The Tonse Alliance that made history in June by winning the rerun of the presidential election, the first time this has happened in Africa. It represented a triumph of Malawian democracy, undergirded, on the one hand, by the independence of the judiciary, and on the other, by the unrelenting political resilience and struggles of the Malawian people for democratic governance. In short, we can all be proud of Malawi’s enviable record of political freedom. However, our democratic assets are yet to overcome huge developmental deficits. Our record of economic development and poverty eradication remains dismal, uneven, and erratic.

Malawi’s persistent underdevelopment does not, of course, emanate from lack of planning. In 1962, Dunduzu Chisiza convened “what was perhaps the first international symposium on African Economic Development to be held on the continent”. It brought renowned economists from around the world and Africa. In attendance was a young journalist, Thandika Mkandawire, who was inspired to study economics, and rose to become one of the world’s greatest development economists. I make reference to Chisiza and Mkandawire to underscore a simple point: Malawi has produced renowned and influential development thinkers and policy analysts, whose works need to be better known in this country. If we are to own our development, instead of importing ready-made and ill-suited models from the vast development industry that has not brought us much in terms of inclusive and sustainable development, we have to own the generation of development ideas and implementation.
I begin, first, by giving some background on the county’s development trajectory; and second, by identifying the three key engines of development – the quality of human capital, the quality of infrastructure, and the quality of institutions – without which development is virtually impossible.

**Malawi’s development trajectory and challenges**

Malawi’s patterns of economic growth since independence have been low and volatile, which has translated into uneven development and persistent poverty. A 2018 World Bank report identifies five periods. First, 1964-1979, during which the country registered its fastest growth at 8.79%. Second, 1980-1994, the era of draconian structural adjustment programmes when growth fell to 0.90%. Third, 1995-2002 when growth rose slightly to 2.85%. Fourth, 2003-2010, when growth bounced to 6.25%. Finally, 2011-2015, when growth declined to 3.82%. Another World Bank report, published in July 2020, notes that the economy grew at 3.2% in 2017, 3.0% in 2018, an estimated 4.4% in 2019, and will likely grow at 2.0% in 2020 and 3.5% in 2021.

Clearly, Malawi has not managed to sustain consistently high growth rates above the rates of population growth. Consequently, growth in per capita income has remained sluggish and poverty reduction has been painfully slow. In fact, while up to 1979 per capita GDP grew at an impressive 3.7%, outperforming sub-Saharan Africa, it shrunk below the regional average after 1980. It rose by a measly 1.5% between 1995 and 2015, well below the 2.7% for non-resource-rich African economies. Currently, Malawi is the sixth poorest country in the world.

While the rates of extreme poverty declined from 24.5% in 2010/11 to 20.1% in 2016/17, moderate poverty rates increased from 50.7% to 51.5% during the same period. Predictably, poverty has a gender and spatial dimension. Women and female-headed households tend to be poorer than men and male-headed households. Most of the poor live in the rural areas because they tend to have lower levels of access to education and assets, and high dependency ratios compared to urban dwellers, who constitute only 15% of the population. Rural poverty is exacerbated by excessive reliance on rain-fed agriculture and vulnerability to climate change because of poor resilience and planning. In the urban areas, poverty is concentrated in the informal sector that employs the majority of urban dwellers and suffers from low productivity and incomes, and poor access to capital and skills.

The causes and characteristics of Malawi’s underdevelopment are well-known. The performance of the key sectors – agriculture, industry, and services – is not optimal. While agriculture accounts for two-thirds of employment and three-quarters of exports, it provides only 30% of GDP, a clear sign of low levels of productivity in the sector. Apparently, only 1.7% of total expenditure on agriculture and food goes to extension, and one extension agent in Malawi covers between 1,800 and 2,500 farmers, compared to 950 in Kenya and 480 in Ethiopia. As for irrigation, the amount of irrigated land stands at less than 4%.

Therefore, raising agricultural productivity is imperative. This includes greater crop diversification away from the supremacy of maize, improving rural markets and transport infrastructure, provision of agricultural credit, use of inputs and better farming techniques, and expansion of irrigation and extension services. Commercialisation of agriculture, land reform to strengthen land tenure security, and strengthening the sector’s climate resilience are also critical.
In terms of industry, the pace of job creation has been slow, from 4% of the labour force in 1998 to 7% in 2013. In the meantime, the share of manufacturing’s contribution to the country’s GDP has remained relatively small and stagnant, at 10%. The sector is locked in the logic of import substitution, which African countries embarked on after independence and is geared for the domestic market.

Export production needs to be vigorously fostered as well. It is reported that manufacturing firms operate on average at just 68 per cent capacity utilisation. This suggests that, with the right policy framework, Malawi’s private sector could produce as much as a third more than current levels without needing to undertake new investment.

After independence, Malawi, like many other countries, created policies and parastatals, and sought to nurture a domestic capitalist class and attract foreign capital in pursuit of industrialisation. The structural adjustment programmes during Africa’s “lost decades” of the 1980s and 1990s aborted the industrialisation drive of the 1960s and 1970s, and led to de-industrialisation in many countries, including Malawi. The revival and growth of industrialisation require raising the country’s competitiveness and improving access to finance, the state of the infrastructure, the quality of human capital, and levels of macroeconomic stability.

Over the last two decades, Malawi has improved its global competitiveness indicators, but it needs to and can do more. According to the World Bank’s Ease of Doing Business, which covers 12 areas of business regulation, Malawi improved its ranking from 132 out of 183 countries in 2010 to 109 out of 190 countries in 2020; in 2020 Malawi ranked 12th in Africa. In the World Economic Forum’s Global Competitiveness Index, a four-pronged framework that looks at the enabling environment – markets, human capital, and the innovation ecosystem – Malawi ranked 119 out of 132 countries in 2009 and 128 out of 141 countries in 2019.

Access to finance poses significant challenges to the private sector, especially among small and medium enterprises that are often the backbone of any economy. The banking sector is relatively small, and borrowing is constrained by high interest rates, stringent collateral requirements, and complex application procedures. In addition, levels of financial inclusion and literacy could be greatly improved. The introduction of the financial cash transfer programme and mobile money have done much to advance both.

Corruption is another financial bottleneck, a huge and horrendous tax against development. The accumulation of corruption scandals – Cashgate in 2013, Maizegate in 2018, Cementgate and other egregious corruption scandals in 2020 – is staggering in its mendacity and robbery of the county’s development and future by corrupt officials that needs to be uncompromisingly uprooted.

Malawi’s infrastructure deficits are daunting. Access to clean water and energy remains low, at 10%, and frequent electricity outages are costly for manufacturing firms that report losing 5.1% in annual sales; 40.9% of the firms have been forced to have generators as backup. The country’s generating capacity needs massive expansion to close the growing gap between demand and supply. Equally critical is investment in transport and its resilience to contain the high costs of domestic and international trade that undermine private sector development and poverty reduction.

Digital technologies and services are indispensable for 21st century economies, an area in which Malawi lags awfully behind. According to the ICT Development Index by the International Telecommunications Union, in 2017 Malawi ranked 167 out of 176 countries. There are significant opportunities to overcome the infrastructure deficits in terms of strengthening the country’s transport systems through regional integration, developing renewable energy sources, and improving the regulatory environment. Developing a digitally-enabled economy requires enhancing
digital infrastructure, connectivity, affordability, availability, literacy, and innovation.

Malawi’s infrastructure deficits are daunting. Access to clean water and energy remains low, at 10%, and frequent electricity outages are costly for manufacturing firms that report losing 5.1% in annual sales.

The services sector has grown rapidly, accounting for 29% of the labor force in 2013 up from 12% in 1998. It is dominated by the informal sector which is characterized by low productivity, labor underutilization, and dismal incomes. The challenge is how to improve these conditions and facilitate transition from informality to formality.

Enablers and drivers of development

The challenges of promoting Malawi’s socio-economic growth and development are not new. In fact, they are so familiar that they induce fatalism among some people as if the country is doomed to eternal poverty. Therefore, it is necessary to go back to basics, to ask basic questions and become uncomfortable with the county’s problems, with low expectations about our fate and future.

From the vast literature on development, to which Thandika made a seminal contribution, there are many dynamics and dimensions of development. Three are particularly critical, namely, the quality of human capital, the quality of infrastructure, and the quality of institutions. In turn, these enablers require the drivers embodied in the nature of leadership, the national social contract, and mobilisation and cohesiveness of various capitals.

The quality of human capital encompasses the levels of health and education. Since 2000, Malawi has made notable strides in improving healthcare and education, which has translated into rising life expectancy and literacy rates. For the health sector, it is essential to enhance the coverage, access and quality of health services, especially in terms of reproductive, maternal, neonatal, and early child development, and public health services, as well as food security and nutrition services.

The introduction of free primary education in 1994 was a game changer. Enrollment ratios for primary school rose dramatically, reaching 146% in 2013 and 142% in 2018, and for secondary school from 44% in 2013 to 40% in 2018. The literacy rate reached 62%. But serious challenges remain. Only 19% of students’ progress to Standard Eight without repeating and dropout rates are still high; only 76% of primary school teachers and 57% of secondary school teachers are professionally trained. Despite increased government expenditure, resources and access to education remain inadequate.

Consequently, in 2018 Malawi’s adult literacy was still lower than the averages for sub-Saharan countries (65%) and the least developed countries (63%). This means the skill base in the country is low and needs to be raised significantly through increased, smart and strategic investments in all levels of education. Certainly, special intervention is needed for universities if the country, with its tertiary education enrollment ratio of less than 1%, the lowest in the world, is to catch up with the enrollment ratios for sub-Saharan Africa and the world as a whole that in 2018 averaged 9% and 38%, respectively.

Human capital development is essential for turning Malawi’s youth bulge into a demographic dividend rather than a demographic disaster. Policies and programmes to skill the youth and make them more productive are vital to harnessing the demographic dividend. Critical also is accelerating the country’s demographic transition by reducing the total fertility rate.
As for infrastructure, while the government is primarily responsible for building and maintaining it, the private sector has an important role to play, and public-private-partnerships are increasingly critical in many countries. It is necessary to prioritise and avoid wish lists that seek to cater to every ministry or constituency; to concentrate on a few areas that have multiplier effects on various sectors; and ensure the priorities are well-understood and measurable at the end of the government’s five-year term. Often, the development budget doesn’t cover real investment in physical infrastructure and is raided to cover over-expenditure in the recurrent budget.

The quality of institutions entails the state of institutional arrangements, which UNDP defines as “the policies, systems, and processes that organizations use to legislate, plan and manage their activities efficiently and to effectively coordinate with others in order to fulfill their mandate”. Thus, institutional arrangements refer to the organisation, cohesion and synergy of formal structures and networks encompassing the state, the private sector, and civil society, as well as informal norms for collective buy-in and implementation of national development strategies. But setting up institutions is not enough; they must function. They must be monitored and evaluated.

Human capital development is essential for turning Malawi’s youth bulge into a demographic dividend rather than a demographic disaster. Policies and programmes to skill the youth and make them more productive are vital to harnessing the demographic dividend.

The three enablers of development require the drivers of strong leadership and good governance. Malawi has not reaped much from its peace and stability because of a political culture characterised by patron-clientelism, corruption, ethnic and regional mobilisation, and crass populism that eschews policy consistency and coherence, and undermines fiscal discipline. Malawi’s once highly regarded civil service became increasingly politicised and demoralised. Public servants and leaders at every level and in every institutional context have to restore and model integrity, enforce rules and procedures, embody professionalism and a high work ethic, and be accountable. Impunity must be severely punished to de-institutionalise corruption, whose staggering scale shows that domestic resources for development are indeed available. To quote the popular saying by Arthur Drucker, “organisational culture eats strategy”.

Also critical is the need to forge social capital, which refers to the development of a shared sense of identity, understanding, norms, values, common purpose, reciprocity, and trust. There is abundant research that shows a positive correlation between the social capital of trust and various aspects of national and institutional development and capabilities to manage crises. Weak or negative social capital has many deleterious consequences. The COVID-19 pandemic has made this devastatingly clear – countries in which the citizenry is polarised and lacks trust in the leadership have paid a heavy price in terms of the rates of infection and deaths.

Impunity must be severely punished to de-institutionalise corruption, whose staggering scale shows that domestic resources for development are indeed available. To quote the popular saying by Arthur Drucker, “organisational culture eats strategy”.

The question of social capital underscores the fact that there are many different types of capital in society and for development. Often in development discourse the focus is on economic capital, including financial and physical resources. Sustainable development requires the preservation of natural capital. Malawi’s development has partly depended on the unsustainable exploitation of environmental resources that has resulted in corrosive soil erosion and deforestation. Development
planning must encompass the mobilisation of other forms of capital, principally social and cultural capital. The diaspora is a major source of economic, social and cultural capital. In fact, it is Africa’s largest donor, which remitted an estimated $84.3 billion in 2019.

In conclusion, Malawi’s development trajectory has been marked by progress, volatility, setbacks, and challenges. For a long time, Malawi’s problem has not been a lack of planning, but rather a lack of implementation, focus and abandoning the very basics of required integrity in all day-to-day work. Also, the plans are often dictated by donors and lack local ownership so they gather the proverbial bureaucratic dust.

Let us strive to cultivate the systems, cultures, and mindsets of inclusion and innovation so essential for the construction of developmental and democratic states, as defined by Thandika and many illustrious African thinkers and political leaders.

- 

_This article is the author’s keynote address at the official opening of the 1st National Development Conference presided by the State President of Malawi, His Excellency Dr. Lazarus Chakwera, at the Bingu International Convention Centre, Lilongwe, on 27 August, 2020._

---

_Published by the good folks at The Elephant._

_The Elephant is a platform for engaging citizens to reflect, re-member and re-envision their society by interrogating the past, the present, to fashion a future._

_Follow us on Twitter._