individuals and organizations the general liberty to express themselves. However, specific legal provisions offer safeguards against defamation (Penal Code Chapter 7:01, Laws of Malawi, Chapter XVIII) that may inadvertently restrict freedom of expression (e.g., Official Secrets Act, Chapter 14:01 Laws of Malawi).

Association /
assembly rights

7



1

Freedom of expression is mainly curtailed by the continuing lack of public access to information. The incidence of direct government censorship in Malawi has significantly decreased, and the period after 1994 has seen a thriving environment for expression for both individuals and media organizations. According to a 2022 survey by the Afrobarometer, 59% of Malawians claim they are free to express their opinions. Additionally, 75% of Malawians state that they are free to join any political organization or group of their choosing. Various community FM radio stations and private TV channels have been established. Since June 2020, open harassment of the media or individuals has nearly vanished under the Tonse government. However, there are occasional instances of both overt and covert harassment of opposition voices, with inadequate response from the police. Nevertheless, the media consistently publish critical material regarding government corruption, poor implementation of policies and delayed projects. It appears that there are few attempts to silence media outlets that engage in investigative journalism, exposing objectionable behavior or subpar performance by the government. The defamation provisions in the penal code are not rigorously enforced, contributing to an increase in media independence and freedom of expression.

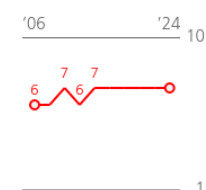
The Access to Information Bill was enacted by the National Assembly on December 14, 2016, and approved by the government in February 2017, thereby ending over a decade of overt government reluctance and resistance. The Malawi Human Rights Commission is responsible for overseeing the implementation and enforcement of the act. The precise mechanisms for implementation are not fully elaborated, which implies that the purpose of the act remains partially unfulfilled.

3 | Rule of Law

The separate status of the three branches of government – the executive, the National Assembly and the judiciary – is constitutionally entrenched in sections seven, eight, and nine of the constitution. The specification and allocation of responsibilities throughout the constitution confirm the separation of powers and horizontal accountability between these three branches. However, the governance system in Malawi is singularly presidential and confers wide discretionary powers upon the executive president. Although President Lazarus Chakwera, who was elected in June 2020, promised to roll back some of the powers of the presidency, there had been no measurable movement toward actualizing this promise by January 2023. One promise President Chakwera has honored is to appear before parliament to answer questions from legislators. The weakness of the legislature is due not only to executive overreach but also to the poor caliber of legislators on both the government and opposition sides. The judiciary remains largely independent, albeit weakened by limited funding, a difficulty that is not unique to the judiciary.

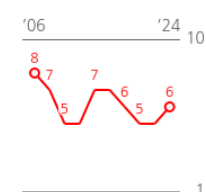
Freedom of expression

7



Separation of powers

6



The National Assembly cannot remove the president by a vote of no confidence, as is typically the practice in parliamentary systems. Instead, the only option available is an intricate impeachment process. Although the constitution guarantees the separation of powers through checks and balances, the executive branch has frequently exceeded its constitutional limits and intruded on the authority of other government branches. The executive's failure to consistently treat the other branches of government as equal partners undermines constitutionalism.

The executive's dominance is illustrated by its control over the exchequer. Meetings of the National Assembly and its committees, as well as judicial operations, are constrained due to inadequate funding, leading to delays in the judicial system. Examples of the executive's dominance include its reluctance to set an implementation date for bills even years after passage by parliament.

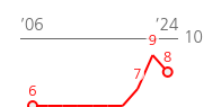
When Malawi registered its first cases of COVID-19, the president declared a state of national disaster in March 2020, which included a raft of measures such as the closure of borders and schools and restrictions on public gatherings. However, an attempt by the government to step up the COVID-19 measures by imposing a national lockdown in April 2020 was struck down by the courts as unconstitutional. Under Section 45 of Malawi's constitution, measures that have the effect of derogating rights, such as a lockdown, can only be carried out under a state of emergency, which requires approval by the Defense and Security Committee of the National Assembly.

As the COVID-19 infection and death rates increased sharply in January and February 2021, including the demise of two cabinet ministers, the president declared a second state of disaster, and a new plan was adopted to combat the virus. Restrictions were introduced governing social distancing, hand-washing hygiene and the wearing of face masks, while schools were closed for a second time. However, these restrictions have recently been eased.

The Malawi judiciary has long enjoyed a reputation of independence. It remains the branch of government that inspires the highest level of confidence among the public. The judiciary in Malawi is guaranteed independence through several provisions in the constitution, including Section 103. Generally, the judiciary has been willing to review executive decisions for compliance with the constitution and other laws. In appropriate instances, the judiciary has been able to overturn government actions for contravening the constitution or other applicable laws. However, the judiciary has struggled to maintain its independence due to a lack of financial autonomy, as the executive provides its funding through allocations in the state budget. There are frequent accusations of corruption against junior judicial officers and support staff. In 2021, a magistrate was dismissed by the Judicial Service Commission over accusations of bribery. Several lawyers were also disciplined for misappropriating funds meant for their clients. The use and misuse of injunctions and stay orders illustrate how the integrity of the judiciary may be compromised when politicians "shop around" for sympathetic judges who are willing to issue a particular injunction.

Independent
judiciary

8



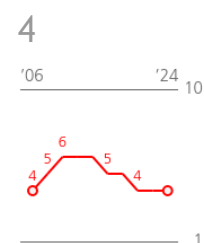
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Corruption is somewhat more prevalent at the lower magistrate court level than at higher levels. Furthermore, magistrates have sometimes erroneously imposed custodial sentences for misdemeanors and thus contributed to prison overcrowding. The 2020 landmark ruling by the High Court that annulled the fraudulent 2019 presidential election – dubbed the Tipp-Ex election due to the MEC’s alleged use of correction fluid to falsify results sheets – is a historic example of judicial independence in the face of executive branch pressure. The Malawi Supreme Court of Appeal upheld this ruling. It is also noteworthy that during 2020, the courts ruled to annul at least six 2019 legislative election results, mostly involving the then-ruling DPP legislators, on account of fraud. The High Court decision to issue an injunction against the executive’s attempt to impose a national lockdown in April 2020 as one of the measures to contain the spread of COVID-19 is yet another demonstration of the Malawi judiciary’s independence.

The authority to prosecute criminal offenses is vested in the Office of the Director of Public Prosecutions (ODPP) by Section 99 of the constitution. The Anti-Corruption Bureau (ACB) is a specialized agency for the investigation and prosecution of corrupt practices, but it operates under the general superintendence of the ODPP. Although the director-general of the ACB is a political appointee, personalities matter, and since taking office, the ACB director-general has asserted herself after being given greater leeway by the president. The ODPP is constrained when trying to prosecute officeholders due to potential political repercussions, especially if the persons to be indicted hold senior positions. According to a 2022 Afrobarometer survey, 45% of Malawians believe that senior officials who commit crimes often or always go unpunished. The head of the ODPP can be removed from office by the president, ostensibly for incompetence, being compromised or incapacitated, or reaching retirement age. This situation further compromises the independence of the ODPP and constrains the prosecution of officeholders who have abused their positions or leads to inordinate delays in the prosecution process. An example is the indictment of former President Muluzi, whose case is still pending. Cases have either stalled before the courts, been insufficiently investigated or ended up in acquittals. During the period under review, tensions emerged between the ODPP and the ACB. This development eventually led to the arrest of the ACB director-general in the middle of the night, although she was subsequently released unconditionally. One outcome so far has been the president’s dismissal – however controversial – of the ODPP’s head, allegedly due to poor judgment when he instituted the arrest of the ACB director-general.

There have been numerous cases of corruption reported by the media at frequent intervals. Following the change of government in June 2020, there has been a renewed drive to empower the ACB to investigate and prosecute more high-profile cases of corruption involving senior officials from the former Democratic Progressive Party (DPP) government. In the revised 2020/2021 national budget, the ACB was allocated its full budget request. Two former cabinet ministers who served in the DPP

Prosecution of
office abuse



administration were prosecuted, convicted and sentenced to imprisonment for corruption. The incumbent vice president is under investigation for corruption. However, it remains to be seen if the new Tonse government will empower the ACB to investigate and prosecute corruption cases committed by its own cadres.

The bill of rights in Malawi's constitution is one of the most comprehensive catalogs of rights in any constitution. This includes the right to life, education, culture and language; the right to own property; the right to development; and the freedoms of association, opinion, expression and the press. The constitution also guarantees the right not to be subjected to cruel and inhumane treatment or punishment, and it prohibits discrimination based on gender, sexual orientation (although same-sex unions remain outlawed), religion, ethnicity and race. From a normative perspective, there are thus sufficient guarantees to protect a wide range of rights.

Malawi is a signatory to the International Covenant on Civil and Political Rights, and it regularly reports to the associated oversight body. To ensure the enforcement of these rights and freedoms, the constitution has established two institutions, the Ombudsman (Section 120) and the Human Rights Commission (Section 129), in addition to the courts. These institutions aim to promote and protect civil rights. The constitution also provides in Section 46(2) that any person whose rights have been violated has the right to seek redress from any court, the Ombudsman or the Human Rights Commission.

However, a major shortcoming in seeking redress for rights violations lies in the time it takes for the government to comply with decisions that grant compensation to victims. Even if a wronged person has obtained a judgment ordering the payment of compensation for a violation of civil rights, they may not receive this in a reasonable amount of time. Often, there is a considerable lag between obtaining a judgment and actually receiving the compensation.

There have been reports that individuals living with albinism have been murdered and dismembered for the use of their body parts in rituals. Additionally, there have been reports of torture inflicted upon prisoners and crime suspects, as well as deaths occurring in police custody. Disturbingly, female suspects have reportedly been raped by police officers while in police custody.

Civil rights

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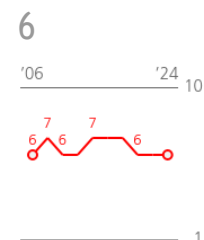
4 | Stability of Democratic Institutions

Democratic institutions exist, but their functioning is inconsistent and not always in line with their legal mandates. However, democratic institutions are generally regarded as legitimate, despite frequent compromises and flaws in implementing their mandates. The main source of contention between the central and lower tiers of government revolves around the inexactly defined devolution of functions and decision-making powers from the central level to subnational entities, whether elected or appointed. A concerning disparity exists between devolved tasks and the corresponding funding necessary to implement decisions made at the local level. Consequently, local-level management often proves unsatisfactory, and power remains concentrated at the central level. This situation fosters inefficiency, corruption and the abuse of office. Within the branches of government, the primary challenge lies in restraining the executive branch, which frequently exceeds its constitutional mandate. Executive dominance has the tendency to encroach upon the defined roles of the other branches of government.

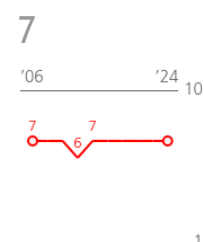
The normative legitimacy of the democratic institutions is not contested. A recent survey showed that 57% of Malawian respondents support democracy, 87% reject presidential dictatorship, 69% reject one-party rule and 75% reject military rule. Many institutions are weakened by the actions of the executive and other interest groups. This often happens when institutions adopt positions that do not align with the interests of the incumbent government.

Civil society organizations (CSOs) are regulated under the Non-Governmental Organizations Act of 2000, which falls under the auspices of the Council for Non-Governmental Organizations in Malawi (CONGOMA). These organizations encompass a diverse range of entities. Some CSOs are simply extensions of foreign CSOs, relying on funding from their counterparts abroad. However, others are genuinely domestic organizations, despite also depending on foreign funding. While many CSOs lobby on policy issues, others engage in development activities and provide services – such as education, health or water supply – that are viewed as politically neutral. In these cases, CSOs complement the services provided by the government. Many CSOs excel in their respective fields of activity and should be commended for their work. It is indisputable that both domestic and foreign CSOs wield some degree of influence. Occasionally, when CSOs openly criticize the government, they provoke responses that use equally harsh language. CSOs are generally granted extensive freedom to carry out their work, particularly when they do not challenge government institutions or policies. To oversee civil society affairs, the president has appointed a special advisor. However, allegations frequently arise that the government (executive branch) has infiltrated CSOs to undermine their role in scrutinizing the government and to ensure that civil society becomes more compliant or subservient. Despite the numerous political parties in Malawi, their influence is limited since many have no representation in the National Assembly or other administrative bodies.

Performance of democratic institutions



Commitment to democratic institutions



The clergy continues to speak out against government excesses. Faith-based organizations and denominations occasionally issue pastoral letters or statements on important topics, such as corruption, major policies or electoral matters. The president has a dedicated advisor on religious affairs. However, certain members of the clergy and civil society have faced accusations of collusion with the government in exchange for money. President Chakwera was formerly a Pentecostal pastor before entering politics.

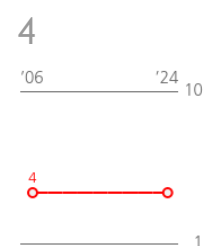
5 | Political and Social Integration

Most political parties have shallow social roots, weak institutional structures, and are heavily personalized and often clientelistic. It is difficult to distinguish between the ideological orientations of the various political parties. Party manifestos ahead of elections generally contain promises of economic growth, improved social services and a corruption-free government. Voting tends to be ethnically or regionally concentrated.

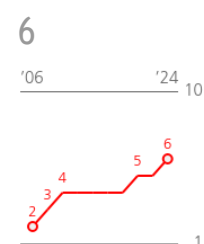
The party system in Malawi remains highly fragmented. This mainly reflects the predominance of ethnic or regional cleavages, along with that of influential (and prosperous) individuals serving as party leaders, whose personal ambitions take precedence over policy considerations. This absence of ideology or policy alignment fosters political opportunism and accounts for the frequent occurrence of party defections. For instance, in early 2018, the state vice president opted to depart from the ruling party and establish his own new political party. Subsequently, numerous supporters of the ruling party, including several legislators, followed suit.

Many interest groups are active in Malawian society. One of the oldest and most active is the interfaith and interdenominational Public Affairs Committee (PAC). Formed in 1992, the PAC comprises faith-based organizations (FBOs) across mainstream Christian denominations (Catholic, Anglican and Presbyterian) and Pentecostal groupings, as well as Muslims. The PAC is vocal on political issues and draws particular attention to corruption. It has also been involved in mediating between the government and civil society organizations (CSOs). Other interest groups are issue-based and emerge in response to specific challenges. For example, the Forum for the Defense of Democracy was formed in 2003 to champion opposition to the attempts by former President Bakili Muluzi to amend the constitution in order to allow him to serve a third term in office. In times of crisis or intense political struggle, interest groups and forces tend to unite around common objectives. For instance, in 2011, a broad coalition of civil society organizations organized nationwide protests to challenge the increasingly autocratic behavior of then-President Bingu wa Mutharika. Similarly, following the flawed 2019 elections, an inclusive coalition of CSOs mobilized nationwide protests and, in conjunction with political parties, influenced the judiciary to annul the presidential election. However, many CSO coalitions are ad hoc and disband after they have achieved their objectives.

Party system



Interest groups



In the private sector, the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) articulates the interests of private businesses, particularly regarding policies affecting the economy. The MCCCI publishes an annual report on the business climate in Malawi and makes statements on economic affairs and policies whenever they are relevant to its interests.

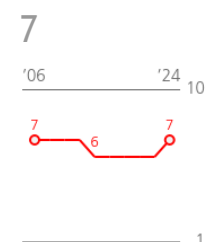
Trade unions and professional associations exist but do not seem to exert much influence on a regular basis. However, they do make their voice heard when occasionally going on strike. Employees in the manufacturing, agriculture and public sectors are generally subservient.

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

As a system of governance, democracy retains a high level of support in Malawi. A survey conducted in 2022 showed that 58% of Malawian respondents consider democracy to be preferable to any other system of governance, and 61% think it is important to hold the government accountable. The survey also showed that 58% of Malawian respondents strongly disapprove of a one-party system of governance; 59% reject military rule; and 73% strongly disapprove of an all-powerful president. Malawians subscribe to the idea that decision-making must be preceded by broad consultation. Nevertheless, considerable public resentment is evident regarding the failure of democracy in Malawi itself to deliver key social goods, giving rise to some nostalgia regarding the one-party system in place prior to 1994. Ironically, while democracy as a system of governance scores well, the same cannot be said about democratic performance. Citizens want less talk and more action to improve the economy and social services. Perceptions abound that democratic norms have been subverted by successive leaders who have furthered their own personal or narrow political interests to the detriment of the common good.

The level of trust in democratic institutions varies. Among the three branches of government, the judiciary enjoys the highest public trust, while the executive scores lowest. The National Assembly scores somewhere in between, based on the perception that members of parliament tend to prioritize their own concerns at the expense of the public's interest. In many parts of the country, interpersonal trust levels among the population remain high. Localized groups can be found in many areas that work together to achieve common objectives, such as caring for orphans or constructing village facilities. The government provides incentives for cooperation through food-for-work programs and similar incentives.

Approval of
democracy



Voluntary organizations in many communities form around specific issues. For instance, environmental concerns can lead to organized tree planting, with assistance from CSOs, in order to improve environmental sustainability. Likewise, local communities, especially in urban areas, establish informal policing groups to combat crime. However, the widespread extreme poverty in various parts of the country has increasingly forced local populations to rely on themselves. Nonetheless, levels of solidarity and social cohesion remain significant, promoting the formation of voluntary associations, even if impoverished individuals can only contribute their labor. It is customary for communities to come to the aid of sick community members and attend funerals as gestures of empathy.

Public opinion surveys find very low levels of trust in elected leaders, while informal leaders enjoy higher levels of trust. For example, a 2022 survey found that 71% of Malawians said they had no or just a little trust in the president. Correspondingly, 64% said they had no or just a little trust in the parliament. The comparable figures for trust in the MEC were 56%, while 70% said they had no or just a little trust in district, town or city councilors. The same survey also showed diminishing trust in the two main parties of the Tonse alliance. A total of 71% said they had no or just a little trust in the MCP, while the corresponding figure for the UTM was 78%.

These figures are astounding in view of the 2020 electoral victory by the Tonse coalition. The drop in trust levels can only be interpreted as disappointment in the post-election performance relative to expectations.

II. Economic Transformation

6 | Level of Socioeconomic Development

Malawi's predominantly agrarian economy remains highly susceptible to external shocks and is hindered by structural constraints. The country falls into a high-risk category, with strong exposure to extreme weather events such as tropical storms, floods and prolonged dry spells. Additionally, Malawi lacks sufficient adaptive capacity to address climate change. The combination of adverse weather events and policy failures has resulted in fiscal deterioration, reduced economic growth and increased risks. This situation is particularly concerning for poverty reduction efforts, especially considering the country's high population growth rates.

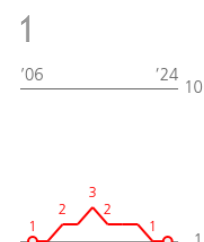
According to the 2018 census, Malawi had a total population of 17.6 million, which marked a 35% increase over the previous decade, when the population was 13 million. This translates to an average annual growth rate of 2.9%. However, due to this high population growth rate, real per capita GDP growth has remained sluggish,

Social capital



Question Score

Socioeconomic barriers



averaging only 1.5% per year over the past two decades. In 2022, the growth rate was a mere 0.9% compared to 2.8% in 2021. Multiple factors contribute to this low growth rate, including the adverse impacts of the pandemic and weather-related events. The poor harvests resulting from adverse weather conditions, coupled with severe damage to the Kapichira hydroelectric power plant caused by a tropical storm, have significantly affected both the industrial sector and households. Furthermore, the inflationary effects of the Russian invasion of Ukraine have also been felt in the country.

With a Human Development Index score of 0.512 in 2021, Malawi is among the poorest countries in the world.

Massive agricultural subsidies to small-scale farmers, who produce for both their own consumption and the market, have failed to reduce poverty in the country significantly. Approximately half of Malawi's population still lives in poverty. This situation may seem unexpected considering the existence of subsidies and the country's history of relative social stability since gaining independence. Rural areas and the southern region experience the highest levels of poverty, while urban areas exhibit the greatest degree of inequality. Severe poverty limits individuals' ability to participate in the wider economy and society, leaving poor voters susceptible to manipulation by politicians.

Ethnicity and gender are factors that influence individuals' access to opportunities. Men hold more influential positions in society than do women. Patriarchy continues to be the prevailing social paradigm in Malawi. Malawi was ranked 142nd out of 191 countries on the U.N. Gender Inequality Index, with a score of 0.554. Additionally, the Mo Ibrahim gender score for Malawi was 45.3 out of 100, positioning it in 33rd place out of 54 African countries. In 2021, the Mo Ibrahim Overall Governance Index ranked Malawi 18th out of the 54 African countries.

Economic indicators		2019	2020	2021	2022
GDP	\$ M	11025.4	12056.1	12602.3	13164.7
GDP growth	%	5.4	0.8	2.8	0.9
Inflation (CPI)	%	9.4	8.6	9.3	21.0
Unemployment	%	4.9	5.7	5.7	5.6
Foreign direct investment	% of GDP	0.5	0.4	0.4	1.4
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-1321.1	-1466.3	-1543.0	-

Economic indicators		2019	2020	2021	2022
Public debt	% of GDP	45.3	54.8	61.5	75.2
External debt	\$ M	2428.7	2943.3	3185.4	-
Total debt service	\$ M	98.5	103.4	110.9	-
Net lending/borrowing	% of GDP	-4.3	-6.2	-6.5	-
Tax revenue	% of GDP	12.0	11.8	11.4	-
Government consumption	% of GDP	-	-	-	-
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	1.7	2.0	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.8	0.8	0.8	0.6

Sources (as of December 2023): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

In principle, there is room for free market competition, and laws have been adopted to support market-based competition. In practice, however, the government often intervenes in critical areas to regulate the market. It is not uncommon for procurement procedures to be flouted in favor of businesses close to the incumbent government, which is tantamount to corruption.

On average in Malawi, it takes 37 days to start a business with up to 50 employees and start-up capital of 10 times the country's per capita gross national income (GNI).

The currency market in Malawi is controlled by the government through the Reserve Bank of Malawi. To convert currency, individuals must use an approved dealer or one of the commercial banks. The ease of conversion often depends on the sum of money involved. In May 2022, the national currency – the kwacha – was devalued by 25% through an intervention by the Reserve Bank.

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

Market
organization

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Malawi enacted its Competition and Fair Trading Act in 1998, which established the Competition and Fair Trading Commission (CFTC) as the entity responsible for regulating competition and preventing the emergence of monopolies and cartels. The competition policy primarily focuses on reducing restrictive and unfair business practices while promoting consumer protection in general.

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

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

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

As part of the Structural Adjustment Programs (SAPs) in the 1980s, the Malawian economy was partially liberalized. Foreign trade has been further liberalized, especially after the democratic transition in the mid-1990s. However, foreign trade is still subject to controls on foreign exchange and exports. Malawi's long-term development blueprint, Agenda 2063, identifies foreign trade as one of the key development pillars, aiming to position the Malawi economy as a competitive player on the global market by exporting services and manufactured goods and advancing technology. The country imports significantly more than it exports, leading to a chronic shortage of foreign exchange that hampers private sector growth.

Malawi is landlocked and dependent on trade routes via Mozambique, Tanzania and South Africa. As a member of the Southern African Development Community (SADC), Malawi emphasizes regional trading and reinforces trade links with its neighbors. The country is a member of the World Trade Organization (WTO),

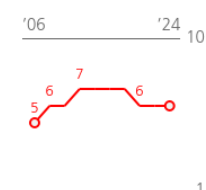
Competition policy

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Liberalization of foreign trade

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participates in WTO deliberations and has adopted many of the WTO standards. Additionally, Malawi has been negotiating with the European Union on economic partnership agreements. In 2017, the simple average of applied most favored nation tariffs for Malawi was 12.4%.

The banking sector in Malawi is overseen by the Reserve Bank of Malawi. Currently, there are 12 commercial banks operating in the sector. However, the market is largely controlled by two such banks, namely the National Bank of Malawi and Standard Bank (Malawi), while the others are considerably smaller in size.

The Reserve Bank of Malawi ordered the implementation of Basel II requirements in Malawi in 2014. However, not all banks in the country have yet complied with the Basel II capital adequacy requirements. Currently, all commercial banks in the country have been deemed Basel II compliant, and the industry is prepared to transition to Basel III. The Reserve Bank of Malawi has made substantial efforts to ensure that all banks comply with the minimum capital requirements as directed by the Basel II requirements. In 2018, Malawi's commercial banks recorded an increase in capital adequacy ratios. In 2017, the central bank's capital-to-assets ratio stood at 15.6%. The sector's nonperforming loan ratio decreased from 10.3% in 2016 to 8.6% in 2017. The challenging situation in which Malawi's private sector finds itself has resulted in a heightened reliance on borrowing from banks, with private loans also common.

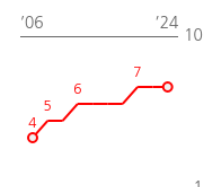
The commercial banking sector remains profitable and resilient, albeit less so than previously due to borrowers' current hardships. Bank lending to the private sector remains weak despite increased demand, as reported in a recent Bank Lending Survey (BLS). Limited growth in lending to the private sector is primarily due to high interest rates.

8 | Monetary and fiscal stability

Malawi's inflation rate has remained persistently high since mid-2012, averaging between 23% and 25% annually. The Reserve Bank of Malawi is nominally independent; however, in practice, its politically appointed leadership leaves it vulnerable to political manipulation. The foreign exchange policy has varied over the years, depending on the administration in power. For instance, under the government of Bingu wa Mutharika, there was a clear overvaluation of the local currency against major foreign currencies, leading to a significant shortage of foreign exchange. In mid-2012, the subsequent Joyce Banda administration made the decision to float the Malawi kwacha, resulting in an immediate and significant devaluation against major currencies. In May 2022, the kwacha experienced a further 25% devaluation. The Reserve Bank has recently attempted, albeit unsuccessfully, to use currency auctions to determine the market value of the currency. Ultimately, the government retains significant influence over the country's foreign currency policy, which in turn impacts the inflation rate.

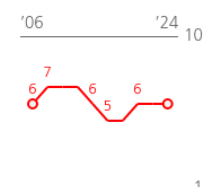
Banking system

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Monetary stability

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Recently, the inflation rate has continued to rise, reaching about 25% in 2022. The inflation rate is being driven up by rising prices on commodities such as maize, fuel and services. Food items play a significant role in contributing to the inflation rate, and future developments will largely depend on the harvest following the 2021/2022 growing season. Additionally, inflation is exacerbated by the smuggling of maize out of the country and the importation of grains from international markets.

The government's long-term development strategy was ostensibly laid down in the Vision 2020 document, which was adopted in 1998. Lacking operational content, Vision 2020 left little imprint on policy formulation and has exerted only modest influence on the country's development trajectory. The Malawi Agenda 2063 document is a long-term vision that succeeded Vision 2020, but once again, it has had little operational impact.

Malawi relies heavily on international aid, including both grants and loans. However, in the wake of the country's "Cashgate" corruption scandal, many donors have scaled back their aid programs and suspended budget support. In response, the government has placed greater emphasis on fiscal prudence and has sought to increase domestic revenue through the Malawi Revenue Authority. Nevertheless, the government has primarily resorted to borrowing within the country to finance budget deficits. Essentially, this borrowing is used to cover current expenditures, as well as loan repayments and interest payments, indicating a prioritization of consumption over production. Unfortunately, these fiscal and debt policies have not fostered long-term macroeconomic stability. Public debt rose to 64.0% of GDP in 2021, up from 54.8% in 2020.

9 | Private Property

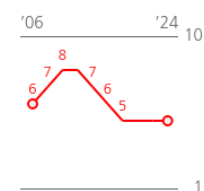
Private property rights are well protected in the country. Property rights and regulations governing the acquisition, use and sale of property are clearly defined. There are clear laws regulating the acquisition of all forms of property, including real estate and chattels. The conditions under which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

However, special rules apply to the selling and registering of land, as this is a particularly important asset in a predominantly agrarian economy. The general rule for selling land is that, when land is offered to a non-citizen, priority should be given to a Malawian, provided he or she is willing to pay the asking price. This means that if land is being sold to a non-citizen, the buyers should first advertise in national newspapers. The transfer to the foreigner can be completed only if no citizen is prepared to pay the asking price.

The process of establishing a business is hampered by bureaucratic obstacles.

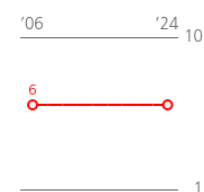
Fiscal stability

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Property rights

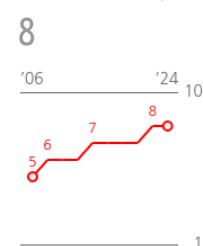
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Although rules exist for the transfer of property, in most rural areas of Malawi, property ownership and disposal are determined by traditional rules and customs that are typically based on family systems. In the patrilineal societies of the northern region and southern tip of the country, property is passed down through the male line. This often leaves females in a vulnerable position, with limited ownership rights. This vulnerability is particularly evident when a husband passes away. Conversely, in the matrilineal societies of central and much of southern Malawi, property ownership and disposal follow the female line, resulting in the opposite effect, where males face less security in terms of ownership.

Private companies are recognized as engines of economic growth. In its rhetoric, the government implies that it will consistently implement policies to support private companies. The Malawi Agenda 2063 identifies the private sector as one of the important stakeholders in the realization of the country's development transformation. The law protects private companies from arbitrary exploitation and expropriation by the government. Privatization processes are regulated by law and have by and large been respected.

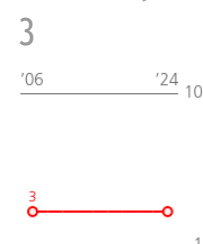
Private enterprise



10 | Welfare Regime

Malawi lacks a formal social security system that extends to the entire nation and all its residents. Nevertheless, within the formal sector, a National Social Security Fund (NSSF) exists as a provident fund, providing pensions. This fund receives contributions from both employees and employers, with the amounts determined by wage levels. Upon reaching retirement, employees have the option to withdraw their contributions along with the interest that has been accrued.

Social safety nets



However, due to the fact that the majority of the workforce in Malawi is self-employed in smallholder agriculture or operates in the informal sector, the NSSF covers only a small segment of the population.

The government and non-governmental organizations operate programs that provide social safety nets for the vulnerable. These initiatives come in many forms, but the principal form delivered by the government is local food-for-work programs. During the COVID-19 pandemic period, poor households were offered cash and food as a means of cushioning the effects of the pandemic. Vulnerable communities are encouraged to participate in these programs and are rewarded with food in return for labor. Many of the government's projects that offer social safety nets are funded by donors, often through civil society organizations.

Traditional Malawian societies have always maintained informal social security networks based on kinship or other relationships. This means, for example, that relatives take care of their family members and extended kinfolk when they are in need. Local communities also organize savings and credit cooperatives (SACCOs), which are plentiful in Malawi. However, these networks are informal and somewhat fragile.

School enrollment rates at the primary, secondary and tertiary levels reveal significant gaps between females and males. Overall, Malawi's literacy rate for persons 15 years and 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 than females to education at all levels. According to the 2020 Integrated Household Survey, a higher share of Malawian males aged 15 years and older (83%) was literate than was true of their female counterparts (69%). Government programs over the past 20 years have actively sought to achieve a better gender balance but have had limited success. The enrollment rate among females decreases at higher levels of the education system. There are also regional disparities, as the educational level is highest in the northern region, primarily due to the legacy of missionary schools.

Traditionally, men have dominated the formal labor force, although women carry out the bulk of work in smallholder agriculture. In 2021, women accounted for 48.7% of the labor force. The Gender Equality Act, enacted in 2012, requires government agencies and departments to fill no less than 40% and no more than 60% of positions with either gender. While this act has not yet been fully implemented, it serves as a guide toward the achievement of gender parity in the recruitment of employees, particularly within government departments. However, the level of educational attainment largely determines the equality of opportunity in the labor market. Consequently, as long as disparities persist within the educational system, a similar imbalance will endure in the labor market. Currently, women hold 23% of seats in the National Assembly.

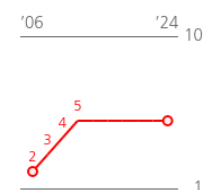
11 | Economic Performance

According to the World Bank, Malawi's GDP per capita, adjusted by purchasing power parity (PPP), was \$634 in 2021. This compares unfavorably with the global GDP per capita PPP average of \$18,250. The comparison indicates that the economic situation in Malawi is dire. The GDP growth rate plummeted from 5.4% in 2019 to 0.8% and 0.9% in 2020 and 2022, respectively.

Other World Bank indicators confirm that there has been little improvement in the country's economic outlook. The country needs significant economic growth to improve such forecasts. The private sector is critical for a favorable growth scenario, and there needs to be a substantial injection of foreign investment. However, the economic environment remains inconducive to attracting foreign investors, despite Malawi's considerably improved position in the World Bank's Ease of Doing Business Ranking over the past few years – rising from 164th place out of 189 countries worldwide in 2015 to 109th out of 189 in 2019.

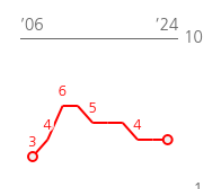
Equal opportunity

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Output strength

4



The 2018 Malawi Business Climate Report by the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) lists the cost of finance, the cost and irregularity of electricity supply, and the insufficiency of telecommunications as the most important obstacles to doing business. These are followed by crime; the ineffectiveness of parliament in enacting relevant laws' customs regulations, procedures and bureaucracy; taxation; and the erratic water supply. The reduction in interest rates by credit institutions in 2018 was not substantial enough to encourage increased private sector borrowing because the rate was still very high, around 24%. High 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 both 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 for implementing the project with a South African company was signed before a proper environmental and social impact assessment (ESIA) could be conducted, which is in violation of the law. All projects of this nature are required by law to conduct an ESIA. The estimated cost of the project has remained around \$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.

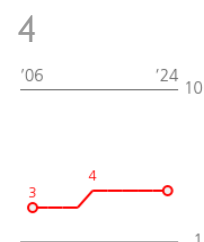
Malawi's deforestation rate is ranked fourth in the world, second in Africa and highest in the SADC region. In 2017, government estimates suggested that Malawi's forests were being depleted at a rate of 1.8% to 2.6% annually, primarily for purposes of charcoal burning, firewood timber and agricultural encroachment. Recognizing the severity of the deforestation rate, as of 2017, the government has deployed army units to undertake 24-hour patrols of the country's major forests, with authorization to arrest loggers and confiscate their equipment. Some civil society organizations (CSOs) have taken up tree planting to counteract deforestation. A large proportion of the population still uses charcoal for cooking purposes due to the lack of other sources of energy. Charcoal burning is therefore a major driver of deforestation, along with logging.



Malawi's education policy is negatively impacted by the country's economic challenges. Malawi scored 0.470 in the UNDP's Education Index 2019, an improvement from 0.328 in 2018. In the 2022/2023 national budget, education accounted for 16.3% of spending, with additional funds allocated for educational infrastructure projects such as the construction of teachers training colleges, girls' hostels in secondary schools, and the rehabilitation and development of infrastructure in public universities. This represented a significant increase compared to previous years. Malawi has implemented some positive measures seeking to enhance the education sector. The country introduced free primary school education in 1994, resulting in increased enrollment rates for both girls and boys in primary schools. However, the government was somewhat unprepared for the subsequent surge in student numbers, as it lacked sufficient schools and teachers to accommodate the growing demand.

According to the fifth Integrated Household Survey (2019 – 2020), 75.5% of the Malawi population aged 15 years or older was literate (83% for men and 68.8% for women), indicating significant improvements from the survey's findings in 2016/2017, which showed a literacy rate of 72.8%. However, the rates of transition to the secondary and tertiary levels of education are low. Transition challenges can be attributed in part to insufficient secondary schools and facilities at institutions of higher learning, as well as inadequate accommodations and the population's difficulty in affording tuition fees. The poor quality of 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 used to comprise four constituent colleges (Chancellor College, the Polytechnic, Kamuzu College of Nursing, and the College of Medicine), but has since been split up into separate universities. One major educational and research facility catering to 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 located in the central or southern regions, the University of Mzuzu (MZUNI) is located 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, there has been an increase in the number of private universities, some of which have religious affiliations. However, the attention given to research is inconsistent, and the government allocates few funds to support research endeavors. The National Commission for Science and Technology (NCST) is responsible for coordinating research activities in the country. Most research conducted in universities is commissioned work that relies on foreign funding.

Education policy /
R&D



Governance

I. Level of Difficulty

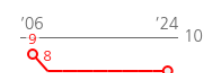
Malawi faces conditions of extreme and widespread poverty. The government is the largest employer in the formal sector, as the private sector remains small. Since independence, little progress has been made to significantly mitigate the effects of Malawi's landlocked position. The country also suffers from serious infrastructure shortcomings, especially with regard to the road network. 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 good and extensive road network has adverse effects on the country.

The country's agricultural sector faces challenges in transporting its produce to markets and procuring essential inputs, which hurts farmers in rural areas. Furthermore, 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 in support of its operations.

A rapidly increasing population has also led people to settle in areas prone to flooding. The COVID-19 pandemic further strained Malawi's economy. The country recorded its first cases of COVID-19 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, there was a spike in both new cases and deaths, placing further strain on Malawi's overburdened health system. While the new government of Lazarus Chakwera was elected with an ambitious agenda, it was compelled to abandon many of its manifesto promises in order to prioritize fighting the pandemic. These structural constraints hinder economic growth, which in turn reduces the available revenues for stimulating economic activities and promoting development. Although the COVID-19 pandemic was not a strict structural constraint, it added to the resource burden of the government in ways that are still being felt.

Structural
constraints

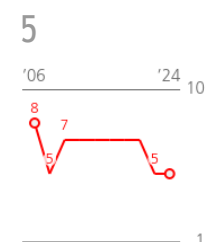
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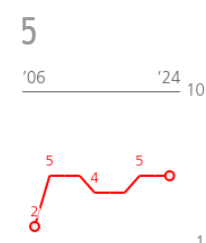
A multitude of civil society organizations (CSOs) play a significant role in the governance realm, primarily with regard to scrutinizing the government and participating in the public debate. They are registered and regulated according to the Non-Governmental Organizations Act of 2000 and coordinated under the umbrella of the Council for Non-Governmental Organizations in Malawi (CONGOMA). These organizations fall 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 genuinely domestic civil society engagement. Localized community-based organizations (CBOs) are plentiful, driven by a high level of social trust. While many CSOs engage in lobbying on policy issues, others focus on development activities at the grassroots level and provide services in sectors like education, health and water supply. For instance, the Christian Health Association of Malawi (CHAM), which is affiliated with the Catholic Church, offers approximately 40% of all health services in the country, although it collaborates closely with government health facilities. Whether domestic or foreign, CSOs do 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 in recent years. An example of civil society influence can be seen in the massive protest demonstrations against the fraudulent 2019 presidential elections, which were 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, depending on the nature of the individual organization's engagement.

Civil society traditions



The primary division in Malawian politics is ethnicity. All major political parties appeal to ethnic identity as the basis for mobilization. Electoral support typically aligns along regional and ethnic lines. The ethnic nature of these political parties means that the incumbent party has consistently engaged in politics that openly or subtly benefit the ethnic foundation of its leadership. There have been isolated incidents of violence during election campaigns that arise 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, but their patience can wear thin. The fact that over 50% of Malawians are under the age of 18 has introduced a new dynamic. Young people tend to be more impatient than older generations and less submissive to authority. The issue of land is especially sensitive, as demonstrated by the recent emergence of the People's Land Organization in the Thyolo and Mulanje districts in the southern region, although this group did not gain much support elsewhere in the country. The current president and vice president, respectively, come from the central and southern regions and appear committed to bridging the divisions based on regional and ethnic identities. However, they have faced criticism for their alleged bias in making appointments along ethnic lines.

Conflict intensity



II. Governance Performance

14 | Steering Capability

Successive governments in Malawi have established general priorities but have failed to adopt specific policies followed by consistent implementation in alignment with strategic long-term objectives. An instance of this can be seen in the Vision 2020 document, which had not yielded discernible results by the end of 2020. The most recent MGDS III plan, spanning 2017 to 2022, does not enforce a strict order of priority. It outlines five broad priority areas: 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 the budget constraints, there has also 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. In addition to political and policy vacillation between 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.

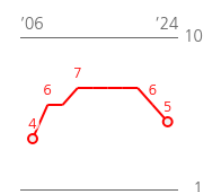
A new long-term successor strategy to Vision 2020 was adopted in early 2021 and dubbed Malawi 63. The strategy formulated rather general and lofty goals, such as transforming the country into a technology-driven middle-income country that guarantees political participation for all. It remains to be seen whether any genuine follow-up will ensue. Given Malawi's currently dire economic situation, it does not seem realistic.

The COVID-19 pandemic undoubtedly influenced priorities in favor of the health sector as infection, hospitalization and death rates have surged. Emergency allocations of significant magnitude were released to counteract the pandemic, but a large proportion of this funding has regrettably been spent on various allowances. Given existing revenue constraints, the repercussions of the COVID-19 challenges are expected to diminish resources available for other purposes. The recent outbreak of cholera has further reinforced the prioritization of the health sector.

Question
Score

Prioritization

5



Implementation has been inconsistent in Malawi. The country appears reasonably proficient in the development and establishment of priorities but struggles to adhere to them in practice. Several notable examples indicate unsuccessful policy implementation. Firstly, despite the introduction of the Vision 2020 plan, poverty reduction goals have not been achieved, as approximately half of the population still resides below the poverty line.

The National Planning Commission engaged Premier Consult Limited to review and analyze Vision 2020 to identify lessons learned and make proposals for possible priority areas for the successor agenda, called Malawi 63. The firm's owner, Oliver Saasa, concluded his review by pointing out 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 that there had been some improvements in the country's road infrastructure but criticized the fact that the distance to a good road for the average Malawian had not diminished. Third, the findings have also exposed Malawi's inability to achieve a middle-income status, or 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 is now past, the experiences with it speak volumes about inadequacies in implementation.

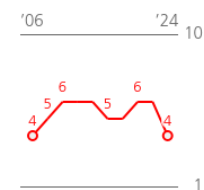
There are three possible explanations for this unsuccessful policy implementation. First, incumbent governments may alter their priorities in accordance with short-term electoral calculations. Second, revenues and other resources are in very short supply, a fact that inhibits effective implementation. Third, as an aid-dependent country, Malawi is vulnerable to donor influence 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.

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, seeking to determine which priorities have been implemented and which have not.

Since independence, there have been 80 public reform attempts by successive administrations. None have produced the desired results. This dismal record suggests poor 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 latest reform initiative was undertaken in 2015, triggered by the "Cashgate" scandal. The accompanying report was refreshingly candid. The Malawi public service had exhibited poor and declining performance in service delivery and its management of public agencies, a deterioration of work ethics, 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

Implementation

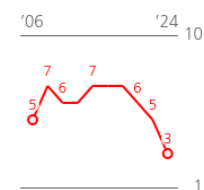
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Policy learning

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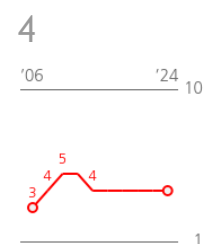
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largely absent. Following the 2020 presidential election, the vice president was charged with designing and overseeing the implementation of public sector reform initiatives. However, in 2022, the vice president was relieved of most of his duties after his name appeared on a list of possibly corrupt figures.

15 | Resource Efficiency

It is questionable whether the government effectively utilizes its human, financial and organizational resources. Recruitment processes lack transparency and objectivity, often favoring nonprofessional considerations such as ethnicity, regionalism and loyalty to those in power. These practices compromise the quality of the government’s human resources and hinder their efficient utilization. One notorious example 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 for addressing the COVID-19 pandemic. This lack of budget discipline is exacerbated by widespread corruption within the civil service at all levels. In Transparency International’s 2021 Corruption Perceptions Index, Malawi was ranked 110th out of 180 countries, scoring 35 on a scale where 100 represents a corruption-free nation. This rating represents a slight improvement compared to 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 kwachas through dubious procurement deals and the manipulation of the country’s financial management system. While government officials, including the president and 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 from President Chakwera to reduce the size of his entourage when traveling abroad, no action in this regard has been taken thus far. The government has made successful appeals to the private sector for additional financial and material resources to support the strained health sector. The new Chakwera administration has adopted a policy of transparency in presenting the budget to parliament and conducting a mid-year review. However, some stakeholders have characterized the budget as expansionary and criticized the reliance on domestic and international borrowing, as well as the dependence on donor support in addressing the deficit.

Efficient use of assets



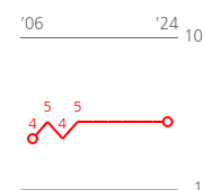
Policy coordination is the task of the cabinet, which includes all ministers. The cabinet, led by the president as head of government, must approve all white papers and policy documents before submitting them to parliament. The 2015 merger of the Ministry of Economic Planning and Development and the 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 to ensure 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 thus upset established policy priorities and timely implementation. The COVID-19 pandemic was one example of such an emergency that disrupted the order of priorities, further compounded by the recent outbreak of cholera. The shortage of foreign exchange in the past year has caused fuel shortages. Reduced electricity generation has similarly had adverse effects on industries. This renders coherent policy implementation difficult. Corruption also undermines coordination.

Corruption is endemic in Malawi. It has many causes but is fueled by deep societal inequalities, poverty, patronage networks and inefficient public service. In their daily lives, most Malawians experience petty corruption at all levels of society and in most sectors of the economy. Major corruption scandals involving high-level civil servants, senior politicians, and senior military officers have rocked Malawi in recent years, variously dubbed "Cashgate" and "Maizegate." The Anti-Corruption Bureau (ACB) has been established as a specialized government agency to counteract and investigate corrupt behavior. However, the bureau faces multiple constraints in its operations. Structurally, it is not wholly independent of the executive because the director-general of the ACB can easily be removed from office. There are signs that the new government is committed to fighting corruption, as evidenced by the full funding allocated to the ACB in the budgets. President Chakwera has also spoken about his government's commitment to fighting corruption and has said he will not shield any members of his government who are accused of corruption. However, the ACB director-general was recently arrested in the middle of the night and taken to a police station far from the city center of Lilongwe. Although she was soon released unconditionally, her arrest is indicative of senior civil servants' resistance to her active fight against corruption. Afterwards, the director of public prosecution, ostensibly the instigator of the arrest, was dismissed by the president for having exercised poor judgment.

It is indicative of the ineffectiveness of the justice system that the investigation of major scandals has taken an inordinately long time, and cases remain pending before the courts for years. The slowness of the justice system is partly due to an overload of cases, but it also results from political interference. It remains to be seen whether the current anti-corruption rhetoric will translate into serious action to address this malaise.

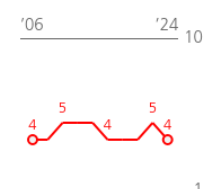
Policy coordination

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Anti-corruption policy

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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 had been 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 will be in effect from 2019 to 2024.

Government accounts are audited by the national audit office under the stewardship of the auditor-general, but this office has insufficient resources. In any event, the government has consistently been slow to act on recommendations following audits performed by the auditor-general.

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

The Access to Information Act (ATI) was passed by parliament and approved by the president in 2016. Once it was made operational in 2020, it was celebrated as a milestone in the media landscape because it would improve public insight into government affairs and expand opportunities to expose corrupt dealings. The act also provides protection for whistleblowers who divulge information about inappropriate withholding of information.

16 | Consensus-Building

All major political actors agree that democracy is the only acceptable governance paradigm in Malawi. There are discernible efforts among political actors to prevent the reemergence of autocracy.

According to Round 9 of the Afrobarometer survey from 2022, 57.5% of Malawians prefer democracy to any other kind of government. Similarly, 69% strongly disapprove or disapprove of a one-party system. Furthermore, 86.7% strongly disapprove or disapprove of a singularly presidential system of governance, without parliamentary or electoral checks. Additionally, a total of 74.9% strongly disapprove or disapprove of army rule. The same survey shows that two-thirds of Malawians (66%) express support for multiparty competition.

However, the fact that Malawians profess support for democracy as a system of governance does not imply that 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. Many of the challenges faced by the current government are legacies from past governments or the consequences of international events, for which Tonse cannot be held responsible.

Consensus on goals

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Nevertheless, a significant portion of the electorate has been swift to place blame squarely on the incumbent government. No recent surveys have been conducted to gauge the levels of democratic commitment and the electorate's satisfaction with the outcomes of the system since the new 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 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 and criticisms of the corruption involved, as well as disagreements about the appropriate level and coverage of such a subsidy.

Other government interventions in favor of 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, it had reached approximately 283,000 households, representing 7% of the total population.

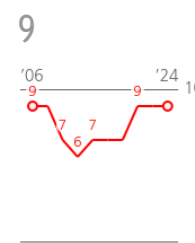
The newly elected Tonse government shut down the FISP and replaced it with a new program geared toward the agricultural sector – the Affordable Input Program (AIP) – with the objective of reducing poverty rates and ensuring food security at both the household and national levels. The AIP has quadrupled the number of beneficiaries receiving subsidized agricultural inputs relative to FISP. However, the AIP has encountered funding problems and shortages of inputs, especially fertilizers.

It remains to be seen whether AIP will have a greater ability to transform lives and enable poor Malawians to graduate from dependence on government support.

Political actors across the board generally support democratization. The armed forces have shown no proclivity toward interference in domestic politics and have respected the primacy of civilian authorities in determining the country's democratic path. They were reticent 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, army commander 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.

On the rare occasions when anti-democratic elements have emerged, their influence has been minuscule. However, 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 threat to the democratic order in Malawi.

Anti-democratic actors



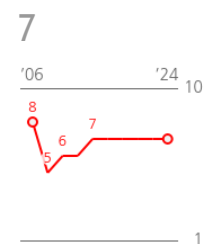
There are numerous cleavages in Malawi, but the most significant one with political implications is related to ethnicity. Political parties generally appeal to voters' ethnic identities and regional origins in order to gain support during election campaigns. Ethnicity and regional identities tend to 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 they rarely manifest in a way that affects the political arena. Pronounced inequalities in terms of wealth and land ownership, as well as other assets, exist but do not typically serve as a basis for political mobilization. These cleavages are deeply ingrained in society, and governments have struggled to address them successfully. The new Tonse government has adopted a conciliatory approach and appears to be committed to bridging the existing divisions. How successful it will be remains to be seen.

There are numerous civil society organizations (CSOs) that participate actively 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 received equally strong responses from policymakers. Generally, CSOs are given sufficient leeway to carry out their work, especially as long as they are not opposing government institutions or policies.

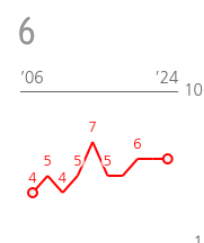
CSOs, whether domestic or foreign, exert some influence, but their entry points and channels of influence vary. The president has a special adviser on civil society affairs who works with CSOs. Occasionally, faith-based organizations (FBOs) issue pastoral letters or statements. Clergy also seek influence through audiences with the president. Apart from general calls for all Malawians to contribute to quelling the COVID-19 pandemic, the government did not implement any specific NGO initiative in response to the virus.

The democratic transition in 1993/1994 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 the arbitrary detention and disappearance 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 less than one-third of these, not nearly enough to clear the caseload. In many cases, citizens complained that the compensation offered was nominal and not commensurate with the losses people had suffered. The tribunal's mandate was limited to compensating victims, without making a deliberate attempt at conciliation between the victims of Banda's rule and the perpetrators of abuse. As a result, the NCT has not brought public closure to past abuses and the antipathy they engendered. Reconciliation over the excesses of

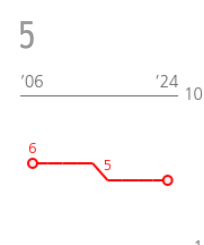
Cleavage /
conflict
management



Public
consultation



Reconciliation



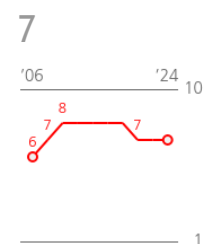
Banda's rule remains unresolved. Following the nationwide protest of July 20, 2011, which left more than 20 people dead at the hands of the police, promises were made to compensate the families of the deceased, albeit at a much lesser level. However, these promises have not yet been honored.

17 | International Cooperation

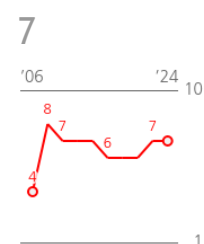
Malawi's economy is heavily aid-dependent. Official development assistance accounts for about 25% of Malawi's GDP. Over the years, approximately 40% of the state budget has been sourced from donors. However, corruption remains widespread and endemic, resulting in the waste of a significant amount of the resources obtained from 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, parliament, hotels and other facilities. This assistance has been beneficial, especially because China does not impose major conditionalities on its aid. The direct effects of these investments have been limited thus far, primarily because they are concentrated on infrastructure, which generates only indirect impact. While direct budget support was once a significant aid method, program and project aid have become more prominent in aid packages. This aid is either provided to state institutions, or bypasses public institutions by increasing the proportion of aid 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 has created difficulties in filling the resulting shortfall through domestic revenue generation. The Malawi Revenue Authority is owed significant amounts of money in arrears by parastatals, government departments and the private sector. The government has resorted to domestic borrowing to finance the budget deficit. Recently, the government launched the Malawi 2063 strategy, which aims to transform Malawi into a wealthy and 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 Malawi 2063. In January 2021, the government announced plans to enact legislation that will require political parties to align their election manifestos with Malawi 2063 to ensure its implementation, regardless of which party is in government at any given time.

Successive governments have consistently portrayed themselves to the donor community as credible and reliable partners. However, structural deficiencies within government systems, coupled with a strong neopatrimonialism, have resulted in significant shortcomings in the government's follow-up on its international commitments. Malawi has acceded to all major international and regional conventions on human rights, but its performance has been mixed. In the sub-category on participation within the 2020 Ibrahim Index of African Governance, Malawi was ranked 22nd out of 54 African countries, with a score of 42.8 in 2019, a

Effective use of support



Credibility



decline of 17.7 points since 2010. The Malawi Human Rights Commission (MHRC), as the country's designated national human rights institution, monitors human rights protection and investigates alleged violations.

The 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 abolition of the death penalty. Malawi still retains capital punishment as a legal penalty for offenses such as treason, murder and rape. Despite being a relatively small emitter of climate gases, Malawi has ratified the Paris Agreement on climate change. The country is highly vulnerable to climate-related risks and is implementing measures to adapt. As a member of the United Nations, Malawi participates in U.N. activities, including peacekeeping operations, for example, in the Democratic Republic of the Congo.

Malawi is a member of the African Union and consistently participates in African Union (AU) activities, including peacekeeping operations. At the subregional level, Malawi is also 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, notwithstanding some friction with Mozambique over arrears at Beira port. A peaceful solution to the boundary dispute with Tanzania over the northern part of Lake Malawi is being sought through mediation, and Malawi has fully participated in this endeavor. Smuggling across borders with neighboring countries is causing some friction.

Regional
cooperation

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Strategic Outlook

Malawi faces multiple challenges in the immediate and distant future. Regarding the democratic system, the task ahead is to consolidate the progress that has been made up to this point. The change of the electoral system resulting from the 2020 ruling of the High Court is a historic event that demonstrates 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. Similarly, there is a pressing need for reform within the civil service to enhance efficiency. While the government plays a central role in safeguarding recent achievements, civil society also has a role to play. At the grassroots level, Malawians must demonstrate their commitment to democratic values in practice.

However, the electorate's concerns extend beyond democracy as a political process in accordance with established rules. While they value democracy, Malawians are primarily interested in the outcomes of the governance system and tangible improvements in their daily lives. They hope for a revitalized economy and reduced poverty rates, better access to quality education, improved health care services, reliable access to water, and the provision of electricity. The key here lies in the coordination and vigorous implementation of adopted policies. Unless there is visible progress in these areas, the electorate may lose faith in the democratic system and become susceptible to charismatic leaders who do not prioritize democratic principles.

In the economic sphere, there is not much to celebrate. The Malawian economy suffers from many ills. What is needed is a grand policy for enhanced agricultural productivity through increased use of sophisticated machinery and other inputs. This would probably require land reform, which is likely to generate dispute since smallholders are attached to land as their lifeline. Therefore, a carefully crafted land reform must allay the fears of the smallholders. The National Smallholder Farmers' Association of Malawi and the Farmers Union of Malawi would be key stakeholders and should make valuable contributions to that policy process. Malawi's vulnerability to the adverse effects of climate change (floods, droughts, tropical storms and associated calamities) is likely to continue to exert a heavy toll, leading to humanitarian crises and food insecurity. Renewed efforts are needed to adopt an implementable climate change adaptation policy beyond short-term disaster management.

In parallel with new policies in the agricultural sector, Malawi needs a new implementable industrial policy in order to increase the industrial sector's modest contribution to GDP. The 2016 National Industry Policy must include the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) as a key contributor in its implementation. This long-standing interest organization consists of members in the sub-sectors of manufacturing, mining, services and trade, who possess a wealth of insights into the challenges facing the country's industrial and trade sectors. One major challenge is attracting foreign investors. To achieve this goal, improved transport routes are necessary, along with closer regional coordination through SADC and COMESA.

Corruption is an impediment across all sectors of the economy, and renewed efforts are sorely needed to reduce its prevalence at all levels of society. Although the Anti-Corruption Bureau has been given additional resources, it needs to move aggressively forward with investigations and prosecutions.

The most serious challenges ahead will be providing health care services, aiding the people most in need, eradicating poverty, reducing inequalities, and building resilience to crises and shocks. The government elected in June 2020 gave grounds for optimism, but two years into its incumbency, the results have been meager. International donors may help to close some of the gaps – financially and otherwise – but the government must stand firm on its preferred policy options. The alternative could lead to further policy vacillation and a limited impact. In the long run, it will be vitally important to generate domestic economic growth, as this will in turn provide a basis for government revenue generation that can be used in development programs.