Bridgepath Capital
Invest to Achieve

Malawi Monthly Economic Report and an Overview of Accelerating Investment by the World Bank

September 2025

Bridgepath Capital
Invest to Achieve

Table of Contents

Inflation and Monetary Policy

In August 2025, the year-on-year headline inflation rate rose to 28.2% from 27.3% in July 2025, driven by the rise in both food and non-food inflation. The food inflation rate increased to 33.7% from 32.4% in July 2025, and the non-food inflation rate increased to 19.5% from 19.3% in July 2025. The latest inflation forecasts vary across institutions, with the IMF projecting 27.7% in 2025 and 21.7% in 2026, Oxford Economics estimating 28.8% and 31.2%, and the Economist Intelligence Unit projecting 27.6% and 23.9% over the same period.

Foreign Exchange Market and Reserves Position

Based on the closing middle rates, the Malawi Kwacha was stable as it traded at MK1,750.37/USD as of 30 September 2025 from MK1,749.95/USD as of 31 August 2025.

In July 2025, the country's total foreign exchange reserves increased by 9.3% to USD607.7 million from USD555.9 million in June 2025. The import cover increased to 2.4 months in July 2025 from 2.2 months in June 2025.

Stock Market

The stock market was bullish in September 2025, with the Malawi All Share Index (MASI) rising by 8.20% to 579,212.79 points from 535,303.19 points in August 2025. This brought the MASI year-to-date return to 236.67% in September 2025.

FDH Bank Plc completed the acquisition of Ecobank Mozambique SA. Following the completion, FDH Bank Plc has assumed ownership of 98.87% of Ecobank Mozambique SA.

Fiscal Policy and Government Securities

The government raised MK374.93 billion through Treasury Bill (TB) and Treasury Note (TN) auctions in September 2025, representing a 27% decrease from the MK511.58 billion raised in August 2025.

Professor Arthur Peter Mutharika has been sworn in as the seventh president of Malawi. He outlined the five most pressing economic and social challenges he intends to address urgently, including hunger, fertilizer scarcity, fuel and foreign exchange shortages, and the lack of medicines in the country's public hospitals. He said he would soon unveil his economic recovery plans and engage the IMF to discuss the resumption of the Extended Credit Facility (ECF).

Commodity Market

According to the International Food Policy Research Institute (IFPRI), the retail maize price in August 2025 rose by 16% to MK1,358/kg (MK67,900 for a 50kg bag), from MK1,169/kg (MK58,450 for a 50kg bag) in July 2025.

As of 30 September 2025, USD532.41 million had been earned from the sale of 214.25 million kilograms (kgs) of tobacco. This represents an improvement from the USD396.94 million earned from 133.38 million kgs sold over the same period in 2024. The Tobacco Commission (TC) announced that this year's tobacco market will close on 24 October 2025.

The Malawi Energy Regulatory Authority (MERA) announced new fuel prices effective 1 October 2025, increasing petrol by 38.3% to MK3,499/litre and diesel by 28% to MK3,500/litre.

An Overview of Accelerating Investment: Challenges and Policies by the World Bank

Investment is the foundation of long-term economic growth, job creation, and development progress in Emerging Market and Developing Economies (EMDEs). Meeting the Sustainable Development Goals will require an additional USD1.5-USD2.7 trillion annually through 2030, rising to USD4 trillion when accounting for climate change costs, with domestic public investment covering only one-third of this need.

However, EMDEs' capacity has weakened: investment growth fell from 10% annually in 2000–09 to 5% in 2010–24, FDI dropped from nearly 5% of GDP in 2008 to just over 2% in 2022–23, and investment accelerations have become far less frequent. Reversing this requires comprehensive, bundled policy packages that yield higher payoffs due to strong synergies. Domestically, EMDEs must improve the investment climate, safeguard macroeconomic stability and rebuild fiscal space, and promote trade integration. Comprehensive fiscal and trade reforms raise the chance of investment takeoff by about 9%, while a 1% of GDP rise in public investment boosts output by 1.1–1.6% over five years. Because reforms reinforce each other, improving a country's finances and openness to trade at the same time greatly increases the chances of faster investment growth. FDI also has a much stronger impact -nearly triple - when institutions are effective, people are well-trained, and markets are open. For the best results, governments should first stabilize the economy, then build strong institutions, and finally improve regulations.

Malawi Economic Growth Outlook

Real GDP growth forecasts for Malawi in 2025 range from 1.6% to 3.2% (median 2.4%). Oxford Economics projects 2.4% growth, citing a relatively strong harvest and the reopening of the Kayelekera uranium mine, which is expected to partially offset the impact of the withdrawal of IMF and USAID funding. The Economist Intelligence Unit (EIU) offers the lowest forecast at 1.6%, pointing to drought-related declines in agriculture and erratic power supply. The Reserve Bank of Malawi (RBM) forecasts a 3.2% growth rate due to poor weather at the start of the farming season. The World Bank projects a 2.0% growth rate, citing a weaker-than-expected agricultural season, aid suspensions, and difficulties for the private sector in importing critical inputs. Meanwhile, the IMF and African Development Bank (AfDB) forecast growth at 2.4% and 3.0%, respectively.

Real GDP growth projections for 2026 indicate modest recovery, ranging from 2.4% to 3.8% (median 3.0%). AfDB and Oxford Economics both project 3.8% growth, while the RBM forecasts 3.2%. The IMF forecasts a 2.7% growth. The World Bank and EIU are the most conservative at 2.4% and 2.3%, respectively.

Opportunities

Lindian Resources Limited, owner of the Kangankunde Rare Earth Project, plans to begin mining and plant construction in early 2026, targeting first concentrate production by late 2026. The company is progressing with non-processing infrastructure, including access roads, support facilities, and metallurgical drilling. A feasibility study projects the mine will generate USD114 million annually over 40 years, with production ramping up from 15,000 to 50,000 metric tonnes per year. The Malawi government is expected to earn USD5.56 million in royalties annually, in addition to income tax and other levies.

Risks

According to the EIU, Malawi's fiscal pressures will remain acute in FY2025/26, with high spending needs driven by food insecurity, elevated living costs, and heavy debt obligations. Interest payments on domestic and external debt are projected at MK2.2 trillion, while the wage bill rises to MK1.5 trillion – together consuming 46% of total expenditure and 80% of expected revenue. This leaves little room for development projects.

In August 2025, the year-on-year headline inflation rate rose to 28.2% from 27.3% in July 2025, driven by the rise in both food and non-food inflation.

The commercial bank reference rate for October 2025, effective 3 October 2025, is 25.4%.

Inflation (Source: NSO, IMF, RBM, WB, EIU, Oxford Economics, AfDB)

The year-on-year headline inflation rate rose to 28.2% in August 2025 from 27.3% in July 2025, driven by the rise in both food and non-food inflation. The food inflation rate increased to 33.7% in August 2025 from 32.4% in July 2025, and the non-food inflation rate increased to 19.5% in August 2025 from 19.3% in July 2025.

The 2025 inflation projections for Malawi vary across institutions. Oxford Economics forecasts inflation to average 28.8%, citing lower imported inflation and improved agricultural output compared to 2024. The International Monetary Fund (IMF) projects a slightly lower rate of 27.7%. In comparison, the Reserve Bank of Malawi (RBM) has revised its forecast to 28.5% due to key downside risks, including widening fiscal imbalances, external sector fragility, and elevated food prices. The Economist Intelligence Unit (EIU) forecasts the inflation rate at 27.6%, as high base effects will moderate the rate of price growth. The World Bank's (WB) projection is highest at 34.7%, citing a weaker agricultural recovery, new import bans that constrain supply, and continued high money supply growth. The African Development Bank (AfDB) is the most optimistic, projecting a decline to 23.8%.

For 2026, the IMF forecasts an annual average inflation rate of 21.7%, AfDB offers a more optimistic outlook at 15.8%, while the World Bank projects a higher rate of 27.8%. Oxford Economics anticipates the steepest increase at 31.2% and the EIU projects it at 23.9%

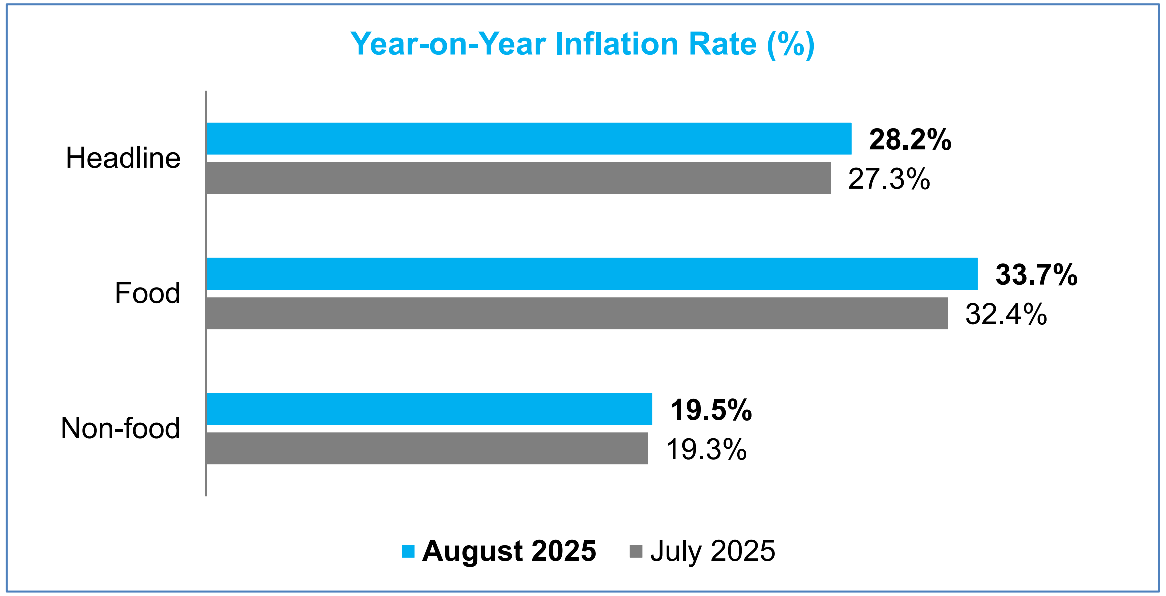
Monetary Policy (Source: RBM, Oxford Economics, NBM)

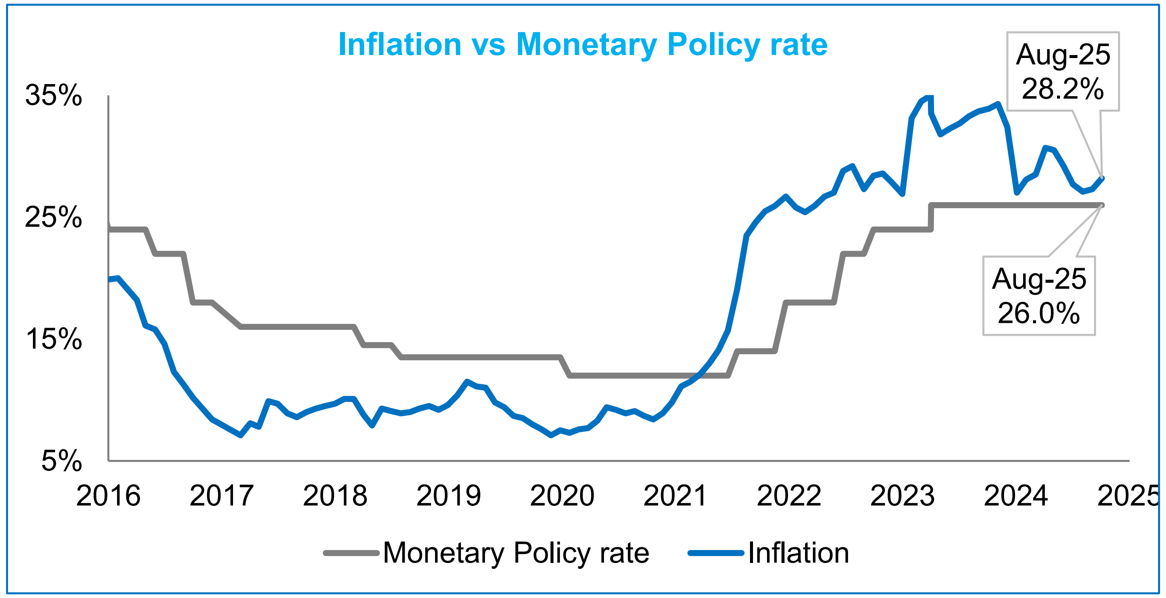
In its third meeting of 2025 on 30 and 31 July, the Monetary Policy Committee (MPC) decided to maintain the Policy Rate at 26.0%, the Lombard rate at 20 basis points above the policy rate, and the Liquidity Reserve Requirement (LRR) at 10.0% for local currency deposits and 3.75% for foreign currency deposits. The next MPC meeting is scheduled for 29 and 30 October 2025. The decision will be announced on 30 October 2025.

The Reserve Bank of Malawi held an auction for Open Market Operation Repurchase Agreements (OMO Repos) on 25 September 2025, in which MK69.3 billion was withdrawn from the market.

The annual growth rate of money supply (M2) reached 49.1% in July 2025 from 45.8% in June 2025 and was higher than the 43.8% recorded in July 2024. M2 comprises currency in circulation, demand deposits, savings accounts, term deposits, and money market accounts. This acceleration in money supply growth is expansionary, boosting short-term liquidity. However, it is likely to fuel inflation, weaken the currency, and undermine macroeconomic stability if not matched by economic output growth.

The commercial bank reference rate for October 2025 is 25.4%, an increase from the 25.3% in September 2025. The rate is effective from 3 October 2025.





Foreign Exchange and Reserves Position

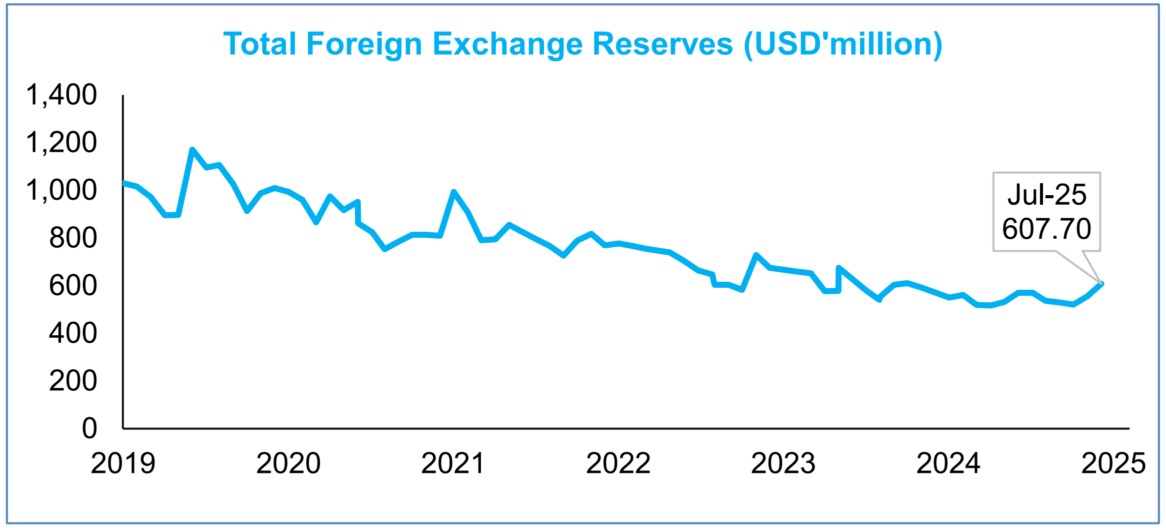
In July 2025, the country's total foreign exchange reserves increased to USD607.7 million from USD555.9 million in June 2025.

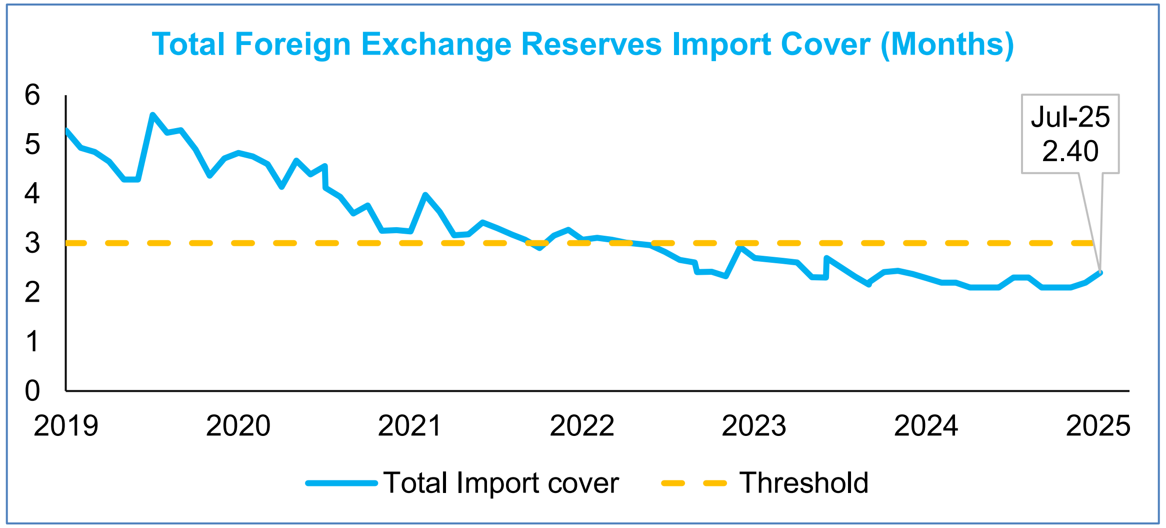
Foreign Exchange (Source: RBM)

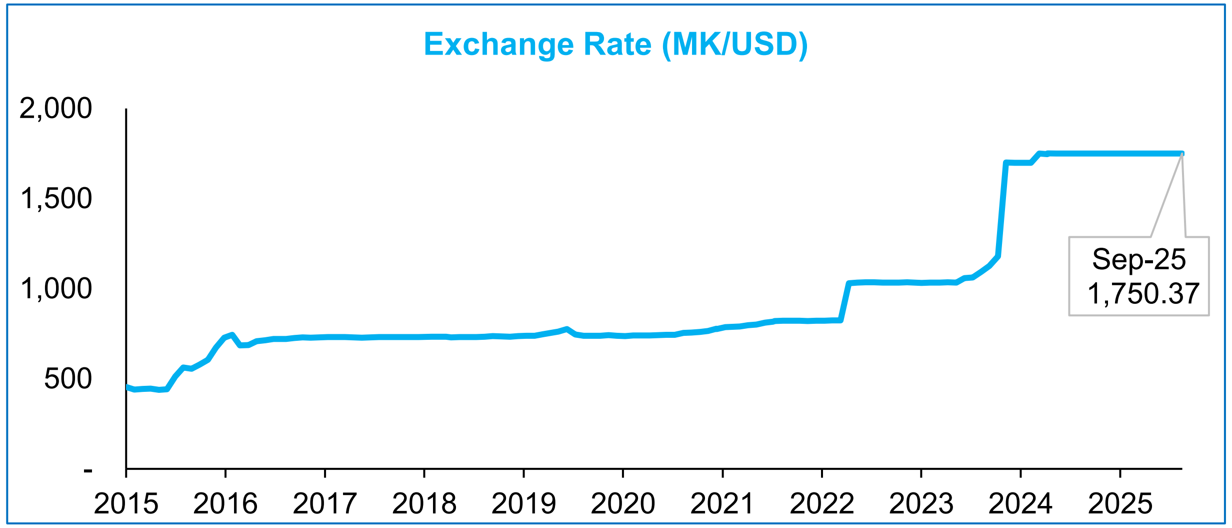
Based on the closing middle rates, the Malawi Kwacha was stable as it traded at MK1,750.37/USD as of 30 September 2025 from MK1,749.95/USD as of 31 August 2025. During the same period last year, the Malawi Kwacha traded at MK1,750.37/USD as of September 2024, from MK1,750.31/USD as of August 2024. The MPC expects exchange rate pressures to persist in 2025.

Foreign Exchange Reserves Position (Source: RBM)

In July 2025, the country's total foreign exchange reserves increased by 9.3% to USD607.7 million from USD555.9 million in June 2025. The import cover increased to 2.4 months in July 2025 from 2.2 months in June 2025. In July 2024, the total foreign exchange reserves were at USD565.3 million, translating to 2.3 months of import cover.







	July 2025	June 2025	Month-on-month change (%)
Total Reserves (USD'millions)	607.7	555.9	9.3%
Total Import Cover (Months)	2.4	2.2	9.1%

The stock market was bullish in September 2025, with the Malawi All Share Index (MASI) rising by 8.20% to 579,212.79 points from 535,303.19 points in August 2025. This brought the MASI year-to-date return to 236.67% in September 2025.

The total value of shares traded on the Malawi Stock Exchange in September 2025 was MK25.0 billion, with NBM leading in value of shares traded at MK6.9 billion.

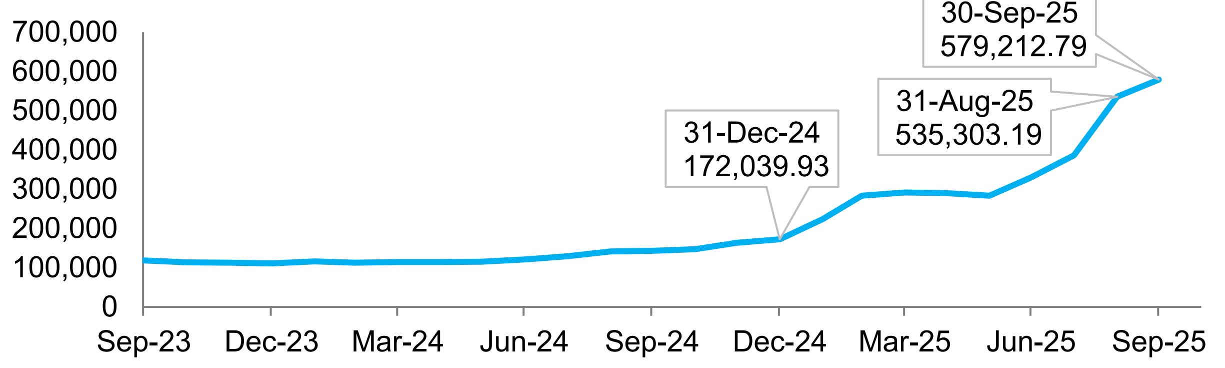
Stock Market Performance (Source: MSE)

The stock market was bullish in September 2025, with the Malawi All Share Index (MASI) rising by 8.20% to 579,212.79 points from 535,303.19 points in August 2025. This brought the MASI year-to-date return to 236.67% in September 2025. In September 2024, the year-to-date return was 28.60%.

NITL recorded the highest share price gain in September 2025, rising by 180.7% to close the month at MK3,551.02, having opened at MK1,265.04. NBM, FMBCH, PCL, and SUNBIRD also recorded significant share price gains in the month.

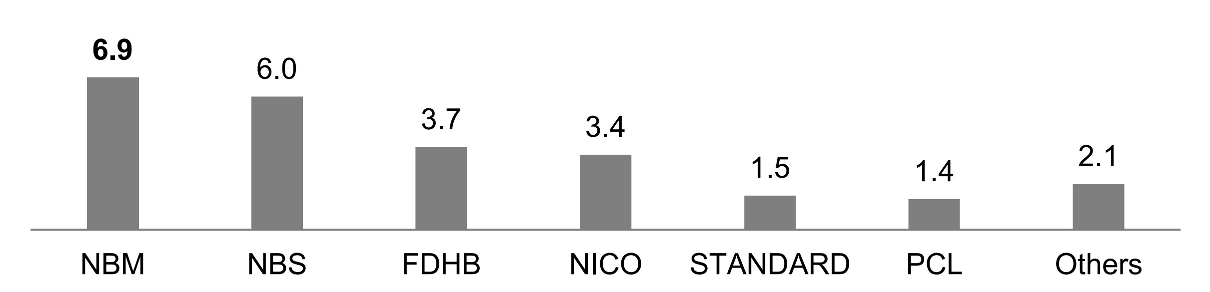
There were share price losses for TNM and FDHB during the period under review.

Malawi All Share Index (MASI)

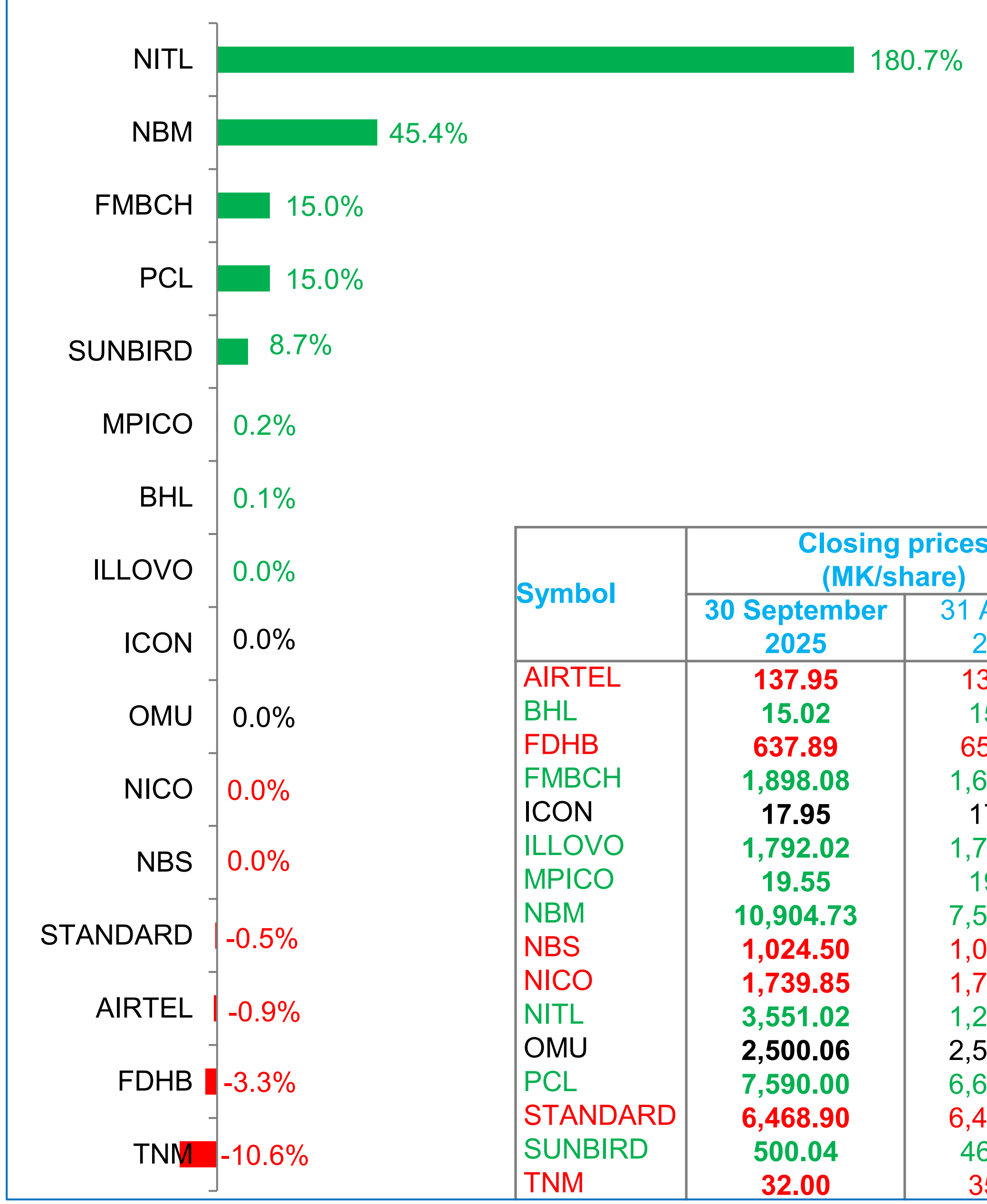


The number of trades on the MSE increased by 20% to 5,210 in September 2025 from 4,345 in August 2025. The value of shares traded decreased by 58% to MK25.0 billion in September 2025, from MK59.5 billion in August 2025. NBM had the highest value of shares traded at MK6.9 billion in September 2025.

Value of Shares Traded (MK'billion)



Month-on-month share price percentage change (%)



Symbol	Closing prices (MK/share)	
	30 September 2025	31 August 2025
AIRTEL	137.95	139.18
BHL	15.02	15.00
FDHB	637.89	659.99
FMBCH	1,898.08	1,650.40
ICON	17.95	17.95
ILLOVO	1,792.02	1,791.40
MPICO	19.55	19.51
NBM	10,904.73	7,501.02
NBS	1,024.50	1,024.94
NICO	1,739.85	1,740.01
NITL	3,551.02	1,265.04
OMU	2,500.06	2,500.06
PCL	7,590.00	6,600.00
STANDARD	6,468.90	6,499.09
SUNBIRD	500.04	460.01
TNM	32.00	35.79

On 5 September 2025, FDH Bank Plc completed the acquisition of Ecobank Mozambique SA. Following the completion, FDH Bank Plc has assumed ownership of 98.87% of Ecobank Mozambique SA.

Published Financials (Source: MSE)

The following companies listed on the MSE have released their unaudited financial results for the six months ended 30 June 2025.

Counter	Profit/(loss) for the six months ended 30 June 2025 (MK'bn)	Profit/(loss) for the six months ended 30 June 2024 (MK'bn)	Change
AIRTEL	22.4	21.3	5%
BHL	3.3	-0.8	526%
FDHB	60.3	27.9	116%
FMBCH (USD'mn)	72.9	46.8	56%
ICON	12.7	9.7	31%
MPICO	7.6	5.7	33%
NBM	84.1	42.1	100%
NBS	73.2	32.6	124%
NICO	124.9	49.3	153%
NITL	84.3	4.3	1853%
OMU (ZAR'bn)	4.1	5.2	-22%
PCL	94.4	45.3	108%
STANDARD	48.1	42.4	13%
SUNBIRD	5.5	4.8	15%
TNM	8.0	2.3	253%

Published Trading Statements (Source: MSE)

In compliance with the listing requirements of the Malawi Stock Exchange (MSE), a listed company is required to publish a trading statement as soon as there is a reasonable degree of certainty that the financial results for the period to be reported upon will differ by at least 20% from the financial results for the previous corresponding period. Below are the latest trading statement data.

Counter	31 August 2025 (MK'bn)	31 August 2024 (MK'bn)	Trading Statement Profit/Loss Expectation
ILLOVO	74.6 - 79.2	22.6	230% - 250%

Dividend Announcements (Source: MSE)

Below are the latest updates on dividend announcements by publicly listed companies.

Counter	Dividend Type	Proposed/ Declared	Dividend Per Share (MK)	Last Day to Register	Payment Date
FMBCH	2nd Interim	Declared	0.30 cents	3-Oct-25	17-Oct-25
ICON	Interim	Declared	0.15	17-Oct-25	31-Oct-25
NBM	Interim	Declared	35.64	12-Sep-25	2-Oct-25
NITL	Interim	Declared	5.00	17-Oct-25	24-Oct-25
OMU	Interim	Declared	36.44	3-Oct-25	6-Oct-25
SUNBIRD	Interim	Declared	2.80	10-Oct-25	30-Oct-25

Other Announcements (Source: MSE, Published Media)

On 5 September 2025, FDH Bank Plc completed the acquisition of Ecobank Mozambique SA. Following the completion, FDH Bank Plc has assumed ownership of 98.87% of Ecobank Mozambique SA, while the remaining minority stake of 1.13% will continue to be held by Fundo Para O Fomento De Habitação (FFH), a housing development fund in the Republic of Mozambique. A transition process is underway, including a name change and rebranding, to ensure continuity and stability for customers, staff, and other stakeholders. The acquisition marks a key step in FDH Bank's regional growth strategy, aimed at expanding its market presence, diversifying revenue, creating operational synergies, and delivering long-term value across Southern Africa.

Bridgepath Capital
Invest to Achieve

Fiscal Policy and Government Securities

The government awarded MK374.93 billion through Treasury Bill (TB) and Treasury Note (TN) auctions in September 2025, a 27% decrease from the MK511.58 billion awarded in August 2025.

Fiscal Policy (Source: Published Media)

Professor Arthur Peter Mutharika of the Democratic Progressive Party (DPP) was sworn in as Malawi's seventh president following his victory in the presidential race in the 2025 General Elections. During a press briefing on 26 September 2025, he outlined the five most pressing economic and social challenges he intends to address urgently, including hunger, fertilizer scarcity, fuel and foreign exchange shortages, and the lack of medicines in the country's public hospitals. He stated that he would unveil his economic recovery plans in the coming days and mentioned that he would engage with the International Monetary Fund to discuss the resumption of the Extended Credit Facility (ECF) as part of his strategy to address the ailing economy.

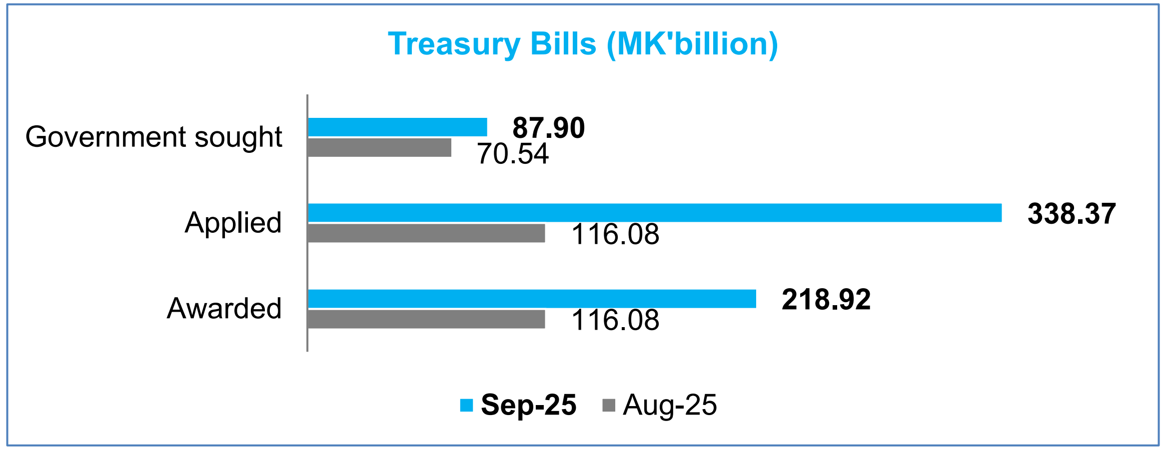
According to the EIU, Malawi's fiscal pressures will remain acute in FY2025/26, with high spending needs driven by food insecurity, elevated living costs, and heavy debt obligations. Interest payments on domestic and external debt are projected at MK2.2 trillion, while the wage bill rises to MK1.5 trillion – together consuming 46% of total expenditure and 80% of expected revenue. This leaves little room for development projects, and spending overruns are likely to persist. Although debt restructuring expected in 2026 may ease some pressure, short-term domestic debt and high interest rates will keep servicing costs elevated in the medium term. The fiscal deficit is projected to widen to 9.6% of GDP in FY2025/26, financed largely through domestic borrowing and money printing in the short term, before narrowing gradually to 5.2% by 2029/30 as austerity measures, external grants, and IMF support resume. The EIU forecasts public debt to rise to 91.7% of GDP at end-2025 before easing to 88.5% by 2029.

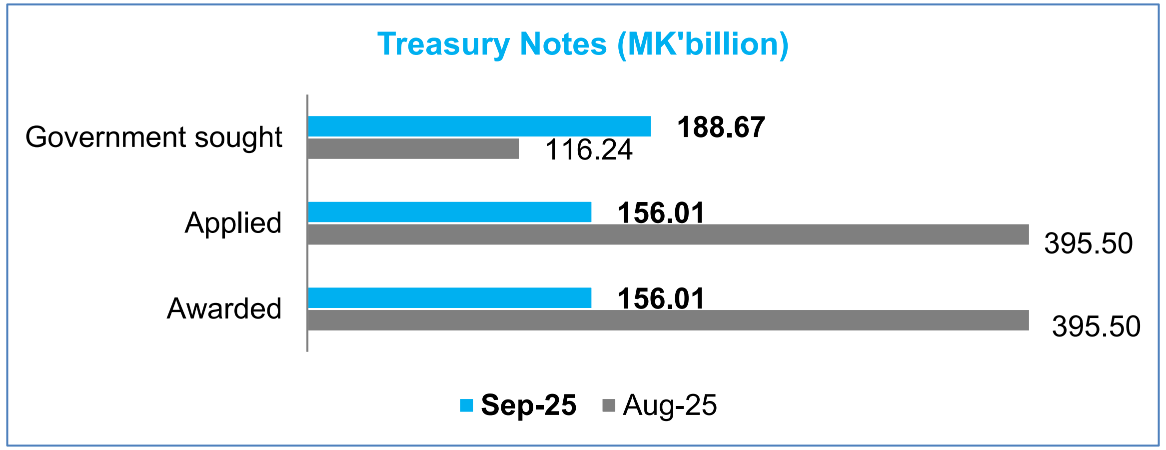
Government Securities (Source: RBM)

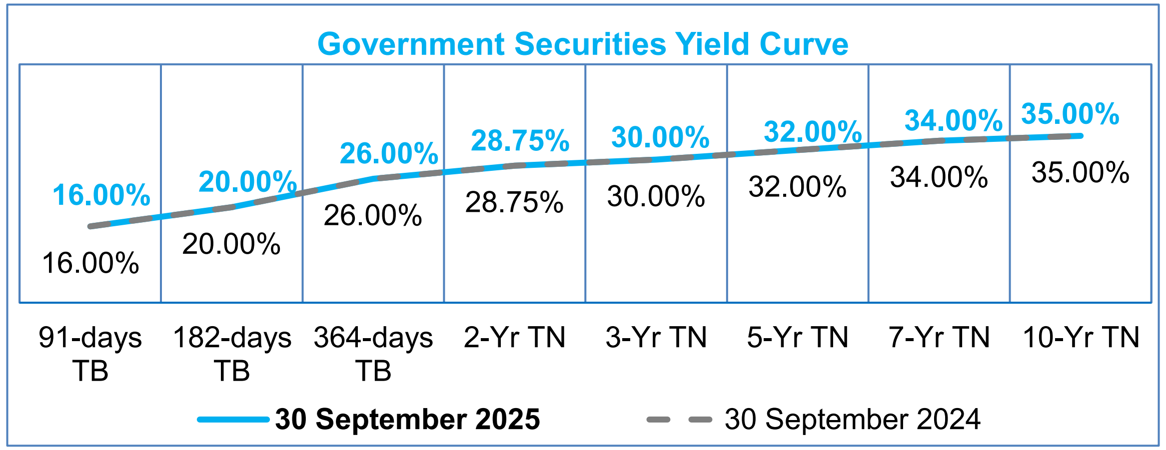
The government sought to borrow MK276.57 billion through Treasury Bill (TB) and Treasury Note (TN) auctions in September 2025. This is 48% higher than the MK186.78 billion sought in August 2025. Overall, participants applied for MK494.38 billion, of which MK374.93 billion was awarded, representing a 27% decrease from the MK511.58 billion awarded in August 2025. The graphs on the right show the breakdown between TBs and TNs in September 2025 compared to August 2025. In September 2025, the TB auctions had a 35% rejection rate, while the TN auctions had a nil rejection rate.

Government Securities Yield Curve

As of 30 September 2025, the 91, 182, and 364-day TB yields remained at 16.00%, 20.00%, and 26.00%, respectively. The average TB yield was 20.67%, unchanged from 20.67% as of 30 September 2024. Similarly, the 2, 3, 5, 7, and 10-year TN yields remained at 28.75%, 30.00%, 32.00%, 34.00%, and 35.00%, respectively. The average TN yield was 31.95%, unchanged from the average yield of 31.95% as of 30 September 2024.







The Tobacco Commission (TC) announced that this year's tobacco market will close on 24 October 2025. As of 30 September 2025, USD532.41 million had been generated from the sale of 214.25 million kilograms (kgs).

Local Maize Price Developments (Source: IFPRI)

In August 2025, maize prices rose by 16% to MK1,358/kg (MK67,900 for a 50kg bag), from MK1,169/kg (MK58,450 for a 50kg bag) in July 2025. The August 2025 price is above the government-set minimum farmgate price of MK1,050/kg, and it is 70% higher than in August 2024, when maize sold for MK797/kg (MK39,850 for a 50kg bag).

Global Oil Price Developments (Source: OPEC)

The average OPEC reference basket price increased by 0.9% month-on-month to USD70.39/barrel in September 2025 from USD69.73/barrel in August 2025 and declined by 4.3% year-on-year from USD73.59/barrel in September 2024. The global oil demand growth forecast for 2025 remains at 1.3 mb/d, year-on-year.

Tobacco Auction Developments (Source: AHL)

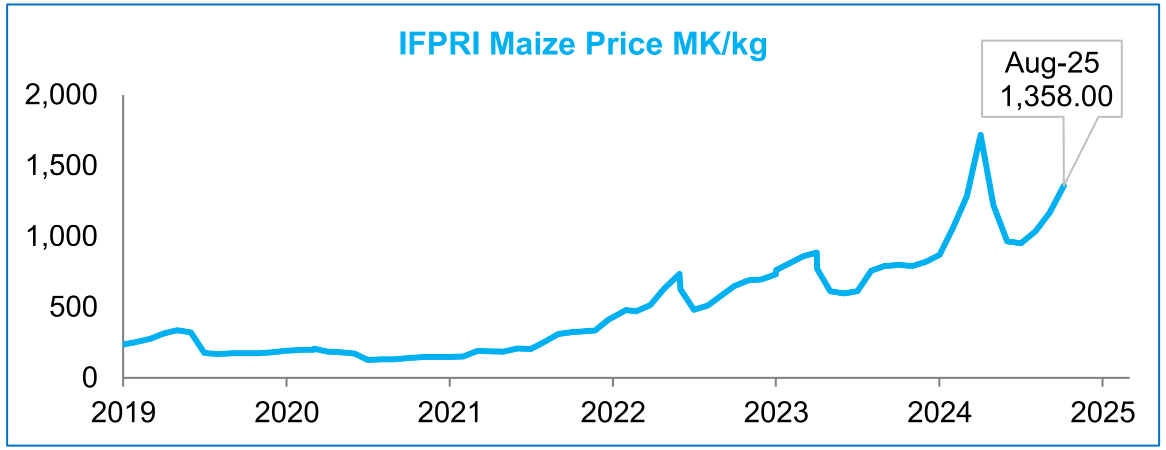
As of 30 September 2025, the cumulative value of tobacco sold was USD532.41 million, generated from a cumulative 214.25 million kilograms (kgs), which have been sold at an average price of USD2.49/kg. In contrast, as of 30 September 2024, the cumulative value of tobacco sold stood at USD396.94 million, generated from a cumulative 133.38 million kgs sold at an average price of USD2.98/kg.

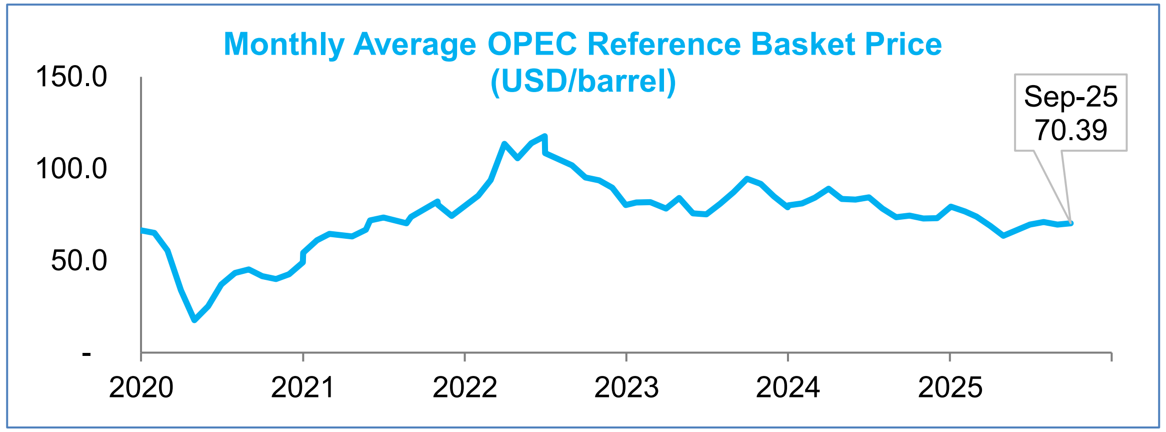
The Tobacco Commission (TC) announced that this year's tobacco market will close on 24 October 2025. The Lilongwe and Chinkhoma floors closed on 8 October 2025, to be followed by the Mzuzu floors on 24 October 2025.

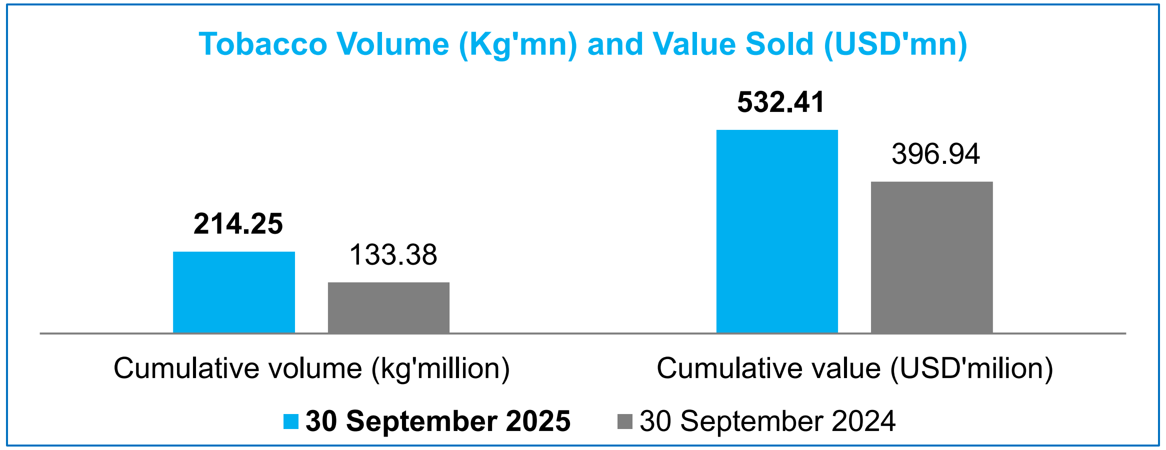
The Ministry of Agriculture announced that the Government will purchase the remaining tobacco from the 2024/25 season after traditional buyers stopped purchases, having met their trade requirements. The Government tasked the Smallholder Farmers Fertilizer Revolving Fund of Malawi (SFFRFM) to carry out these purchases. This move is intended to safeguard the industry, provide farmers with a reliable market, and ensure continued support for all stakeholders. The Government has pledged to supply the necessary resources for SFFRFM to complete the initiative.

Local Mining Industry Developments (Source: Published Media)

Lindian Resources Limited, owner of the Kangankunde Rare Earth Project, plans to begin mining and plant construction in early 2026, targeting first concentrate production by late 2026. The company is progressing with non-processing infrastructure, including access roads, support facilities, and metallurgical drilling. A feasibility study projects the mine will generate USD114 million annually over 40 years, with production ramping up from 15,000 to 50,000 metric tonnes per year. The Malawi government is expected to earn USD5.56 million in royalties annually, in addition to income tax and other levies.







Bridgepath Capital
Invest to Achieve

Other Market Developments

The Malawi Energy Regulatory Authority (MERA) announced that pump prices of petrol and diesel have been adjusted upwards, effective 1 October 2025. The adjustment raised the petrol price by 38.30% to MK3,499/litre from MK2,530/litre, and the diesel price by 28.02% to MK3,500/litre from MK2,734/litre.

The Government of Japan launched a USD7 billion Nacala Corridor development initiative to strengthen critical mineral supply chains from Malawi, Zambia, and Mozambique. For Malawi, the initiative targets rutile from Kasiya.

Policy and Regulatory Developments

The Government of Malawi announced the commencement of the Construction Industry Act No. 28 of 2025, effective 19 September 2025, establishing the Construction Industry Regulatory Authority (CIRA) to replace and expand the mandate of the National Construction Industry Council (NCIC). CIRA will regulate licensing, registration, compliance, and enforcement of construction standards nationwide, with provisions requiring mandatory registration of firms and suppliers, stronger compliance checks and penalties, promotion of local participation, and standardized practices for safety, quality, and sustainability. The Act is expected to advance professionalism, accountability, and innovation in the sector, supporting Malawi's Vision 2063 and its infrastructure development goals.

The Institute of Chartered Accountants in Malawi (ICAM) has reaffirmed that Malawi does not yet meet the full criteria of a hyperinflationary economy under IAS 29, despite cumulative three-year inflation rising to 120.61% as of 31 August 2025, above the 100% threshold. According to ICAM, while the quantitative threshold is breached, qualitative indicators are still absent. The December 2024 directive remains in force, with ICAM continuing to monitor developments ahead of year-end.

Energy and Pricing Developments

The Malawi Energy Regulatory Authority (MERA) announced that pump prices of petrol and diesel have been adjusted upwards, effective 1 October 2025. The upward adjustment has moved the pump price of petrol to MK3,499/litre from MK2,530/litre, representing a 38.30% increase, and the pump price of diesel to MK3,500/litre from MK2,734/litre, representing a 28.02% increase. The increase is aimed at ensuring a sustained fuel supply and achieving cost-reflective pricing. The adjustment follows rising landed costs driven by higher freight, insurance, and exchange rates as importers were quoted an average market exchange rate of MK2,350/USD. This is despite lower international fuel prices. MERA's decision comes amid heavy arrears to fuel importers and government levies.

Agriculture and Agribusiness

Malawi's cotton production has dropped to just 6,000 metric tonnes (mt) this season, far below the Cotton Council of Malawi's medium-term target of 50,000mt and the 20,000mt goal set for 2025. The figure, nearly unchanged from last year's 6,147mt, reflects stagnation in the sector. Cotton Farmers Association President attributed the low output to germination problems and substandard seed, while the season was further strained by a new digital marketing system that caused payment delays for farmers despite improving levy collection and tonnage tracking.

The Greenbelt Authority (GBA) has begun talks with Afreximbank, facilitated by NBS Bank Plc, to secure financing for three key projects: the Nthola-Ilola Rice Project, the Bwanje Ethanol Project, and the Bry Holdings Wheat Project. The discussions took place on the sidelines of the Intra-Africa Trade Fair in Algiers, where the GBA chief executive officer (CEO) described the initial round of talks as successful and promising for the future of Malawi's agricultural exports. Afreximbank has committed to providing further assistance to the GBA in the process of trying to acquire the loan.

Trade and Investment Partnerships

The Malawi Investment and Trade Centre (MITC) has signed a pact with Afreximbank, making it the official Africa Trade Gateway (ATG) agent in Malawi. The agreement enables Malawian exporters to trade across Africa without relying on the U.S. Dollar, using the Pan-African Payment and Settlement System (PAPSS) to settle transactions instantly in local currencies. By cutting transaction costs by up to 70% and eliminating multiple currency conversions, the system allows farmers and businesses to sell directly across borders – receiving payments in Kwacha while buyers pay in their own currencies. Already covering 16 countries and integrated with National Bank of Malawi and FDH Bank, PAPSS clears transactions within seven seconds. The MITC Director General hailed the deal as a turning point for Malawi's export sector, unlocking opportunities within the African Continental Free Trade Area (AfCFTA) and access to digital platforms. With Africa's cross-border payments projected to hit USD1 trillion by 2035, the initiative cements Malawi's deeper role in the continent's trade future.

The Government of Japan has launched a USD7 billion Nacala Corridor development initiative to strengthen critical mineral supply chains from Malawi, Zambia, and Mozambique. For Malawi, the initiative targets rutile from Kasiya as the lowest-cost to international markets via a deep-water port. The funding includes USD5.5 billion through a joint programme with the African Development Bank and USD1.5 billion in public-private impact investment through Japan's development agency. Japan's Toho Titanium Company confirmed that Kasiya's rutile meets high-performance titanium standards, aligning with Japan's push to secure critical minerals. Sovereign Metals' chief executive officer (CEO) welcomed Japan's initiative, noting that it validates Kasiya's strategic importance and unlocks new development opportunities.

Bridgepath Capital
Invest to Achieve

An Overview of Accelerating Investment: Challenges and Policies by the World Bank

September 2025

The period since 2000 is defined by three critical adverse trends: a broad and lasting slowdown in investment growth, a sharp weakening in FDI inflows, and a decline in the number of investment accelerations.

Introduction

The Accelerating Investment: Challenges and Policies book provides the most comprehensive analysis of investment in Emerging Market and Developing Economies (EMDEs) to date, systematically documenting trends, exploring the composition of investment, analyzing periods of acceleration and slowdown, distinguishing between public, private, and foreign direct investment (FDI), and distilling key policy lessons for reinvigorating capital formation.

The Foundational Role of Investment and the Scale of the Challenge

Investment, or gross fixed capital formation, is the foundation of long-term economic growth, a powerful engine of job creation, and an essential ingredient for development progress. A higher investment growth rate is consistently linked to faster productivity and output growth, as more capital per worker fuels innovation and efficiency. In EMDEs, investment has contributed about one-third of growth since the start of the 21st century. Investment accelerations – episodes of rapid, sustained investment growth – have historically served as turning points, setting economies on stronger and more durable growth paths. During these accelerations, employment rates typically rise, and workers shift from low-productivity agriculture into more productive manufacturing and services.

The need for a significant investment push has never been stronger due to rapidly rising numbers of job seekers, persistent large infrastructure shortfalls, and mounting climate costs. Estimates suggest that meeting the Sustainable Development Goals (SDGs) and climate commitments in low- and middle-income countries will require an additional USD1.5-USD2.7 trillion annually through 2030, rising to as much as USD4 trillion when accounting for climate change costs. Critically, even under optimistic assumptions, domestic public investment can cover only about one-third of the needed increase; the remaining capital must come from private sources, both domestic and foreign, complemented by greater international support.

Defining Investment Trends: Slowdown, Concentration, and Stalled Convergence

The capacity of many EMDEs to meet these challenges has eroded. The period since 2000 is defined by three critical adverse trends: a broad and lasting slowdown in investment growth, a sharp weakening in FDI inflows, and a decline in the number of investment accelerations.

Investment Deceleration: Investment growth in EMDEs has undergone a marked and enduring deceleration since the global financial crisis. During 2000-09, investment expanded at an average annual pace of about 10%; however, between 2010 and 2024, investment growth averaged only about 5% per year. Average annual private investment growth dropped from 12% (2000-09) to around 7% (2010-23), and public investment growth fell from 10% to 5% over the same period.

Weakened and Concentrated FDI: The slowdown in domestic investment has been compounded by a parallel weakening in FDI inflows. As a share of GDP, FDI inflows to a typical EMDE peaked at almost 5% in 2008 but fell steadily thereafter, settling at just over 2% by 2022-23. Furthermore, FDI distribution has become highly concentrated: over two-thirds of FDI inflows in the past decade went to only ten countries. Low-income countries (LICs) attracted only 2% of all inflows to EMDEs, highlighting their marginal access to foreign capital.

Decline in Accelerations and Stalled Convergence: The incidence of investment accelerations has declined markedly. While nearly half of EMDEs (48%) experienced investment accelerations during the 2000s, this trend reversed: only 23 % of EMDEs began an acceleration between 2010 and 2022. Similarly, the share of EMDEs experiencing a private investment acceleration dropped from 35% in 2000-09 to just 18% in 2010-19. This prolonged moderation has led to a stalling of investment convergence. Investment per worker in EMDEs (excluding China) stands at about 14% of the level in advanced economies. In LICs, this ratio is only 3%.

Drivers and Headwinds Deterring Investment

The investment slowdown since the early 2010s is attributed to global shocks, binding fiscal constraints, structural weaknesses, and waning global integration.

Macroeconomic and Fiscal Weakness: Investment is severely reduced around recessions and financial crises. Investment growth following the COVID-19 pandemic recession (a 9% contraction in EMDEs excluding China in 2020) has been far weaker and more protracted than the recovery following the 2009 recession. Fiscal weakness, particularly substantial public debt accumulation, is a major drag. Total debt levels in EMDEs averaged almost 45% of GDP higher in the first half of the 2020s than in 2010-19. Rapid debt accumulation and rising borrowing costs have increased debt-service costs, reducing the fiscal space available for productive public investment. High debt levels increase the risk of debt crises, which are associated with investment contractions.

Stalled Domestic Reforms and Institutional Constraints: Domestic business conditions are a critical determinant of investment. On average, EMDEs achieved no improvement in their perceived investment climate in 2012-24 compared with 2000-11. This stalling is linked to diminished reform momentum. Insufficient access to finance, high levels of crime and political instability, and issues with tax policy or administration are the most identified obstacles by firms in EMDEs.

Domestic policy agendas to address the slowdown in investment include improving the investment climate, strengthening macroeconomic stability and rebuilding fiscal space, and promoting cross-border flows.

Weakening Global Integration: Reduced global integration has limited external support. Trade growth was far weaker in the first half of the 2020s than in the previous two decades. Institutional integration has also faltered: the number of new international investment agreements has more than halved relative to the 2000s. Combined with heightened geopolitical risks and escalating policy uncertainty, these trends have raised the costs and risks associated with cross-border investment.

Policy Imperatives: Comprehensive and Mutually Reinforcing Reforms

Reversing the slowdown requires comprehensive policy packages – at home and internationally – that strengthen macroeconomic stability, improve the investment climate, and promote cross-border flows. The central lesson is that reforms are most effective when bundled and sequenced, yielding higher payoffs due to strong synergies.

A. **Domestic Policy Agenda**

1. *Improve the Investment Climate*: High-quality institutions and a predictable business environment are foundational. Empirical evidence shows that comprehensive policy packages that improve a country's primary fiscal balance and expand openness to trade and financial flows raise the probability of igniting an investment acceleration by about 9%. Major structural reforms targeting trade, financing, and product markets boost private investment by a cumulative 2.2% over three years. Importantly, the effect of reforms is positive and larger when implemented alongside complementary structural reforms. EMDEs must bolster judicial capacity, simplify firm entry and compliance, and ensure stable regulatory processes. The growth impact of a 10% increase in FDI inflows rises from 0.3% in the average EMDE to about 0.8% in countries with stronger institutions, lower informality, better human capital, and greater trade openness.

2. *Safeguard Macroeconomic Stability and Rebuild Fiscal Space*: Investment is highly sensitive to macroeconomic risk. For public investment to catalyze growth, fiscal space and government efficiency are critical. For the average EMDE, scaling up public investment by 1% of GDP leads to a 1.1% output increase after five years; however, in countries with ample fiscal space or high public investment efficiency, the impact rises to up to 1.6%. Public investment also crowds in private capital: a 1%-of-GDP increase in public investment is associated with up to a 2.2% rise in private investment after five years. Policy actions include adopting medium-term fiscal frameworks, durably increasing domestic revenue, and enhancing public investment efficiency through transparent project pipelines and rigorous cost-benefit analysis.

3. *Promote Trade and Investment Integration*: Integration has powerful effects on both domestic investment and FDI. Investment treaties increase bilateral FDI by more than two-fifths on average. EMDEs must reduce behind-the-border barriers by simplifying customs and logistics, digitalizing procedures, and reforming regulation of services that underpin value-chain participation. For FDI, EMDEs should complement openness with enabling conditions, such as raising human capital and deepening financial systems.

B. **Global Policies**

The international community must reinforce national efforts by focusing on three areas:

1. *Preserve and Strengthen a Rules-Based International System*: A renewed commitment to multilateral rules for trade and investment is essential to reduce uncertainty and revive channels for capital, technology, and know-how flow. Cooperation should focus on updating World Trade Organization (WTO)-consistent disciplines for digital trade and services, promoting transparency in FDI screening, and encouraging modern bilateral and plurilateral investment frameworks.

2. *Expand Global Financial Support*: Multilateral development banks (MDBs) and bilateral agencies must mobilize large-scale financial resources to close widening investment gaps, especially in LICs. Support should include concessional windows for LICs and guarantees for commercially viable projects.

3. *Provide Technical Support and Policy Advice*: Sustained technical assistance from multilateral institutions can magnify the impact of domestic reforms. Support is needed in areas like public investment management, tax administration, and debt management.

Complementarities and Sequencing

Investment strategies work best when reforms are done in the right order and support each other. When a country improves its finances and opens up to trade at the same time, it's much more likely to boost investment. Furthermore, the same amount of FDI inflows boosts output nearly three times as much when institutional quality, human capital, and openness are relatively high.

Operational principles based on these findings emphasize:

- *Sequencing for credibility and impact*: Stabilize the macro-fiscal framework and anchor inflation expectations first; then strengthen institutional "plumbing" (judiciary, tax administration); and finally, enhance regulatory conditions to unlock private investment and FDI.
- *Bundling reforms to unlock crowd-in*: Pair public investment scale-up with measures that expand fiscal space and raise efficiency. Combine trade and investment openness with domestic capability building (skills, standards, finance).
- *Leveraging global support*: Concessional finance and technical assistance help bridge near-term constraints and ensure reforms move from law to implementation.

Appendices

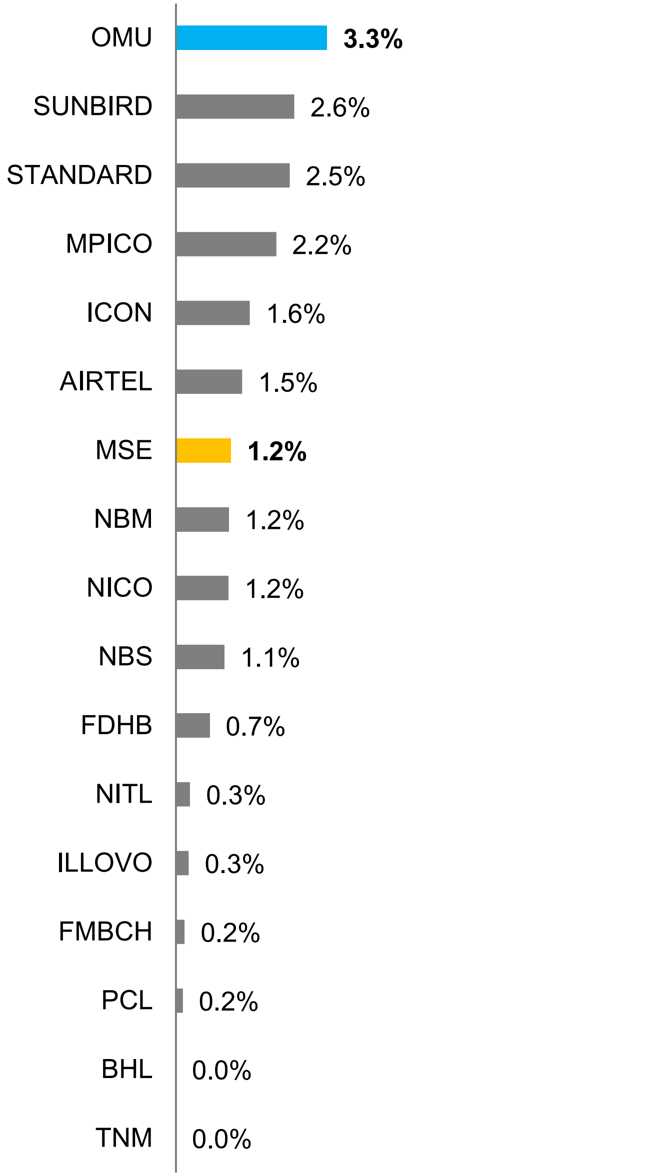
Appendix 1: Historical Monthly Economic Indicators

	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Exchange rates (middle rates)													
MK/USD	1,750.37	1,749.95	1,750.11	1,749.93	1,750.35	1,749.65	1,750.25	1,750.51	1,750.67	1,750.48	1,750.58	1,749.95	**1,750.37**
MK/GBP	2,411.29	2,338.28	2,290.94	2,250.25	2,233.84	2,268.53	2,329.61	2,412.28	2,415.65	2,473.04	2,391.69	2,424.53	**2,423.25**
MK/EUR	2,003.14	1,953.49	1,904.40	1,869.77	1,866.83	1,873.26	1,945.35	2,052.11	2,045.98	2,112.11	2,061.68	2,103.70	**2,103.32**
MK/ZAR	105.69	101.15	99.29	95.89	97.11	97.04	98.15	96.28	100.76	101.58	99.70	101.77	**103.60**
Foreign Exchange Reserves													
Total reserves (USD'mn)	560.3	519.0	516.9	530.9	570.6	569.5	536.0	530.0	521.0	555.9	607.7	N/A	**N/A**
Total Reserves Import cover (months)	2.2	2.1	2.1	2.1	2.3	2.3	2.1	2.1	2.1	2.2	2.4	N/A	**N/A**
Inflation													
Headline	34.30%	32.40%	27.00%	28.10%	28.50%	30.7%	30.5%	29.2%	27.7%	27.1%	27.3%	28.2%	**N/A**
Food	43.50%	40.30%	33.70%	35.60%	36.00%	38.5%	37.7%	35.8%	32.7%	31.6%	32.4%	33.7%	**N/A**
Non-food	21.80%	21.20%	17.20%	16.80%	16.90%	18.5%	19.2%	19.4%	20.0%	20.1%	19.3%	19.5%	**N/A**
Interest Rates													
Monetary Policy Rate	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	**26.00%**
Average Interbank Rate	24.20%	24.20%	23.29%	23.20%	23.19%	23.20%	23.20%	23.18%	23.38%	23.92%	23.98%	23.99%	**23.98%**
Lombard Rate	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	**26.20%**
Commercial Bank Reference Rate	25.40%	25.40%	25.50%	25.30%	25.20%	25.10%	25.10%	25.10%	25.10%	25.10%	25.30%	25.40%	**25.30%**
Government Securities Yields													
91-days Treasury Bill	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	**16.00%**
182-days Treasury Bill	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	**20.00%**
364-days Treasury Bill	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	**26.00%**
2-year Treasury Note	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	**28.75%**
3-year Treasury Note	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	**30.00%**
5-year Treasury Note	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	**32.00%**
7-year Treasury Note	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	**34.00%**
10-year Treasury Note	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	**35.00%**
Average Treasury Bill Yields	20.67%	20.67%	20.67%	20.67%	20.67%	20.67%	20.67%	20.67%	20.67%	20.67%	20.67%	20.67%	**20.67%**
Average Treasury Note Yields	31.95%	31.95%	31.95%	31.95%	31.95%	31.95%	31.95%	31.95%	31.95%	31.95%	31.95%	31.95%	**31.95%**
Year-to-date Return													
MASI	28.60%	32.69%	47.08%	55.06%	29.90%	64.92%	69.52%	68.39%	64.58%	91.77%	124.53%	211.15%	**236.67%**
DSI	28.90%	33.57%	47.71%	52.11%	32.35%	50.42%	56.52%	62.53%	62.41%	89.34%	120.03%	214.05%	**236.40%**
FSI	26.54%	26.51%	42.71%	75.65%	15.08%	152.62%	148.16%	103.82%	77.74%	106.49%	150.94%	195.28%	**239.14%**

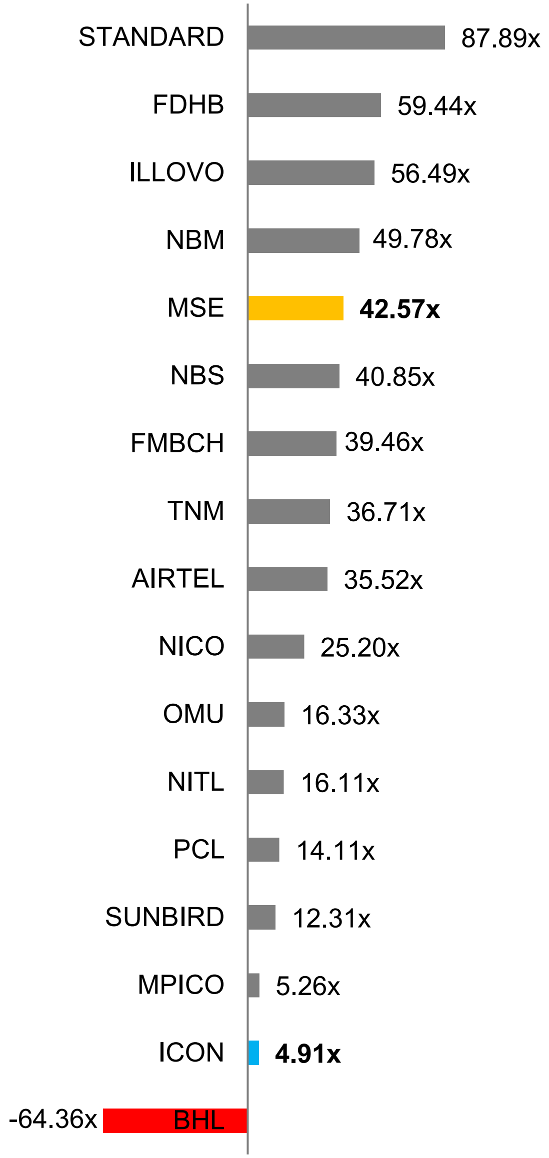
Appendix 2: Selected stock market statistics as of 30 September 2025

Bridgepath Capital
Invest to Achieve

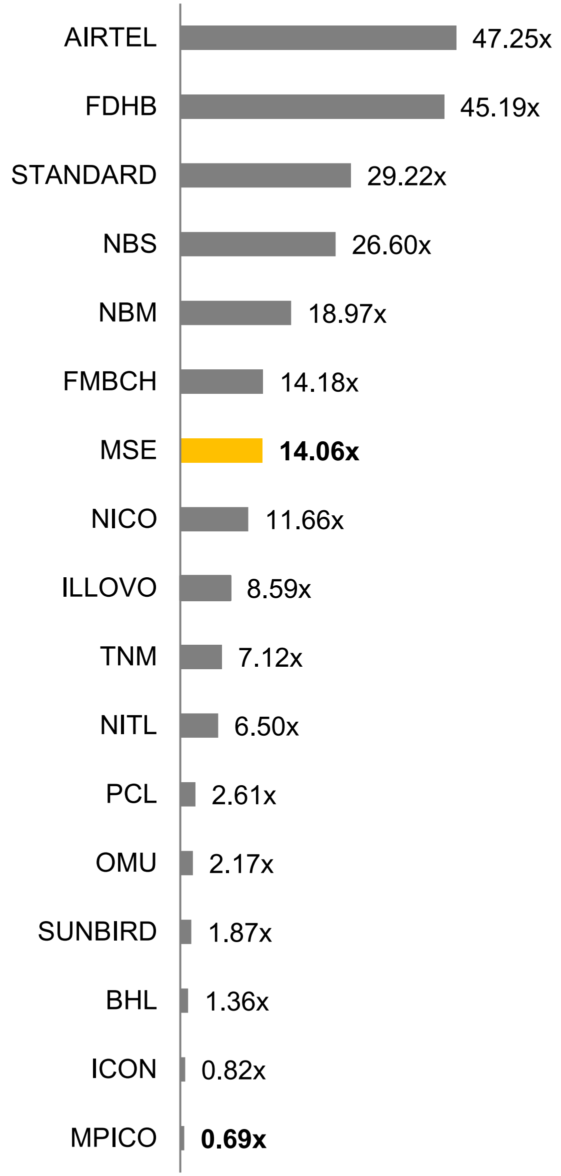
Dividend Yield (%) - the weighted average dividend yield on the MSE was 1.2% in September 2025. The counter with the highest dividend yield was OMU at 3.3%.



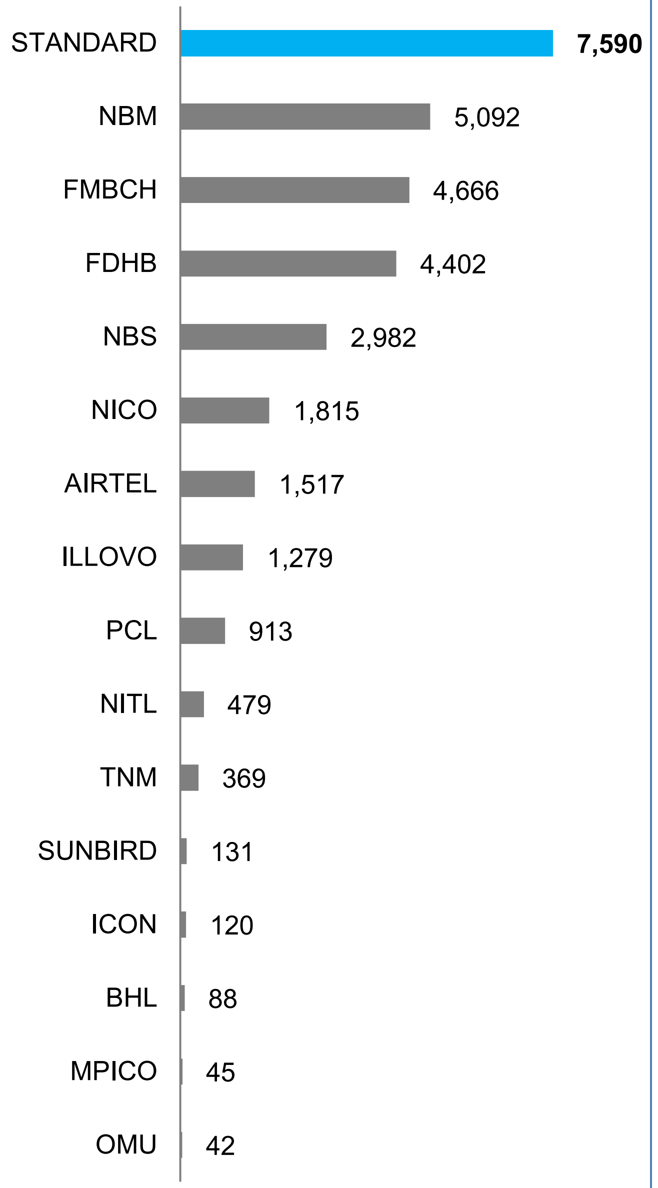
P/E Ratio - the weighted average price to earnings ratio on the MSE was 42.57x in September 2025. The counter with the lowest positive ratio was ICON at 4.91x.



P/BV Ratio - the weighted average price to book value ratio on the MSE was 14.06x in September 2025. The counter with the lowest positive ratio was MPICO at 0.69x.



Market Capitalization (MK'billion) - STANDARD had the highest market capitalization at MK7.6 trillion in September 2025.



Appendix 3: EIU Macroeconomic Projections

Indicator	2023	2024	2025	2026	2027	2028	2029
Real GDP growth (%)	1.6	1.3	1.6	2.3	2.5	2.8	3.0
Industrial production incl construction (% change)	1.4	2.2	2.0	2.2	2.7	2.9	2.9
Consumer price inflation (av)	28.8	32.2	27.6	23.9	17.4	13.9	11.2
Short-term interest rate (av)	13.7	15.8	15.0	14.0	12.0	10.0	8.0
Government balance (% of GDP)	-4.5	-9.1	-9.6	-7.3	-6.5	-5.8	-5.2
Exports of goods fob (USD bn)	1.1	1.0	1.1	1.2	1.2	1.3	1.4
Imports of goods fob (USD bn)	-3.0	-2.7	-2.6	-2.7	-2.9	-3.0	-3.2
Current-account balance (USD bn)	-2.3	-1.9	-1.7	-1.7	-1.6	-1.7	-1.7
Current-account balance (% of GDP)	-17.9	-17.0	-11.8	-11.2	-10.5	-10.3	-10.0
Exchange rate MK/USD (av)	1,161	1,734	1,736	2,142	2,470	2,754	3,162
Exchange rate MK/USD (end-period)	1,698	1,734	1,750	2,438	2,497	2,986	3,250

Source: EIU Five-Year Forecast (Malawi), September 2025

Appendix 4: List of Acronyms and Abbreviations

AfCFTA : African Continental Free Trade Area
AfDB : African Development Bank
AHL : Auctions Holding Limited
ATG : Africa Trade Gateway
av : Average
BHL : Blantyre Hotels Plc
bn : Billion
CEO : Chief Executive Officer
CIRA : Construction Industry Regulatory Authority
CPI : Consumer Price Index
DPP : Democratic Progressive Party
ECF : Extended Credit Facility
EIU : Economist Intelligence Unit
EMDE : Emerging Market and Developing Economies
EUR : Euro
FDHB : FDH Bank Plc
FDI : Foreign direct investment
FFH : Fundo Para O Fomento De Habitação
FMBCH : FMB Capital Holdings Plc
FY : Fiscal year
GBA : Greenbelt Authority
GBP : Great British Pound
GDP : Gross Domestic Product
GoM : Government of Malawi
ICAM : Institute of Chartered Accountants in Malawi
IFPRI : International Food Policy Research Institute
IMF : International Monetary Fund
Kg : Kilogram
lbs : Pounds
LIC : Low-Income Countries
LRR : Liquidity Reserve Requirement
MASI : Malawi All Share Index
Mb/d : Million barrels per day
MDB : Multilateral Development Bank
MERA : Malawi Energy Regulatory Authority
MITC : Malawi Investment and Trade Centre
MK : Malawi Kwacha
Mn : Million
MPC : Monetary Policy Committee
MSE : Malawi Stock Exchange
Mt : Metric tons
MTL : Malawi Telecommunications Limited
NBM : National Bank of Malawi Plc
NBS : NBS Bank Plc
NCIC : National Construction Industry Council
NICO : NICO Holdings Plc
NITL : National Investment Trust Limited Plc
NSO : National Statistical Office
ODA : Official Development Assistance
OMO : Open Market Operation
OMO : Open Market Operations
OMU : Old Mutual Limited Plc
OPEC : Organization of the Petroleum Exporting Countries
P/BV : Price to book value
P/E : Price to earnings
PAPSS : Pan-African Payment and Settlement System
PCL : Press Corporation Limited Plc
RBM : Reserve Bank of Malawi
SDGs : Sustainable Development Goals
SFFRFM : Smallholder Farmers Fertilizer Revolving Fund of Malawi
TB : Treasury Bill
TBA : To be announced
TC : Tobacco Commission
TN : Treasury Note
TNM : Telekom Networks Malawi Plc
USD : United States Dollar
WB : World Bank
WTO : World Trade Organisation

Disclaimer

Although every effort was made to ensure the information in this report is authentic, the report should only be used for indicative purposes. Bridgepath Capital Limited accepts no responsibility or liability resulting from usage of information from this report. Every recipient using this report should make independent efforts to ascertain the accuracy of the information.

Contact Information

Head Office – Blantyre
Bridgepath Capital Limited
1st Floor (106), Development House
Corner Henderson Street Road
P.O. Box 2920
Blantyre

Lilongwe Office
Bridgepath Capital Limited
Taurus House, Off Presidential Drive
City Center
Lilongwe

Tel No: + 265 111 828 355

Email: info@bridgepathcapitalmw.com

Website: www.bridgepathcapitalmw.com

Our Financial Advisory Solutions

We have extensive financial advisory experience. Below are some transactions we have executed:

BLANTYRE HOTELS PLC	MK62.4 billion Rights Issue	Joint Lead advisor	2024
tnm always with you	Fairness Opinion on the MK30 billion issue for cash	Independent expert	2025
MyBucks Banking Corporation	Sell-side advisor on the disposal of the bank to an investor consortium	Lead advisor	2021 - 2022
Press Corporation Plc	Valuation of Unlisted Equity Investments	Valuation expert	2022 - 2024

We provide a range of financial advisory solutions to meet your needs and challenges:

- **Valuations**
- **Business Plans/feasibility studies/Financial Projections**
- **Project Finance Advisory**
- **Business/Financial Modelling**
- **Capital Raising**
- **Independent Business Reviews**
- **Mergers and Acquisitions Transaction Services**
- **Equity/IPO Advisory**

Invest.
Achieve.
Be Different.

Bridgepath Capital
Invest to Achieve

CONTACT US

www.bridgepathcapitalmw.com
+265 0886 500 555
info@bridgepathcapitalmw.com
+265 111 828 355