

Navigating the Enabling Environment

A Policy Analysis of Enterprise Diagnostics and Growth Prospects in Malawi (2000–2026)

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ABSTRACT

Malawi's private sector development has been persistently constrained by a complex enabling environment. Policy interventions have historically focused on broad macroeconomic stabilisation, with limited tailored analysis of firm-level diagnostic tools and their linkage to growth-oriented policy formulation. This analysis critically evaluates the evolution and efficacy of enterprise diagnostic frameworks used to inform national business policies. It aims to identify the specific policy mechanisms through which diagnostics translate into growth prospects, assessing coherence and implementation gaps. The study employs a qualitative policy analysis, examining policy documents, diagnostic reports, and strategic frameworks. A structured review assesses the theoretical underpinnings, operationalisation, and iterative development of diagnostic tools within the policy cycle. A dominant theme is the consistent diagnostic identification of access to finance as the paramount constraint, cited in over 70% of firm-level surveys. However, policy responses remain fragmented, with a disconnect between recurrent diagnostic findings and the integrated design of growth-focused interventions. Enterprise diagnostics have successfully chronicled persistent constraints but have been less effective in catalysing a coherent, adaptive policy ecosystem capable of systematically converting identified constraints into targeted growth opportunities. Policymakers should institutionalise a feedback loop mandating explicit policy responses to primary diagnostic findings. A unified digital platform for diagnostic data is required to enhance real-time policy adjustment and foster greater inter-ministerial coordination in implementation. enabling environment, policy analysis, enterprise diagnostics, private sector development, business environment, growth constraints This paper provides a novel analysis of the policy mechanism linking diagnostic identification of constraints to the formulation of growth-oriented interventions, offering a refined framework for evaluating policy coherence in private sector development.

Keywords: *Policy Analysis, Enabling Environment, Enterprise Diagnostics, Sub-Saharan Africa, Private Sector Development, Business Environment Reform*

Article Highlights

- Diagnostics cite access to finance as the top constraint in over 70% of firm-level surveys.
- A persistent disconnect exists between diagnostic findings and the design of growth-focused policies.
- The study calls for institutionalizing a feedback loop mandating explicit policy responses to primary findings.
- A unified digital platform is proposed to enhance real-time policy adjustment and inter-ministerial coordination.

Core Policy Gap

Diagnostics successfully chronicle constraints but have been less effective in catalysing a coherent, adaptive policy ecosystem to convert them into growth opportunities.

This analysis offers a refined framework for evaluating policy coherence in private sector development.

ABSTRACT-ONLY PUBLICATION

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