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Malawi

Inclusive Digital Economy Report

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May 2023

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FOREWORD

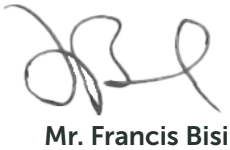
I am pleased to introduce the jointly developed IDES report on the status of the digital economy in Malawi which provides a comprehensive assessment of the digital economy landscape, outlining its potential and challenges while providing recommendations for future action. I am grateful for the collaboration that the Department of E-Government which is under the Ministry of Information had with the United Nations Capital Development Fund (UNCDF) in developing this report through support from the European Union (EU) and the Organisation of African, Caribbean and Pacific States (OACP). In Malawi, the digital transformation agenda has been a priority in the country's national development planning with a focus on the development of infrastructure to support information and communication technologies, digital literacy and ICT skills development, and the growth of a competitive ICT sector. The policy development, oversight and supervision of the information and communications technology (ICT) sector in Malawi fall under the Ministry of Information and Digitalisation.

The Malawi 2063 (MW2063) lays out a roadmap for the realization of "An Inclusively Wealthy and Self-Reliant Nation". The MW2063 is premised on three pillars: agricultural productivity and commercialization, industrialization and urbanization. Digital technologies can make meaningful and sustainable contributions to each of these pillars, from enhancing operational efficiencies in the agricultural sector to driving inclusive modernization by making critical products and services more accessible. In addition, digital technologies can solve some of the country's development challenges, such as improving access to social services, enabling increased efficiency and transparency in the delivery of public services, driving inclusive economic growth, and reducing inequalities.

Against this backdrop, Malawi is developing its first Digital Economy Strategy, with a vision of "Supporting Inclusive Wealth Creation." This effort highlights a commitment by the Government of Malawi to leverage digital technology to leapfrog the country's sustainable and inclusive development. The strategy will aim to drive universal access and widespread adoption and usage of digital products and services in key sectors of the economy, while ensuring the development of critical digital skills, among other goals.

To ensure sustainable development, inclusivity is cardinal - the marginalized/underserved groups cannot participate in economic activities that rely heavily on digitalized services and neither can they participate in the real or digital economy if they don't have access to services that improve their lives. This report, using the UNCDF Inclusive Digital Economy Scorecard, will expound on progress made by Malawi to develop an inclusive digital economy by quantifying the current state of the key components of Malawi's digital economy, including details on the regulatory and policy environment, infrastructure, foundational digital and financial skills, and the innovation ecosystem. Furthermore, the report emphasizes the importance of measuring progress in setting the course for digitalisation and development and highlights several key areas for improvement, including skills advancement, a critical component outlined in MW 2063.

I believe that this report will provide a valuable tool for all stakeholders working towards the development of a digital economy in Malawi. I look forward to working with our partners, including UNCDF, to implement the recommendations outlined in the report and to continue the country's journey towards an inclusive and prosperous digital economy.

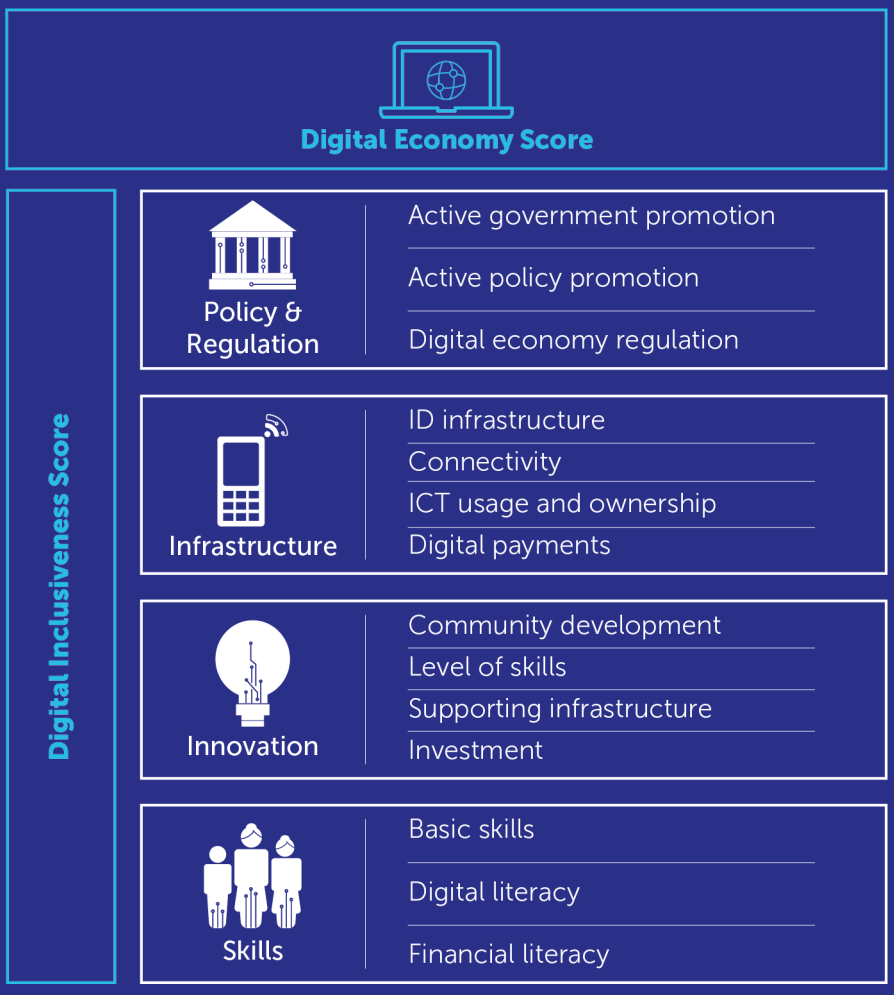


Mr. Francis Bisika
Principal Secretary for E-Government

THE INCLUSIVE DIGITAL ECONOMY SCORECARD

The **Inclusive Digital Economy Scorecard (IDES)** is a strategic performance and policy tool developed by the United Nations Capital Development Fund (UNCDF) in partnership with GSMA, the EU, UNDP, UNCTAD, UN-DESA, and the ADB, that helps governments set their digital transformation priorities. The tool identifies key market constraints hindering the development of an inclusive digital economy and helps set the right priorities with public and private stakeholders to foster a digital economy that leaves no one behind[1]

Figure 1: Foundations of the Inclusive Digital Economy Scorecard



[1] https://ides.uncdf.org/about/scorecard

The IDES provides scores for the development of a digital economy based on several indicators for its four main components:

POLICY AND REGULATION	The scorecard captures the extent to which the government actively promotes the development of an inclusive digital economy, along with the policies and regulations in place that support digital finance and the digital economy;
INFRASTRUCTURE	The scorecard quantifies the level of development of the digital infrastructure, the status of the digital payment ecosystem, and the openness of the digital infrastructure for third-party players;
INNOVATION	scorecard quantifies the status of the country's innovation ecosystem. Key elements are the level of development and the synergies within the innovation community, the level of skills in the ecosystem, the presence of supporting infrastructure, and the availability of financing for innovation.
SKILLS	The scorecard tracks the active population of the public and private sectors in digital and financial skills development and usage of digital channels for skills development.

By aggregating the scores of the components mentioned, the digital economy score can be computed. This score serves as a basis for a country to evaluate the level of advancement in their digital economy. The four phases of digital economy advancement include the inception (0-24 percent), start-up (25-49 percent), expansion (50 – 74 percent) and consolidation (75 – 100 percent).

To ensure support towards digital economies that leave no one behind, the inclusiveness of the digital economy is measured across the four IDES components, based on a supply-side qualitative assessment of the efforts made by the public and private sectors to include key marginalized segments of the population in the expansion of the digital economy. These segments include rural population, women, youth, micro-, small-

and medium-sized enterprises (MSMEs), migrants, refugees, the elderly, and people with disabilities.

As a sub-component of the aggregate digital inclusiveness framework, the Women's Inclusiveness Score additionally relies on a set of quantitative indicators on gender gaps in the four components of IDES.

Overall, the Digital Inclusiveness Score complements the Digital Economy Score in measuring the percentage of the marginalized population that is participating in the digital economy or, in its inverse, it measures the digital divide with the percentage of the population that is excluded due to barriers in one or more of the four IDES components.

While the IDES is a global policy tool, it calls for a locally relevant and pragmatic approach in its use and adoption. Populating the IDES tool in Malawi involved incorporating high-quality local data sources in consultation with a wide group of public and private sector stakeholders. (Annex 1) This exercise commenced mid-2022 and this report summarizes the first Inclusive Digital Economy Scorecard for Malawi.

THE IDES MALAWI DIGITAL ECONOMY AND INCLUSIVENESS SCORE

According to the available data, Malawi has an overall Digital Economy Score of 43 percent. This score indicates that the country is at the higher end of the start-up phase and is close to reaching the threshold for transitioning into the expansion phase.

Figure 2. Digital Economy and Inclusiveness Score for Malawi, 2021

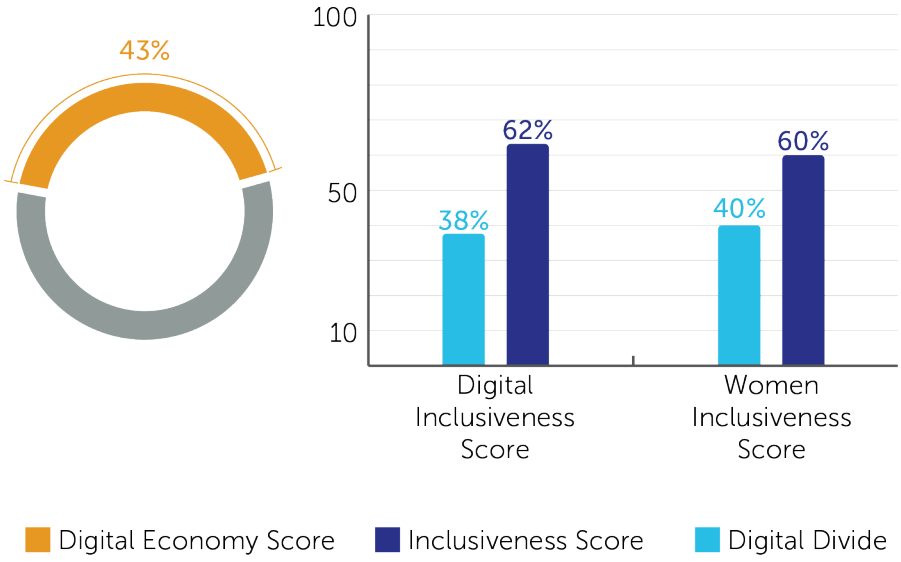
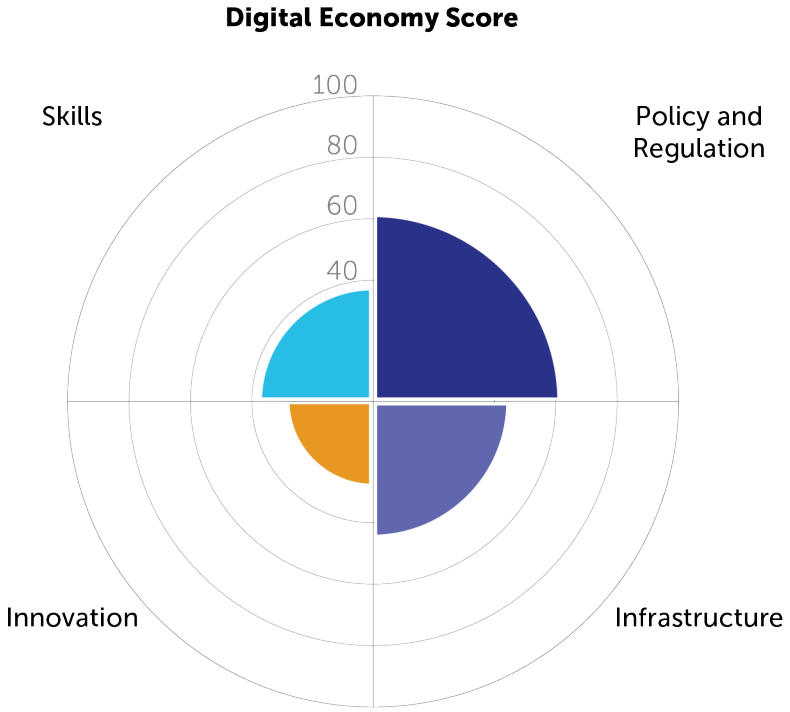


Figure 3 provides a snapshot of Malawi's four dimensions of the digital economy - policy and regulation, infrastructure, innovation, and skills - as of October 2022. It shows that Malawi scores highest on the digital policy and regulatory environment with a score of 61 percent. However, infrastructure, skills, and innovation scores are lower, indicating weaker performance in these areas.

This raises the question of why there is a disconnect between the high score on policy and regulation and the lower scores on the other dimensions that evaluate outcomes. This report discusses each of these dimensions in detail to identify the gaps that are the likely cause of this misalignment.

Figure 3: Breakdown of Malawi's Digital Economy Score

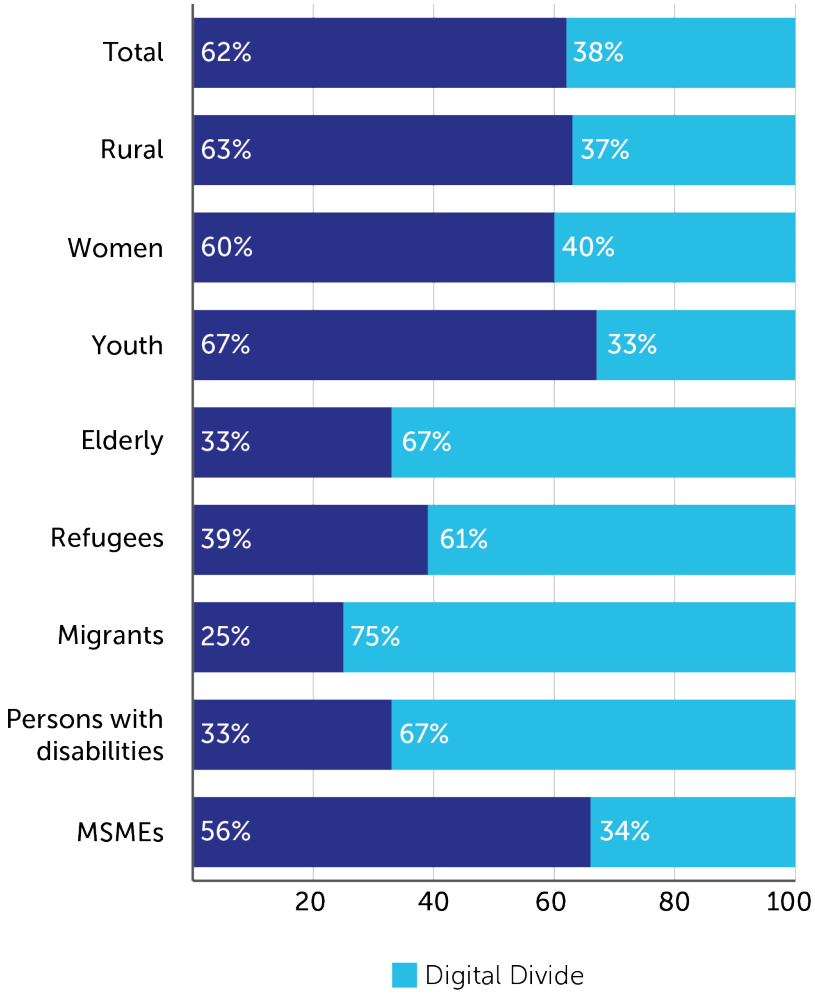


The inclusiveness of the digital economy is measured across the four IDES components, based on a supply-side qualitative assessment of the efforts made by the public and private sectors to include key marginalized segments of the population in the expansion of the digital economy.

Malawi's Digital Inclusiveness Score indicates that 62 percent of the marginalized population participates in the digital economy, while 38 percent of the population is at risk of being excluded due to barriers in one or more of the four IDES components.

The score is further broken down to reveal the segments of the rural population, women, youth, the elderly, refugees, migrants, persons living with disabilities, and MSMEs that do not participate in the digital economy. Overall, the majority of MSMEs and youth participate in the digital economy, while, unsurprisingly, migrants, persons living with disabilities and the elderly participant significantly less.

Figure 4: Digital Inclusiveness score by segment

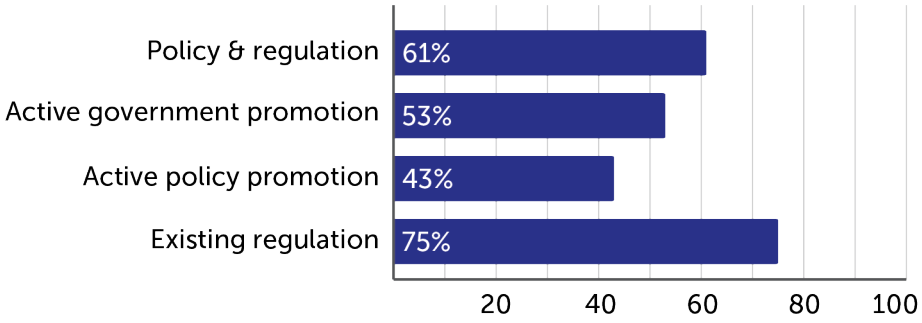


A DEEP-DIVE INTO THE IDES MALAWI DIGITAL ECONOMY AND INCLUSIVENESS SCORE

THE POLICY AND REGULATION COMPONENT

The Policy and Regulation component of IDES measures the enabling conditions for digital economies along three dimensions. Firstly, it measures the comprehensive engagement of relevant government actors, that is if relevant government ministries are actively promoting policies or high-level strategies on digital transformation. Secondly, IDES goes beyond the actor level and measures if the government is actively promoting a set of specific enabling policies to set the 'rails' in place for digital transformation. Thirdly, it measures the existence of specific enabling regulations in key areas such as digital finance, consumer protection or telecommunication. The measurement relies on assessments by national policy experts and relevant qualitative sources on the global and local level.

Figure 5: Policy and Regulation Breakdown



At 61 percent, Malawi scores high in the **policy and regulation** component of the digital economy. This high score is attributed to the presence of several policies and pieces of legislation that promote the digital economy in the country and the existence of ten government agencies and ministries that actively promote the digital economy. Examples include the Digital Government Strategy launched in 2019 whose implementation is led by the Ministry of Information and Digitisation, which aims to improve public service delivery through digitalization of government operations and processes. Other government agencies that were identified as transformative include the Reserve Bank of Malawi, who launched the Payments Systems and e-Money Regulations in 2018, enabling non-bank e-money issuance and tiered KYC and the Ministry of Health that launched and is actively implementing a Digital Health Strategy[2] The strategy

[2] Malawi Digital Health Strategy: https://www.healthdatacollaborative.org/fileadmin/uploads/hdc/Documents/Country_documents/Malawi/Malawi_Digital_Health_Strategy__20-25.pdf

touches on issues such as the national ID and digital management of healthcare users, using e-learning platforms to upskill healthcare workers and having adequate infrastructure to enable the healthcare system to leverage emerging technologies like big data, artificial intelligence and the internet of things. While some sectors like health and finance have formulated targeted policies that make mention of how the sector will benefit from or work to promote digital technologies, other sectors like transport, agriculture, trade and education will need support in developing specific policies that outline the modernisation and digitalization of their sectors.

Some key policies, strategies, and pieces of legislation need to be updated to create a more enabling environment for the growth of Malawi's digital economy. Examples of this include policy direction or strategies around promotion of E-Government platforms and the digitization of government payments such as social payments. Another example is the Competition and Fair-Trading Act which was launched in 1998. While this broadly covers competition and fair-trading issues, it predates significant digital developments that impact fair competition and customer protection.

Although existing regulation scored highly at 75 percent active, promotion and implementation of these policies was low in comparison scoring 43 percent. This shows that while there may be good regulatory policies in place, there is a lack of effective implementation and promotion of these policies. This can lead to a gap between policy and practice, where the intended benefits of the policies may not be realized in practice.

Various reasons for this gap were identified by stakeholders, such as insufficient resources, ineffective communication and engagement with stakeholders, and inadequate monitoring and enforcement mechanisms. Addressing these challenges will require a multi-faceted approach that involves not only improving the regulatory framework but also strengthening the capacity and commitment of relevant actors to implement and promote these policies effectively.

Overall, the following key priorities emerged from the policy component of the IDES:

i. **Updating outdated economy-wide policies, strategies, and regulations:** Some policies and strategies such as the National ICT policy, the Consumer Protection Act, and the Fair Trade and Competition Act will need to be amended and updated in order to be able to actively promote the growth of Malawi's digital economy.

ii. **Developing sector-specific digitalization strategies to drive mainstreaming of digital technologies across the economy:** While some sectors such as the finance and health sector have overarching strategies that drive digitalisation in those sectors, others such as the education, agriculture and energy sector lack the same level of clarity

and direction. Development of these sector-specific strategies has the potential to contribute to each of the pillars under the Malawi 2063 Vision: *agricultural productivity* and *commercialisation*, *modernisation*, and *industrialisation*.

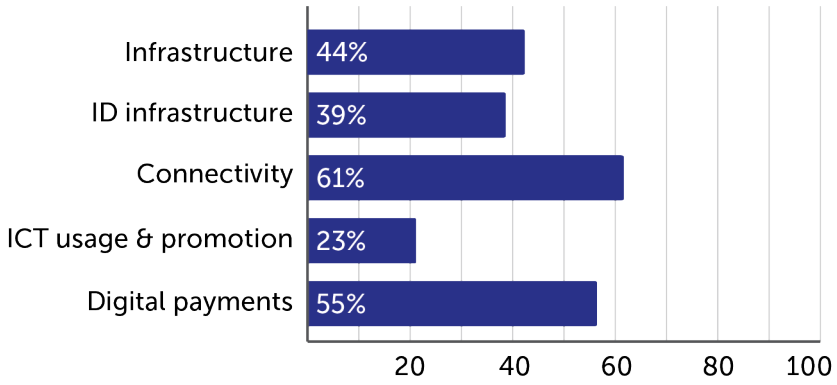
iii. **Developing a collaborative implementation and coordination framework to support the growth of Malawi's digital economy:** The digital economy agenda goes beyond singular agencies, and a collaborative and well-coordinated approach will catalyse the achievement of both sector-specific and economy-wide goals.

iv. **Promoting disaggregated data collection in relation to the digital economy:** Given the nascent nature of the development the digital economy, specifically digital skills and the innovation ecosystem, some data points presented a challenge while populating the IDES tool. On the other hand, there are surveys into which the collection of missing data can easily be incorporated, such as the Digital Skills Ecosystem and Gap Assessment. Additionally, although some service providers report sex-disaggregated data, the lack of a formal directive or strategy around this, results in gaps and inconsistencies in the collection and reporting of sex-disaggregated data.

THE INFRASTRUCTURE COMPONENT

The IDES infrastructure component gauges the progress of essential infrastructure elements that serve as the "digital backbone," facilitating broader digital transformation. These elements encompass ID infrastructure, such as digital IDs and their application across public and private sectors, connectivity, which involves the accessibility of 3G networks and overall network efficiency, ICT utilization and ownership, encompassing affordability and ownership of mobile devices, and digital payments, which involves the adoption and compatibility of digital finance accounts. As such, the infrastructure component relies on a combination of global and local data sources to capture the relevant market conditions.

Figure 6: Digital Infrastructure Breakdown



Malawi scores 44 percent on **infrastructure**, with connectivity and digital payments being the biggest drivers of this score.

Malawi's digital infrastructure has seen impressive advancements, particularly in network coverage. Currently, Malawi's 2G and 3G networks have an estimated coverage of 95 percent, a significant achievement according to data from the Malawi Communications Regulatory Authority (MACRA). This extensive network coverage provides a foundation for the deployment of additional digital services and products.

However, despite the wide coverage of network infrastructure, the adoption and usage of complementary digital products and services remains limited, indicating that there may be accessibility gaps that need to be addressed to fully utilize the potential of Malawi's digital infrastructure. The MACRA data shows that only 29.5 percent of the population own smartphones, while internet usage stands at 16.4 percent. Moreover, access to electricity is low, with only 18 percent of the population having access, of which only 11 percent are connected to the national grid, while the remaining 7 percent rely on alternative energy sources.

The low rates of smartphone ownership and internet usage, as well as the limited access to electricity, highlight some of the key barriers to digital inclusion in Malawi. Without access to the necessary hardware and infrastructure, individuals and communities may not be able to fully participate in the digital economy or access the benefits of digital services such as education, healthcare, and financial services.

Addressing these challenges requires a multi-faceted approach that involves not only expanding digital infrastructure but also addressing other barriers to access such as affordability, digital literacy, and cultural barriers. In addition, efforts to increase access to electricity and alternative energy sources can help to expand the reach of digital infrastructure and reduce the digital divide.

The low utilization of the identity system in Malawi despite its successful registration of over 9.2 million citizens is a concerning factor as it hinders the potential benefits that a reliable and secure system for identifying individuals can provide, such as enabling access to essential services and benefits like healthcare, education, and financial services. The score of 39% for ID infrastructure suggests that there may be challenges in fully utilizing the system and realizing its potential benefits. The following key priorities emerged from the infrastructure component of the IDES

i. **Digital I.D. Infrastructure:** Malawi has a digital ID that provides a foundation for service providers to utilize across relevant sectors. However, its potential has not yet been fully realized. The national digital ID has multiple use cases beyond providing efficient and secure identification, such as reducing the risk of fraud and identity theft, facilitating access to government services, enabling financial inclusion, and supporting digital transactions.

ii. **Increase electricity coverage and access:** Only 18 percent of the population in Malawi has access to electricity, with only 11 percent being connected to the national grid and the remaining 7 percent relying on alternative sources. It is crucial to increase access to electricity to enable households, schools, hospitals, and other critical institutions to effectively adopt and utilize ICT devices and services.

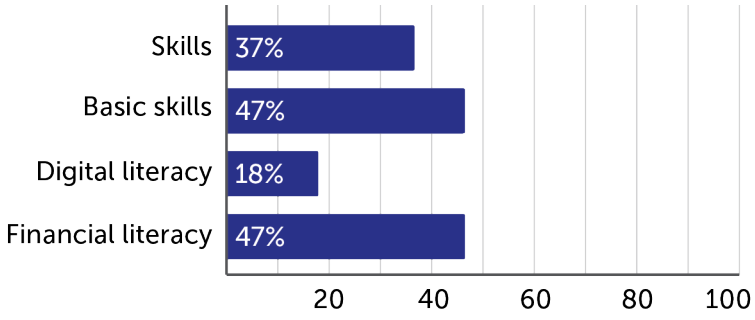
iii. **Promote smartphone ownership:** Although some services, such as mobile money, can be accessed on basic feature phones, certain value-added services may require smartphones for operation. Malawi's current smartphone ownership rate is at 29.5 percent. Increasing opportunities for more individuals and households to own smartphones would provide greater access to value-added products and services, such as facilitating access to markets for smallholder farmers. Various policy and market-level solutions, such as subsidies, tax reforms, and pay-as-you-go payment plans can be leveraged to support this effort.

iv. **Encourage open systems and interoperability:** The National Switch (NatSwitch) is a significant milestone in enhancing interoperability, particularly in commercial banking. However, more efforts are required to increase access to NatSwitch by non-bank institutions and improve general interoperability by adopting open APIs and other solutions.

THE SKILLS COMPONENT

The Skills component of IDES measures the development of basic, digital, and financial literacy skills in the population to enable the leveraging and take-up of new opportunities created by the digital transformation. The measurement combines both supply-side factors, such as the availability of relevant training programmes, and demand side factors, such as average levels of education or saving rates.

Figure 7: Skills



The IDES Malawi's **skills component** score indicates a 37 percent achievement in digital skills development in the country, which reflects some positive aspects. Nonetheless, it also emphasizes the necessity for a more cohesive and committed approach to cultivate a comprehensive range of skills including financial and digital skills.

Malawi's mean years of schooling at 4.7 years are a cause for concern, particularly with regards to student retention and the reasons behind dropouts, especially between primary and secondary education. Compounding this issue is the fact that key policies of the Ministry of Education, such as the National Science and Technology Policy, are outdated and date back to 2003. To address this, the Ministry is currently working on developing a National ICT Education Policy to update its ICT education curricula and processes. This is essential to equip students with the necessary knowledge of the ICT sector and emerging technologies, within the current education system. However, according to the IDES report, only 17 percent of public schools have access to electricity, which needs to be increased to facilitate the effective implementation, adoption, and use of ICTs in all Malawian schools.

Apart from the education system, the digital literacy of the general population is significantly deficient, as reflected by the score of 18 percent. Despite some service providers offering fundamental digital literacy training while launching their products, there is a pressing need for more substantial initiatives to improve digital skills. Moreover, the low score of 23 percent for ICT usage and ownership under the infrastructure component further compounds the issue of inadequate digital literacy.

Due to the scarcity of locally sourced data on the status of digital skills, this assessment heavily relied on global data, which poses a challenge. Therefore, to address this issue, it is recommended that initiatives to improve digital skills should start with local-level assessments to;

- Develop a mapping of digital competencies and proficiency levels for various target user groups.
- Explore the learning aspirations and best practices for acquiring digital skills for these target groups.
- Prioritize interventions that enhance digital literacy across different target groups, starting from basic to intermediate and advanced levels of proficiency.

Malawi's performance was strongest in financial literacy, owing to various service providers integrating financial literacy training in their service offerings. The IDES report reveals that nearly half of the service providers (1 in 2) offer financial literacy training to customers through their engagements.

In order to contribute to both financial and digital literacy, stakeholders identified the following priorities areas of intervention:

i. **Revise existing policies and systems in the education sector to produce graduates with digital literacy and skills.** To enhance digital proficiencies at all educational levels, the Ministry of Education needs to review its current curricula, processes, and workforce. In addition to the identified priority areas of intervention, infrastructure needs such as increasing access to electricity and the internet in schools must

also be prioritized. These improvements will facilitate the effective rollout of digital skills training and enhance access to digital resources for both students and teachers.

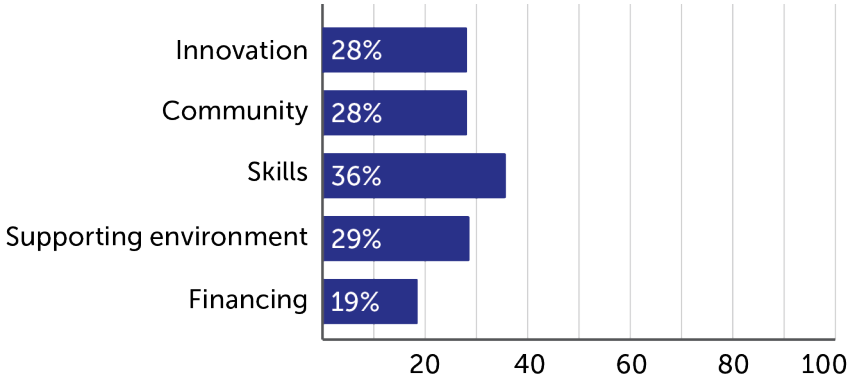
ii. **Promote an increase in service provider-led digital and financial literacy.** Although service providers do offer some level of basic training to customers, there is a need to standardize this approach to ensure participation across all service providers. Furthermore, customers' digital proficiencies must meet the requirements of the various products and services they access.

iii. **Develop data collection systems to measure digital skills.** This ncludes mapping proficiencies across different user groups and understanding the best methods for enhancing digital skills within these groups. Information, needs, and interventions will vary based on the different user groups, ranging from youth to university graduates capable of developing technology-enabled products and services.

THE INNOVATION COMPONENT

The Innovation component of IDES measures the development of the innovation ecosystem as both an enabler and outcome of the digital transformation. It measures the size and growth of the ecosystem, including the growth of innovative companies and the relative size of the fintech sector, as well as relevant market conditions, including the availability of financing, skilled personnel, and a supportive infrastructure. As such the innovation component relies on a combination of quantitative and qualitative data sources derived from surveys and market assessments.

Figure 8: Innovation Breakdown



Digitally-enabled **innovation** has the potential to drive economic growth and job creation in Malawi. However, this component scored the lowest of the four components in the IDES, with a score of 28 percent. The skills required to drive innovation within this component scored only 36 percent, highlighting the critical need for skills development to produce increased technical expertise for innovation.

Stakeholder mapping revealed that there are 12 innovation and incubation hub operators supporting start-ups, across both the public and private sectors. The mapping also identified 3 FinTech companies operating within

the market, with one of these being provisionally licensed by the Reserve Bank of Malawi.

Due to limited local data sources, more research and data collection on the innovation space in Malawi is needed to address the challenges faced by Malawi innovators. These challenges include limited financing for early-stage start-ups, inadequate infrastructure for prototype development and testing, and high capital requirements. The Malawi 2063 Vision aims to achieve a modernized, industrialized, commercially resilient, and productive economy. The innovation sector has the potential to contribute to this vision, especially in areas such as finance, agriculture, education, healthcare, and climate-smart adaptation.

In Malawi, the financing of innovation scores only 19 percent, which is a clear indication of the significant hindrance to innovation due to inadequate funding. Adequate financing is a critical aspect of innovation as it provides the necessary resources for research and development, commercialization of innovative ideas, and bringing new products and services to the market. It is imperative that the prioritization of financing for innovation is emphasized in Malawi to support and promote the growth of innovation in the country. Stakeholders identified the following priorities:

i. **Develop a multi-stakeholder collaborative framework for innovation support:** This intervention seeks to establish linkages between stakeholders, ensuring that the needs of all parties are kept in mind as activities related to supporting and growing the innovation ecosystem are implemented. This measure can contribute to ensuring the production of industry-ready graduates, enhancing market opportunities for early-stage innovators, and creating a pipeline of companies that can be connected to the investment community.

ii. **Ensure the inclusion of marginalised groups in innovation support activities:** With Malawi being a predominantly youthful country, several interventions targeting innovators tend to target urban based youth. Deliberate effort is needed to ensure that persons living with disabilities, rural-based populations, women, and other marginalised groups are included.

iii. **Increase affordable and appropriate financing available for promising innovators:** Utilise innovative financing approaches to enable increased access to financing that is both affordable and appropriately designed to meet the full spectrum of needs innovators present with.

iv. **Develop more policies and regulations that encourage innovation:** In addition to creating linkages, policymakers and regulators need to provide spaces where innovators can openly test, learn, and improve their product offerings in preparation for full market rollout. Examples of tools or solutions used to do this include regulatory sandboxes, letters of no objection, and industry and regulatory meet-ups or interactions.

The Inclusiveness Score

The inclusiveness of the digital economy is measured across the four IDES components, based on a supply-side qualitative assessment of the efforts made by the public and private sectors to include key marginalized segments of the population in the expansion of the digital economy.

POLICY AND REGULATION

Malawi scores a high score of 78 precent on the level of inclusiveness of existing policies and regulations. Majority of the Malawi agencies promote or implement policies and high-level strategies on the digital economy that have the specific segment as a target group. Predominantly, the rural communities, MSMEs and youth are catered for in existing policies and regulations. However, the elderly, refugees, and the disabled are least mentioned in existing policies and high level strategies. The implication of leaving out the elderly, refugees, and the disabled in existing policies and high-level strategies is that they are likely to be left behind in the digital economy, and their access to digital technologies, as well as their ability to participate and benefit from the digital economy, will be limited.

INFRASTRUCTURE

Infrastructure inclusivity scores highest at 79 percent. This score is predominately pushed by the high adoption of the National ID, universal connectivity to mobile cellular coverage and the population owning a SIM card across all segments including rural, youth, elderly and refugees. However usage of the internet, smartphone ownership and the percentage of marginalized population with a registered digital finance account is still low. The implication is that although the population may have access to infrastructure such as mobile cellular coverage and SIM cards, they may not be fully utilizing these technologies due to a lack of awareness, affordability, or relevant digital skills. This creates a missed opportunities for economic growth and development, as well as social inclusion.

INNOVATION

The emphasis on the needs of marginalized segments to promote innovation in Malawi is low, with a score of 37%. This is reflected in the **overall low innovation component score of 28%.** This implies that that there is a need to improve the innovation ecosystem in Malawi by creating an enabling environment that supports and encourages innovation and entrepreneurship, particularly among marginalized groups.

Innovation is critical for driving economic growth and development and addressing social challenges. However, the low emphasis on the needs of marginalized segments suggests that their unique perspectives and needs are not being fully considered in the innovation process.

To address this, there is a need for more targeted policies and strategies that focus on promoting innovation among marginalized groups, including providing access to financing, training and mentorship programs, and creating incubators and innovation hubs in rural areas targeting youth, MSMEs, people with disabilities and refugees.

SKILLS

The score for skills inclusivity in Malawi stands at 52 percent, largely due to the high inclusivity of basic skills among marginalized segments. However, digital and financial literacy inclusivity is low for rural, elderly, and disabled populations. Basic skills such as reading, writing, and numeracy are important, but in the digital age, digital literacy and financial literacy are equally critical for full participation in the economy and society.

The lack of digital and financial literacy can limit the ability of these segments to access and use digital technologies, financial services, and participate in the digital economy. This can perpetuate existing inequalities and hinder overall economic growth and development.

Therefore, there is a need for targeted interventions that focus on improving digital and financial literacy among marginalized populations, particularly in rural areas where access to education and training programs may be limited.

WOMEN INCLUSIVITY IN MALAWI

The female population in Malawi is slightly higher than the male population, with women making up 50.68 percent of the population and men 49.32 percent. **The women's inclusivity score is 60 percent**, which can be attributed to efforts to promote gender inclusivity in various areas such as access to infrastructure and skills. However, there is still a significant digital divide between men and women, with the women's digital divide score at 40 percent. This suggests that women may have limited access to digital technologies and resources which could impact their ability to fully participate in the digital economy. To highlight some of these gaps, women make up 23% of the Malawian members of parliament and only 24 percent of businesses in Malawi are owned by women.

Overall these exclusion in policy and regulatory promotion, skills, innovation and infrastructure across marginalised segments including youth, rural communities, women, refugees, the elderly, people with disabilities and MSMEs can lead to a further digital divide and widen the gap between those who have access to digital technologies and those who do not, which can exacerbate existing inequalities and hinder overall economic growth and development. Moreover, failing to consider the needs and perspectives of these groups may result in the development of digital solutions that do not meet their specific needs, further excluding them from the benefits of the digital economy.

Therefore, it is important to ensure that policies and high-level strategies on the digital economy are inclusive and take into account the needs and perspectives of all segments of the population to ensure that no one is left behind in the digital age

CONCLUSION

The national Malawi Vision 2063 lays out a roadmap for the realization of "An Inclusively Wealthy and Self-Reliant Nation." premised on three pillars: Agricultural productivity and commercialization, Industrialisation and Urbanisation.

Digital technologies can make meaningful and sustainable contributions to each of these pillars from enhancing operational efficiencies in the agricultural sector, to driving inclusive modernization by making critical products and services more accessible. In addition, digital technologies can solve some of the country's development challenges, such as improving access to social services, enabling increased efficiency and transparency in the delivery of public services, driving inclusive economic growth, and reducing inequalities.

This IDES report and scorecard provide valuable insights into the state of Malawi's digital economy and its potential for driving economic growth, job creation, and poverty reduction. Furthermore, the scorecard provides a guide for policymakers and stakeholders to prioritize areas that need improvement. By focusing on these areas, Malawi can accelerate its progress towards building an inclusive digital economy that benefits all segments of society, particularly the youth, women, elderly, people with disabilities and MSMEs.

The recommendations put forward are aligned with the country's national development goals and prioritize inclusive digital transformation. Achieving an inclusive digital economy in Malawi will require collaboration across various sectors, including the government, private sector, civil society, and development partners, and a concerted effort to overcome challenges and leverage the strengths of Malawi's digital economy.

UNCDF has been actively engaged in supporting the development of the digital economy in various countries, including Malawi. Leveraging the IDES scorecard, we have identified areas of collaboration with ecosystem stakeholders to further enhance the digital economy.

The DFS4Res programme, which UNCDF is implementing in Malawi with support from the EU and OACP, is strengthening the rails for the update and usage of digital financial services in Malawi. UNCDF's work on policy consumer protection, data automation, e-KYC, inclusive innovation and fintech ecosystem support are designed to contribute significantly to the growth of the digital economy. We are honoured to continue our engagement with the Government of Malawi and other partners to achieve this objective.

Moving forward, UNCDF remains committed to the promotion of inclusive and sustainable economic development through digital innovation. We will continue to work with our partners to build an enabling environment for the digital economy and ensure that all individuals and communities in Malawi have access to the benefits of the digital era.

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