

MALAWI

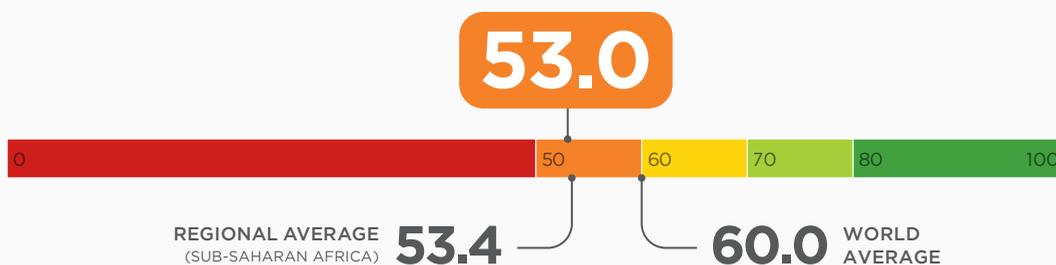
WORLD RANK: **134** | REGIONAL RANK: **26**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Malawi's economic freedom score is 53.0, making its economy the 134th freest in the 2022 *Index*. Malawi is ranked 26th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Malawi's economic growth has continued at an uneven pace over the past five years. Unfortunately, economic freedom also continued to be quite weak during that period. With generally higher scores for rule of law edging out a decline in **fiscal health**, Malawi has recorded a fractionally higher 0.8-point overall gain in economic freedom since 2017 and remains among the lower ranks of the "Mostly Unfree" countries. Monetary freedom and **trade freedom** demonstrate some strength, but **government integrity** is very low.

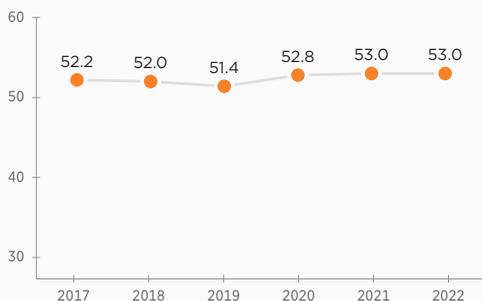
IMPACT OF COVID-19: As of December 1, 2021, 2,306 deaths had been attributed to the pandemic in Malawi, and the government's response to the crisis ranked 77th among the countries included in this *Index* in terms of its stringency. The economy grew just 0.6 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -1.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
19.1 million

GDP (PPP):
\$20.7 billion
0.6% growth in 2020
5-year compound annual growth 2.9%
\$993 per capita

UNEMPLOYMENT:
6.0%

INFLATION (CPI):
8.6%

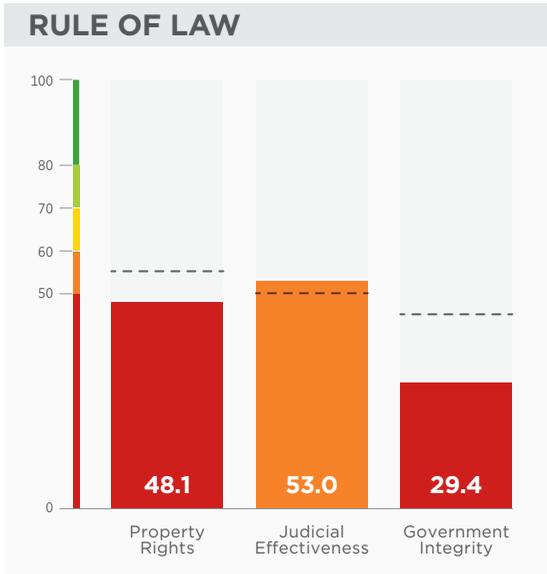
FDI INFLOW:
\$98.0 million

PUBLIC DEBT:
67.3% of GDP

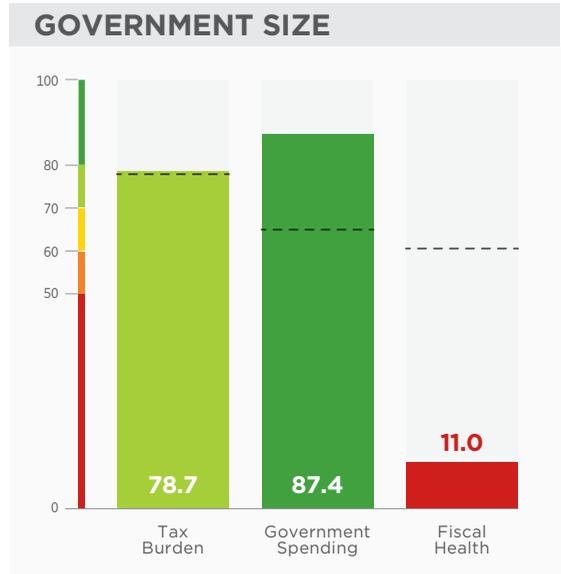
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Malawi achieved independence from the United Kingdom in 1964 and was ruled as a one-party state by Dr. Hastings Kamuzu Banda for 30 years. Arthur Peter Mutharika, brother of former President Bingu wa Mutharika, won the presidency in 2014 in elections that were of questionable legitimacy. The constitutional court overturned his reelection in 2019, citing large-scale irregularities, and Lazarus Chakwera won the subsequent rerun of the election in 2020. More than half of the population lives below the poverty line, dependent primarily on subsistence agriculture. Tobacco, tea, and sugar are important exports. A long-running border dispute with Tanzania centers on Lake Malawi and its potentially large oil and gas reserves.

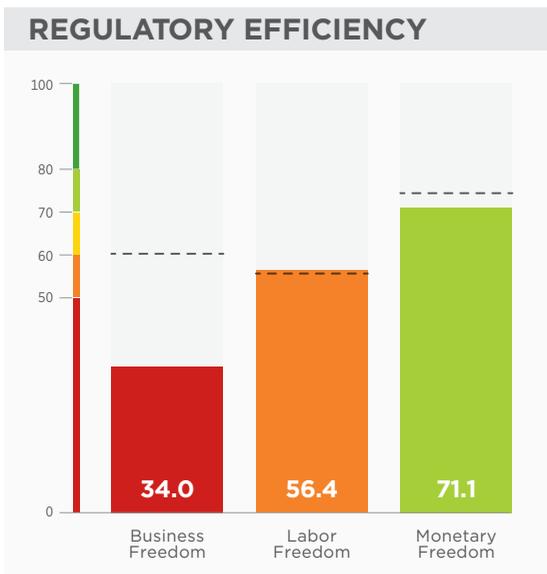
12 ECONOMIC FREEDOMS | MALAWI



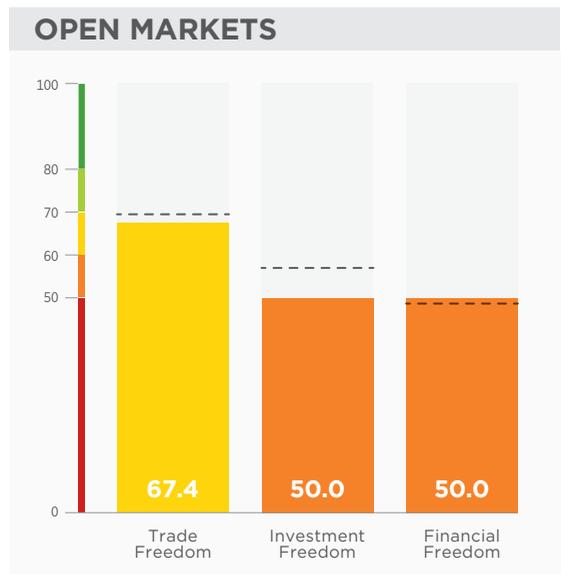
Property rights and interests are not sufficiently respected. The land registration system is inadequate. The judiciary is reputable and independent, but the overall system is inefficient and weakened by poor record-keeping, heavy caseloads, a lack of resources, and a shortage of judges, attorneys, and trained personnel. Corruption is endemic in both the public and private sectors, although the government has stepped up anticorruption efforts.



The top individual income and corporate tax rates are 30 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 18.3 percent of total domestic income. Government spending has amounted to 20.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.7 percent of GDP. Public debt is equivalent to 67.3 percent of GDP.



Resolution of business disputes can take an enormous amount of time. The development and implementation of regulations are only semitransparent. There is a scarcity of skilled and semi-skilled labor. The government lacks resources to enforce its labor laws. Despite the significant economic role played by state-owned and subsidized enterprises, information on their finances is opaque, and relevant statistics are not readily available.



Malawi has two preferential trade agreements in force. The trade-weighted average tariff rate is 8.8 percent. The lack of transparency, often worsened by bureaucratic delays, is a considerable impediment to foreign trade and investment. The investment framework remains underdeveloped. High credit costs and scarce access to financing constrain the private sector. Much of the population remains outside of the formal banking sector.