

## **Malawi Inclusive Growth Diagnostic (IGD) Screening Profile<sup>1</sup>**

### Economic Overview

Malawi is a low income country of 15.4 million people, 74 percent of whom live in extreme poverty (below \$1.25/day). Its average per capita income (PPP GNI) was \$870 in 2011, having grown by an average 4.1% annually over the previous 5 years, which resulted in a decline in the national poverty line headcount ratio of only 0.5% per year. Its Gini index, at 43.9, indicates a more skewed distribution of income than in many countries. The adult labor force participation rate in 2011 was 83.1%, higher than the average for Sub-Saharan Africa (69.6%) and the average for low income countries (75.1%). The adult female labor force participation rate of 84.8% is also higher than the average for both Sub-Saharan Africa (63.1%) and Low Income countries (67.7%). This is typical of very poor countries where most adults must either work or starve. The ratio of female to male labor participation rate is very high at 104.3%, compared with the 84% and 83.5% Sub-Sahara African and Low Income Country averages, respectively. [World Bank World Development Indicators (WB WDI)]

In the 2012-2013 World Economic Forum Global Competitiveness Index (WEF GCI) Malawi received a mediocre grade for its general government debt (42.5% of GDP); but its fiscal deficit was high (-7.9% of GDP), its gross national savings ratio was too low (11.6% of GDP), its annual rate of price inflation was high (7.6%), and its country credit rating was poor. This resulted in a very low overall ranking for its macroeconomic environment (136 out of 144). (See Appendix Tables 1 & 2) WB WDI reported Malawi's consumer price inflation as 7.6% in 2011 but even higher in 2012 at 21.3%.

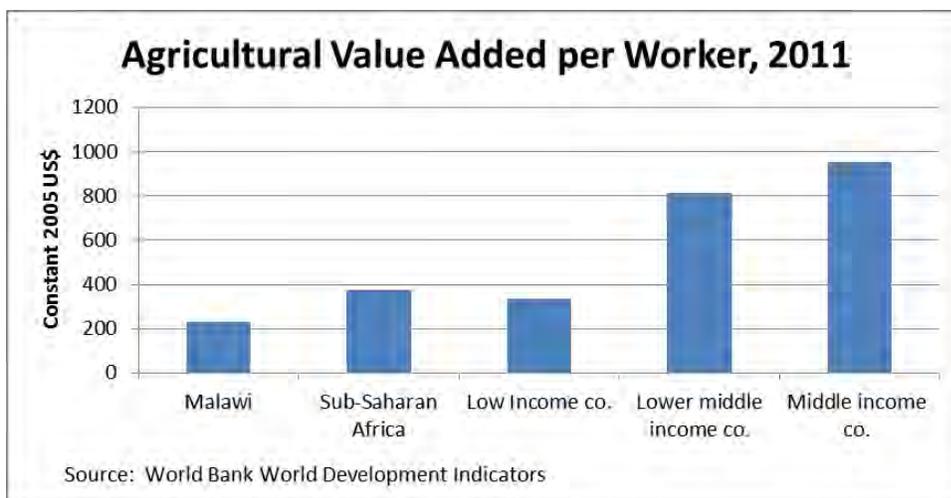
Based on the indicators discussed below, there appears to be substantial potential for income growth both in smallholder agriculture and in higher wage non-farm employment. While the cereal yield per hectare has improved in recent years, it is still below potential, and fertilizer use is low. However, the extremely low value-added per worker in agriculture implies a surplus of labor that can best be absorbed in non-agricultural activities. There are several candidates for most binding constraint(s) to more productive non-farm employment growth. Malawi's overall investment climate appears to be very poor and there are several policy areas that provide disincentives for employment generation. Getting electricity, foreign trade regulations, telephone and internet access are especially troublesome, along with access to credit. Domestic credit to the private sector is very low, interest rates are high, and the interest rate spread is very high, indicating an ineffective banking sector. While the level of basic literacy is comparatively high, the quality of education is low, as is higher education enrollment. Malawi receives very low marks in public health and suffers from a high population growth rate.

### Potential for higher smallholder agricultural production and rural incomes

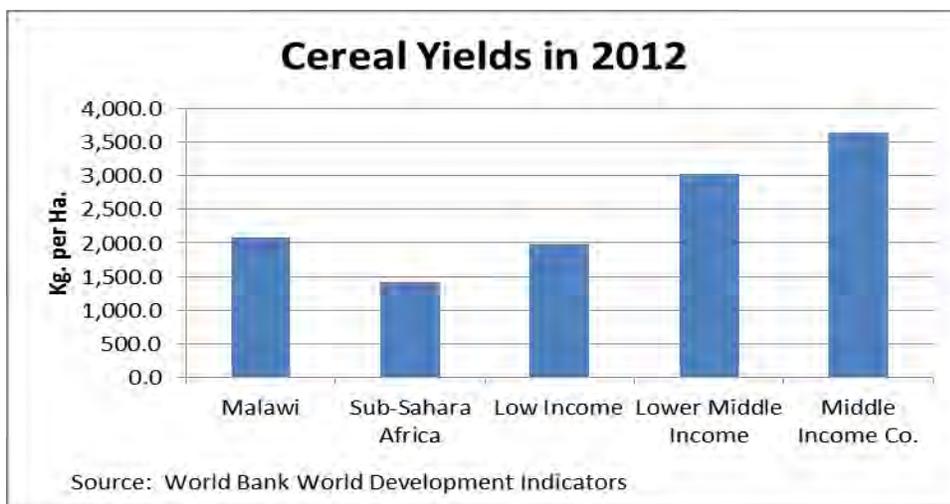
Malawi is predominantly rural, with 84% of the population living in rural areas, and nearly all of these people depend on agriculture for their livelihood, primarily through very small-scale subsistence production. However, agriculture contributes only 30.2% to GDP, indicating much lower productivity per worker than in the non-agricultural sectors. Total agricultural value added per worker in Malawi was equal to only US\$230 in 2011 (in constant 2005 US\$), far below the \$375 average for Sub-Saharan Africa developing countries and the \$336 average for low income countries, not to mention that achieved in lower middle income countries. The rural population growth rate is around 3.0%. (WB WDI)

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<sup>1</sup> This country profile presents indicators available online that are relevant to the IGD analytical nodes of the "Analytic Guide for an Inclusive Growth Diagnostic (the productive employment model)," which is available from <https://dec.usaid.gov/dec>



Average cereal yield was 2,087 kg. per hectare in 2012, higher than the averages for Sub-Sahara Africa (1,417 kg.) and low income countries worldwide (1,982 kg.) but much lower than that for lower middle income (3029 kg.) and middle income countries (3653 kg.). Total crop production increased 62% between the 2000-2006 average and 2011, and livestock production increased 80% since 2004-06, due in part to small increases in agricultural and arable land<sup>2</sup> in addition to a 75% increase in cereal yields over the 2000-2006 average. Total agricultural value added increased 40% in constant price terms between 2000 and 2011, while the Malawi rural population increased by 35%--not much improvement per capita. (WB WDI)



<sup>2</sup> Agricultural land refers to the share of land area that is arable, under permanent crops, and under permanent pastures. Arable land includes land defined by the FAO as land under temporary crops (double-cropped areas are counted once), temporary meadows for mowing or for pasture, land under market or kitchen gardens, and land temporarily fallow. Land abandoned as a result of shifting cultivation is excluded. Land under permanent crops is land cultivated with crops that occupy the land for long periods and need not be replanted after each harvest, such as cocoa, coffee, and rubber. This category includes land under flowering shrubs, fruit trees, nut trees, and vines, but excludes land under trees grown for wood or timber. Permanent pasture is land used for five or more years for forage, including natural and cultivated crops. -- <http://data.worldbank.org/indicator/AG.LND.AGRI.K2>

1A&B) On-farm productivity & Processing and marketing of farm products

1Aa) Agricultural research & extension services

1Ab) Access to credit for farm inputs & capital improvements

1Ac) Rural infrastructure for irrigation and farm-to-market roads

1Ad) Land tenure and land markets

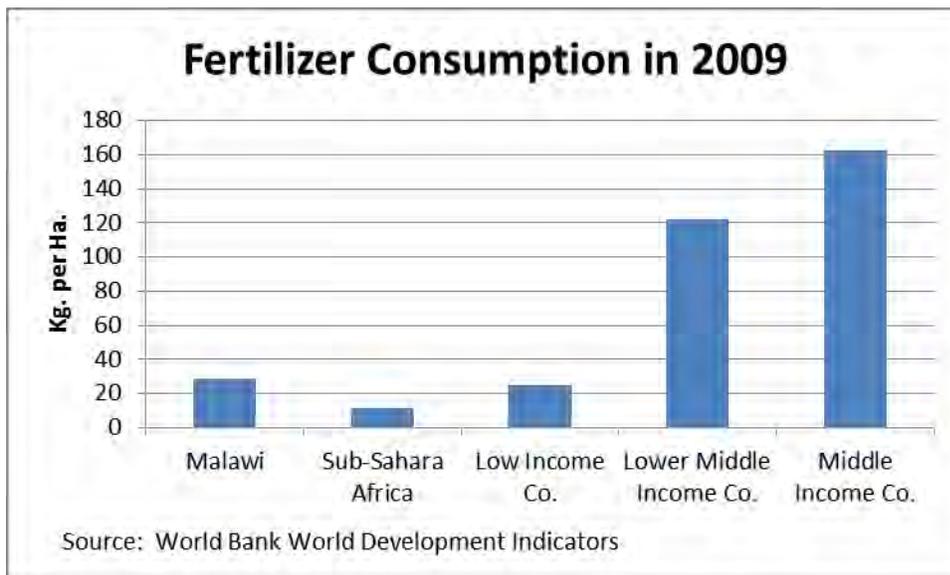
1Ba) Market and pricing policies

1Bb) Availability of information about and contacts with higher value markets

1Bc) Rural infrastructure for transport, electric power, storage, markets, communication

1Bd) Access to rural credit for agriculture product processing, storage, marketing, etc.

The EIU Global Food Security Index (GFI) indicates Malawi spends 2% of the agricultural contribution to GDP on agricultural research and development, placing it in the third quintile of the 105 countries covered and above most developing countries. The same index rated Malawi in the bottom third in access to finance for farmers and in agricultural infrastructure. As components of the latter index, it scored high in the existence of adequate crop storage facilities but in the bottom half for road infrastructure. Fertilizer consumption in Malawi was 28.5 kg. per hectare of arable land in 2009, down from 41.7 kg. in 2007, but still well above the Sub-Sahara country average of 11.4 kg. in 2009 (12.6 kg. in 2007) and the low income country average of 25 kg. However, the lower middle income average was 122 kg. and middle income countries averaged 162 kg. per ha. (WB WDI), so there is room for improvement. In 2013 the MCC scored Malawi as better than 78% of a comparable group of 81 developing countries in land rights and access. The World Bank Doing Business Indicators 2014 gave Malawi a mediocre score, ranking 85 out of 189, for registering property—but this was an improvement from the year before, when Malawi ranked 97 out of 185 (it reduced the cost required from 3.6% of the property value to 2.0%). The 2012-2013 WEF Global Competitive Index gave Malawi a rather poor score for agricultural policy costs, ranking 109 out of 144.



## 1) Potential for more productive, higher wage non-farm employment.

As noted above, adult labor force participation rates in Malawi are very high and 16% of the population lives in urban areas, leaving 84% in rural areas. (WB WDI) The urban, non-farm sector is hampered by a poor business climate, as Malawi ranked a very low 171 out of 189 in the 2014 World Bank Ease of Doing Business (DB) Index, and its overall ranking dropped from 157 out of 185 in 2013, despite reducing the cost of registering property mentioned above. Malawi received mediocre marks for protecting investors, paying taxes, and registering property; but it got very low scores and rankings for everything else. Its worst scores were in getting electricity, trading across borders, and dealing with construction permits, ranking 183, 176 and 173, respectively, out of 189; but it was also ranked very low for starting a business, enforcing contracts, resolving insolvency, and getting credit, ranking between 130 and 150 in all these areas.

✓ Reform making it easier to do business

<b>MALAWI</b>		Sub-Saharan Africa	GNI per capita (US\$)	320
		Low income	Population (m)	15.9
Ease of doing business (rank)	171			
<b>Starting a business (rank)</b>	149	✓ <b>Registering property (rank)</b>	85	<b>Trading across borders (rank)</b>
Procedures (number)	10	Procedures (number)	6	Documents to export (number)
Time (days)	40	Time (days)	69	Time to export (days)
Cost (% of income per capita)	120.1	Cost (% of property value)	2.0	Cost to export (US\$ per container)
Minimum capital (% of income per capita)	0.0			Documents to import (number)
		<b>Getting credit (rank)</b>	130	Time to import (days)
<b>Dealing with construction permits (rank)</b>	173	Strength of legal rights index (0–10)	7	Cost to import (US\$ per container)
Procedures (number)	16	Depth of credit information index (0–6)	0	
Time (days)	183	Public registry coverage (% of adults)	0.0	<b>Enforcing contracts (rank)</b>
Cost (% of income per capita)	1,755.0	Private bureau coverage (% of adults)	0.0	Procedures (number)
				Time (days)
<b>Getting electricity (rank)</b>	183	<b>Protecting investors (rank)</b>	80	Cost (% of claim)
Procedures (number)	6	Extent of disclosure index (0–10)	4	
Time (days)	222	Extent of director liability index (0–10)	7	<b>Resolving insolvency (rank)</b>
Cost (% of income per capita)	7,468.4	Ease of shareholder suits index (0–10)	5	Time (years)
		Strength of investor protection index (0–10)	5.3	Cost (% of estate)
				Recovery rate (cents on the dollar)
		<b>Paying taxes (rank)</b>	81	
		Payments (number per year)	35	
		Time (hours per year)	175	
		Total tax rate (% of profit)	34.9	

From World Bank/IFC, 2014 Doing Business Report, p. 207

## 2A) Private Sector Demand for More Productive Employment

### 2Aa) Level of Private Investment (HRV Constraints Analysis)

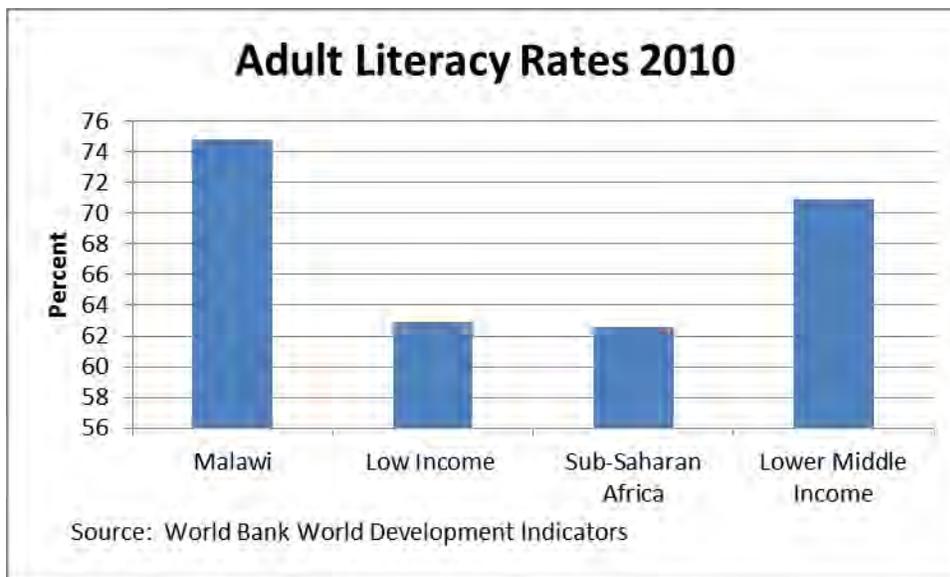
#### 2Aai) Private returns to economic activity

Gross capital formation in Malawi fell from an average of 25.9% of GDP in 2006–2010 to 15.5% in 2011. That previous average compares favorably with the average of 21.3% for Sub-Saharan Africa and the 24.8% average for low income countries (WB WDI). Net foreign direct investment was equal to only 1.6% of GDP in 2011, and averaged 2.5% over the last 5 years. This is low compared with the 5-year averages of 3.3% for all Sub-Saharan and low income countries. According to the IMF World Economic Outlook, total investment in Malawi reached 15.3% of GDP in 2011 and 17.1% in 2012, down from a 26.0% average between 2007 and 2010. Malawi was the 139<sup>th</sup> highest in 2012 among 173 countries for this indicator. One bright spot about investment in Malawi is its apparent productivity and lack of wasteful investment spending. Rough incremental capital/output ratio (ICOR) calculations, based on 5-year averages of gross fixed capital formation and subsequent GDP growth rates, indicate relatively low ICOR, at 3.0 from 2005 to 2010. This represents an improvement from a higher ICOR of 6.8 from 2000 to 2005.

## 2Aai1) Evidence of low social returns

### Is there inadequate human capital to run a business successfully?

In the 2012-2013 World Economic Forum (WEF) survey of business leaders only 3.5% listed an inadequately educated workforce as the most problematic factor for doing business in Malawi, with 8 other factors considered more problematic. (See Table 3) Almost 75% of the adult population was recorded as literate in 2010, compared with a 63% average in low income countries and in Sub-Saharan Africa and 71% in lower middle income countries (WB WDI). The 2012-13 WEF GCI ranked Malawi a respectable 42 out of 144 countries in primary education enrollment, with 96.9% enrolled. However, the country received worse marks for the quality of primary education, ranking 112, and much lower marks for higher education and training with low enrollment figures for secondary education (32.1%) and tertiary education (0.7%), ranking 132 and 140, respectively, and for internet access in schools, ranking 124. (See Tables 12 and 13)



### Is there a lack of or poor condition of productive infrastructure?

The 2012-2013 WEF survey results about infrastructure ranked Malawi very low at 135 out of 144 countries, and 11.5% of respondents (the 3<sup>rd</sup> highest percentage) listed an inadequate supply of infrastructure as the most problematic factor for doing business. The country received its lowest marks for mobile telephone subscriptions, the availability of airline seats, air transport infrastructure, quality of electricity supply, fixed telephone lines, and the quality of overall infrastructure. It received mediocre scores for the quality of roads and railroads. (See Tables 1, 3 & 4)

Some of this is supported by other sources. Private firms reported an average of only 0.8 power outages per month in 2009, down from 6.4 in 2006 (WB WDI). But the 2014 World Bank Doing Business Report ranked Malawi extremely low at 183<sup>rd</sup> out of 189 for getting electricity, as it takes 222 days and costs an average 7,468% of income per capita to do so. According to the UNDP Human Development Report only 9% of the Malawi population had access to electricity in 2009, which tied Malawi with Uganda at the very bottom of a list of 126 countries for this indicator. The WB WDI reports that 45% of Malawi's roads were paved in 2003 (latest data available), higher than the 18.7% average for Sub-Saharan African countries and 14.1% for low income countries in 2005.

## 2Aai2) Private appropriability

### Government failure/poor governance

The Heritage Foundation/Wall Street Journal Business Freedom Index gave Malawi a low score of 42.4 in 2011 (with 100 being the best), a decline of 2.4 points from the year before. It ranked 119 out of 183 countries in the overall Economic Freedom Index. It ranked 129 out of 144 in the 2012-2013 WEF Global Competitiveness Index (GCI) (See Table 1). The Canadian Fraser Institute, in its annual Economic Freedom of the World Report for 2013, ranked Malawi 99<sup>th</sup> out of 152 countries in its overall index. The lowest Fraser Institute score and ranking was in the Freedom to Trade Internationally category, where it was ranked 112. Malawi scored -0.43 in the 2011 Government Effectiveness Estimate of the World Bank Governance Indicators, out of a -2.5 to +2.5 range, ranking 126<sup>th</sup> in a list of 212 countries. It scored -0.18 in the WB Rule of Law Estimate, in 107<sup>th</sup> place out of 214.

Corruption was cited by 6.5% of WEF respondents as the most problematic factor for doing business in Malawi, the 6<sup>th</sup> highest percentage among 16 factors listed. (See Table 3) Malawi was given a mediocre score of 3.8 in the WEF GCI for Institutions, ranking 76 worldwide out of 144. It received low scores ranking worse than 90 in transparency of government policymaking, government services for improved business performance, favoritism in decisions of government officials, business costs of crime and violence, irregular payments and bribes, wastefulness of government spending and the reliability of police services. (See Tables 1 & 5) Malawi scored 37 out of 100 possible points in the Transparency International Corruption Perceptions Index in 2012 and tied with 5 other countries for 96<sup>th</sup> place among 176 countries scored. The World Bank Governance Matters Control of Corruption estimate of 2011 scored Malawi -0.39 in the -2.5 to +2.5 range, an improvement from -0.74 in 2005 but still ranking a low 122<sup>nd</sup> out of 212 countries.

### Market failures in the availability of information for innovation and “coordination”

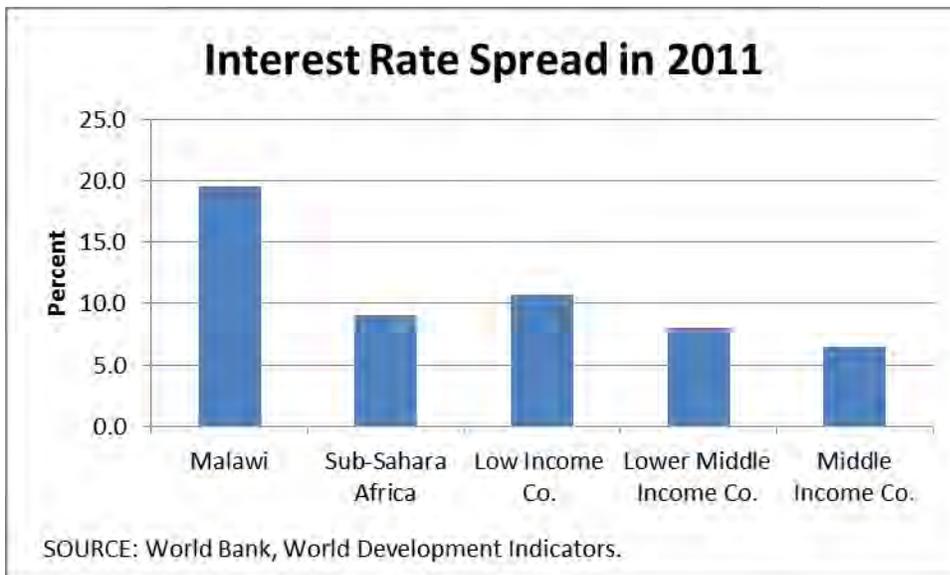
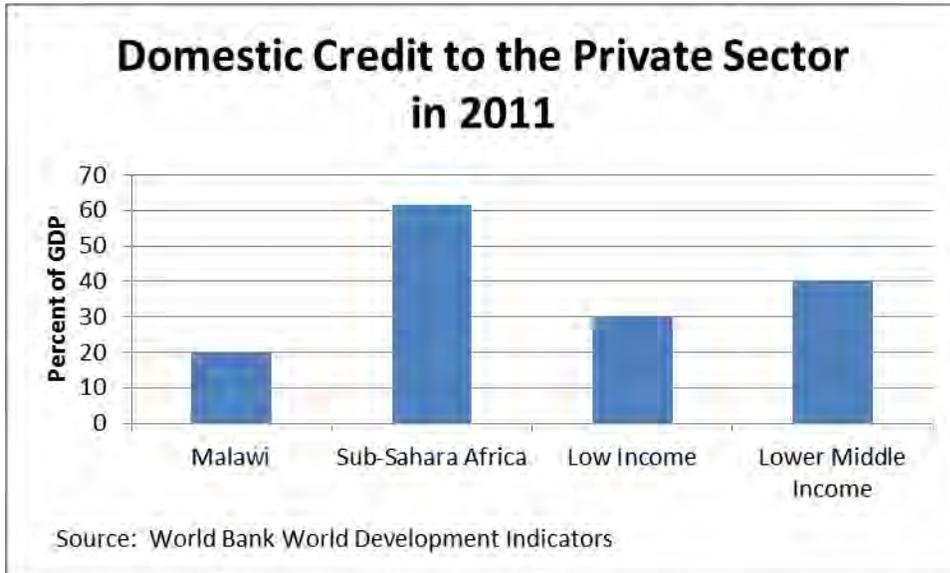
Malawi ranked a low 134 (out of 144) in the 2012-13 WEF GCI Technological Readiness Index and 109 in Business Innovation & Sophistication Factors. It is particularly weak in the access and use of the internet, firm-level technology absorption, the breadth of value chains, product process sophistication and extent of marketing. (See Tables 1, 6, 7 and 8)

## 2Aaii) Cost of finance

Domestic credit to the Malawi private sector was only 19.8% of GDP in 2011 (WB WDI). While an improvement from 5.5% in 2003, this compares unfavorably with the Sub-Saharan African developing country average of 61.4% of GDP that year. The low income country average was 30.1% in 2011. The lower middle income country average was 40.4%. The MCC ranked Malawi as scoring higher than only 33% of its “peer” group of 85 developing countries in providing access to credit in 2013; and in the World Bank 2014 Doing Business Indicators the country was ranked a low 130 out of 189 for getting credit. Its real interest rate has been rather high, averaging 16.5% from 2007 to 2011, while the lending interest rate averaged 25.3% over the same period. The interest rate spread is very high, 19.6% in 2011 and averaging 21.7% from 2000 to 2011. (WB WDI) This is normally a sign of inefficient financial intermediation by the banking sector.

The Heritage Foundation/Wall Street Journal Investment Freedom Index scored Malawi a low 50 out of 100 possible points in 2011, indicating fairly strong government influence over the financial sector. In the 2012-13 WEF GCI Malawi scored 4.0 (from 1-7 high) and ranked 75 out of 144 in Financial Market Development, and access to financing was listed as the most problematic factor for doing business by 12.3% of survey responses (the second highest percent). Its worst GCI scores in this category were

venture capital availability, ease of access to loans and the availability of financial services. (See Tables 1, 3 & 9)



#### 2Ab) Conversion from Informal to Formal Sector

The World Bank Doing Business Report for 2014 ranked Malawi a very low 171 out of 189 countries in business climate indicators, a decline from 157 (out of 185 countries) in 2013. As noted above, the country is ranked extremely low in getting electricity (183 out of 189), but trading across borders is the second most troublesome area, ranking 176, as it takes an average of 34 days to export and 43 days to import a shipment of commodities. Dealing with construction permits is the next most troublesome area, ranking 173, followed by resolving insolvency (150), starting a business (149), and enforcing contracts (145).

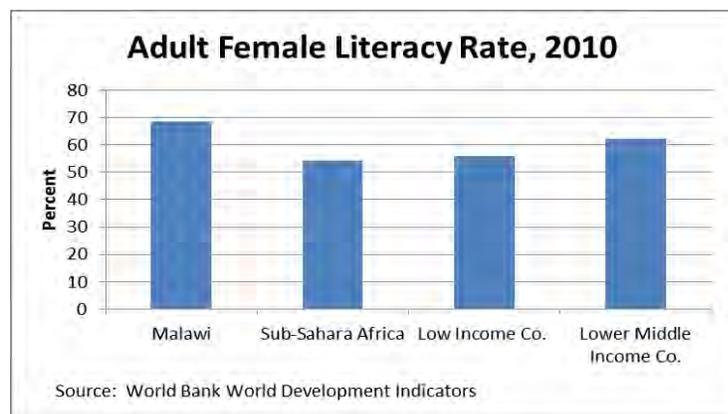
## 2Ac) Labor Intensity of Production

The 2012-2013 WEF GCI survey in the Goods Market Efficiency category (ranking 112 out of 144 overall) scored Malawi worse than 100 other countries in 10 of the 16 elements, including several that can negatively affect incentives to generate jobs, such as the intensity of local competition, burden of customs procedures, extent of market dominance, agricultural policy costs, business impact of rules on FDI, and trade tariffs. Malawi was also ranked low in the prevalence of trade barriers. (See Table 10)

The World Bank Development Research Group Trade Research Unit calculated a Trade Restrictiveness Index that resulted in a very high (not good) score of 20.46 for Malawi in 2006-09 (latest).<sup>3</sup> Its trade with the outside world totaled 69% of GDP in 2012, comparing favorably with a 70% average for developing Sub-Sahara African countries and 67% average for low income countries. (WB WDI). Malawi scored its best WEF pillar ranking in Labor Market Efficiency, 43 out of 144, with especially good scores in the ratio of women to men in the labor force (ranking 1<sup>st</sup> in the world with a ratio of 1.06!) and flexibility in wage determination (ranking 32). (See Table 11) However, its restrictive trade policies are also reflective of the low ranking it received in the 2014 Doing Business Indicators for Trading Across Borders (176 out of 189), as noted above, and of the WEF GCI survey about the most problematic factor for doing business in Malawi, in which the highest percentage of respondents (25.9%) picked “foreign currency regulations.” An enhanced ability to trade would favor a latent comparative advantage in more labor-intensive activities for both export and import-substitution goods and services.

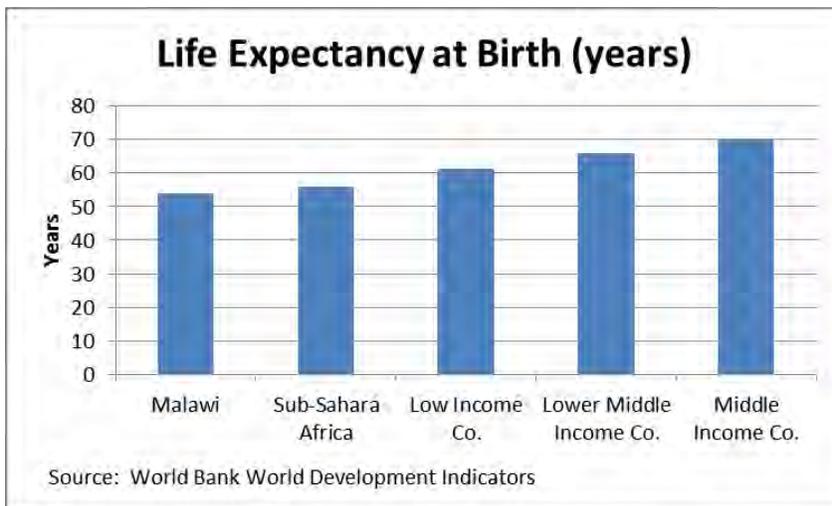
## 2B) Employability of the Workforce:

Almost 75% of the adult population was recorded as literate in 2010, compared with a 63% average in low income countries and in Sub-Sahara Africa and 71% in lower middle income countries (WB WDI). Some 68.5% of Malawi women were literate in 2010, better than the 54.1% for developing Sub-Sahara African countries and 56.0% for low income countries, and even better than the average for lower middle income countries (62.3%). The 2012-13 WEF GCI ranked Malawi a respectable 42 out of 144 countries in primary education enrollment, with 96.9% enrolled. However, the country received worse marks for the quality of primary education, ranking 112, and much lower marks for higher education and training with low enrollment figures for secondary education (32.1%) and tertiary education (0.7%), ranking 132 and 140, respectively, out of 144. (See Tables 12 and 13)

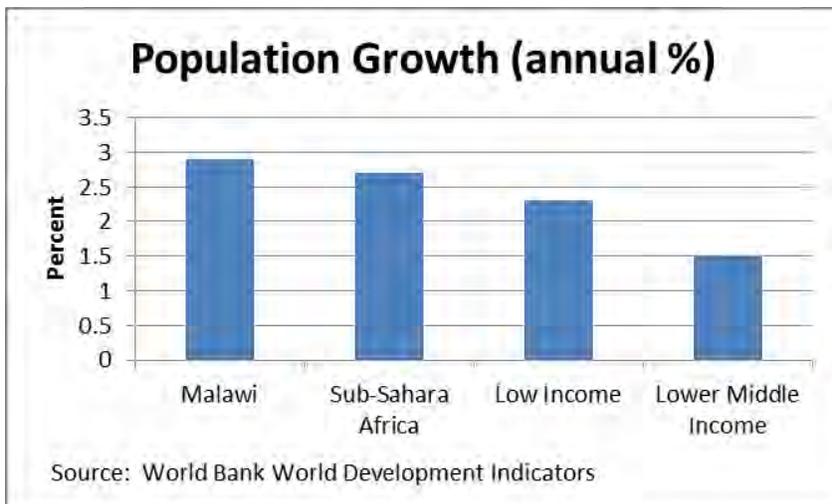


<sup>3</sup> The Trade Restrictiveness Index is an indicator of the trade restrictiveness of the MFN tariff schedule of a country. It calculates the equivalent uniform tariff of a country's tariff schedule that would keep domestic import levels constant. Product level tariffs are weighted by import shares as well as the responsiveness of imports to price changes (import demand elasticity). It includes preferential rates. It is expressed as a tariff rate. Lower is better. The higher the number, the more restrictive a country's trade policy, and the less open the country is to international competition. Desirable to be less than 7.0. <http://info.worldbank.org/etools/wti/3a.asp#>

Even more worrying from an employability standpoint, however, is the poor health of the workforce. The 2012-2013 WEF GCI overall ranking for Malawi in Health and Primary Education is 124 out of 144 (Table 1). It ranked worse than 100 in all of the 8 health indicators surveyed and worse than 130 in 6 of them, including the business impacts of malaria, tuberculosis and HIV/AIDS. More than 31% of the entire population has malaria and 11.0% of the adult population has HIV. Despite these poor health marks, however, it is interesting that only 0.6% of the WEF survey respondents selected poor public health as one of the most problematic factors for doing business in Malawi (Table 3). Perhaps this is simply indicative of the small percentage of the workforce utilized by the more successful formal sector entrepreneurs who participated in the survey. The WEF GCI listed Malawi's life expectancy as only 53.5 years, ranking 131 and longer than only 12 other countries in its survey. (See Table 12) However, a WB WDI table lists the country's life expectancy in 2011 as 54.1 years, an increase over the 48.9 years recorded in 2005. This is still less than the Sub-Sahara average of 55.9 and the low income country average of 61.1 years.



Malawi's population growth rate is high at 2.9% per year. (WB WDI) It is higher than the average for Sub-Sahara African countries of 2.7% and the average for low income countries of 2.3%. This makes it more difficult for the country to improve its health and education services fast enough to keep up with the increasing need for them.



## Appendix

<b>Table 1. The Global Competitiveness Index:</b>	Rank	Score
<b>Malawi</b>	<u>(out of 144)</u>	<u>(1–7)</u>
GCI 2012–2013 .....	<b>129</b>	<b>3.4</b>
GCI 2011–2012 (out of 142) .....	117	3.6
GCI 2010–2011 (out of 139) .....	125	3.4
<b>Basic requirements (60.0%) .....</b>	<b>135</b>	<b>3.4</b>
Institutions .....	76	3.8
Infrastructure .....	135	2.2
Macroeconomic environment .....	136	3.3
Health and primary education .....	124	4.3
<b>Efficiency enhancers (35.0%) .....</b>	<b>120</b>	<b>3.4</b>
Higher education and training .....	129	2.8
Goods market efficiency .....	112	3.9
Labor market efficiency .....	43	4.6
Financial market development .....	75	4.0
Technological readiness .....	134	2.5
Market size .....	123	2.4
<b>Innovation and sophistication factors (5.0%) .....</b>	<b>109</b>	<b>3.2</b>
Business sophistication .....	115	3.4
Innovation .....	99	2.9

Source: WEF, *Global Competitiveness Report 2012–2013*, p. 244

<b>Table 2. Macroeconomic environment: Malawi</b>	Rank	Score
	<u>(out of 144)</u>	<u>(1–7)</u>
3.01 Government budget balance, % GDP* .....	133	-7.9
3.05 Country credit rating, 0–100 (best)* .....	128	19.9
3.02 Gross national savings, % GDP* .....	118	11.6
3.03 Inflation, annual % change* .....	103	7.6
3.04 General government debt, % GDP* .....	78	42.5

Notes: Values are on a 1-to-7 scale unless otherwise annotated with an asterisk (\*).  
Source: WEF, *Global Competitiveness Report 2012-13*, p. 245

<b>Table 3. The most problematic factors for doing business</b>	
<b>in Malawi</b>	<b>(Percent of Responses)</b>
Foreign currency regulations .....	25.9
Access to financing .....	12.3
Inadequate supply of infrastructure .....	11.5
Tax rates .....	10.7
Policy instability .....	7.5
Corruption .....	6.5
Tax regulations .....	5.3
Inefficient government bureaucracy .....	4.7
Inadequately educated workforce .....	3.5
Inflation .....	2.8
Poor work ethic in national labor force .....	2.8
Insufficient capacity to innovate .....	2.2
Crime and theft .....	1.9
Restrictive labor regulations .....	1.8
Poor public health .....	0.6
Government instability/coups .....	0.0
<p>Note: From the list of factors above, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.</p> <p>Source: WEF, <i>Global Competitiveness Report 2012-13</i>, p. 244</p>	

<b>Table 4. Infrastructure: Malawi</b>	<b>Rank</b>	<b>Score</b>
	<b>(out of 144)</b>	<b>(1-7)</b>
2.08 Mobile telephone subscriptions/100 pop.* .....	142	25.1
2.06 Available airline seat kms/week, millions* .....	140	5.8
2.05 Quality of air transport infrastructure.....	133	3.1
2.07 Quality of electricity supply .....	128	2.2
2.09 Fixed telephone lines/100 pop.* .....	126	1.1
2.01 Quality of overall infrastructure .....	116	3.2
2.04 Quality of port infrastructure .....	94	3.7
2.02 Quality of roads .....	89	3.4
2.03 Quality of railroad infrastructure .....	84	2.2
<p>Notes: Values are on a 1-to-7 scale unless otherwise annotated with an asterisk (*).</p> <p>Source: WEF, <i>Global Competitiveness Report 2012-13</i>, p. 245</p>		

<b>Table 5. Institutions: Malawi</b>	Rank	Score
	<u>(out of 144)</u>	<u>(1-7)</u>
1.12 Transparency of government policymaking .....	103	3.9
1.13 Gov't services for improved business performance.....	103	3.1
1.07 Favoritism in decisions of government officials .....	101	2.7
1.15 Business costs of crime and violence.....	99	4.3
1.05 Irregular payments and bribes .....	97	3.4
1.08 Wastefulness of government spending .....	94	2.9
1.17 Reliability of police services .....	91	3.8
1.01 Property rights .....	88	3.9
1.09 Burden of government regulation .....	79	3.3
1.18 Ethical behavior of firms .....	77	3.8
1.03 Diversion of public funds .....	73	3.1
1.04 Public trust in politicians .....	73	2.7
1.20 Efficacy of corporate boards .....	73	4.5
1.02 Intellectual property protection .....	72	3.6
1.22 Strength of investor protection, 0-10 (best)* .....	65	5.3
1.14 Business costs of terrorism .....	61	5.6
1.16 Organized crime .....	61	5.4
1.19 Strength of auditing and reporting standards .....	56	4.8
1.21 Protection of minority shareholders' interests .....	55	4.4
1.06 Judicial independence .....	54	4.1
1.10 Efficiency of legal framework in settling disputes .....	52	4.0
1.11 Efficiency of legal framework in challenging regs. ....	51	3.9

Notes: Values are on a 1-to-7 scale unless otherwise annotated with an asterisk (\*).

Source: WEF, Global Competitiveness Report 2012-13, p. 245

<b>Table 6. Technological readiness: Malawi</b>	Rank	Score
	<u>(out of 144)</u>	<u>(1-7)</u>
9.02 Firm-level technology absorption .....	134	3.8
9.04 Individuals using Internet, %* .....	132	3.3
9.06 Int'l Internet bandwidth, kb/s per user* .....	130	1.4
9.05 Broadband Internet subscriptions/100 pop.* .....	125	0.1
9.01 Availability of latest technologies .....	120	4.1
9.03 FDI and technology transfer .....	115	3.9
9.07 Mobile broadband subscriptions/100 pop.* .....	94	3.1

Notes: Values are on a 1-to-7 scale unless otherwise annotated with an asterisk (\*).

Source: WEF, Global Competitiveness Report 2012-13, p. 245

<b>Table 7. Business sophistication: Malawi</b>	Rank	Score
	<u>(out of 144)</u>	<u>(1-7)</u>
11.05 Value chain breadth .....	132	2.7
11.07 Production process sophistication .....	131	2.6
11.08 Extent of marketing .....	128	2.9
11.04 Nature of competitive advantage .....	121	2.7
11.02 Local supplier quality .....	106	4.0
11.01 Local supplier quantity .....	105	4.3
11.03 State of cluster development .....	97	3.3
11.06 Control of international distribution .....	89	3.9
11.09 Willingness to delegate authority .....	84	3.6
Notes: Values are on a 1-to-7 scale unless otherwise annotated with an asterisk (*).		
Source: WEF, <i>Global Competitiveness Report 2012-13</i> , p. 245		

<b>Table 8. Innovation: Malawi</b>	Rank	Score
	<u>(out of 144)</u>	<u>(1-7)</u>
12.07 PCT patents, applications/million pop.* .....	119	0.0
12.03 Company spending on R&D .....	117	2.6
12.01 Capacity for innovation .....	100	2.8
12.06 Availability of scientists and engineers .....	100	3.6
12.05 Gov't procurement of advanced tech products .....	91	3.3
12.02 Quality of scientific research institutions .....	89	3.4
12.04 University-industry collaboration in R&D .....	75	3.5
Notes: Values are on a 1-to-7 scale unless otherwise annotated with an asterisk (*).		
Source: WEF, <i>Global Competitiveness Report 2012-13</i> , p. 245		

<b>Table 9. Financial market development: Malawi</b>	Rank	Score
	<u>(out of 144)</u>	<u>(1-7)</u>
8.05 Venture capital availability .....	125	2.0
8.04 Ease of access to loans .....	112	2.3
8.01 Availability of financial services .....	104	3.8
8.07 Regulation of securities exchanges .....	93	3.8
8.02 Affordability of financial services .....	89	3.9
8.06 Soundness of banks .....	56	5.4
8.03 Financing through local equity market .....	48	3.9
8.08 Legal rights index, 0-10 (best)* .....	43	7
Notes: Values are on a 1-to-7 scale unless otherwise annotated with an asterisk (*).		
Source: WEF, <i>Global Competitiveness Report 2012-13</i> , p. 245		

<b>Table 10. Goods market efficiency: Malawi</b>	Rank	Score
	<u>(out of 144)</u>	<u>(1-7)</u>
6.01 Intensity of local competition .....	126	3.9
6.16 Buyer sophistication .....	122	2.7
6.13 Burden of customs procedures .....	121	3.3
6.04 Extent and effect of taxation .....	120	2.9
6.07 No. days to start a business* .....	117	39
6.02 Extent of market dominance .....	116	3.2
6.06 No. procedures to start a business* .....	110	10
6.08 Agricultural policy costs.....	109	3.5
6.12 Business impact of rules on FDI .....	107	4.1
6.10 Trade tariffs, % duty* .....	105	10.2
6.09 Prevalence of trade barriers .....	87	4.1
6.14 Imports as a percentage of GDP* .....	80	41.9
6.15 Degree of customer orientation .....	80	4.5
6.03 Effectiveness of anti-monopoly policy .....	77	3.9
6.11 Prevalence of foreign ownership .....	72	4.6
6.05 Total tax rate, % profits* .....	30	28.2
Notes: Values are on a 1-to-7 scale unless otherwise annotated with an asterisk (*).		
Source: WEF, <i>Global Competitiveness Report 2012-13</i> , p. 245		

<b>Table 11. Labor market efficiency: Malawi</b>	Rank	Score
	<u>(out of 144)</u>	<u>(1-7)</u>
7.01 Cooperation in labor-employer relations .....	91	4.1
7.05 Pay and productivity .....	91	3.6
7.07 Brain drain .....	86	3.3
7.04 Redundancy costs, weeks of salary* .....	78	17
7.06 Reliance on professional management .....	68	4.2
7.03 Hiring and firing practices .....	58	4.1
7.02 Flexibility of wage determination .....	32	5.4
7.08 Women in labor force, ratio to men* .....	1	1.06
Notes: Values are on a 1-to-7 scale unless otherwise annotated with an asterisk (*).		
Source: WEF, <i>Global Competitiveness Report 2012-13</i> , p. 245		

<b>Table 12. Health and primary education: Malawi</b>	Rank	Score
	<u>(out of 144)</u>	<u>(1-7)</u>
4.05 Business impact of HIV/AIDS .....	143	2.6
4.01 Business impact of malaria .....	139	2.5
4.02 Malaria cases/100,000 pop.* .....	137	31,168.8
4.06 HIV prevalence, % adult pop.* .....	136	11.0
4.03 Business impact of tuberculosis .....	134	3.4
4.08 Life expectancy, years* .....	131	53.5
4.07 Infant mortality, deaths/1,000 live births* .....	123	58.1
4.04 Tuberculosis cases/100,000 pop.* .....	118	219.0
4.09 Quality of primary education .....	112	3.0
4.10 Primary education enrollment, net %* .....	42	96.9
Notes: Values are on a 1-to-7 scale unless otherwise annotated with an asterisk (*).		
Source: WEF, <i>Global Competitiveness Report 2012-13</i> , p. 245		

<b>Table 13. Higher education and training: Malawi</b>	Rank	Score
	<u>(out of 144)</u>	<u>(1-7)</u>
5.02 Tertiary education enrollment, gross %* .....	140	0.7
5.01 Secondary education enrollment, gross %* .....	132	32.1
5.06 Internet access in schools .....	124	2.6
5.07 Availability of research and training services .....	108	3.5
5.05 Quality of management schools .....	100	3.7
5.04 Quality of math and science education .....	96	3.6
5.08 Extent of staff training .....	94	3.7
5.03 Quality of the educational system .....	65	3.8
Notes: Values are on a 1-to-7 scale unless otherwise annotated with an asterisk (*).		
Source: WEF, <i>Global Competitiveness Report 2012-13</i> , p. 245		