

KEY FACTS

Official name: Dziko la Malawi
(Republic of Malawi)

Head of State: President Joyce Banda
(People's Party (PP)) (from 7 Apr 2012)

Head of government: President Joyce Banda
(PP) (from 7 Apr 2012)

Ruling party: A coalition led by United Democratic Front (UDF) with the Mgwirizano (Unity) coalition, National Democratic Alliance (NDA), Alliance for Democracy (AFORD) and 38 non-partisan parliamentary members (elected 2004; re-elected 19 May 2009)

Area: 118,484 square km

Population: 16.63 million (2012)

Capital: Lilongwe

Official language: English

Currency: Kwacha (K) = 100 tambala

Exchange rate: K330.00 per US\$ (Jul 2013)

GDP per capita: US\$253 (2012)*

GDP real growth: 1.89% (2012)*

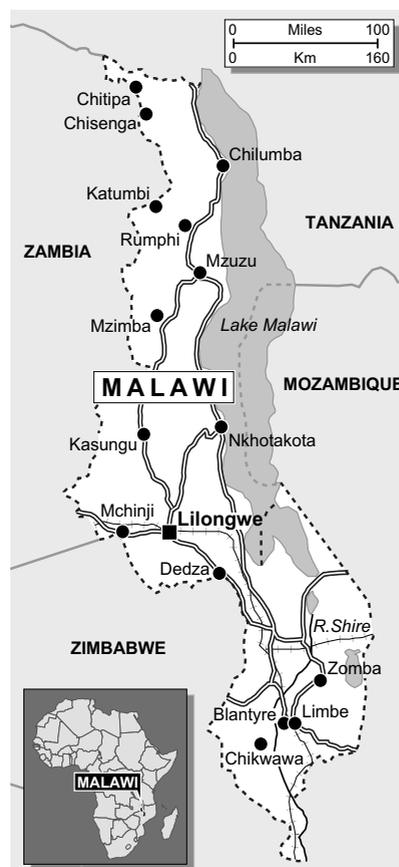
GDP: US\$4.21 billion (2012)*

Inflation: 21.27% (2012)*

Balance of trade: -US\$764.70 million (2011)

* estimated figure

Malawi



Malawi is endowed with diverse natural resources, ranging from land, water, forests, livestock and minerals. Land is the most valuable resource for Malawi in view of its agro-based economy. Most of the land is used for food production, mainly maize and tobacco, which is Malawi's main export commodity. Out of a total land area of 9.43 million hectares, 36 per cent is under forest cover, including forest reserves and plantations. Malawi has used its forestry resources to support agricultural and other economic activities, such as wood processing industries for local and regional markets and construction. Lake Malawi supports fishing and tourism and has potential to provide water for irrigation.

While Malawi has dabbled in mineral exploitation in the past, it only formed a mining and minerals ministry in

December 2012. The country hopes to ramp up the sector's contribution to gross domestic product (GDP) from less than two per cent a few years ago to a forecast 20 per cent by 2016; currently, the sector's contribution to GDP is about 10 per cent. Among Malawi's mineral resources are uranium, rare earth minerals and coal. The first large-scale commercial mining operation, the Kayelekera uranium mine, commenced operations in 2009. Since then interest in Malawi's mining sector by foreign mining companies has grown, leading to expansion in mineral exploration. The government plans to establish more mines over the next decade. A niobium mine at Kanyika is expected to be operational by 2014. It has also awarded rights for oil prospecting in Lake Malawi. However, prospecting for oil has been put on hold pending resolution of the territorial dispute with Tanzania.

As an agro-based economy, Malawi has managed to earn high returns from its cash crops (primarily tobacco), particularly during periods of high commodity prices, according to the *African Economic Outlook 2013* (AEO), published jointly by the African Development Bank and the Organisation for Economic Co-operation and Development. However, over-reliance on agriculture, weak conservation practices and dependence on fossil fuels for energy in rural areas has resulted in natural resource degradation. The country's forest cover, for instance, has been diminishing at an alarming rate of 2.8 per cent per annum, posing major challenges for environmental sustainability. Deforestation has resulted from many factors, including growing human settlements, expansion of land for farming and weakness in policing illegal exploitation of forests. For many years Malawi has also lacked an integrated approach to the management of its water resources to ensure optimal utilisation. For example, only 5.0 per cent of the irrigable land is under irrigation despite the vast potential from Lake Malawi. According to a 2010 report by the UN Development Programme (UNDP) and UN Environment Programme (UNEP) Poverty Environment Initiative (PEI), an estimated 5.3 per

cent of GDP (or US\$191 million) is lost annually through unsustainable natural resources management. The challenge facing Malawi is balancing growth and economic transformation with the sustainable management of its natural resources. Natural resources such as minerals, for example, offer significant growth opportunities.

The structural transformation of the Malawian economy over the past two decades has been limited in spite of the country's diverse natural resource base. Agriculture remains the mainstay of the economy, while the country's exports consist largely of primary commodities. Moreover, there has been little value addition to primary commodities, rendering the economy vulnerable to trade shocks. Manufacturing, which used to contribute 15 per cent of GDP two decades ago, has seen its share decline to 10 per cent. The slow pace of structural transformation is partly reflective of weak policies, distorted incentives and an absence of strong institutions to promote investment in new economic activities to respond to emerging global and regional market opportunities.

Given the onset of uranium mining in 2009, the mining and quarrying sector is likely to play an important role in Malawi's economic growth and exports. The mining sector has grown by an average of 30 per cent over the last five years and further investments are expected in the future. While the returns in mining are potentially high, the sector poses major challenges, partly related to the isolated nature of mining activity. Foreign exchange earnings from uranium are projected to reach US\$200 million by 2014. Without sound governance and regulatory frameworks, the rent from mineral exploitation could turn out to be more a curse than a driver of growth. To address these challenges, the government has adopted a new National Minerals Policy and is developing a regulatory and legal framework to avert negative social and community impacts and ensure a fair redistribution of mineral revenues to the central government and to local communities. The government is also implementing a minerals governance programme with the assistance of its development partners, and it has shown interest in signing up to the Extractive Industry Transparency Initiative (EITI).

Illovo Sugar is an example of successful efforts to harness natural resources to foster economic transformation and contribute to exports and growth. This plan

entails smallholder outgrowers employing a private company to provide professional management services in cane production and guarantee a market outlet for the crop. Illovo Sugar contributes to the government's policy of economic diversification away from tobacco as a means to enhance economic resilience. It employs 5 500 permanent workers and 4,600 seasonal workers. The other opportunities for expanding agro-processing outside sugar include tea, cotton and edible oils, where Malawi enjoys a comparative advantage.

Economy

The AEO reported that real GDP growth slowed to 4.3 per cent in 2011 from 6.3 per cent in 2010 on account of foreign exchange and fuel shortages, which disrupted activities in sectors such as manufacturing and trade. The shortage of foreign exchange in 2011 was caused by the decline in earnings from Malawi's major export commodity, tobacco, and suspension of donor budget support. Real GDP growth in 2012 is estimated at 2.0 per cent, substantially lower than the 4.3 per cent growth target. The sharp slowdown in the economy in 2012 was mainly due to the contraction in agricultural and manufacturing output. The agriculture sector, which dominates economic activities, shrank by 3.0 per cent in 2012 on account of erratic rains and the collapse in tobacco auction prices. Real GDP growth in 2013 and 2014 is expected to rebound to 5.5 per cent and 6.1 per cent, respectively, anchored on the recovery in

agriculture, manufacturing and wholesale and trade. The rebound is premised on a revival in tobacco production, an easing of the foreign exchange constraint, improved availability of fuel and a continuation of prudent macroeconomic policies.

Malawi faced serious macroeconomic challenges in 2011 and 2012. These were the result of inappropriate policies, which led to a growing fiscal deficit, rising inflation and the depletion of international gross reserves in a context of an overvalued exchange rate. The government, which came to power in April 2012 under the leadership of President Joyce Banda following the death of Bingu Wa Mutharika, has instituted bold macroeconomic policy adjustment measures to address the imbalances. These measures include the devaluation of the Malawian kwacha (MKW) by 49 per cent, with a move towards a flexible exchange rate regime, a tightening of monetary and fiscal policy and a removal of subsidies on fuel. The government has also re-engaged with the International Monetary Fund (IMF), resulting in the resumption of direct budget support by donors. These reforms have started yielding results, as evidenced by the easing of fuel shortages and improved access to foreign exchange by the business community. Economic recovery, however, is fragile and the exchange rate may take time to stabilise given the excess demand for foreign exchange. The government's second national development plan, the Malawi Growth and Development Strategy II (MGDS II, 2011–16),

KEY INDICATORS		Malawi				
	Unit	2008	2009	2010	2011	2012
Population	m	14.85	15.27	15.71	16.17	*16.63
Gross domestic minus gold	US\$bn	4.30	4.60	5.10	5.70	*4.21
GDP per capita	US\$	313	328	322	351	*253
GDP real growth	%	9.3	9.0	6.5	5.5	*1.9
Inflation	%	8.7	8.4	7.4	7.6	*21.3
Industrial output	% change	6.0	5.1	15.2	–	–
Agricultural output	% change	5.2	14.4	1.5	–	–
Exports (fob) (goods)	US\$m	969.2	1,268.4	1,139.2	1,530.9	–
Imports (fob) (goods)	US\$m	1,722.8	2,008.4	2,287.8	2,629.6	–
Balance of trade	US\$m	-753.6	-740.0	-1,148.6	-1,098.7	–
Current account	US\$m	-331.0	-553.4	-905.2	-764.7	*-155.0
Total reserves minus gold	US\$m	242.8	149.4	–	–	*223.2
Foreign exchange	US\$m	239.1	143.6	–	–	*218.5
Exchange rate	per US\$	139.95	141.17	150.49	150.80	320.78
* estimated figure						

was officially launched in September 2012 along with the Economic Recovery Plan (ERP). The latter aims to achieve economic recovery and mitigate the impact of the reforms on vulnerable citizens through immediate and short-term reforms and interventions to restore macro-economic stability and re-prioritise expenditures toward sectors with the potential to boost economic growth and export earnings. These include agriculture, mining, energy, transport and tourism.

Politics

President Joyce Banda's government initially included members who had previously served in President wa Mutharika's government, plus politicians that had resigned from other parties. By including other parties, President Banda was thus able to garner sufficient support to enable her to implement some difficult policies to reverse the downward trend in the economy. The next elections are due in May 2014 and preparations are under way with support of the international community. The electoral laws were amended in 2012 to provide for local, parliamentary and presidential elections at the same time.

Meanwhile, the government, led by President Banda's People's Party, is coming under increasing political and social pressure in view of the rising cost of living, which has fuelled demands for wage adjustments and led to a wave of strikes. The challenge for the government is to remain steadfast with the reforms in the face of these pressures. While political tensions are likely to heighten as political parties prepare for elections, prospects for peaceful and democratic elections seem bright. Malawi has demonstrated political maturity over the past four consecutive elections, building confidence that the upcoming ones will be peaceful.

However, this somewhat peaceful outlook was broken on 10 October 2013 when President Banda sacked the cabinet after allegations of widespread corruption in government. According to the BBC several officials have been caught allegedly with money hidden under their beds and in their cars. Up to 25 people were charged with money laundering, misuse of public office and corruption. Those fired included the finance minister, who happened at the time to be in Washington at meetings with the IMF and World Bank. He was told by presidential spokesperson, Tusekele Mwanyongo, to 'stop forthwith to act as a minister of the Malawi government... It does not matter whether you are in Lilongwe or

Washington.' Mrs Banda had been coming under pressure from the international community to stamp down on corruption.

Risk assessment

Politics	Fair
Economy	Fair
Regional stability	Fair

COUNTRY PROFILE

Historical profile

In the eighth century, the Bantu people of Nyasaland began trading with Portuguese merchants on the east African coast. The slave trade expanded rapidly over the period of 1790–1860.

1850 After David Livingstone, a Scottish missionary, visited the area he was followed by other missionaries and traders.

1891 The Nyasaland and District Protectorate was established by Britain. In the wake of David Livingstone's explorations an increasing number of Europeans went to Nyasaland, particularly missionaries. The settlers expropriated land and imposed taxes which led to ever growing numbers of Africans working on the coffee plantations or moving to the then Rhodesia or South Africa.

1893 Name was changed to the British Central African Protectorate.

1907 The Central African Protectorate became Nyasaland.

1944 Nationalists establish the Nyasaland African Congress (NAC).

1950s Opposition to colonial rule, which had begun in the southern highlands, became more widespread. The NAC opposed the planned Central African Federation (CAF) with Northern and Southern Rhodesia, and the heavy-handed interference by white settlers in traditional agricultural methods. The CAF came into being on 1 August 1953.

1954 The NAC grew rapidly upon the return from Britain of Dr Hastings Kamuzu Banda; within a year the colonial authorities had jailed him and other leaders.

1959 The NAC was banned after violence flared between supporters and government authorities. Banda and several other leaders were arrested and a state of emergency declared.

Malawi Congress Party (MCP) was founded as a successor to the NAC.

1961 Dr Banda was released and invited to London for a constitutional conference, at which Nyasaland was promised eventual independence regardless of constitutional developments in the rest of the CAF. Elections followed, which Dr Banda's MCP won.

1963 The CAF was officially dissolved, paving the way for independence in Nyasaland.

1964 Dr Banda became prime minister after independence was declared on 6 July.

1966 On 6 July Nyasaland became a republic and was renamed Malawi; Dr Banda became president. The constitution established a one-party state.

1971 Banda declared himself president for life.

1975 Zomba was replaced as the capital by Lilongwe

1978 Dr Banda and the MCP won the first election since independence. All candidates had to be members of the MCP and approved by Dr Banda.

1992 Catholic bishops condemned Banda and the one-party state and sparked mass demonstrations; humanitarian aid to the country was cut off.

1993 A referendum overwhelmingly backed a multi-party option and political parties began to develop.

1994 The United Democratic Front (UDF) beat the MCP in multi-party legislative elections and Bakili Muluzi became president. Dr Banda retired.

1995 Banda was acquitted of ordering the murder of three government ministers, he later apologised for any suffering he may have 'unknowingly caused'.

1997 Hastings Banda died in South Africa, where he was being treated for pneumonia.

1999 The UDF won the parliamentary elections and Muluzi retained the presidency for his last, five-year term.

2000 Corruption scandals began to threaten aid flow. Muluzi was forced to dismiss his government.

2002 Malawi's bishops condemned Muluzi's rule, warning that it was becoming a dictatorship. International aid was suspended due to a lack of reform and transparency. A drought caused widespread hunger; food aid was supplied by the UN.

2004 The government offered free anti-retroviral drugs to HIV/Aids sufferers. Bingu wa Mutharika (UDF), won presidential elections, while the MCP won most seats in the parliamentary elections. The elections were not considered free and fair by observers. A coalition government was formed, led by the UDF.

2005 President Mutharika founded the Democratic Progressive Party (DPP). Impeachment proceedings began against the president for corruption; he survived and many of the UDF-sponsors resigned from the party. As a rebuke to the UDF, the DPP won a number of by-elections in its support for the president.

2006 Vice President Cassim Chilumpha was arrested and charged with treason; it was alleged that he had hired a South African assassin to kill the president. Former president Bakili Muluzi was arrested for

corruption, fraud and theft during his time in office.

2008 The government ended diplomatic relations with Taiwan, in favour of ties with China, stating it recognised Taiwan as 'an inalienable part of China's territory'. Aid worth several billion US dollars offered by China was thought to have persuaded Malawi to transfer its endorsement.

2009 In presidential elections, incumbent President Bingu wa Mutharika (DPP) won 2.7 million votes, against 1.3 million for John Zenus Ungapake Tembo (popularly known as JZU) (MCP). In parliamentary elections the DPP won 114 seats (out of 193) and remained in power.

2010 President Bingu wa Mutharika became chairman of the African Union (AU) for the year. Japan sponsored the distribution of photovoltaic (solar) panels for electricity generation in Kamuzu International Airport, in a programme to introduce 'green-energy' to Malawi.

International condemnation was heaped on Malawi for the conviction of a homosexual couple who had declared their betrothal (in 2009). A presidential pardon was granted to the couple. Malawi's new flag was unveiled. The new flag consists of three broad bands of red, black and green, with a stylised white, fully risen sun with sun rays in the centre. The president said the change from red half-sun to white full-sun symbolised Malawi's progress from under-developed country to developed one.

2011 The trial of former president, Bakili Muluzi, began in March. He was accused of misappropriating some US\$11 million of international donor funds. The UK's high commissioner was expelled in April after he was quoted in a leaked communication to London as saying President Mutharika was 'becoming ever more autocratic and intolerant of criticism'. In July the UK cut aid to Malawi; the IMF has also cut its aid. The recently passed austerity budget did not include any aid finance. In July riots broke out in a number of cities after a court ruled that protests against the high cost of living, and President Mutharika's government in general, were banned. The trial of Vice President Chilumpha, delayed since 2006, was scheduled to begin in July but Chilumpha sacked his second legal team, resulting in a further delay. In August, Vice President Joyce Banda founded a new political party, the People's Party (PP), following her expulsion from the UDF for refusing to endorse the presidential candidacy of Peter Mutharika (younger brother of President Mutharika) in the 2014 presidential election. The kwacha was devalued by 10 per cent in August. On 19 August, President Mutharika sacked his entire cabinet

and took over the running of every ministry himself. In September, President Mutharika appointed new ministers for foreign, financial and domestic portfolios; the defence ministry was abolished.

2012 In a speech during a road-opening ceremony on 5 March, President Mutharika lashed out at foreign aid donors and non-governmental agencies (NGOs), accusing them of plotting with his opponents to topple his government and that they could 'go to hell'. He said he was 'tired of being insulted' and urged his followers to prevent opposition protests adding 'I will not accept this nonsense any more'. President Mutharika died on 5 April, although this news was not announced until 7 April, when, under constitutional dictum, Vice President Joyce Banda took office as president. On 7 May the new government devalued the kwacha by 33 per cent. The Reserve Bank of Malawi (central bank) also announced that the peg to the US dollar would be scrapped. US\$1 became worth K250 (up from K168). The devaluing had been advised by the IMF but the previous administration had rejected the proposal; international financial aid was restored. There was a rush by shoppers to buy basic goods and many shops ran out of staple foods. On 29 May, parliament voted to reinstate the rising sun flag (first hoisted at independence in 1964) that had been replaced by former president Mutharika (in 2010). In July a UN assessment report found 1.63 million people (11 per cent of the total population) were at serious risk of malnutrition. Prolonged drought in central and southern Malawi resulted in poor harvests, which by August had created widespread food shortages, particularly of the maize staple. The devalued currency also caused greater strain on family incomes to buy food. On 17 October, President Banda requested the African Union (AU) arbitrate in Malawi's dispute with Tanzania over sovereignty of Lake Malawi (also known as Lake Nyasa); Tanzania claims 50 per cent of the lake (the third largest in Africa) and its share of the potential for oil and gas discoveries.

2013 President Banda sacked the cabinet on 10 October after allegations of widespread corruption in government. According to the BBC several officials have been caught allegedly with money hidden under their beds and in their cars.

Political structure

Constitution

The constitution dates from 1966. A multi-party political system was adopted in 1994.

Malawi is divided into 24 administrative divisions.

Form of state

Republic

The executive

The president is both the head of state and the head of government. The president names the 36-member Cabinet and is elected by popular vote for a five-year term.

National legislature

The unicameral 193-member National Assembly is elected by popular vote to serve a five-year term.

Legal system

The legal system is based on English common law.

Last elections

19 May 2009 (presidential and parliamentary)

Results: Presidential: Bingu wa Mutharika (UDF) won with 35.9 per cent of the vote, followed by John Tembo (MCP) with 27.1 per cent, Gwanda Chakuamba of the Mgwirizano Coalition with 25.7 per cent and Brown Mpinganjira (NDA) with 8.7 per cent.

Parliamentary: the Democratic Progressive Party (DPP) won 114 seats (out of 193), the Malawi Congress Party (MCP) 26, United Democratic Front (UDF) 17 and independents 32; four seats undetermined.

Next elections

2014 (presidential and parliamentary)

Political parties

Ruling party

A coalition led by United Democratic Front (UDF) with the Mgwirizano (Unity) coalition, National Democratic Alliance (NDA), Alliance for Democracy (AFORD) and 38 non-partisan parliamentary members (elected 2004; re-elected 19 May 2009)

Main opposition party

Malawi Congress Party (MCP)

Population

16.63 million (2012)

Last census: 5 June 2008: 13,066,320 (provisional)

Population density: 87 inhabitants per square km. Urban population 20 per cent (2010 Unicef).

Annual growth rate: 2.2 per cent, 1990–2010 (Unicef).

Ethnic make-up

Chewa (60 per cent), Lomwe (18 per cent), Yao (13 per cent), Ngoni (7 per cent).

Religions

Christianity (80 per cent), Islam (13 per cent), traditional beliefs (7 per cent).

Education

Primary education lasts for eight years. Junior secondary school follows, and if successful, students may progress to the senior secondary school, of which each

stage lasts for two years. Instruction is given in English.

Educational attainment, defined as completion of standard eight (at the end of primary school), is only 11.2 per cent. While education is free, provision has not kept up with demand. In some rural areas children have to walk up to 13km to the nearest school. The government's decision to provide free primary education has brought a crisis in the system, placing severe restrictions on its education budget. Secondary schools have less than half the teachers they need and about two-thirds of these are not trained to teach at secondary level. The government proposes to convert Malawi Distance Education Centres (DECs) into Community Day Secondary Schools (CDSS) in order to alleviate the shortage of secondary school teachers.

The University of Malawi typically has approximately 3,000 students, with roughly 1,000 new enrolments every year.

Literacy rate: 62 per cent adult rate; 73 per cent youth rate (15–24) (Unesco 2005).

Compulsory years: 5 to 13.

Enrolment rate: 134 per cent gross primary enrolment, of relevant age group (including repeaters); 29 per cent gross secondary enrolment (World Bank).

Pupils per teacher: 59 in primary schools; in some classes the ratio has increased to 96:1 due to Aids related illness among teachers.

Health

Malaria is endemic; around four million new cases are reported each year. Malaria accounts for 18 per cent of all hospital deaths and 40 per cent of all outpatients visits. A programme to reduce the effect of the disease includes the provision of insecticide treated nets, more access to prompt treatment for children and increased availability of insulin potentiation therapy for pregnant women. Malawi experienced a severe drought and locust plagues in 2004–05 that left in 2005, over 4.6 million people short of food. The UK has provided around US\$18 million in food aid and in September 2005 announced it will provide an extra £5 million (US\$9.1 million) to feed those affected by food shortages. The aid will provide 60,000 tonnes of maize from South Africa, and funds for Unicef to feed 3,500 severely malnourished children as well as subsidies for farmers to buy high-yield maize seed for next year's harvest.

Both the president and the UN World Food Programme have declared Malawi, to be in crisis. Funds required for food-aid are put at US\$88 million but only US\$28

million, has been pledged by international donors.

HIV/Aids

There were over one million children and adults infected, of which over 50 per cent are females (2005).

With the most productive section of the population at the highest risk from HIV infection in one of Africa's poorest countries, there is concern at the long-term effect on the country's political stability, social cohesion and economic growth. Women, are the country's subsistence farmers, have been hard hit by the disease, which has had a catastrophic impact on agricultural output. It has been estimated that between a quarter and a half of civil servants may die from Aids by 2010, and the government's ability to implement health policies will be severely hampered in coming years.

Aids is the leading cause of death for those aged 20–49, with an estimated 50,000–70,000 adult and child deaths annually, and has left thousands of child-led households. Up to 70 per cent of hospital beds are occupied by patients who are HIV positive. The growing impact of Aids related deaths has driven up the state's health spending on the army and civil service by an estimated 50 per cent, diminishing the amount available to other sections of the population.

In 2004 long-term funding was provided, by international donors, to provide more health workers, disease control, HIV testing, mother-to-child infection reduction and to dispense free antiretroviral drugs to HIV/Aids sufferers. Foreign donors had suspended aid funding in 2001 due to corruption and mismanagement and new funding is offered with the proviso of independent vetting.

HIV prevalence: 15 per cent of 15–49 year olds; 8.4 per cent national prevalence and 24 per cent females of reproductive age (The Global Fund).

Life expectancy: 41 years, 2004 (WHO 2006)

Fertility rate/Maternal mortality rate: 6.0 births per woman, 2010 (Unicef)

Child (under 5 years) mortality rate (per 1,000): 71 per 1,000 live births (WHO 2012)

Head of population per physician: 0.02 physicians per 1,000 people, 2004 (WHO 2006)

Welfare

Around 65 per cent of the population lives below the poverty line and deaths from Aids has killed many family breadwinners, fractured families and left communities vulnerable to social disintegration.

In 2002, the government launched a Poverty Reduction Strategy Paper (PRSP) to

gain unqualified relief on its US\$2.5 billion foreign debt under the controversial Highly Indebted Poor Countries (HIPC) initiative. Malawi launched its war on poverty at a time when the country was facing a severe food shortage. Two subsequent years of poor harvests and a drought in 2005 increased food shortages and threatens millions of people with starvation.

Main cities

Lilongwe (capital, estimated population 781,538 in 2012), Blantyre (728,285), Mzuzu (148,754), Zomba (96,460), Kasungu (51,082).

Languages spoken

English is the primary language in business. Chewa (or Chichewa, literally, language of the Chewa) is the major national language; Nyanja, Yao and Tumbuka are also spoken.

Official language/s

English

Media

Press

The government has a range of among others, libel laws, to curb journalists and newspapers from publishing hostile stories.

In English, there are two daily newspapers *The Nation* (www.nationmw.net) and *The Daily Times*

(www.dailytimes.bppmw.com), which is owned by Blantyre Newspapers Limited, which also publishes the weekly *Sunday News* (www.sundaytimes.bppmw.com) and *Malawi News*

(www.malawinews.bppmw.com). In Chichewa, *Boma Lathu* is a monthly publication.

Broadcasting

The Malawi Broadcasting Corporation (MBC) operates the state-owned, public radio and television services.

Radio: Radio services are the main medium of mass communication and sources of news and information for most of the population.

MBC operates two national, radio stations, Radio One and Radio 2FM. Private, national networks include, Star FM (www.starradiomw.com), Power 101 and Capital Radio Malawi

(www.capitalradiomalawi.com). Radio Maria Malawi (www.radiomaria.mw) is operated by the Catholic Church.

Television: MBC operates TV Malawi (www.tvmalawi.com), which is the only domestic TV channel. It transmits programmes over 24 hours and broadcasting via satellite signals.

National news agency: Mana (Malawi News Agency): www.malawi.gov.mw/information1/malawi_News_Agency.htm

Other news agencies: APA: www.apanews.net
Panapress: www.panapress.com
Reuters Africa: <http://africa.reuters.com>

Economy

The country's economy is heavily dependent on agriculture for around 35 per cent of gross domestic production (GDP) and 80 per cent of all exports. The sector also contributes around 64 per cent of total rural income as almost 90 per cent of the population are engaged in subsistence farming. This means, however, that Malawi is vulnerable to external shocks due to global commodity prices as well as adverse weather conditions. Tobacco, tea and sugar are the principal cash crops and uranium is the main mineral exported.

GDP growth in 2008 was 8.3 per cent, which rose to 9 per cent in 2009, buoyed by a large rise in export goods, which are around 20 per cent of GDP (2007–09). Growth in 2010 was estimated at 6.5 per cent and projected to fall to 4.6 per cent in 2011. National development is hampered by poor road infrastructure and a low-skilled labour force, which has deterred foreign investment. High transport costs for this landlocked country can represent around 50 per cent of its import bill, impeding economic development and trade. There are few exploitable mineral resources (except uranium, which is profitable but has a limited and controlled market). Industry accounts for over 20 per cent of GDP (of which manufacturing represents 15 per cent) and the service sector 45 per cent. Structural adjustment has not yet led to an increase in private domestic savings, which have diminished partly due to the HIV/Aids pandemic. Wealth is concentrated within a small elite.

Malawi was ranked 171 (out of 187) in the UN Human Development Index (HDI) in 2011. Of its population of just under 14 million, 52.8 per cent experience multiple deprivations in the same household. Malawi met the Heavily Indebted Poor Countries (HIPC) completion point in 2006 and became eligible for further relief.

Malawi's creditors allowed debt relief of US\$646 million under the enhanced HIPC initiative, an amount equivalent to US\$3.1 billion in nominal terms of actual dollar value over a period of time. The IMF believes this initiative will save an average of US\$50 million per year in debt service payments by 2020, an amount equivalent to around 2.5 per cent of annual GDP for 2001–09 and 1.2 per cent of annual GDP for the period 2010–20. The country's annual service payments on outstanding debt are estimated to average US\$5 million (2005–25).

On 7 June 2012, the IMF announced that it would lend Malawi US\$157 million, following reforms introduced by President Banda in May. This loan was offered days after the UK resumed its aid package with £33 million (US\$51 million).

On 7 May 2012 the kwacha was devalued by 33 per cent by the new government (following the death of President Mutharika on 5 April). The Reserve Bank of Malawi (central bank) also announced that the peg to the US dollar would be scrapped. US\$1 became worth K250 (up from K168). The devaluing had been advised by the IMF but the previous administration had rejected the proposal. There was a rush by shoppers to buy basic goods and many shops ran out of staple foods.

External trade

Malawi was one of the founding members of the Common Market of Eastern and Southern Africa (Comesa), which operates a free trade area (FTA) with eight out of the 20 Comesa members and a customs union (CU), which was launched in June 2009, with common external tariffs. Malawi is also a member of the Southern African Development Community (SADC), the objectives of which include reducing trade barriers, achieving regional development and economic growth and evolving common systems and institutions. Malawi's major exports are tobacco (newly industrialising countries are increasingly important destinations for tobacco) and tea, which are susceptible to external shocks such as droughts and fluctuating world prices.

In April 2009 international donors pledged US\$1 billion to upgrade transport links across eastern and southern Africa, in an initiative to speed up and reduce the cost of carrying goods to market. Not only will roads and rail links be improved, but also time-consuming official procedures will be streamlined for efficiency.

Imports

Principal imports are petroleum, food, products, semi-manufactures, consumer goods and vehicles.

Main sources: South Africa (25 per cent of total in 2011), India (11.5 per cent), China (9.3 per cent).

Exports

Principal exports are tobacco (60 per cent), tea, sugar, cotton, coffee, peanuts, wood products and garments.

Main destinations: Canada (8.8 per cent of total in 2011), Zimbabwe (8.6 per cent), South Africa (8.2 per cent).

Agriculture

The agricultural sector is the most important single sector of the economy, accounting for 39.1 per cent of GDP in

2004 and employing over 85 per cent of the workforce. The sector consists of two modes of production: smallholders, growing mainly food crops such as maize and groundnuts but also tobacco, and estate farmers, growing cash crops for export. Other food crops include cassava, millet, sorghum and rice. Tobacco production generates about 70 per cent of the country's exports.

Formerly a food exporter, Malawi has become a net importer due to the rising population, adverse weather conditions (especially drought), a decline in farming subsidies and smallholders switching to tobacco as their preferred crop.

In the long term, the country needs more investment in food production. Much of the investment in agriculture in the past has been directed at improving export-oriented production, while food production has been neglected.

Donors have been reluctant to give aid for investment due to the lack of transparency in previous years. The government and donor agencies will need to work together to ensure a more even pattern of investment in farming.

Malawi has the western and southern shores of Lake Malawi, one of the world's largest lakes. The fishing industry is an important sector, providing much needed protein. Production can vary between 50–65,000 tonnes per year although catches have been falling since 1990 and as a consequent fish imports have increased.

Catch from the lake is estimated to provide 20 per cent of the protein requirement for Malawi's population, with some 1.7 million Malawians relying 'exclusively', according to the Co-ordination Union for Rehabilitation of the Environment (CURE) NGO, on the lake. Tanzanians and Mozambicans also derive livelihoods from the lake.

Catch from the lake is estimated to provide 20 per cent of the protein requirement for Malawi's population, according to Christopher Mwambene, executive director of Coordination Union for Rehabilitation of the Environment (CURE), a Blantyre-based environmental NGO. He told IRIN that about 1.7 million Malawians rely "exclusively" on the lake. Tanzanians and Mozambicans derive livelihoods from it, as well.

There are concerns that oil exploration activities by Tanzania in their section of the lake will damage the fishing industry before a comprehensive legislative regulatory framework can be installed.

Around 35 per cent of Malawi's land area is forested and there are significant areas of plantation forests. There are nine national parks and game reserves and a large number of forest reserves which

provide varying levels of protection against deforestation. However, during 1990–2000, forest cover disappeared at a rate of 2.41 per cent per year, one of the highest rates of deforestation in the world. This is largely due to the use of wood for fuel for domestic and industrial uses.

Industry and manufacturing

The industrial sector contributes around 15 per cent to GDP and employs 15 per cent of the workforce. The industrial sector is centred on agri-processing.

The major constraints on growth are the country's relatively limited resource base, small domestic market and difficulties in importing raw materials and intermediate goods.

Industrial production grew by 6.3 per cent 2004.

Tourism

Malawi offers traditional African culture in a relatively unspoiled landscape, with wildlife and the scenery being the principal draw for visitors. There are two sites included on Unesco's World Heritage List, the ancient Chongoni rock-art area and Lake Malawi National Park. Tourism has grown in importance to the economy, particularly as a vital source of foreign exchange and employment.

Travel and tourism contributed an average 6.4 per cent of GDP over 2006–09, however in 2010 it fell to 5.9 per cent of GDP as the global tourist industry was hit by a downturn. In 2011 the industry picked up and recorded real growth of 7.6 per cent, to contribute 6 per cent of GDP. Employment matches the growth in the industry, averaging 5.6 per cent, but falling to 5.1 per cent (154,200 jobs) in 2010 before increasing slightly to 5.2 per cent (162,400 jobs) in 2011.

Mining

The sector is underdeveloped, but has potential in the extraction of heavy mineral sand, bauxite, phosphate, uranium and rare earth elements.

There are three heavy mineral sand deposits with considerable titanium resources: Tengani with over 100 million tonnes of heavy minerals, Mpyukyu/Kachulu with over four million tonnes of ilmenite, 300,000 tonnes of zircon and 10,000 tonnes of rutile and beach deposits along the shores of Lake Malawi.

The Australian owned Kayelekera uranium deposits has reserves of 11,000 tonnes of uranium ore at 0.16 per cent grade. The mine's total capital costs are estimated at up to US\$65 million, while the revenue from the mine's 10-year lifespan is estimated to average between US\$30–34 million per year.

Hydrocarbons

There are no known oil or natural gas reserves. Consumption was 8,000 barrels per day of oil in 2008, all of which was imported. Most of the country's fuel imports are supplied via Tanzanian and South African ports and delivered by tanker.

The possibility of oil reserves beneath Lake Malawi has been considered since 2000 but with little interest by foreign oil companies.

Any imported natural gas is used exclusively in the Blantyre power plant.

There are very small coal reserves; the main coal mine in Mchenga produces around 60,000 tonnes per annum of bituminous or brown coal, typically used in power stations.

Energy

Total installed generating capacity was 310MW in 2007, producing 1.13 billion kilowatt hours. Over 90 per cent of all generation is provided by hydropower, of which the majority of plants are concentrated on the Shire River in the south of the country; a mini-hydro plant (4.5MW) exists on the Wovme River in the north.

Thermal power plants are used as back-up for hydro plants. Less than 10 per cent of the population has access to electricity, the majority of which live in urban areas. The majority of the population relies on non-commercial biomass, mostly fuel wood, for cooking, lighting and power, which has led to deforestation. A planting programme was implemented to replace dwindling resources with short-ages becoming acute in the southern region. As oil prices rise there is a corresponding increased pressure on wood resources.

The parastatal, Electricity Supply Corporation of Malawi (Escom), is responsible for generation, transmission, distribution and sale of electricity. Malawi is a member of the Southern African Development Community (SADC) and the Southern African Power Pool (Sapp), set up to provide reliable and economical energy supplies to all 12 members in the region. Imports of energy come from Tanzania and Mozambique.

Financial markets

Stock exchange

Malawi Stock Exchange (MSE)

Banking and insurance

The banking system is underdeveloped and the vast majority of lending is to the government and parastatals. There is little lending to private individuals. There are five commercial banks in operation in Malawi. Although the sector is open to foreign participation, few foreign banks

have shown an interest in establishing operations in Malawi.

Central bank

Reserve Bank of Malawi

Main financial centre

Blantyre and Lilongwe

Time

GMT plus two hours

Geography

Malawi is a landlocked country in southern central Africa, with Zambia to the west, Mozambique to the south and east, and Tanzania to the north.

A fifth of the country is covered by lakes, including one of the largest in Africa, the 580km-long Lake Malawi (formerly Lake Nyasa), which borders on Tanzania and Mozambique. The lake is situated in the north-south Rift Valley and is drained by the Shire river, which flows south to meet the Zambezi in Mozambique. The terrain beyond the Rift Valley comprises plateaux and mountains, ranging from 1,000m to 3,000m high, with lower-lying land in the south. There are forests in the northern mountain areas. The Mulanje Massif, at 3,002m (Sapitwa Peak) the highest point in Malawi and central Africa, lies in the southern area, near Blantyre.

Hemisphere

Southern

Climate

On the shores of Lake Malawi and upper Shire River, the weather is pleasantly warm most of the year, hotter in the rainy season. It is more temperate in the highlands and on the plateaux, with cool nights all year. Around the lower Shire River and the south, it is more tropical and very hot during the rains.

The May–August period is cool and dry (the *Chiperoni* wind can be chilly during July and August). The hottest months are September–November. The rainy season is November–April.

Dress codes

There are no restrictive dress codes and resort wear is informal. Travellers are advised to respect local sensibilities, especially when visiting remote areas. Formal attire is usual for business.

Entry requirements

Passports

Required by all, valid for six months beyond date of departure.

Visa

Required by all, except nationals of most EU and Commonwealth countries, Japan and US. For further details contact the nearest consulate. A proposed tourist *univisa* (a single visa to visit all 15-member states of SADC: Angola, Botswana, DRC, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South

Africa, Seychelles, Swaziland, Tanzania, Zambia and Zimbabwe) is expected to be in use by 2013. Visitors should check with the appropriate consulates to confirm start of *univisas* and their scope before beginning a tour of southern Africa.

All travellers must have return/onward passage.

Currency advice/regulations

There are no restrictions on the import of local currency, but export is limited to K200. There are no restrictions on the import of foreign currency, subject to declaration, and export is limited to the amount declared on arrival.

Travellers cheques and all major currencies are accepted by banks, authorised hotels and other institutions. Recommended travellers cheques are South African rand, UK sterling, euros and US dollars.

Health (for visitors)

Healthcare and facilities are basic and expatriate residents usually travel to South Africa when in need of anything but the most straightforward medical care. Medical insurance including emergency evacuation should be arranged prior to travel.

Mandatory precautions

Yellow fever vaccination certificate is required if arriving from an infected area.

Advisable precautions

Typhoid, polio, tetanus and hepatitis A vaccinations. HIV/Aids is endemic and precautions must be taken. Take malaria prophylactics and use mosquito nets at night when provided, as well as insect repellents, especially in lower-lying areas. Cholera and rabies are a risk in some areas; vaccinations are only recommended for those at particularly high risk. Bilharzia is an increasing problem, visitors should only swim in designated areas or in swimming pools.

Although tap water is safe to drink in Lilongwe, Blantyre, Limbe and Zomba, water should be boiled or purifying tablets used in rural areas.

It is advisable to carry a sterile first aid kit including syringes, as well as any prescribed medicines.

Hotels

Good hotels available in all main commercial centres. However, space can be limited so reservations should be made well in advance and a booking confirmation obtained. A 10 per cent service charge and government tax are added to bills, and a small tip is occasionally expected.

Credit cards

Credit cards are accepted in major hotels, restaurants and car hire companies in Blantyre and Lilongwe.

Public holidays (national)

Fixed dates

1 Jan (New Year's Day), 15 Jan (John Chilembwe Day), 3 Mar (Martyrs' Day), 1 May (Labour Day), 14 Jun (Freedom Day), 6 Jul (Republic Day), 25–26 Dec (Christmas).

If a public holiday falls on a Saturday, the preceding day will be a holiday; if on a Sunday, the next day will be a holiday.

Variable dates

Easter, Mothers' Day (second Mon in Oct), Arbor Day (second Mon in Dec).

Working hours

Banking

Mon–Fri: 0800–1400.

Business

Mon–Fri: 0730–1700, with one-hour lunch break 1200–1300.

Government

Mon–Fri: 0730–1700, with one-hour lunch break 1200–1300.

Shops

Mon–Fri: 0800–1700; Sat: 0800–1200.

Telecommunications

Telephone/fax

The telephone system is poor.

Mobile/cell phones

GSM 900 services are available throughout much of the country.

Electricity supply

230V/50Hz.

Security

Normal precautions should be taken. Travel after nightfall should be avoided.

Getting there

Air

National airline: Air Malawi.

International airport/s:

Lilongwe-Kamuzu International (LLW), 26km north of the city; bars, restaurants, bank, post office, shops, car hire.

Airport tax: US\$30, paid in US dollars.

Surface

The lake-ship-road-rail Northern Corridor route to Dar es Salaam (Tanzania) carries half of Malawi's fuel imports. It has the potential capacity to carry up to two-thirds of foreign freight.

Road: Road border points with Zambia, Mozambique and Tanzania open 0600–1800. To bring a vehicle into Malawi, either a *carnet de passage* is required, or a temporary import permit (TIP) which can be obtained at border posts for a small fee. There are two main routes from Zambia: via Chipata on the Lilongwe to Lusaka road and, further north, via Chitipa on the Karonga to Nakonde road. Entry from Tanzania is via the Songwe river bridge, north of Kaporo. Roads also link with Mozambique.

Rail: Link with Nacala (Mozambique), but capacity is severely limited by poor track condition.

Getting about

National transport

Air: Air Malawi flies regular services linking Lilongwe, Blantyre, Mzuzu, Karonga, Nyika National Park and the southern lakeshore. There are also charter services to several locations.

Road: There are around 28,000km of roads with major highways linking main centres. The standard of the surfaces is variable and can be poor.

Buses: The bus network covers most of the country. Luxury coaches operate on the Blantyre-Zomba-Lilongwe route.

Rail: There is a limited rail network, largely used for freight. Passenger services are slow and crowded and not suitable for tourists.

Water: A passenger ferry boat operates on Lake Malawi travelling between Monkey Bay in the south and Chilumba in the north, stopping regularly in between. The round trip operates weekly.

City transport

Taxis: Taxis operate in the main towns, but are scarce. Fares should be agreed in advance of journey.

Buses, trams & metro: There are regular bus services in and between the main centres, including luxury services between Lilongwe and Blantyre and Lilongwe and Mzuzu.

Car hire

Car hire is available in main cities. Demand is high so cars should be booked in advance. Self-drive cars are hired at a daily rate, which includes the first 40km. A full international driver's licence is required and a minimum age of 25 with two years' driving experience. Seat belts must be worn in the front seats. Traffic drives on the left. General speed limit of 80kph, and 60kph in urban areas.

Chauffeurs charge a daily rate plus overtime after 1600 and at lunch-time.

BUSINESS DIRECTORY

The addresses listed below are a selection only. While World of Information makes every endeavour to check these addresses, we cannot guarantee that changes have not been made, especially to telephone numbers and area codes. We would welcome any corrections.

Telephone area codes

The international direct dialling code (IDD) for Malawi is +265, followed by the subscriber's number.

Useful telephone numbers

International operator: 102
Domestic operator: 0
Directory enquiries: 191

Nations of the World: A Political, Economic and Business Handbook

Emergencies (Blantyre, Lilongwe): 199

Chambers of Commerce

Central Region Chamber of Commerce, PO Box 31357, Lilongwe.

Banking

CBM Financial Services Limited, PO Box 2619, Victoria Avenue, Blantyre (tel: 1621-280; fax: 1624-525).

Stanbic Malawi, PO Box 1111, Capital City, Blantyre (tel: 6120-144; fax: 1620-117).

Finance Bank of Malawi, PO Box 421, Finance House, Victoria Avenue, Blantyre (tel: 1624-799; fax: 1622-957; email: makhan@malawi.net).

First Merchant Bank Limited, PO Box 122, First House, Glyn Jones Road, Blantyre (tel: 1622-787; fax: 1621-978).

Investment & Development Bank of Malawi, PO Box 358, Indebank House, Kaushong Road, Top Mandala, Blantyre (tel: 1620-055; fax: 1623-353).

Loita Investment Bank Ltd, Loita House, Victoria Avenue; Private Bag 389, Chichiri, Blantyre 3 (fax: 1622-683).

Malawi Savings Bank, PO Box 521, Umoyo House, Blantyre (tel: 1625-111 fax: 1621-929).

National Bank of Malawi, PO Box 945, Victoria Avenue, Blantyre (tel: 1620-622; fax: 1620-464).

Central bank

Reserve Bank of Malawi, Convention Drive, City Centre, PO Box 30063, Lilongwe 3 (tel: 1770-600; fax: 1772-752; e-mail: webmaster@rbm.mw).

Stock exchange

Malawi Stock Exchange (MSE), www.mse.co.mw

Travel information

Air Malawi, PO Box 84,4 Robins Road, Blantyre (tel: 1820-811; fax: 1820-042; e-mail: it@airmalawi.net).

Malawi Railways, PO Box 5492, Limbe (tel: 1640-844; fax: 1640-683).

Ministry of tourism

Ministry of Information and Tourism, Tourism House, Convention Drive, PO Box

326, Lilongwe (tel: 1775-499; fax: 1770-650; e-mail: psinfo@sdpn.org).

National tourist organisation offices

Malawi Tourism Association, Aquarius House, PO Box 1044, Lilongwe (tel: 1770-010; fax: 1770-131; e-mail: mta@malawi.net).

Ministries

Ministry of Economic Planning and Development, PO Box 30136, Capital City, Lilongwe 3 (tel: 1782-300; fax: 1782-224).

Ministry of Energy and Mining, Private Bag 309, Lilongwe 3 (tel: 1784-178; fax: 1784-236).

Ministry of Lands and Valuation, Tikwere House, Private Bag 311, Lilongwe 3 (tel: 1780-755; fax: 1780-727).

Ministry of Physical Planning and Surveys, PO Box 30385, Capital City, Lilongwe 3 (tel: 1784-655).

Ministry of Trade and Industry, PO Box 30366, Lilongwe 3 (tel: 1732-711; fax: 1732-551).

Other useful addresses

Agricultural Development & Marketing Corporation (ADMARC), PO Box 50512, Limbe (tel: 1640-500; fax: 1640-486).

Civil Service Commission, PO Box 30133, Capital City, Lilongwe 3 (tel: 1783-811).

Electricity Supply Commission of Malawi, PO Box 2047, Blantyre (tel: 1622-000; fax: 1622-008).

European Development Fund, Lingadzi House, PO Box 30102, Lilongwe 3 (tel: 1730-255).

Geological Survey Department, PO Box 27, Zomba (tel: 1522-166; fax: 1522-716).

Immigration Office, PO Box 331, Blantyre (tel: 1623-777; fax: 1623-065).

Malawi Broadcasting Corporation, PO Box 30133, Chichiri, Blantyre 3 (tel: 1671-222; fax: 1671-257).

Malawi Bureau of Standards, PO Box 946, Blantyre (tel: 1670-488; fax: 1670-756).

Malawi Development Corporation, Development House, PO Box 566, Blantyre (tel: 1620-100; fax: 1620-584).

Malawi Embassy (USA), 2408 Massachusetts Avenue, NW, Washington DC 20008 (tel: (+1-202)-797-1007; fax: (+1-202)-265-0976; e-mail: embassy@malawi.org).

Malawi Export Promotion Council, Delamere House, Victoria Avenue, PO Box 1299, Blantyre (tel: 1620-499).

Malawi Investment Promotion Agency, Private Bag 302, Lilongwe 3 (tel: 1780-800; fax: 1781-781).

Malawi Iron and Steel Corporation, PO Box 2165, Blantyre (tel: 671-455).

National Statistical Office, PO Box 333, Zomba (tel: 1522-377; fax: 1523-130).

Registrar General's Department (Companies etc), Private Bag 100, Blantyre (tel: 1635-077; fax: 1640-877).

United Nations Development Programme, Resident Representative, PO Box 30135, Capital City, Lilongwe 3 (tel: 1783-500; fax: 1783-637).

National news agency: Mana (Malawi News Agency): www.malawi.gov.mw/information1/malawi_News_Agency.htm

Other news agencies: APA: www.apanews.net

Panapress: www.panapress.com

Reuters Africa: http://africa.reuters.com

Internet sites

Africa Business Network: http://www.ifc.org/abn

AllAfrica.com: http://allafrica.com

African Development Bank: http://www.afdb.org

Africa Online: http://www.africaonline.com

MalawiBiz.com: http://www.malawibiz.com/complint.html