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Extended Book Review Article

(Beyond) *Agricultural Input Subsidies: The Recent Malawi Experience*, Ephraim Chirwa and Andrew Dorward Oxford University Press: Oxford, 2013, pp 298, ISBN 978-0-19-870581-9

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1. Introduction

Poverty and food insecurity have been endemic problems across the African continent. With sizeable rural and agrarian populations, *agricultural input subsidy interventions* (AISI) would for the politicians, seem to be the natural, high-visibility solution worth revisiting at the slightest chance. This article reviews a study that is premised on the same argument but trying to give AISI an argument other than the political justification. Beyond that, what if AISI, are a corner solution, too narrow in focus, leaving behind a big and growing hole of the ultra-poor in the first place? Adam Smith's influential *Wealth of Nations* was based on mindset change towards wealth creation through sacrifices by present generations for the future through savings and children's education. This is what is inspiring development thinking after the failures of the reactionary post-1995 "growth with poverty reduction" paradigm to which the AISI solutions belong. This article extends beyond the review to delve into the wealth creation paradigm, but within the confines of the experience of the Malawi case study.

2. The Malawi AISI Experience

The notion of subsidies is an implicit transfer and though both have always been around in various forms and names, their profile has been raised considerably in the wake of the COVID-19 where transfers have become a top contender among government responses globally.

The book under review though now slightly dated, deals with a very current issue in sub-Saharan Africa, the efficacy of AISI, as a subsidy transfer solution to inequality, poverty, and food insecurity in agrarian rural economies. Based on Malawi's Farm Input Subsidy Programme (FISP) as a case study, the issues are addressed through what can be stylizes as a round-up organized into three parts: starting with the problem as ***background*** (theory, African experience, Malawi background); then the proposed solution ***Implementation of the Malawi programme and impacts*** (direct, economy-wide, externalities in input market developments and wide-based benefit-cost analysis), and; working back to ***strategic issues*** of entry and exit which are pivotal for effective implementation (targeting and access) and the ultimate measure of enduring success, graduation.

Contextualising transfers and the transfer enigma: the superiority and inferiority of Cash: From an economics perspective, with working and efficient markets for necessities cash is considered to

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be superior to commodity-based transfers because cash gives recipients freedom to choose the welfare optimizing quantities and combinations of goods. Commodity transfers are Hobson's choice, or no choice, and associated with what are aptly called "corner solutions" where other desirable goods are not availed. AISI would be inferior to interventions based on cash transfers. But here, there is a catch.

The reasonable expectation would be that the proportion of expenditure going to necessities rises the lower the income and vice-versa (Engel's Law) from which one can argue that for the poor this could get to the extent that there is no capacity to save. Cash being fungible, the proceeds of cash transfers could well go into consumption rather than expenditure on agricultural inputs, an obvious saving/ investment decision. Even financial inclusion (FI) interventions popularly touted as a means to poverty reduction become a paradox when poverty itself becomes a barrier to FI products and participation on account that they are unaffordable (Kaluwa and Kunyenje, 2019) or that the poor "don't have money" to have savings accounts (World Bank,2017). Worse still there is emerging evidence, at least from Malawi, that while poverty is worse in rural areas, for poorer households there, the consumption of "vanity goods" especially alcohol, crowd-out consumption of important basic necessities (Jolex and Kaluwa, 2021). Chirwa and Dorward's argument for agricultural input subsidies, says that as opposed to cash, AISI transfers would address precisely that lack of capacity (and reluctance) to save. The transfers would be a form of forced (inter-seasonal) household savings. It is also why other recent experimental approaches to rural poverty which use cash transfers also require commitment to input purchases as well as the maintenance of savings accounts (formal or on mobile platforms) i.e., as an FI assurance (Brune *et al*, 2013).

Apart from the foregoing the authors offer other reasons for the circumstantial optimality of AISI including informational failure (on efficient use and benefits AISI); credit market failure (availability/access and cost); and externalities like multifaceted benefits of raised output of staples.

Evidence on FISP impacts: The study garners evidence based on a variety of information sources and methodologies (qualitative and quantitative) to assess direct, economy-wide effects, externalities in input market developments and economy wide-based benefit-cost analysis (CBA). Direct impacts were more reliably measured than the others because the study availed itself of panels of data from large periodized household surveys where impacts could be benchmarked on the treatment of "with or without" FISP. Though estimates for other levels of impacts are presented from the study and elsewhere including regression analyses, Computable General Equilibrium models and CBA, these faced issues of assigning causality and others involving lack of compatibility among theory, methodology and data.

In extreme circumstances poverty will in consumption and production relate most closely to basic needs and in the labour market to basic wages. In the context of rural Malawi these tendencies link the food and labour markets during the one rainy season during which both are critical because of being the peak labour demand and hunger season. The findings indicate positive direct impacts of FISP on a variety of welfare outcomes including maize production, net crop income, food consumption, schooling, nutrition, and health. The positive economic outcomes were through what is corroborated by other studies including (Kaluwa, forthcoming) by tipping the bargaining power in the seasonal casual labour market in favour of labour suppliers and against the demanders by raising casual or *ganyu* wage rates and increasing labour supply to own-account food production. Overall, the impacts were mostly subdued, did not affect household income and mostly season-bound and therefore transient. BCR analysis, subject to data and analytical limitations, also point to positive and also moderate impacts with low fiscal efficiency which do not allay the fears of AISI sceptics and nihilists.

When introduced, large-scale AISI in Africa aimed to address rapid rise of food and fertilizer prices (Rwanda and Ghana), the cost of transportation to remote areas (Tanzania and Zambia), late input deliveries and quality (Nigeria), late deliveries and payments to importers (Mali and Senegal). These conditions still exist but the efficacy of AISI in addressing them has been adversely impacted by political misdirection, corruption and organised crime activities involving the polity, their alliances, and the bureaucracy. In Malawi, these have fostered and harboured several layers of leakages throughout all stages of AISI starting from planning to implementation (Tambulasi, 2009). Chirwa and Darwood find that these are the practical design and implementation problems of commodity based transfers.

Strategic issues: entry/exit. Outside the extreme context of AISI responding to, say weather failure, the issue of success and beneficiaries graduating from FISP would be a strategic one, related to entry, the initial strategic issue. For Malawi, the predecessor of FISP was a long-running pseudo-fiscal AISI programme built on cross-subsidies and automatic triggers. These were based on an ingenious use of proxy indicators for prospective economic welfare outcomes. With existing levels of affordable technology, smallholder farmers were classified as follows:<0.7 ha, unable to satisfy their own subsistence food requirements and relying on off-own farm employment; 0.7 -1.5 ha, able to meet their subsistence requirements with modest marketed surpluses; and >1.5, meeting their requirements as well as a capacity for cash-cropping. From 35% in the early 1980s the proportion of those in the first, land-constrained category has been growing and contributing to the rising prevalence of rural poverty because of population pressure and landholding fragmentation: according to the Malawi Vice President, the average landholding size per household fell from 0.4 ha in 1971 to 0.22 ha in 2016 (*Malawi Nation*, 4 June, 2021). The cross-subsidy system assumed that the land-constrained and food deficit would be the rural labour market suppliers and marginal beneficiaries of AISI interventions.

The landholding and cropping orientations were used to link farmers to the crop marketing and input delivery system of the state corporation, Agriculture Development and Marketing Corporation (ADMARC). ADMARC used the "tax" from less-than export-price parity cash crop purchases to subsidise smallholder inputs and maize purchases with the land-constrained, food deficit as potential beneficiaries on both sides. The system was obviously progressive and automatic because entry into the subsidy net recipient or taxed, financier status were self-serving and self-selecting. Beyond that it had positive externalities in that it went beyond conceptual fiscal self-sufficiency by financing and contributing to some industrialisation via agro-processing activity which provided backward and forward linkages for some domestic economic integration.

FISP's introduction in 2005, was long after the older system had been scuttled during the market liberalisation era of the 1980/90s which had contributed to food-price increases, riots and regime changes across Africa including Tunisia, Egypt, and Zambia. For Malawi FISP had been a response to a noticeable decline into national food insecurity and a food crisis in 2001-3.

Unlike the earlier automatic trigger entry system, FISP was an administered system so that beneficiary targeting, an entry and strategic issue, became relevant, as it typically would in relation to such transfers (cf the US COVI-19 transfer responses). Entry would/should be for the most deserving, those at the bottom. With the impacts of FISP being positive but muted and transient the programme could generally not be a game-changer. It did not have impacts that could support beneficiaries' graduation into independent livelihoods, and it also attracted irrelevant leakage problems on top of the structural ones it was designed to address. But there was yet another compounding problem: what to do about the deserving ultra-poor who are labour and land constrained and least likely to benefit optimally from the input subsidies?

3. AISI in Bigger Agendas

The ultra-poor and labour-constrained have been targeted through various social cash transfer programmes, which were initially localized and implemented by specific funders and then later scaled-up to national coverage. The latest Social Cash Transfer Programme (SCTP) is under the Social Support and Poverty Reduction Programmes whose value in 2019 was MK7000 (USD9.70) per month with 293,000 beneficiary households in all 28 districts of the country. As a nationwide intervention this has still not been domesticated and formalized into the institutional framework and the budget, being mostly not only externally financed (EU, KfW, Irish Aid, World Bank) but also channelled through *ad hoc* host programmes, Malawi Social Action Fund (MASAF) IV and UNICEF (Malawi Government, 2019).

Though their relevance for the ultra-poor may not be strong there are other developments and interventions that could complement AISI in at least pushing the frontiers of poverty on an ongoing basis. Savings and Loan Groups in Malawi are estimated to benefit 1.3million rural and peri-urban clients with total savings amounting to over MK19bn. They are credited with cultivating mindsets for savings culture and improved access to small loans for small businesses especially in remote rural areas (Malawi Government, 2019). The more formally intervened aspect of this finance access route has been the Pro-poor Microfinance with 230,394 low-income beneficiaries in all 28 districts and in which the Reserve Bank of Malawi has linked up with Malawi Microfinance Network to establish a hub linking all MF transactions.

3.1 Originating Policies and Implications

In their review of post-independence economic development in sub-Sahara Africa including Malawi, Ghai and Radwan (1983) characterise the espoused policies as based on primary export-led economic growth. Without tying constraints, they can be formulated as a problem of: "maximize economic growth subject to spontaneous trickledown". Poverty persisted and worsened in Malawi and other countries because there was no trickledown even where growth had been achieved, as in Malawi. Export crops suffered from deteriorating international terms of trade influenced by changes in tastes and export requirements (e.g., for tobacco, tea, groundnuts, cotton, sugar). This also affected the positive effect which export orientation had had on the development of domestic agro-processing.

The rural economy and the rural poor had suffered from other negative externalities. There was the bias that the policies had on resource allocation (land, infrastructure, extension services, inputs) in favour of so-called progressive groups and in areas with ecological conditions suited for export activity. The impact of these biases included rising landlessness from inequitable land distribution, compounded by population growth pressure and declining soil fertility. The conditions created a class of rural wage earners facing declining real wages from the adverse external terms of trade and rising competition in labour supply. Internal and external emigration from rural areas and population growth worsened dependency rates and created manpower shortages at the household level.

Earlier Malawi economic planning had evolved from short-term (five-year) which hatched the export-led growth path and later rationalized in the first medium-term (ten-year), *Statement of Development Policies, 1971-80, DEVPOL I,* which was followed by *DEVPOL II*, 1987-1996. Lacklustre economic performance required a new-perspective Malawi Growth and Development Strategies I (2006-2011) and II (2011-2016) which sought vigorous structural transformation and a non-primary export push based on domestic economic integration later to be supported by the National Export Strategy 2011-2018. All these were still grounded on agricultural performance and implemented in a period straddled by Malawi's first long-term (strategic) planning perspective, the Vision 2020, which envisaged a democratic, technology-driven, environmentally sustainable, inclusive, food secure middle-income country by 2020.

The Vision 2020 would be for two- and-half decades subject to existing short-term programmes aligned to poverty reduction policies and the international Millennium Development Goals (MDGs) and later Sustainable Development Goals (SDGs). By the end of 2020, most of the objectives including the core ones, poverty reduction and food insecurity had not been achieved. Below we take a look at sources of failure from off beaten-path perspectives and assess prospective sources of relief.

4. Failure in the Big Vision2020 Agenda

4.1 Global Challenges

Malawi's Vision 2063 (MW2063), the successor to Vision 2020 blames earlier failures on "global challenges", associated with imposed solutions and pressure from abroad. The earlier one of these pressures had involved following policies based on the notion of (static) "comparative advantage" to deliver fast export-led economic growth. Next was the 1980s "neo-liberal counter-revolution", "Washington-Consensus", get the prices right, by getting the state out of productive economic activity and price interventions, even and especially if this required privatization. These were the market liberalization, and structural adjustment policies of the 1980/90s which resulted in "shrinking policy space" available for development policies in developing countries (UNCTAD, 2014). Economically devastating effects included the sudden withdrawal of the state and abandonment or neglect of economic infrastructure and services that had served rural livelihoods even in remote areas. In Malawi, critical rural productive activities which were disrupted included those requiring crop, horticulture and veterinary services, marketing as well as transport and communication. The losses from the policies were not confined to rural productivity but for a long time also led to fiscal inefficiencies and gross misallocation of resources from wage bills which were not associated with service delivery.

4.2 Domestic Political leadership issues

4.2.1 The Polity and governance

If the criminality observed earlier with respect to FISP is generalizable to other areas of government operations, the prospects for AISIs achieving their objectives of poverty and food insecurity reduction are dire. Below we present an immediate-past historical perspective of this.

Legitimacy in post-independence African political leadership tended to be associated with the earlier involvement in the fight for independence. This resulted in unassailable, un-democratic and un-accountable systems, where political and economic governance abuses could not be challenged. Consequently, there was no compulsion for reviewing the Penal Code, the Corrupt Practices Act and related laws, leaving a patchwork of statutes and resulting in discrepancies, overlaps, gaps, lack of uniformity and clarity (Anders, 2021). When democratic systems emerged, the legislative vacuum was exploited for rampant and intransigent high-level corruption across Africa which deflected economic progress. These are ably reflected in Afro-Barometer and for Malawi, the Anti-Corruption Bureau reports.

Table 1 presents a stylized perspective of Malawi's political-economy profile of the various regimes since independence, their governance orientation and retrospectively, their prospects for steering the economy towards inclusive middle-income status, implying eradication of poverty and food-insecurity. Only two regimes since independence can be characterized by the status of "Hard state" in the sense of having had some visionary or single-minded commitment to the country's development. The first was Dr Banda, the first president. The second was Bingu wa Mutharika and then only in his first-term, the "Imposed/ and Opposed" term. During this term he delivered on infrastructure investment and rehabilitation for which he was re-elected with a resounding majority. The rest of the tenures were characterized by the prominence of "criminal enterprise".

Table1: Stylised Malawi Political regimes, governance orientation and economic welfare prospects

POLITICAL REGIME/INCLINATIONS*	ECONOMIC IMPACT/POTENTIAL**
1966-1993 Dr H. K. Banda (HKB) Single-party, authoritarian "hard state": clientelism vs self-reliance	Maximise agricultural export growth subject to trickledown: ADMARC food x-subsidies, policy & resource biases, inequality, landlessness; relegation of social services and education
1993-2005 Bakili Muluzi (BM) UDF party, new democratic era *laissez faire* "soft state", undermine railway transportation by road haulier "mafia"^ "criminal enterprise" polity and public service	Structural adjust market liberalization; institutional decline (including ADMARC), infrastructure (including railway) extension services, food security. "Universal primary education" (nominal)
2005-2012 Bingu wa Mutharika (BM) I: 2005-10: Imposed & opposed (First-term) : Circumstantial, "Hard State" II: 2010-12:(Second-term) Big-win "self-propelled" Second-term: "Sedentary: Executive dominance"	I: Structural transformation vision, Malawi Growth & Development Strategy (MGDS): Agricultural input subsidy (FISP); Road infrastructure rehabilitation II: Self-created economic crisis: Regressive state price control on strategic goods: forex, fuel, utilities
2012-2014 Joyce Banda (JB) takes over last half of BM's second term) Campaign-mode, Informal, *laissez faire* "Soft state" "Criminal enterprise" public service and polity	Correctional Economic Recovery Programme (Devaluation, market based pricing) Informal, transactional, campaign-mode input distribution; handouts, elderly, youths
2014-2019 Arthur Peter Mutharika (APM) **(2019-2020 Contested and annulled)** *laissez faire* "Criminal enterprise" polity and public service	Review compromised Integrated Financial Management System IFMIS, Review Public Reforms Expropriation of state resources

POLITICAL REGIME/INCLINATIONS*	**ECONOMIC IMPACT/POTENTIAL****
EXIT VISION 2020 ENTER MW2063	
2020-**2020- Lazarus M. Chakwera (LMC)** 9-Political Party, TONSE Alliance Anti graft,	Public sector reforms Affordable Input Subsidy

*"Hard State" (vs "Soft") refers to leadership's visionary/single-minded commitment to development.
**"criminal enterprise" brought to prominence in the fallout associated with" Cashgate" abuses during JB term.
^World Bank and IMF (2008).
Source: Author's compilation.

4.2.2 Political system: Executive Dominance and choices

Malawi's lack of economic independence and development has been linked to an unstable political system, with an imbalance of powers and the dominance of the presidency over the other two estates of government, Parliament, and the Judiciary (Chaponda, 2020).

Founding ideology: The post-independence political history of Malawi presents a very brief period of political descent, followed by a "winner-takes-all" one-party dictatorship and Executive dominance over political-economy choices. These were infused with personal ideological preferences including mixed-economy, anti-socialist policies that relegated the social sectors, health care and education. These were formally laid out in the first, pace-setting medium-term development policies, *DEVPOL I* 1971-80 as a deliberate strategy to orient policies and concentrate resources on delivering maximum economic growth. This, with hindsight, was of course a fatal mistake. In a global historical context, Kuttner (1984) has demonstrated this as a fallacy of choices where among developed economies for example the ones with the most egalitarian systems (Sweden, West Germany, Austria, and Japan) had over time turned out to be the most productive compared to say Great Britain and the United States. Malawi having consciously eschewed socialist leanings has found herself with the bib and growing ultra-poor segment of the population and failure to keep up with regional neighbours on the way to attain middle-income status, like Zambia, Tanzania, and Mozambique. For Malawi, general political-economy orientations have been one aspect of leadership lapses throughout. But there have also been others.

Policy orientation in agriculture: political leadership has advocated a smallholder agriculture policy which is supply-driven and dualistic, towards food for home consumption and export cash crops. This has constrained diversification in agriculture and forward linkages with agro-processing to a few very basic traditional products. This has itself confined domestic economic integration and stymied investment in smallholder agriculture productivity, competitiveness and youth involvement in otherwise easy-to-enter activities involving a diversity of vegetables, fruit, herbal teas etc. which can be processed for off-season value even exported.

Settlements development: Apart from rural labour supply for export crops, the agricultural policy orientation had a population, urban and spatial development aspect: keep the masses uneducated, rural and out of sight. The political logic of this cannot be lost from the Tunisia, Egypt food riots and Zambia's ouster of President Kaunda over maize subsidies. Dr Banda showed little enthusiasm for settlements development policies suggested by the UN agencies and which could provide the spatial integration and service delivery required for wealth creation involving youths and diversification out of subsistence agriculture.

Maize dominance in policy and implications: Food has been an important constraint in Malawi's development policies and arguably maize has been the important *real devil in the detail* involving issues of efficiency in production, distribution (logistical), marketing (and pricing), and consumption (nutrition).

Food insecurity as associated with poverty has been impacted by government's definition and policy towards food as a basis for determining pending crises and interventions. For Malawi one of the consequences of executive dominance has been that maize was vigorously promoted as the national staple during HKB's presidency when he boasted of introducing maize as a staple to areas ill-suited to its cultivation and where it had not been the traditional staple.

While this had political and economic appeal of enhancing the role of ADMARC in remote areas and as a means of modernising and monetising the economy it also brought a host of complications including pan-territorial pricing in buying and selling, dis-orientation of local traditional food security (local relevance and availability) systems. Importantly, the acquired dependency on maize opened up some rural areas including remote ones to artificial food-insecurity.

The status of maize as a national staple has given it a very high prominence, involving the livelihoods of 76% of smallholder households, 70% of cropped land area and accounting for nearly 40% of the national inflation. In the 2001-2003 food crisis maize interventions costs amounted to 14% of GDP in foreign currency (Kaluwa, 2012a). The maize staple issue, became a later source of ADMARC's efficiency and financial sustainability problems as well as in contention against the closure and exit from markets in remote, non-economic areas (Nthara, 2002; Rubey, 2003).

Other adverse welfare implications are associated with maize pricing tendencies and interventions. Sassi (2014) has demonstrated that maize price volatility in Malawi is high and has high welfare costs for the low-income and food-insecure subsistence households. Ineffective interventions through ADMARC against private traders tend to result in low buying and high selling prices. These are disincentives to agricultural activity and lead to food-insecurity as households' coping responses involve reduction of food intake (portions and meal frequency) and even long-term irreversible impacts such as selling assets including livestock at low prices or human capital impacts like seeking off-farm employment and emigration.

4.2.3 Strategic responses to opportunities (entry) and threats (exit)

An argument could be put that Malawi's development agenda and its implementation have not been strategically responsive to new opportunities or threats as they arose, to at least change the food security/input basis of AISI by moving smallholders out of subsistence farming. Malawi's entry into burley tobacco had been very strategic, by filling the gap left by international sanctions on exports from Rhodesian (now Zimbabwe) following the country's unilateral declaration of independence. This paid off as tobacco went on to become the major export earner and a major driver of economic growth. Key success factors included leadership commitment in facilitating all aspects of the enterprise: upstream (access to land, inputs, credit) and downstream (marketing). Earlier, Malawi's had gone into tea production for export which also paid off when the tea was lauded for its good quality. But Malawi eventually lost out in both cases because global demand dynamics changed against tobacco and in favour of herbal tea varieties and Malawi failed to quickly exit dependence on both.

Recently Malawi has taken longer than a decade to get into the evolving enormous global market prospects of cannabis products: United Kingdom, with less suitable conditions is already the world's largest exporter of medicinal cannabis while Canada's response to liberalization was a matter of months with an immediate and huge impact on the stock market. Responses by other African countries in the region (South Africa, Swaziland, Lesotho, Zimbabwe, Rwanda and others) have also been much quicker than Malawi, with Zimbabwe expecting proceeds of US$1.3bn from her first harvest in 2021.

Compared to regional neighbours, Malawi's uptake of simple technologies in irrigation, agro-processing and other applications has tended to be slow even as the technologies are increasingly becoming more scaled-down and accessible. This has constrained development of the Micro-, Small-, Medium Enterprise sector and has been attributed to problems with education, skills, and access to finance (FinScope, 2012). But, as in agriculture the extension intervention could play an important role in this area.

4.2.4 Performance systems and "commercialization of political incentives"

Soft state regimes presided over reckless wastefulness through discarding of worthwhile development projects initiated by a previous regime and the polity being embroiled in self- aggrandizement or "commercialization of political incentives" (MW2063). During the hard state of the HKB regime the public service was considered as mostly honest, disciplined, hardworking and professional even though not-so well-paid. Under successive soft state regimes, the public service became bloated, less efficient but well-paid and then also became distracted by private businesses, easily corrupted while appropriating state resources for own patronage networks (Chaponda, 2020; Anders, 2020). With the legislative vacuum against high-level crime, this meant that there was no source of compulsion for the polity and the bureaucrats to prioritise national interest. This was taken up as a key issue for inclusive wealth creation.

4.2.5 Performance systems in key implementing Ministries, Departments and Agencies, (MDAs)

Agriculture's performance has not been commensurate with its profile in development plans and public resource allocations. This has been blamed on leadership failure to shape the ministry to deliver results due to a disjointed system (Nkhono-Mvula, 2021). The ministry's Joint Sector Review cannot showcase progress because the National Agriculture Investment Plan is implemented without clear definitions of the roles of sector players which makes accountability difficult. Apart from this the ministry's budget has been highly centralized with only 1% disbursed to districts, meaning that critical structures like District Agriculture Extension Service System, are rendered ineffective. This has been the case with other MDAs where performance has been in decline like fisheries, forestry, and irrigation.

5. Exit Vision 2020, Enter MW2063: Assessing The Inclusive Wealth Creation Agenda

AISI and FISP are corner solutions which had to be imbedded in strategic development plans intended to achieve all-round development outcomes. FISP was imbedded in VISION 2020 under the "growth with poverty reduction (GPR)" paradigm. Malawi's failures, among other things, can be traced to deliberate policies that neglected investments including education, with emphasis on consumption (subsistence-oriented smallholder agriculture).

5.1 Malawi 2063

Malawi 2063 has refocused the policy objective from reactionary poverty reduction to a more proactive mindset change for inclusive wealth creation (for middle-income status, leaving no one behind) and self-reliance (as opposed to patronage and expropriation). It revisits VISION 2020 in terms of attention to spatial development while having exits and entry as strategic landmarks in that order by shutting down the "commercialization of political incentives" and empowering self-reliance and achievement from the individual level to build up to an "and (economically) self-reliant nation". The objectives of AISI, namely poverty and food insecurity would be addressed through year-round i.e. inter-seasonal access to adequate and nutritious food for everyone as well as access to adequate socio-economic infrastructure and services (health, good quality formal education, technical and vocational training, tarmac roads, access to reliable energy, water, internet and housing). All of these would make Malawi internationally competitive in attracting investors, trade and tourism hubs across the country including remote rural areas.

Domestic economic integration that had taken off and stalled with the collapse of ADMARC's pre-export processing facilities was to be revisited through economic competitiveness and transformation which require commercialization and raising productivity in agriculture which is linked to industrial activity. These developments would need urban centre development for spatial integration and service delivery which fits well with youth and SME development activities and opening up of rural areas to non-agricultural activities including tourism: this is an aspect which, for political reasons, was not appreciated during HKB's tenure.

The FISP experience has illustrated how performance was compromised by graft. We have also seen how the single-party political system's leadership had pre-determined: the dominant policy direction (smallholder agriculture); the distributional implications, namely, short-term (food production and consumption, rural labour market implications), and, longer-term (land distribution inequities, neglect of education). These early decisions have left a long-lasting influence that has constrained succeeding policy choices and the development prospects. We have also seen how subsequently the democratic system spawned a graft blind-spot in the legislative framework that was exploited by politicians, the bureaucracy in the MDAs to the detriment of delivery of development. In the face of these one could ask where MW2063 would place its hopes for delivering inclusive wealth creation, when AISI would very likely be among "development projects" government would be implementing. Below we comment on a selection of issues that could determine MW2063's performance.

5.1.1 MW2063: Lessons from a New AISI

Above it has been argued that politically AISIs will be favoured because they are highly visible to the rural masses and can be implemented by discretion. For Malawi the new 2020 government came in with the 2020/21 Affordable Input Programme (AIP). Both the new government and AIP coincided with the launch of MW2063. As a likely recurring AISI feature of the MW2063 long-term plan, AIP already offers some lessons.

Coming from a campaign promise, an expected distinguishing features of AIP with earlier AISI including FISP would be delivery on campaign themes: higher subsidy margins and more extensive outreach. Early estimates (May 2021) suggest that under AIP Malawi's maize output was at a 20- year high and maize prices for old stock had responded by tumbling in March 2021. putting Malawi in a rare situation to consider easing maize export restrictions. But despite the apparent national food security situation, critics have pointed out implementation marred by beneficiaries spending days on queues at distribution points.

AIP's positive price effects would still have no access guarantee, as in the old ADMARC system, nor market entitlements for the ultra-poor. From the inclusive wealth creation perspective, AIP's success was not expected to douse the spectre of the rising profile of the ultra-poor. That is, AIP as an AISI, may be necessary and important but would still be a non-inclusive corner solution, which means that relevant elements would still be necessary in the MW2063.

5.2 The MW2063 Agenda: Prospects with the Polity and Bureaucracy

General shortcomings of AISI and the implementation problems of AIP aside, the important break with the past for AIP has been that the issue of graft has been mute. This can be considered as an entry point on whether conditions for "hard states" can influence the delivery of the more robust wealth creation outcomes. Below we audit the MW2063 environment for sources or potential sources of ***commitment*** to the MW2063 agenda and ***compulsion*** to do what is required. The MW2063 framework provided for ***commitment***, while spontaneous developments since 2014 have contributed to ***compulsion*** but we examine how strong.

Universal Commitment: From the perspective of poverty and food insecurity, and drawing lessons from the experience of the Vision 2020 period Malawi had to protect its policy-making and policy steadfastness from detracting a) international influence and pressures (e.g., from international development partners) and, b) domestic interest groups (rival political parties, NGOs, traditional leaders, faith groups) that contributed to poor development performance and entrenchment of poverty. The MW2063 required extensive and guaranteed political and exhaustive stakeholder buy-in by committing representatives of all groups to sign up to the vision and most especially for all political parties to adopt the agenda in their manifestos. This is a definite departure from the past and would bring efficiency in policy implementation by sanctioning against future recurrence of project abandonment for political reasons.

Compulsion and the polity: Since 2014 Malawi has undergone, spontaneous changes that are conducive to "forcing" mind-set change. These have involved: recognition and strong mobilisation against graft or "criminal enterprise" in government and the public service, earlier referred to as political "plunder and blunder" (Kaluwa, 2012b); the redefinition and restitution of the three arms of government; demands for transparency and consultations in economic policy and decision-making; and new-found demonstrable responsiveness to threats and opportunities.

a) ***"Criminal enterprise"***: Following exposure of massive appropriation of state resources in the "Cashgate" saga, civil society has exerted, and maintained unrelenting demands for accountability which is exerting pressure on reviews for alignments of the Penal Code, the Corrupt Practices Act and related laws.

b) ***Executive Dominance***: Breaking of Executive Dominance has been occasioned by successful resistance to politically motivated decrees by two presidents on public service re-deployments, one on the judiciary on the eve of a pending election and the other on Electoral Commissioners, following an earlier presidential election whose results were later annulled.

c) ***Policy transparency***: Following the 2020 elections there have been very loud demands for rational policy and transparency especially regarding pricing of strategic goods including crops, consumer goods like cooking oil, petroleum prices and utilities. The 2021 harvest has revived the prospects of new thinking on maize exports and to ease a major long-standing issue regarding incentives for commercial maize production. The spotlight has been focused on how government sets benchmark prices for agricultural crops and ADMARC's involvement.

d) ***Strategic decision-making***: After over a decade of indecisiveness Malawi finally liberalized entry into all facets of the high-value cannabis industry in 2020 and by end of Q1 2021 entry was gathering momentum. Early 2021 Malawi has finally conceded the futility of continued reliance on tobacco as an export earner and also formally announced a major shift out of agriculture-oriented development policies by embracing mining that even more importantly accommodates artisanal activity. Both of these developments will likely play an important role in youth involvement and diversifying out of subsistence agriculture, urban centre development and service delivery, and rural infrastructure. But to avoid the performance problems experienced with agriculture the developments need to be backed by leadership that coordinates systems for performance.

5.2.1 Compulsion, and the leadership issue regarding Ministry of Agriculture (MoA)

The issues raised above about roles and responsibilities, and centrist budget orientation in the MoA are fundamental but were raised a decade earlier when the Agriculture Sector Wide Approach was introduced, had probably been there for more decades even going back to HKB's "hard state" era over periods with significant donor presence and this applies to other MDAs. MW2063 and LMC's new administration which presided over the launch of MW2063 had coinciding entry points and interest in auditing out impediments to their performance. The fact that issues could still be valid beyond the 5 months the administration had set itself for ministerial performance audits suggests potential compulsion problems in MDAs generally starting with leadership at the top i.e., polity level and then in the bureaucracy.

5.3 The MW2063 Agenda: Prospects with the Devil in the Detail

The foregoing assumes that the package of the general agenda for MW2063 is fit-for-purpose. But is the assumption realistic? Aside from the global problems and even some domestic political-economy ones, among the other problems with VISION2020 were that some packages had elements of "toxicity", like the universalization of the maize staple. Has/can MW2063 take care of these and the fundamental problem of inclusiveness, relating to the ultra-poor?

5.3.1 MW2063 Re-orientations for the Ultra-poor

Malawi faces the challenge of at least attempting to reverse or address mis-steps in a number of areas including the maize denominated food security and the impact of resource biases in favour of export cash crops.

Back to traditional foods: The issue involves strategically debunking the maize staple illusion, through reverse extension services for re-orientation of mindset, tastes, and resources back to traditional staples like finger millet, sorghum, and non-cereals. These should be in the food security and nutrition best interest of especially the remote rural areas. Countries in the region have securitized traditional crops: Botswana has invested in research that has resulted in a whole industry built around sorghum and permeating the whole economy including the tourism sector through hospitality outlets. Similarly, Zimbabwe, in reaction to the food crises that have, like Malawi, been occasioned by having maize as the national staple, has reverted to promoting traditional cereals whose production is now publicly tracked and reported. Malawi needs to go the same way via political buy-in and drive.

Re-orienting resource allocation: Land re-distribution to correct for earlier historical inequities is expensive and has rarely been tried. Malawi has been implementing a resettlement programme involving buyer- beneficiaries and for-free beneficiaries. Owing to the possibility that this is another corner solution which leaves many behind, the best ways to tackle the problem of near-landlessness would be to vastly increase land productivity through investments and diversification into higher-value crops and into non- agricultural livelihoods. Both need meaningful extension services.

Agriculture policy re-orientation: In order to be aligned with job-creation and economic integration agriculture policy needs to shift towards demand-driven production which generates relevance, diversification, higher value and reduced monocropping linked soil-stress. Again this can be a source of stimulus for investment in smallholder agriculture productivity, competitiveness and youth involvement in agriculture production and processing.

Agriculture diversification, commercialization and industrialization: Along with productivity in agriculture, these would be the focus of the newly established, Malawi Agriculture Policy Advancement and Transformation Agenda (Mwapata Institute). But there have already been some new developments. In the *Malawi Nation* (16 April, 2021) critique cited earlier, it had been suggested that Press Agriculture Limited (PAL) a subsidiary of the publicly owned Press Trust had vast tracts of idle land which could be put to productive use. In May 2021 PAL announced its intention to grow crops on 10,000 ha of land in three district (Kasungu, Lilongwe and Mchinji) and processing them for the export market. Apart from the expected direct creation of 1,000 new jobs the venture is expected to generate positive externalities in the rural economies in terms of improved infrastructure and services as well as stimulated rural economic activity.

Household level compulsion to save: For wealth creation and particularly for those who most need to get out of poverty, the ultra-poor, the capacity to participate in savings is a challenge and neither MW2020 nor other programmes have formal proposals for market entitlements to facilitate this. Social Cash Transfer Programmes targeting the ultra-poor have remained in the background for donor funding and without proper foundations and location in the development agenda. A way forward would be to unbundle the exact composition of the ultra-poor for specific tailor-made extension services for income generation activity (IGA) according to their specific circumstance and linking these to home MDAs. In other words, while there can be oversight to track progress of the group, specific IGA requirements need to be mainstreamed to relevant MDAs rather than existing way-station arrangements under the Social Support and Poverty Reduction Programmes, which are not geared for graduation out of ultra-poverty. Improved access to credit is arguably amongst the most critical issues that Malawi has not adequately addressed. Kenya has made head way in this in that inter-generational poverty can be addressed through education loans and for the short-term, day micro-loans can be accessed on mobile platforms for quick business opportunities like providing impromptu workplace meals or spare parts. The facilitators for this, which Malawi needs to work on are continued improvements in education access and literacy and, more immediately, completing work and linking the national identity and the credit reference systems.

The latter two are important for assurance of loan repayments which facilitate supply and for the poor reduce exclusion and being left behind in education and business.

Infrastructure investment and renewal: The importance of infrastructure for spatial integration, productivity and competitiveness in wealth creation is well-understood. Financing infrastructure is saving with long gestation periods and the pain of this is well-known even by wealthy nations like the US. Malawi has always struggled with the issue in the under-funded development budgets, even before the issue had its current focus in the MW2063 strategic agenda. The emerging prospects of diversifying the rural economy into high value activities like mining, high value crops like cannabis products and high-end tourism will make it worthwhile for investments into rural infrastructure. The major problem is that Malawi still needs to devise non-tax revenue financing for infrastructure. For this, Africa's prospects for tapping into the Eurobonds market has been compromised by low level of activity in African markets because fiscal dominance affects pricing in the bond market. Infrastructure financing is therefore an area that programmes that complement MW2063 will need to address.

6. Conclusion

In this review of AISI, it has been argued that politically they are an irresistible feature of development policies and programmes in Africa. However, they cannot adequately address the poverty and food insecurity problems and would likely be accommodated in new long-term development plans which espouse inclusive wealth creation. There have been and will be threats and opportunities which must be assessed for inclusive wealth creation including revisiting elements of the older policies that contributed to the problems in question. With new strategic developments regarding entry into new areas and products, a critical requirement for all these is to make sure that the delivery systems, including leadership, in relevant MDAs are coordinated for delivery roles and accountability. Inclusive wealth creation will require meaningful MDA extension services that are needed to support all critical aspects, high-value crops, non-agricultural livelihoods, reverting to traditional staples and even livelihoods for graduation out of ultra-poverty. Access to finance whether for education or for quick or regular income generating activity needs the supply side to be assured of repayment and this can be facilitated by linked national identity and credit reference systems which Malawi needs to formally recognize and work on.

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