

MALAWI

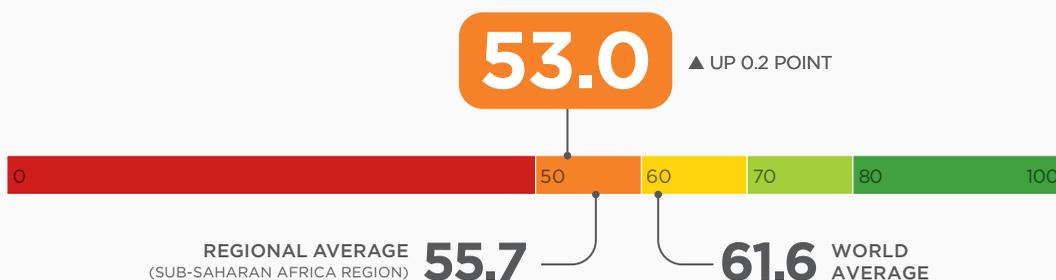
WORLD RANK: **145** | REGIONAL RANK: **33**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Malawi's economic freedom score is 53.0, making its economy the 145th freest in the 2021 *Index*. Its overall score has increased by 0.2 point, primarily because of an improvement in **property rights**. Malawi is ranked 33rd among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

The economy of Malawi has been in the mostly unfree category since the inception of the *Index* in 1995. The achievement of greater economic freedom has been impeded by several factors: fiscal mismanagement; ineffective rule of law, including inadequate protection of property rights and major problems in the judicial system; and endemic corruption in the public and private sectors.

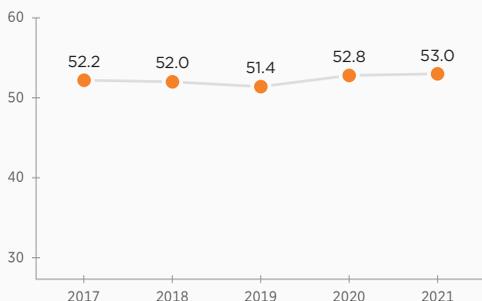
IMPACT OF COVID-19: As of December 1, 2020, 185 deaths had been attributed to the pandemic in Malawi, and economic growth was forecast to decline to 0.6 percent for the year.

ECONOMIC FREEDOM SCORE



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

RECENT FREEDOM TREND



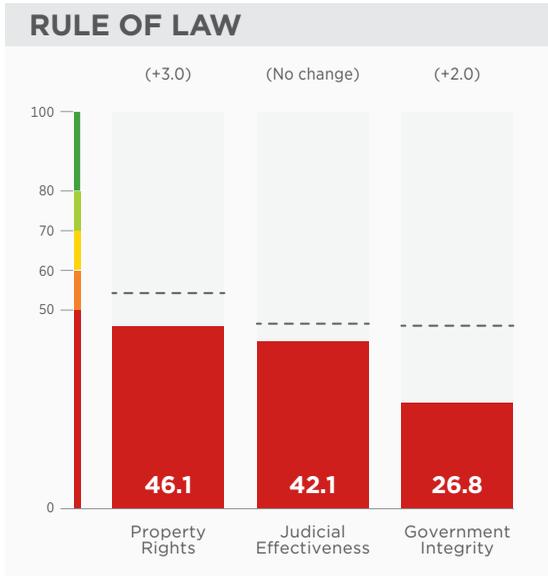
QUICK FACTS

POPULATION: 18.6 million	UNEMPLOYMENT: 5.7%
GDP (PPP): \$25.2 billion 4.5% growth in 2019 5-year compound annual growth 3.4% \$1,104 per capita	INFLATION (CPI): 9.4%
	FDI INFLOW: \$97.9 million
	PUBLIC DEBT: 67.7% of GDP

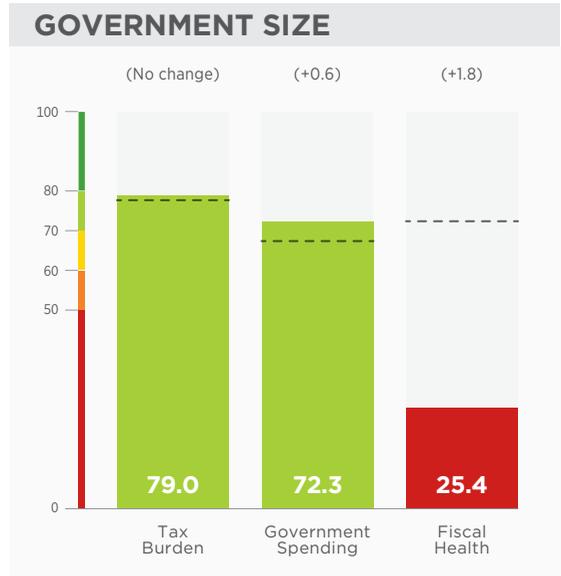
2019 data unless otherwise noted. Data compiled as of September 2020

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 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 June 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.

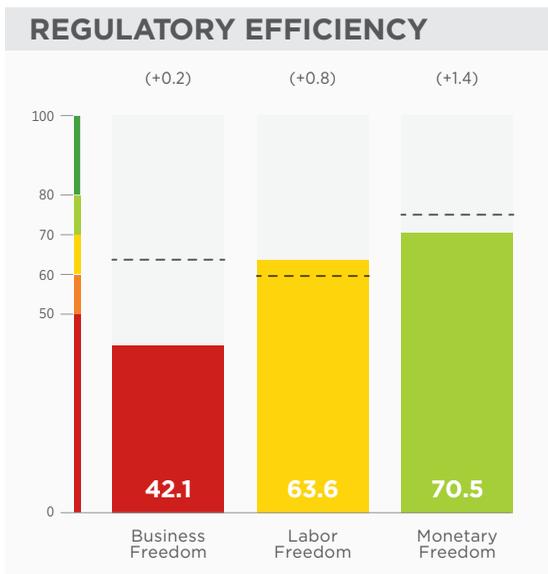
12 ECONOMIC FREEDOMS | MALAWI



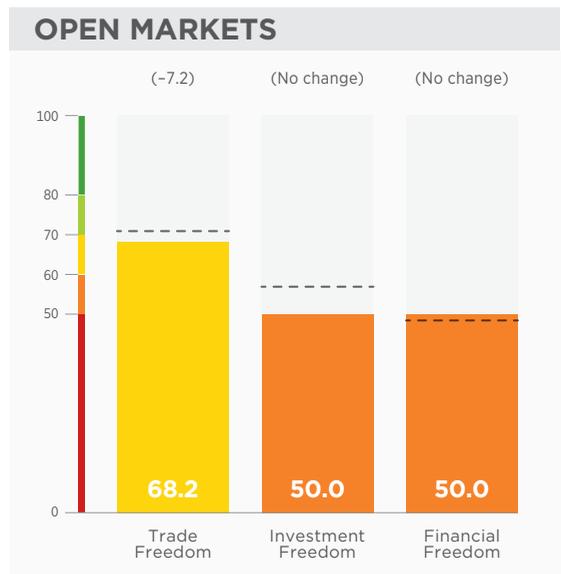
Because of corruption, property rights and interests are poorly respected. Record-keeping for the registration of land ownership is centralized and inefficient. Although the high judiciary is reputable and independent, the overall system is inefficient and weakened by poor record-keeping; a shortage of judges, attorneys, and trained personnel; heavy caseloads; and lack of resources. Corruption is widespread in the public and private sectors.



The top individual income and corporate tax rates are 30 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 17.4 percent of total domestic income. Government spending has amounted to 30.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.4 percent of GDP. Public debt is equivalent to 67.7 percent of GDP.



Starting a business and dealing with construction permits in Malawi have become less costly, but both remain expensive relative to the average country in this year's *Index*. The value added per worker relative to the minimum wage has increased. According to the IMF, government expenditures for subsidies and other transfers in 2018–2019 amounted to 4 percent of GDP.



Malawi has two preferential trade agreements in force. The trade-weighted average tariff rate is 8.4 percent. The lack of transparency, often worsened by bureaucratic delays, is a considerable impediment to foreign trade and investment. Poor access to finance still hampers more dynamic foreign investment inflows and private-sector development. Around 35 percent of adult Malawians have access to an account with a formal banking institution.