

IOA | 2019 | ACBR

AFRICA COUNTRY BENCHMARK REPORT



Malawi Profile



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



Image courtesy of UrbanPromise

MALAWI

#25

MALAWI

OVERVIEW ANALYSIS

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

KEY OPPORTUNITIES

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

KEY CONCERNS

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

COUNTRY HIGHLIGHTS

PREDOMINANT
RELIGION

Christianity

PREDOMINANT
LANGUAGE

Chichewa

POPULATION
WITHOUT
ELECTRICITY89%
(#51) ▼¹LITERACY
RATE62.1%
(#35) ▼⁴PRIMARY
ELECTRICITY
SOURCE

Hydroelectric

IMPORT/
EXPORTMachinery/
TobaccoEXTERNAL
DEBTUS\$ 1.861
billion
(#36) —ACTIVE
CONFLICT

No

LAND
SIZE118,484 km²
(#36)INTERNET
PENETRATION9.6%
(#42) ▼⁶

28.1%



AGRICULTURE

15.8%



INDUSTRY

56.1%



SERVICES

46.3%



0-14

20.6%



15-24

27.4%



22-54

5.7%



55+



Term:

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

Political Party:

Democratic Progressive Party



Recent Electoral Information:

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

CONTRIBUTIONS TO GDP BY SECTOR

POPULATION AGE BREAKDOWN

NATIONAL GOVERNANCE

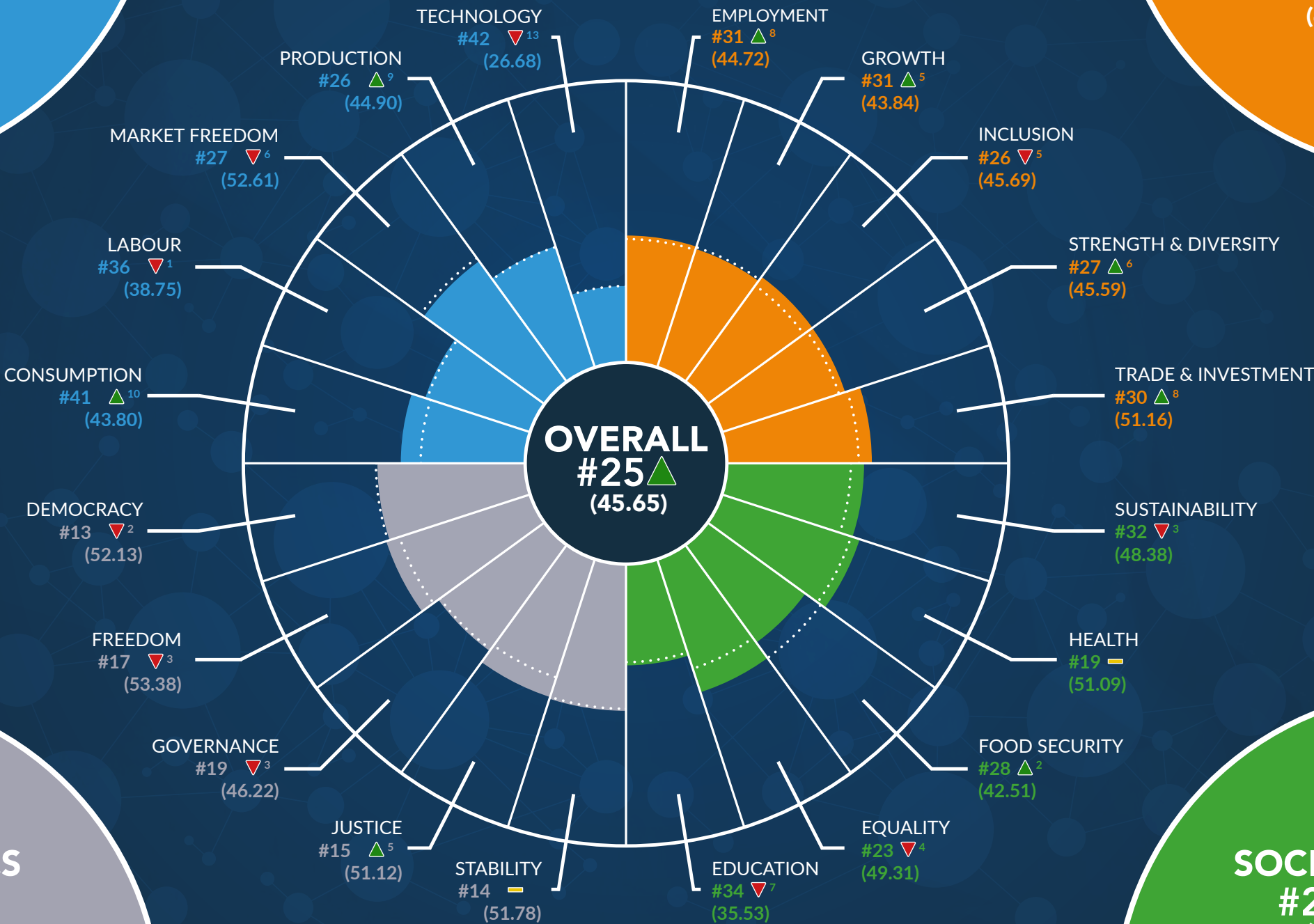
BUSINESS

#36
(41.35)

MALAWI PERFORMANCE OVERVIEW

ECONOMICS

#28 
(44.81)



POLITICS

#15
(50.93)

SOCIETY

#24 
(45.52)

MALAWI BUSINESS ANALYSIS

#36

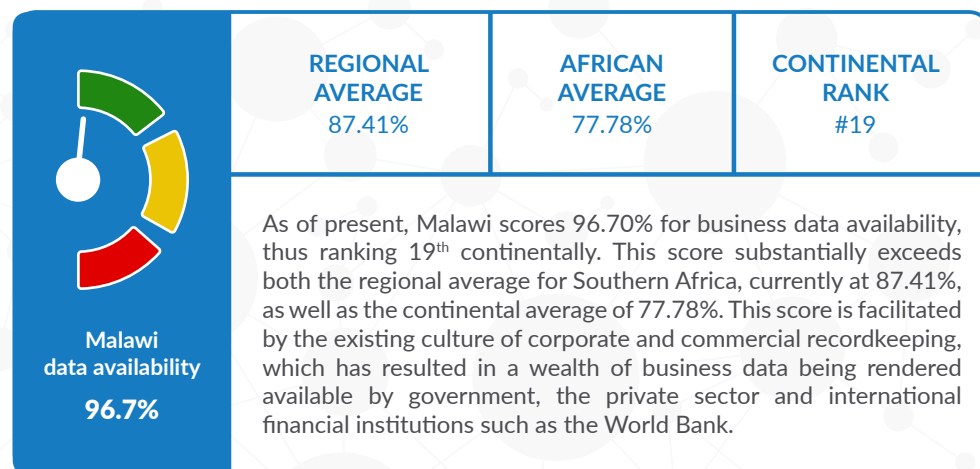
BUSINESS OVERVIEW

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

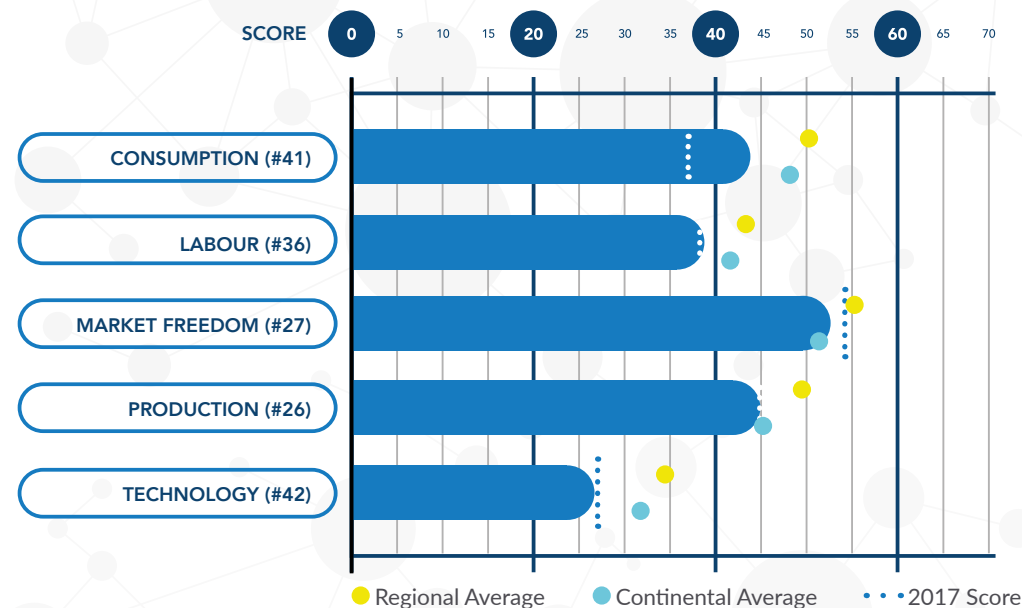
but Malawians largely depend on imported goods. In the absence of commercially exploitable mineral reserves and other natural resources, and with environmental damage feared if timber exports are increased, the country is looking to expand their tourism industry. Lake Malawi is one attraction. Malawi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

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

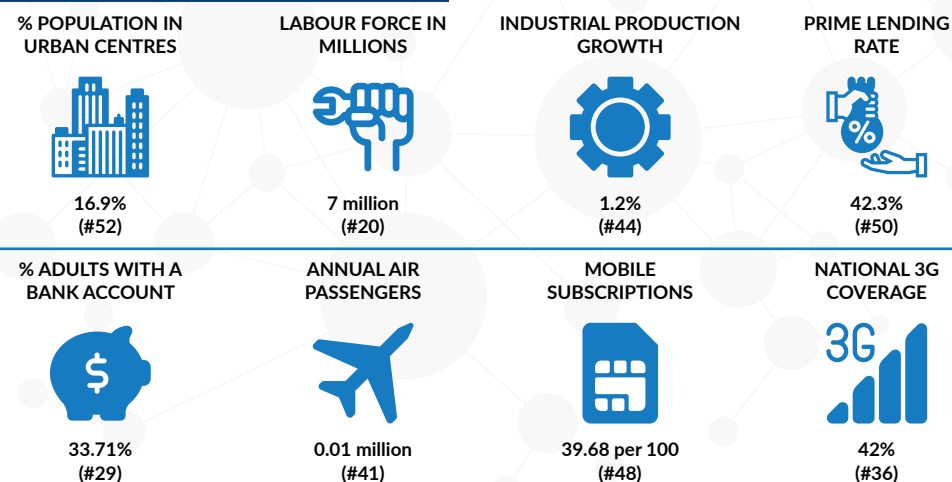
BUSINESS DATA COMMENTARY



BUSINESS SCORES & RANKINGS



BUSINESS STATISTICS



MALAWI ECONOMIC ANALYSIS

#28

ECONOMIC OVERVIEW

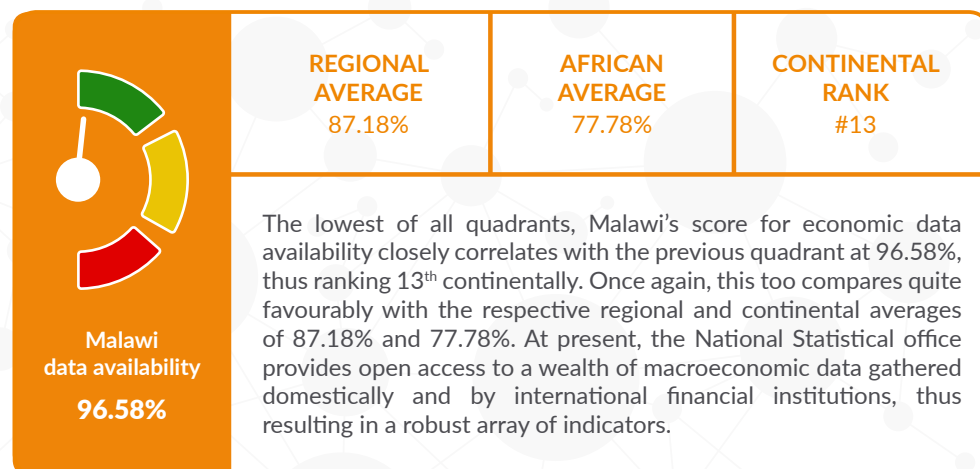
The disasters of floods in 2015, drought in 2016 and insect plague in 2017 reversed economic progress, particularly in the agricultural sector, that had begun to elevate living standards in Malawi. After the devastation of those three years, 2018 offered a respite, and agriculture recovered. The impact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

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

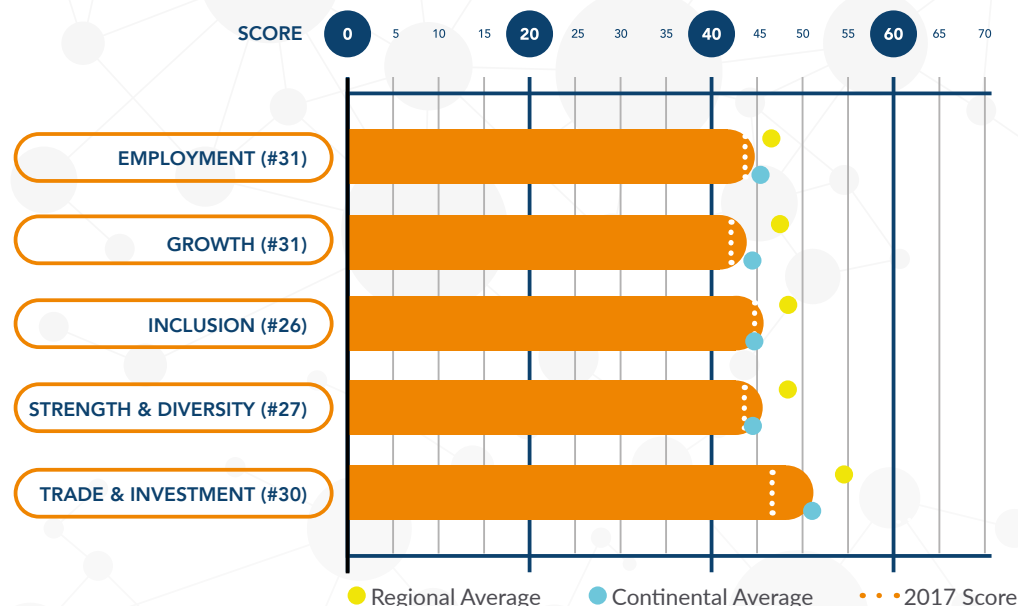
rich rivers, 99.3% of energy is produced by hydrogeneration. Distribution is the main encumbrance for the energy sector because of the underdeveloped physical structures in place to connect provinces, businesses and homes to the energy grid. Mobile phone use is low for an African country. Because of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

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

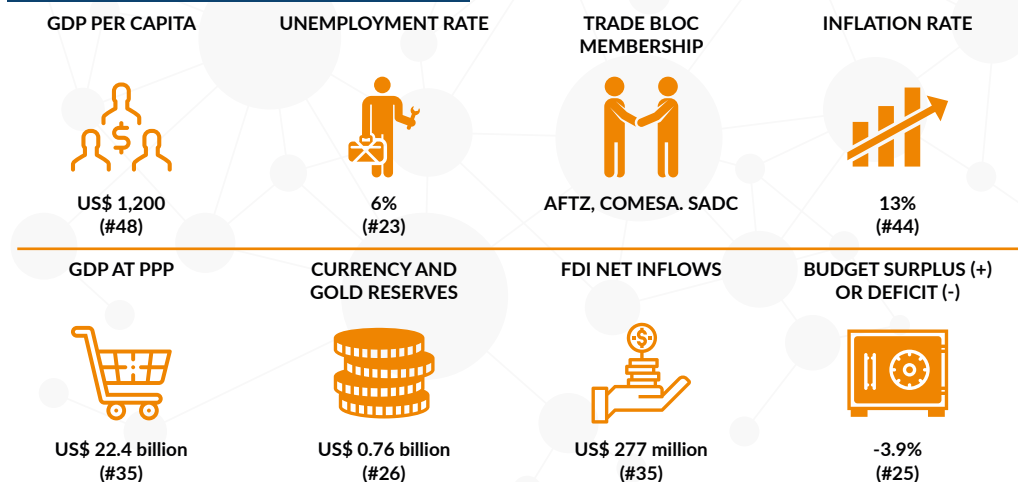
ECONOMIC DATA COMMENTARY



ECONOMIC SCORES & RANKINGS



ECONOMIC STATISTICS



MALAWI POLITICAL ANALYSIS

#15

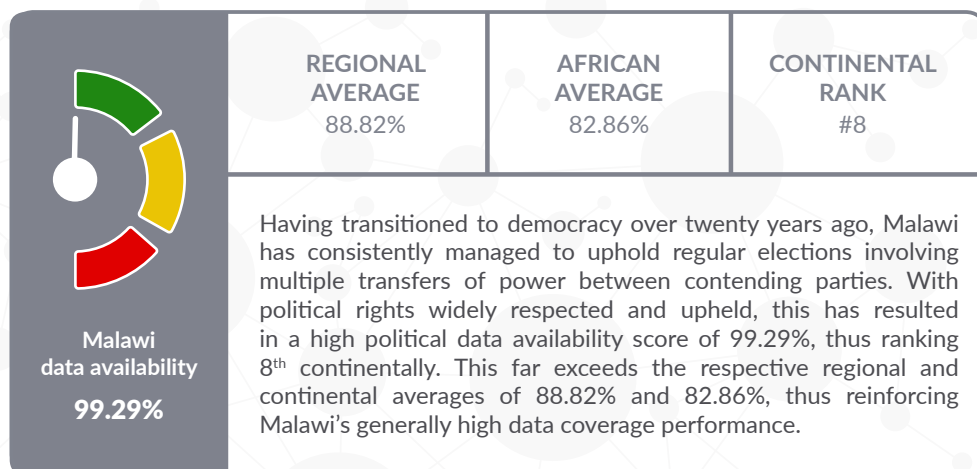
POLITICAL OVERVIEW

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

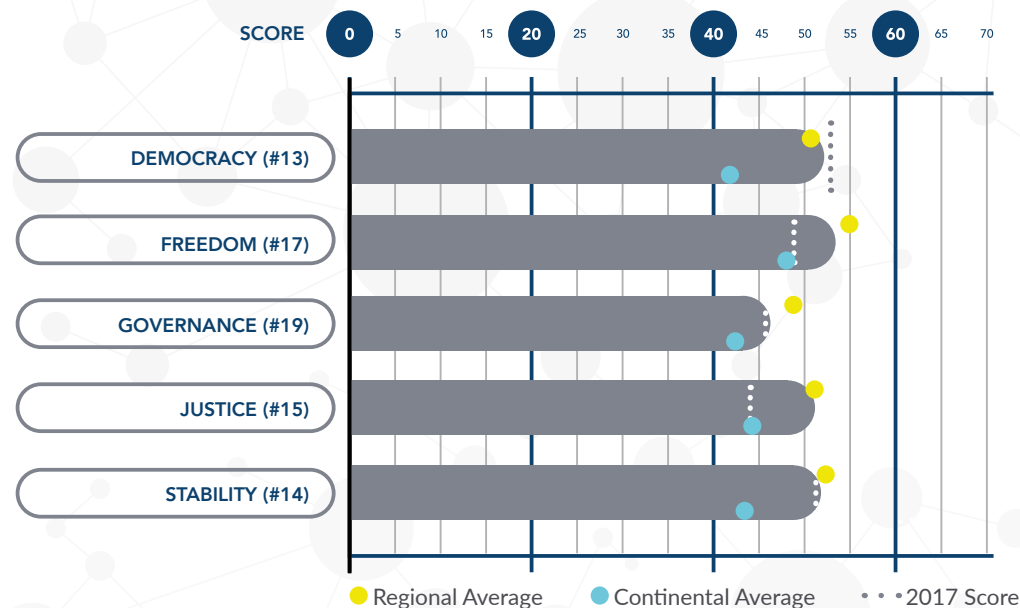
Malawi's governance has achieved stability, and the country faces no threats to national security from insurgencies, neighbouring countries or terrorism. The country's 1995 constitution set up a multi-party system of government with a president as both head of state and head of government. The president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

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

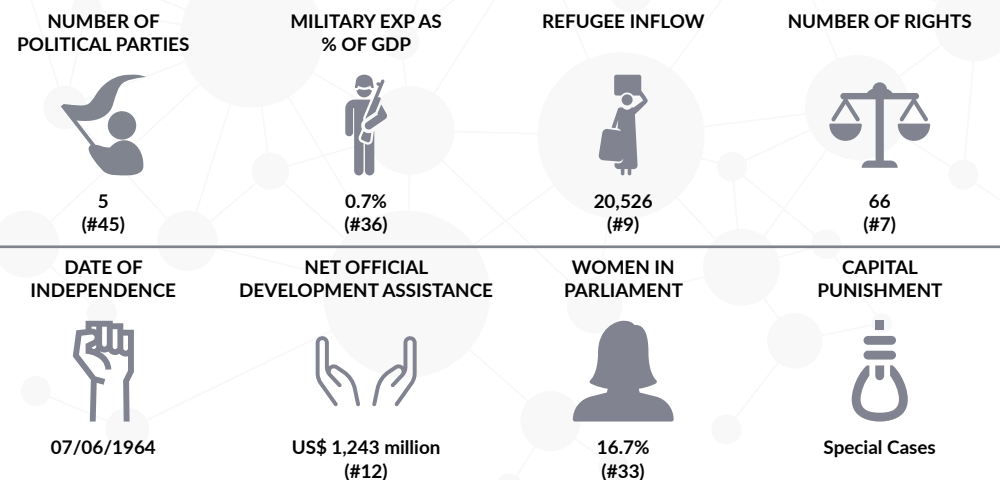
POLITICAL DATA COMMENTARY



POLITICAL SCORES & RANKINGS



POLITICAL STATISTICS



MALAWI SOCIETAL ANALYSIS



SOCIETAL OVERVIEW

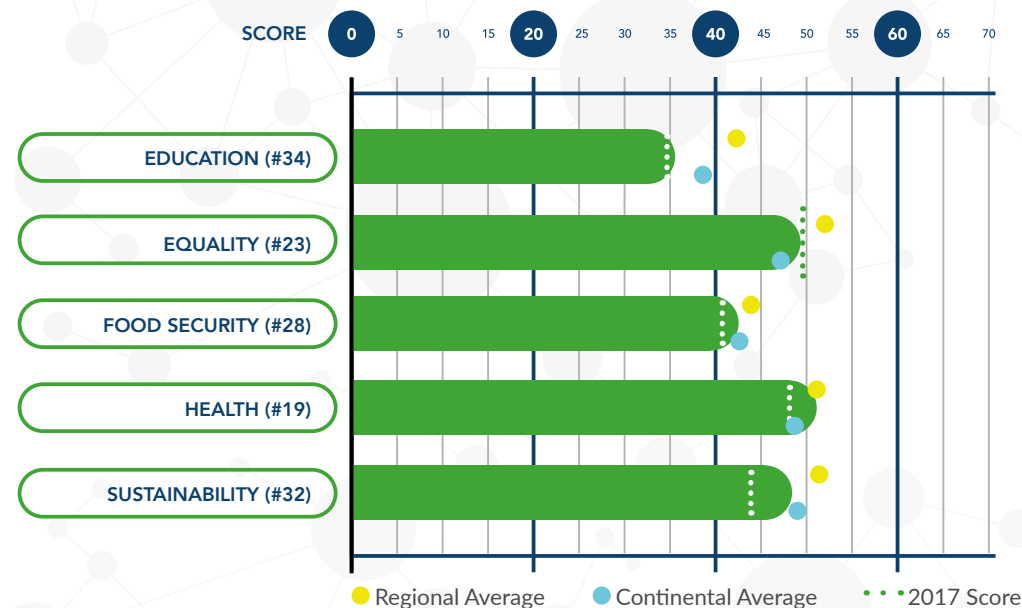
A high death rate of 8.1 persons per 1,000 does not offset population growth and is a sign of poor public healthcare. The average Malawian woman gives birth to 5.43 children, the 9th-highest fertility rate in the world. Infant and maternal death rates are high. Assisting better healthcare, however, is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

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

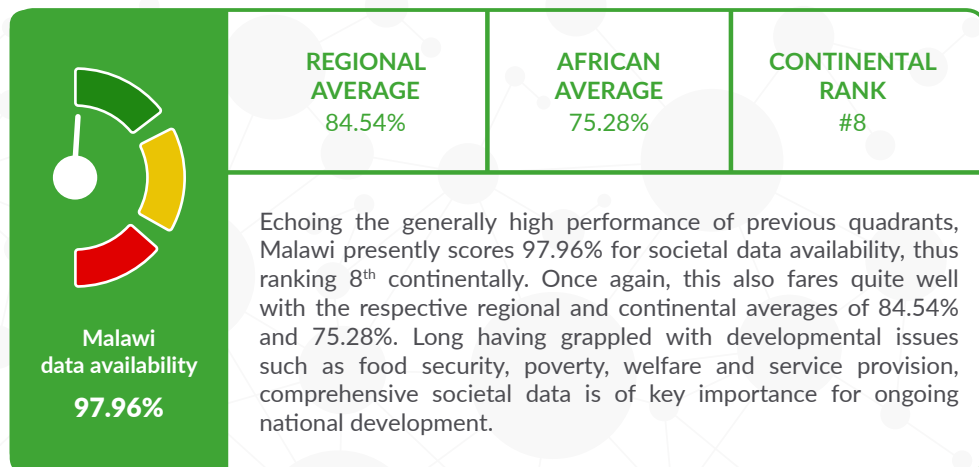
of Malawi's 20 million people living with HIV/AIDS. Better education will address a gender imbalance that finds 69.8% of Malawian males able to read and write but only 55.2% of Malawian women able to do so. Better education would, in fact, improve low literacy levels overall. Education spending is only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

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

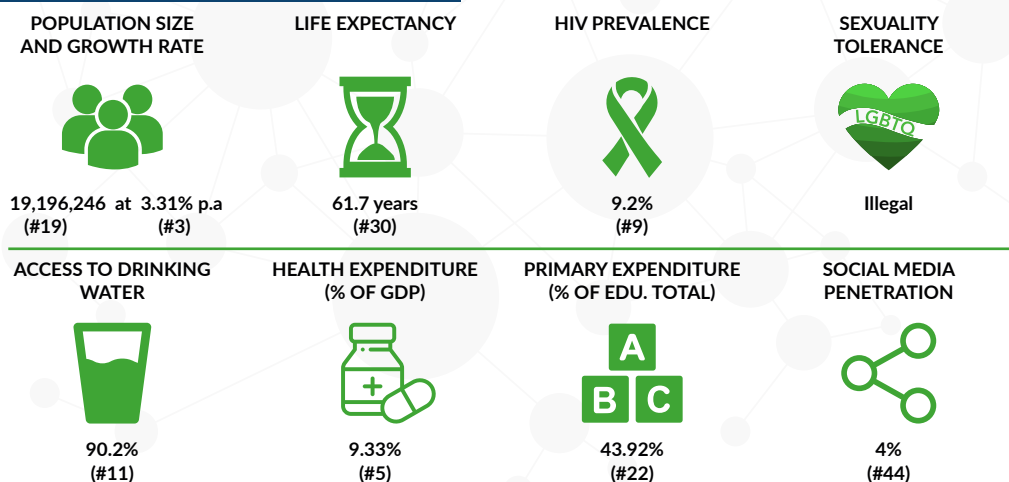
SOCIETAL SCORES & RANKINGS



SOCIETAL DATA COMMENTARY



SOCIETAL STATISTICS



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