



Easing Doing Business Processes The Malawi Experience

Overview

Since 2007, the Business Environment Strengthening Technical Assistance Project (BESTAP) interventions collectively improved access to commercial justice, with cases that used to take close to a year being resolved in three months. Issues on property rights also improved with time taken to register a property or business reducing by more than 60 percent. More than 1,000 small and medium enterprises accessed technical advice and services that helped them improve their productivity and sales.

Challenge

Private sector development in Malawi is constrained by several factors such as unreliable electricity, shortage of skilled personnel, expensive and restricted access to credit, and a difficult regulatory environment. As a result, private domestic and foreign investment remains inadequate to accelerate economic growth. BESTAP therefore sought to address some key issues that make doing business in Malawi difficult and not conducive for private sector development. The major problems were the 40 laws that were identified as difficult for business; the manual and lengthy processes for registering businesses and property; the absence of technical advice required to spur growth of firms, and the weak public institutions needed to support the private sector. All these problems were already militating against Malawi's vision of a private-sector led economy when the country finalized its first growth and development strategy in 2006.

Approach

One of the medium-term outcomes in Malawi's Country Assistance Strategy (CAS) for 2007-11 is an improved climate for private business. BESTAP is one instrument by which the International Development Association (IDA) sought to achieve this outcome. Several interventions in this project contributed to improving the doing business climate in Malawi. Laws affecting doing business were reviewed to reduce legal constraints in business processes. Institutions were set up to facilitate processes, for example the

More Results



96

Number of calendar days, down from 337, taken to settle commercial disputes

1,134

Firms supported with consultancy expertise to help them become more competitive

MORE INFORMATION

- » Malawi Business Environment Strengthening Technical Assistance (BESTAP) Project
- » Malawi Ministry of Industry and Trade
- » Scotland Malawi Business group replicating BUGS
- » Dairibord Malawi

establishment of a Commercial Division at the High Court, and merging of investment and export promotion agencies. In other existing institutions, such as the Registrar-General's Office, systems were improved in order to offer better services for business registration. A formal dialogue forum between government and the private sector was also instituted to facilitate exchange of information on improving the business climate. In addition, a program was established to support small- and medium-scale enterprises with technical advice to improve productivity and competitiveness.

- » Country Website
- » Country Brief
- » Country Assistance Strategy
- » Data and Statistics

Results

- Reduction in time taken to settle commercial disputes from 337 calendar days in 2007 to 96 in 2011.
- Time to register a business reduced from 88 days in 2010 to 49 days in 2011.
- Reduction in time taken to register a property title from 118 calendar days in 2007 to 49 calendar days in 2011.
- Backlog of review of laws affecting the cost of doing business reduced from 40 to 22 bills. As of June 2011, 10 bills were enacted into law. Out of 40 laws that were identified as having provisions that negatively affect doing business, 38 were fully reviewed and 10 enacted into law by December 2011. Eight more bills were with the cabinet by the end of 2011.
- A total of 1,134 firms were supported with consultancy expertise to help them become more competitive. Many of these firms have explained how productivity and sales improved after BUGS technical assistance.
- A Public-Private Sector Dialogue Forum was established under the Malawi Confederated Chambers of Commerce and Industry to promote dialogue between government and the private sector on issues relating to improving the business climate in Malawi. More than 10 dialogue forums were held by 2011, attended by cabinet ministers and senior government officials.

Bank Contribution

BESTAP was a US\$18.7 million project, of which US\$15 million was contributed by IDA, and the balance by the European Union. The project started in 2007 and was implemented over five years. The project had four major components: strengthening private property rights institutions and business facilitation at a cost of US\$3.4 million, while strengthening private sector development support institutions and services cost US\$3.7 million. Promoting access to finance and productivity enhancement also cost US\$3.7 million, and the balance was for capacity building and implementation support.

Voices

“We write to sincerely appreciate the support you gave us in order to develop our markets. Although 2009 was a difficult year for us we still managed to double our exports compared to 2008. This is in line with Malawi’s development agenda of becoming a producing and exporting country. We have unlocked some opportunities in Mozambique and Zimbabwe...!”

*— Ms. Theodora Nyamandi,
Managing Director for Dairibord Malawi.
The Business Growth Scheme (BUGS) component of
BESTAP offered technical advice and matching grant
support for business growth to 1,134 private companies.
Dairibord Malawi Limited is one of the firms that
benefitted from technical advice on developing its markets.*

Partners

The European Union (EU) and IDA supported the Government of Malawi in implementation of the reforms. The implementing agency, the Ministry of Industry and Trade, collaborated with various other agencies that implemented different components. For example, the Malawi Confederation of Chambers of Commerce and Industry coordinated the Public-Private Dialogue Forum and the High Court of Malawi handled the commercial court aspects. The EU made a financial contribution of US\$3.7 million.

Toward the Future

The project established institutions and systems that are expected to remain sustainable, such as the Commercial Division of the High Court. The revised laws would also encourage government to appreciate the value of business-friendly laws for any new laws that might be enacted. Computerized systems for registering businesses and land are also expected to continue as the norm because these systems are a significant improvement in a digitized world. The BUGS program was beneficial and subsequently, the Scottish Malawi Business Group began replicating the program in Malawi, but on a commercial basis. This program aims to provide expert consultancy services to Malawian business to cover a shortfall from local consultants in Malawi.