

STRUCTURAL TRANSFORMATION OF MALAWI'S ECONOMY TO END HUNGER

The discussion in this book on strengthening access to food and developing the agriculture sector fits within a broader development agenda of structural transformation of Malawi's economy. Food security will be best assured if Malawians can obtain good employment of any sort, whether within or outside of farming, confident that they can use their income to obtain food in significantly more reliable markets at reasonable prices. This chapter looks at several facets of such an economic transformation.

- Using a model of Malawi's economy, the outcomes of sector-focused investment options are compared. There are important trade-offs—a services-focused development program provides the most economic growth and employment, whereas an agriculture-focused approach will be best for improving the welfare of the poor. But of concern is that continued lagging growth for Malawi's economy under an agriculture-focused approach may not provide sufficient income and employment opportunities to enable many poor Malawian households to exit poverty.
- Human capital development will be central to transforming the economy and propelling its growth. Several investment areas are discussed, including the importance of urban development to economic change.

The role of international wage labor migration in improving the well-being of Malawian households is also discussed. The use of this livelihood option will intensify as long as a structural transformation of Malawi's economy is not achieved. Strategies should be developed now so that such migration will benefit all concerned—the migrant, his or her family in Malawi, and Malawi as a whole.

In this book, the three broad recommendations for public action to sustainably reduce food insecurity in Malawi are (1) to continue to make efforts to raise agricultural productivity; (2) to sustainably deepen and otherwise strengthen domestic and export markets for all agricultural products, but particularly food markets; and (3) to more narrowly target public investments and programs for the development of the agriculture sector and the rural

economy. The last recommendation involves viewing commercially oriented smallholder farmers as the future of Malawian agriculture, even as other productive rural households are assisted in securing their livelihoods through nonfarm activities. In this chapter the focus is on what is needed to expand the economic options for members of these other rural households for whom seeking employment outside of agriculture will likely be the best career path.

An expansion of remunerative employment in nonagriculture sectors of the economy will be needed to foster considerable movement of labor and capital into industry and services. This will require a structural transformation of Malawi's economy. However, bringing about such a transformation will require increased attention to raising agricultural productivity, even as a broad range of public investments are made to improve productivity in both the industry and service sectors (Barrett et al. 2017; World Bank 2019).

Enabling many Malawian households to move away from agriculture-based livelihoods is not a new recommendation. Kettlewell, the Director of Agriculture for the colonial government, in a submission on agricultural policy to the Legislative Council in 1955, stated:

The intensification of farming on a scale which will enable the individual farmer to enjoy a reasonable standard of living involves the natural corollary that the balance of the population must have some alternative form of employment for their livelihood. Subsistence cultivation must disappear: men must either be farmers in the true sense or sever their direct connection with the land.... There must therefore be two complementary objectives of policy in dealing with the agrarian problem: the one to intensify farming and the other to foster every feasible form of alternative occupation in order that the inefficient subsistence cultivator may be squeezed off the land and yet have the means of a reasonable livelihood. (1955, 5)

We disagree with Kettlewell's view that employment in the manufacturing and service sectors will provide a fallback livelihood only for inefficient farmers—a view that privileges agricultural production for Malawi's economic development. Rather, government needs to put in place adequate incentives for all Malawians to find and engage in sufficiently remunerative work in any of the three sectors of the economy. With long-term attention to development of the industry and service sectors, the welfare and food security of most Malawian workers and their households will be best served through those workers leaving the agriculture sector and obtaining employment in the other sectors.

Expanding the economic options of individual Malawians will require a transformation of the structure of Malawi's economy. Such an aim is not easily achieved, and how it can be done successfully is not well understood, despite much research on the topic (for example, McMillan, Rodrik, and Sepúlveda 2017). Moreover, historical analyses have shown that it is not easy to define the specific role government should play in economic transformation efforts. Here only broad pointers are outlined for how the transformation of Malawi's economy might be accelerated.

Sectoral Investment Patterns and Structural Change in Malawi's Economy

A necessary driver in the transformation of any economy is increased economic productivity, including in agriculture. Increased output will generate surpluses that can be used to finance additional production, foster new enterprises, and provide jobs offering higher returns to more workers. A dynamic computable general equilibrium (CGE) model of the economy of Malawi has been used to better understand the development gains that might be realized by 2030 through significantly increasing the productivity of each of the three sectors of the economy—agriculture, industry, and services (Benson and Hartley 2020).¹

CGE models are useful for gaining insight into the likely impact of sectoral changes in the economy. They are designed to capture the functioning of a market economy in which the interactions of producers, households, government, and the rest of the world are mediated via prices and markets. Macroeconomic and resource constraints are respected. Forward and backward linkages and intertemporal adjustments in investment, production, and consumption to changes in economic conditions can be traced. Such models can contain quite detailed information on sectors and households, and so provide something of a “simulation laboratory” for quantitatively illustrating how changes in the economy influence production, trade, employment patterns, and income distributions (Alton et al. 2014).

However, it should also be recognized that CGE models fundamentally are deterministic, providing precise point estimates of the economic outcomes that can be attributed to changes in the economy, but offering limited

1 The dynamic recursive CGE model used for this exercise was developed by Benfica and Thurlow (2017) based on a 2014 social accounting matrix of Malawi's economy (Thurlow 2017).

guidance on uncertainty in those estimates.² Consequently, the results from scenarios run through such models, as here, should be viewed as illustrative. If used for policy design, they will need to be validated using other sources of information on the issues examined.

The scenarios run in the economywide model for Malawi involved increasing the annual growth rate in total factor productivity for each of the three sectors, in turn, by 20 percent from current levels.³ Such increases in total factor productivity growth for Malawi are achievable. Malawi has been underperforming compared with other countries in Africa when measured by labor productivity (value-added per worker) by sector between 2014 and 2019 (World Bank 2020). For the agriculture and industry sectors, Malawi is in the bottom quartile of the 44 countries in Africa south of the Sahara, although for services, it is in the second-lowest quartile.

The outputs of these three simulations are compared with a base, business-as-usual scenario that projects the recent performance of Malawi's economy through to 2030. Differences between the sector-specific results can guide policymakers in allocating resources across economic sectors to better realize particular aspects of the development vision for the country.

The modeling exercise shows that a service sector–led investment plan will lead to the largest returns in terms of overall economic (GDP) and employment growth (Table 6.1). Under the services-led scenario, both annual GDP and employment growth overall increase by around 0.2 percentage points relative to the base case and by 0.1 percentage points relative to the agriculture-led and industry-led scenarios. When compounded annually through 2030, the services-led scenario results in a 4.4 percent larger GDP for Malawi in 2030 over the base case and 4.2 percent more employment. Relative to the agriculture-led and industry-led scenarios, the services-led scenario results in 2030 in a 2.2 percent larger GDP and 2.1 percent more employment.

Increased production of services under the services-led scenario leads to higher demand for food and industrial goods, so both production and employment in the agriculture and industry sectors increase more under the services-led scenario than under the base case. Focusing on growth in the

2 Sources of uncertainty in the use of deterministic models include random variability in the data used to design and operationalize the model, varying accuracy and precision in the model parameters, and possible inaccuracies in the assumptions inherent to the construction of the model (Briggs et al. 2012).

3 Total factor productivity is calculated as the ratio of the value of economic output to the value of production inputs—land, labor, capital, and materials—and is a measure of how efficiently inputs are used in economic production (Benin and Nin-Pratt 2016). It can be calculated for the economy as a whole or, as here, for sectors and subsectors of the economy.

TABLE 6.1 Effect of sector-specific development scenarios on average annual growth in GDP and employment and on gross value-added sectoral shares, 2018 to 2030

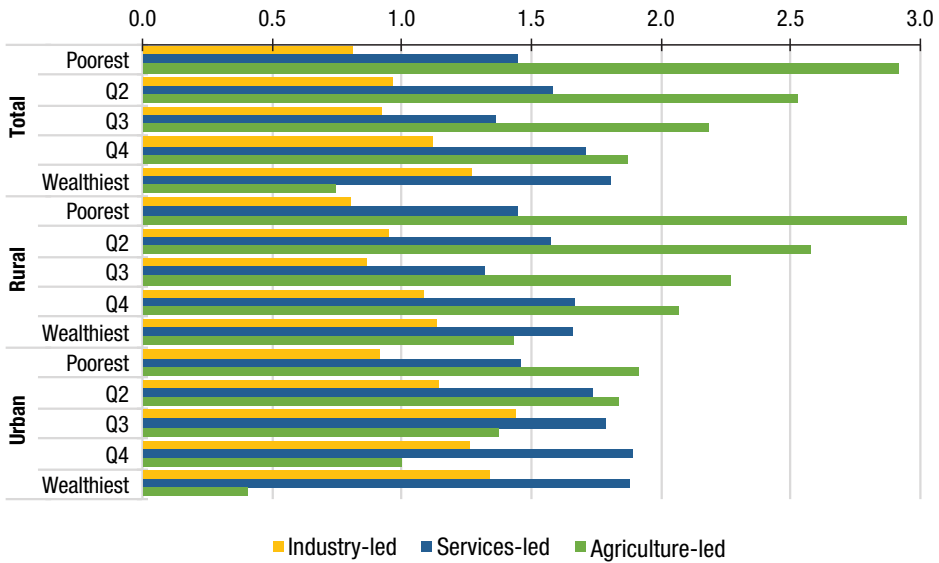
Sector	Annual GDP growth 2018–2030, %			
	Base scenario	Agriculture-led	Services-led	Industry-led
Overall	5.5	5.6	5.7	5.6
Agriculture	5.3	5.7	5.4	5.3
Industry	5.7	5.7	5.8	6.0
Service	5.5	5.6	5.8	5.7
Annual employment growth 2018–2030, %				
Overall	5.2	5.3	5.4	5.3
Agriculture	5.4	5.5	5.6	5.5
Industry	4.2	4.3	4.5	4.1
Service	5.0	5.0	5.0	5.1
Gross value-added in 2030, % share of total				
Agriculture	28.3	29.2	28.0	28.0
Industry	16.9	16.7	16.9	17.3
Service	54.8	54.1	55.1	54.7

Source: Benson and Hartley (2020), using the Malawi CGE model.

service sector will bring about greater shifts in the structure of the economy of Malawi than would investments in the agriculture or industry sectors, even if accelerated productivity in services will need to be maintained over many years.

But in making decisions around focusing on strengthening Malawi's service sector to propel economic growth and employment, policymakers face an important trade-off across development objectives. If improving welfare and reducing poverty are also central objectives for Malawi's economic development, the agriculture-led scenario achieves the greatest progress toward these aims (Figure 6.1). In part because so many rely on agriculture-based livelihoods, poorer households see appreciably larger improvements in their levels of consumption under the agriculture-led scenario than under the scenarios that concentrate public investments in the other two sectors. The services-led scenario is shown to be relatively effective in providing improved welfare for all, but it is superior to the agriculture-led scenario in this regard only for the wealthiest quintile of households.

FIGURE 6.1 Household welfare changes by consumption quintile under the Malawi CGE model scenarios in 2030, relative to the base scenario



Source: Benson and Hartley (2020).

Note: Q = consumption quintile.

The modeling exercise does not consider how the 20-percent increases in sectoral total factor productivity that were used in the scenarios will be achieved. In the extensive research literature on the topic, the principal drivers of productivity growth commonly recognized are enhanced innovation to create or adopt new productive technologies; greater educational attainment so that workers are more productive; improved market efficiency to enable resources to be more productively allocated within the economy; infrastructure development to enable efficient production; and strengthening of institutions that guide economic policy, regulate economic activities, enforce laws, and safeguard rights (for example, Kim and Loayza 2019).

However, identifying the specific product- or services-focused strategies for the short to medium term that will enable Malawi to achieve the significant increases in output required will be a significant challenge. It will require identifying the products and services for which Malawi has a comparative advantage in production. Based on such assessments, the National Export

Strategy seeks to diversify Malawi's exports into new products and services, while also offering additional support to existing exports that are well positioned to expand their foreign markets (Malawi, MoIT 2012, 2020).⁴

This level of product- and service-specific detail cannot be drawn from the results of these CGE model simulations. Nevertheless, sector-specific guidance for efforts to transform Malawi's economy and sustainably reduce food insecurity can be drawn from the simulation results:

- Significant investment in the service sector will do the most to drive economic growth and increase incomes. Directing investments toward the service sector will provide the greatest increase in incomes in aggregate. Focusing on growth in the service sector will bring about greater shifts in the medium to long term in the structure of Malawi's economy than would investments in the agriculture or industry sectors.
- Accelerated growth in services will not rapidly alter the structure of Malawi's labor force, because increased demand for agricultural and industrial products due to the rising incomes of those working in the service sector will result in a small increase in the share of workers employed in agriculture and industry.
- Moreover, whether the higher aggregate income that results from investing in services will lead to improved access to food for all is not clear. How a services-led strategy will affect food security at the household level will depend on the distribution of the increased income across the population and how food prices change.

⁴ Three new export clusters were promoted under the National Export Strategy for 2013 to 2018 (Malawi, MoIT 2012)—oilseed and oilseed products, sugarcane and sugar products, and manufacturing. The focus of efforts to promote manufacturing for exports includes manufacturing of beverages, plastics, and packaging; agroprocessing of dairy, maize, wheat, horticulture, and pulses; and prefabrication and assembly of trailers, trucks, agricultural machinery, electronics, and other electrical equipment.

The existing export areas highlighted for receiving continuing attention under the National Export Strategy for 2013 to 2018 were tobacco, mining, tea, tourism, and services, particularly professional legal and accountancy services.

Under the revised National Export Strategy for 2020 to 2025 (Malawi, MoIT 2020), four priority export clusters are identified for promotion:

- Agriculture: legumes (beans, peas, and pulses), edible nuts, oilseed, fruits, hemp, livestock, and fisheries
- Services: tourism, information and communication technologies, creative industries, and professional services
- Manufacturing: value-added processing of tea, oil cake, and cane sugar; plastics packaging; and wood products
- Mining and minerals: uranium, gemstones, coal, and construction materials

- From an equity standpoint, higher investment in services will, at least through 2030, tend to benefit wealthier Malawian households more than poorer ones. Focusing investment in agriculture will result in lower incomes in aggregate than is the case with the services-led scenario. However, significant benefits will still be realized, and they will be disproportionately enjoyed by poorer households. If equity considerations and generating benefits for the poor are important in the short term, an agriculture-led economic development strategy is superior to investments in the other sectors of the economy.
- The industry sector currently is much smaller than either the agriculture or service sectors, so significant increases in productivity growth in industry result in smaller benefits overall than comparable increases in productivity growth in agriculture or services.

There are clear trade-offs in choosing which sector should receive emphasis in any economic development strategy. A services-led strategy will result in higher economic growth overall and broadly rising incomes. However, the poor will not share in the resultant benefits as quickly as wealthier households. In contrast, an agriculture-led approach, although it better meets the needs of the poor and their access to food, may result in continued lagging growth for Malawi's economy, with the result that it does not provide sufficient income and employment opportunities for the bulk of poor Malawian households to exit poverty and realize better lives for themselves and their children.

However, if a primarily agriculture-led strategy of economic development is adopted for Malawi, targeting agricultural productivity enhancement programs to poorer, subsistence-oriented households may not be superior in achieving those aims than focusing such programs on the less poor, commercially oriented smallholders. Benefits to household welfare can come about directly through increased household agricultural production, including subsistence-focused production, but also indirectly through improved flows of income into the household through increased demand from higher productivity households for products and services produced by members of poorer and less productive rural households, as well as through lower prices, such as would result from increased production of food crops with much of the increase sold in the market. All these channels to improve household consumption levels—increased production and incomes, and lower prices—are captured in the way the Malawi CGE model calculates changes in household welfare under different scenarios. This is pertinent to the discussion in Chapter 5 on the leading role that commercially oriented smallholder farmers

could play in rural economic development. Targeting such farmers in any agriculture sector–targeted economic development efforts would be particularly effective if Malawi’s agricultural markets also were strengthened.

Choosing how best to balance public investments in the various sectors to achieve robust economic growth and transform the structure of the Malawian economy while also meeting the food needs of all Malawians will require a clearer development vision to guide decisions around these complex issues. Trade-offs between development objectives will be inherent to doing so. Nonetheless, the results of this modeling exercise generally support the view advocated by this book that the food security of all Malawians can be achieved through increasing the production by commercially oriented small-holder farming households, strengthening agricultural markets, and increasing nonfarm livelihood opportunities for other rural households.

Broader Investments to Expand Employment Opportunities

At the heart of any discussion on the structural transformation of Malawi’s economy is the need to sustainably improve returns to labor. The ambitions that all Malawians have for themselves and their children will be realized principally through their participation in decent work to which they can productively apply their energy, skills, and creativity. Regardless of the development pathway followed, efforts around broad human capital development—improved health and increased knowledge, experience, competence, and creativity—will remain central to propelling economic growth in Malawi. Here we review several broad investment areas that will enable many Malawian workers to obtain more remunerative employment and will accelerate the transformation of Malawi’s economy.

Education and health. A healthy and well-trained workforce is needed so that more complex production processes can be used, including in agriculture, and more effective services can be offered to increase the overall output of Malawi’s economy. In education, although the vision of reliably providing high-quality free primary education to all children is not yet fully realized, increased focus on technical, vocational, and entrepreneurial training and expanded access to secondary and tertiary education would be valuable. In the health sector, expanded public investments are needed in preventive and curative health services to ensure that children can develop their full economic potential. Well-educated and healthy Malawians expand the human capital stock of the country and its economic potential.

Electricity. Although 42 percent of urban households have access to electricity in Malawi, only 4 percent of rural households do. The population is growing faster than the national electrical system is expanding (World Bank 2019). Power outages are seasonally common during periods of low water flow through the hydroelectric stations on the Shire River. Expanded and more reliable supplies of electricity to Malawi's cities would enable growth in the types of industrial products and services generated there, while also improving the quality of life for poorer urban workers. Expanded rural electrification would also expand agroprocessing possibilities, enlarge local employment prospects, expand local demand for agricultural commodities, help build local wealth, and reduce the use of biomass for the energy needs of rural households, reducing deforestation. Moreover, electrification is important simply for improving the quality of life of rural households. For both economic and human development reasons, massive investment in electrification, particularly in rural communities, makes sense. This could be done for Malawi's urban centers through mains that draw on large-scale domestic generation from Malawi's hydro or coal resources, or by increasingly relying on regional, networked sources of power (Taulo, Gondwe, and Sebitosi 2015). However, particularly for rural households, electricity needs also could be met by propagating local, decentralized mini-grid systems that draw on smaller-scale solar, hydro, or other energy sources (MERA 2017, 2019; Blimpo and Cosgrove-Davies 2019). Many of the decentralized systems, in particular, could be supplied and run by private firms.

Internet connectivity. Increasing investments in Internet connectivity are similarly needed. Trained Malawian workers can be efficient, low-cost providers of Internet-based services of all sorts on the international market (Murray 2017). Malawians can take part in the growing global market for such services. However, a necessary condition for doing so is that fast, reliable, and widespread Internet connectivity be in place across Malawi and skills built among Malawian workers so that they can take advantage of emerging Internet-based demand for such skills. Increasingly, much of this training can be obtained online, adding impetus to improving Internet connectivity across the country in the near term.

Urban development and pro-urban policies. In the past, policy frameworks for development in Malawi have sought to check rural-to-urban migration (Kalipeni 1997) and, in consequence, provided for only limited public investments in urban development and housing in both the major urban centers and smaller towns. However, Malawi's future depends on a structural transformation of the economy with considerable movement of labor and

capital out of agriculture and into manufacturing and services. Historically, there are no examples of successful national economic development occurring without an increased concentration in urban areas of economic activities and of the workers involved in those activities. Although the geography of agricultural production is inherently rural, the geography of manufacturing and service provision is strongly urban. Ellis accurately stated that “rural poverty reduction and urban growth are interdependent, and rural poverty reduction requires a much more rapid rural-urban transition than has been occurring... Future poverty reduction strategies need to be oriented more to increasing people’s mobility out of agriculture” (2005, 14–16).

If a successful structural transformation of Malawi’s economy is to occur, the social and physical development needed to bring it about will take place in the cities and smaller urban centers of the country as centers of manufacturing and services. Government should work to remove any legal or policy barriers that restrict rural-to-urban migration. This migration will happen, for better or worse.⁵ The government must act so that it is for the good, even as it also works to make rural livelihoods more rewarding. This would include government catalyzing significant investment in urban utilities and systems, such as housing, water and sanitation, electricity, transportation, and

5 Two other population movements also have a bearing on the economic development challenges that Malawi faces, particularly in rural areas. Rural-to-rural migration likely will increase in coming decades. Intensifying shortages of agricultural lands in southern Malawi have propelled rural workers and households over the past several decades to central and northern Malawi either to work as seasonal tenants on tobacco estates or to seek land for permanent resettlement (Potts 2006). Given kinship ties, cross-border migration into less densely settled areas of Mozambique, in particular, also is likely to be an option increasingly pursued by rural Malawian households with insufficient land to meet their own needs.

The government, with the support of development partners, has carried out a handful of resettlement programs, particularly through the acquisition of underutilized estate lands that are subdivided and provided to land-constrained rural households from elsewhere in the country. The one such program that was rigorously evaluated found that the beneficiaries saw improvements in their food security (Mueller et al. 2014). However, this was solely due to the households increasing the area that they cultivated, and not to any improvements in productivity. Moreover, if resettlement is in a remote area with poor market access, it was found that such programs are unlikely to enable farm households to be strongly commercially oriented in their production. Enabling the beneficiaries to assure their food security through more than subsistence production alone will require that such programs include local market strengthening.

The other migration stream of potential interest is urban to rural. It is a common pattern for individuals who grew up in rural communities but followed career paths that took them to other areas of Malawi or the wider southern Africa region to retire from those careers by returning to their community of origin. Many of these individuals will establish the basis for their retirement by investing in farming and other businesses in those rural communities well before they retire (Anseeuw et al. 2016). As they do so, these individuals form part of the urban-based commercial farmers subset of households discussed in Box 5.1. However, after retirement and returning to the community, they will then form part of the commercially oriented smallholder farmer category that is at the center of the model of rural economic development discussed in Chapter 5.

communication infrastructure. Urban local governments will need support to effectively manage the development challenges they face through improved technical and institutional capacity and increased financial resources, including improved local taxation systems to finance urban development (Debalen et al. 2017). Malawi's towns and cities need to be developed to handle the rising flows of people who will seek their livelihoods there in coming years. Moreover, making effective investments in urban centers now, so that these towns and cities are attractive locations for industries and for the provision of a wide range of services, will promote further urban investments in the future.

With regard to the role of agriculture in this economic transformation, Malawi's political leaders should be cautious about adopting any "agriculture first" development strategy. That rural households will need continuing support from the government is not in question, and significantly increasing agricultural productivity levels is central to improving the economy of Malawi. Just as there are no examples of successful national economic development without increased urbanization, no principally agrarian country has successfully transformed its economy to being industry- or services-led without first improving its agricultural productivity (for example, Johnston and Mellor 1961; Gollin, Parente, and Rogerson 2002). Government should strongly encourage and support entrepreneurial smallholder farming households both to improve their productivity and to increase the scale of their production.

However, there is a risk that the government, in providing agricultural support to poorer rural households, will reduce their incentives to leave subsistence-based agricultural livelihoods when they would have a better future if they pursue employment off-farm and out of agriculture. These less entrepreneurial or otherwise economically constrained rural households should be offered training opportunities and other incentives to enable them to increasingly apply their labor in other sectors of the economy, where it can be used more beneficially than in low-productivity farming. Many such households may migrate to Malawi's cities, while many who stay in rural areas will find work in nonfarm enterprises that is more profitable than remaining in farming.

Although the transition from farming to nonfarm employment will be difficult for many, the government can assist households to make this transition by providing targeted skills training, building the transport infrastructure, and providing the marketing, communication, and other commercial services required for Malawian workers to succeed outside of agriculture. Assisting households to overcome any shocks to their livelihoods that undermine their food security and their ability to meet the nutritional needs of household

members in this transition will require that appropriate social safety net programs be in place. An equally important reason for having such programs of social support is that such shocks may result in the household's reverting to low-productivity agriculture as the basis for its members' welfare. Social programs can assist households that are making such a transition in livelihoods to cope with such shocks so that they can continue to engage in the production and provision of nonagricultural goods and services, and do not forgo the greater economic benefits that they are likely to obtain outside of farming.

Planning for Better Engagement by Malawians in Regional and Global Labor Markets

If, however, a deep and rapid structural transformation of Malawi's economy is not achieved, Malawians will increasingly need to leave the country to achieve their own economic ambitions and to meet the needs of their dependents. Emigration for wage labor, whether temporary or permanent, could be a part of the vision for Malawi's future.

Policy decisions are needed to guide how such labor migration might benefit all concerned—the migrant, his or her family in Malawi, and the country as a whole. For example, greater regional attention to planning and regulating flows of labor will enable Malawian workers to safely find secure jobs in neighboring countries. In addition, low-cost, safe, formal channels for sending funds will be of significant benefit to both the migrant and those being supported by the remittances. More broadly, Malawians in the diaspora need to be seen as a longer-term resource that can make valuable contributions toward the achievement of the country's development goals financially, by transferring skills, and by introducing and championing innovations to broaden the set of options considered in prioritizing and mapping development pathways for the country. A first step in creating strategies to ensure that regional and international labor emigration contributes to achieving the development vision of the country is to assemble much better data than currently can be found on the numbers of Malawians working outside of the country, the sort of work they are doing, and the remittances they are sending back (IOM 2015).

Emigration for wage labor, whether temporary or permanent, has been an important economic strategy for many Malawians since early in the colonial period. Although (mainly undocumented) wage labor migration from Malawi will continue and likely intensify, particularly to South Africa, we should also expect to see increasing informal movement of smallholder farmers from

Malawi into neighboring Mozambique as they seek to derive their subsistence from the less densely settled arable areas there. Similarly, many of the most well-trained Malawians will pursue their careers outside of the country—the aphorism from decades back that “there are more Malawian physicians in Manchester than in Malawi,” though perhaps no longer quite as true as it once was, still resonates (Masanjala 2018; Bhoojedhur and Isbell 2019). The conditions of service and salaries for Malawian professionals are significantly poorer in Malawi than in South Africa, Europe, or other higher-income regions where the skills of those professionals are in demand.

If such a vision for the economic future of Malawi is not desired, then Malawi’s leaders will need to undertake the investments and other actions necessary to ensure that those Malawians who might otherwise migrate can achieve their own economic ambitions as satisfactorily in Malawi as outside the country. This may involve as an interim measure targeted incentive schemes to retain well-trained Malawians within the domestic labor force. However, in the absence of such actions, wage labor migration will occur as the default option for any economically ambitious Malawian worker.

The broad and long-term perspective on Malawi’s economic development outlined in this chapter goes beyond what most would view as central to achieving food security in the country. However, short-term technical solutions will not enable Malawi to sustainably achieve food security. For many Malawians, their interests, including both their food security and the nutritional well-being of their children, will be best served by leaving agriculture and working in the industry and service sectors. This will not be a costless process socially—there will be sectors of Malawi’s population that, at least in the short term, will find that the livelihoods upon which they relied are no longer sufficient to reliably meet their basic needs, including food. These individuals and households will benefit from targeted assistance that facilitates their seizing some of the new livelihood opportunities that emerge as the structure of the economy changes, rather than being left behind in poverty. Structural transformation of Malawi’s economy must be a central element in any longer-term human development vision for the country.