

**AN INSTITUTIONAL ANALYSIS OF MALAWI'S 1994 POVERTY  
ALLEVIATION INITIATIVE: PROBLEMS AND PROSPECTS**

By

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## *Abstract*

*The potential successes of the Poverty Alleviation Programmes (PAPs). Which have become more or less the defining features of contemporary development strategies, raise crucial questions of institutional design. Would the successful implementation of PAPs require new and autonomous institutional designs or would they simply be integrated into the existing institutional apparatuses? The argument in favour of novel institutional set-ups is that they are less constrained by the orthodox bureaucratic traditions. They would, as a result, benefit from the strategic management capability, that is the trinity of adaptability, flexibility and pragmatism. The argument for existing institutional apparatuses is that poverty in developing countries is too deep and widespread to merit temporary relief. PAPs should not supplant but instead reinforce the institutional delivery systems already in place.*

*The institutional debate is also intricately related to the concept of beneficiary involvement in the process of development. The question then is whether the notion of participatory development is effectively operationalised in the PAP poverty initiatives as conceptualized. Are the outcomes of the process of development any different as a result? The possible danger is that whole notion of participatory development may be less of an effort at real empowerment of the poor than a managerial or rhetoric device. The extent to which the voice of the poor in the process of development is real and effective may be questionable.*

*The paper therefore attempts to address the foregoing concerns vis a vis the 1994 Poverty Alleviation Programme which remains the operative development philosophy of the re-elected United Democratic Front (UDF) government but now as a prelude to poverty eradication. The analysis is made within the framework of North's theory of institutions. The theory is adapted to project the potential ramifications of the current institutional design of the PAP to future efforts to fight the ubiquitous problem of poverty in the country.*

## I. Introduction

The last years of the previous decade saw the forceful return of poverty on the international development agenda. The comeback is closely associated with the work of the World Bank and UNDP. The 1990 World Development Report, for instance, focused, almost exclusively, on the state of poverty in the world. The year 2000 World Development Report plans to take stock of the decade's experience in the concerted efforts to fight poverty. In a similar vein, UNDP inaugurated the Human Development Report in 1990. This yearly publication aims at putting people first, that is, it proposes a people oriented view of development. The Japanese Overseas Development Assistance (ODA) also champions 'human oriented development' as the development strategy for the 21<sup>st</sup> Century (Esho, 1999; Toye; Moore, 1999).

The most striking development that has accompanied the return of poverty on the international development agenda is the proliferation of distinct Poverty Alleviation Programmes (PAPs). They have, in fact, become more or less the dominant characteristic of contemporary development strategies. Examples among include the Bolivian Emergency Fund (ERF) in Bolivia; Economic Recovery Programme (ERF) in Zambia; The Programme of Actions to Mitigate the Costs of Adjustment (PAMSCAD) in Ghana and the Poverty Alleviation Programme in Malawi.

The reasons for this dramatic turnaround in the development strategy include the inadequacy of economic growth and the adverse effects of Structural Adjustment Programmes (SAPs). Growth, in the absence of supportive policy instruments, does not automatically benefit all segments of society. SAPs have precipitated fundamental dislocations in the host economies which have had far reaching negative consequences particularly on the social sectors. In either case, the poor, the vulnerable and the voiceless are the major victims (Sriverrison, 1997; Ali, 1999; Esho, 1999). Anti-poverty programmes, which, specifically and deliberately, target the poor must therefore be implemented to at least meaningfully complement concerted development efforts at the macro level. These programmes have been heavily inspired by UNICEF's notion of '*adjustment with a human face*'.

The nation's state address for the year 2000 budget session does not give ignite any sense of optimism. The statistics unveiled pertaining to the overall performance of the economy in recent years paint a picture of gloom and despair more so because it is nearly six years since the PAP initiative was launched. The real GPD growth for the past three years has been consistently lower than the recommended annual minimum rate of 6% necessary to have a significant impact on poverty reduction.

The poverty indicators brought up at this year's Consultative Group meeting makes the country's prospects of successfully uplifting the living standards of the people virtually bleak. Malawi's Gross National Product (GNP) staggers at \$170, the second lowest in the SADC region after Mozambique; income inequality is the highest in Africa with the gini coefficient estimated at 0.62; life expectancy has plummeted to less than 40 years; less than half the population has access to safe and clean water; HIV/Aids prevalence and child mortality are among the highest in Africa; and only two fifths of the population is literate. The sad scenarios have been strong echoed by the UNDP Mission in its launch of the Human Development Reports. It is certainly in this context

that the United Democratic Front (UDF) government adopted poverty alleviation as its operative development philosophy. It has been its guiding policy theme since 1994. The emphasis has, however, since June 15, 1999, shifted from poverty alleviation to poverty eradication.

It is against this background that this paper seeks to undertake an institutional review of the 1994 Poverty Alleviation Programme. Given the depth and severity of poverty in the country, it is imperative that institutional designs of any initiative to fight poverty should carefully be vetted. The argument of this paper is that, ideally, institutional blueprints should as much as it is practicable minimize the levels of transaction costs and eschew being captives of the existing institutional arrangements. Without good institutions in place, development is invariably held back even amidst plenty.

The paper is organized as follows. It is divided into four sections. Section 1 is the introduction. Section II provides an overview of North's theory of institutions. Section III gives an overview of the 1994 Poverty Alleviation Programme. Section IV appraises the 1994 Poverty Alleviation Programme particularly from an institutional standpoint. We offer concluding remarks in section V.

## **II. Overview of North's theory of institutions**

North has certainly assumed a leadership role in the evolving field of institutions and development. The thrust of his work has to illuminate on the vital role of institutions in either facilitating or impeding the process of development. Institutions can either be formal or informal. They in either case, reduce uncertainty by providing structure to everyday life (North, 1990). They are loosely defined as the framework within which human interaction takes place. In other words, Institutions are set of constraints which govern behavioral relationships among individuals and groups.

However, institutions are particularly important in the sphere of development when analysed from a transaction cost perspective. In this particular regard, the seminal work of Coase (1937) is very vital. The thrust of his argument was that transaction costs are a pervasive phenomenon in both political and economic markets (North, 1990 & 1995). No conditions of zero transaction costs exist. Ideally, the zero transaction costs would have meant that the most efficiency institutional options should prevail. Since transaction costs are ubiquitous, institutions are therefore referred to as cost-minimising arrangements which change and evolve with changes in the nature and sources of transaction costs and mean of minimizing them (Nabi & Naget, 1995) This means that institutions play a very key role in determining the costs of production and transformation, or more precisely said, institutional frameworks play a major role in the overall performance of an economy or any other programme. The non zero transaction cost reality, therefore, to a considerable extent reflects, differential degrees of success of various institutional arrangements in reducing transaction costs (North, 1990 & 1995).

The theory of institutions hinges more or less on the theoretical construct of the neo-classical strand of economics (North, 1990 & Nabli & Naget, 1995). This means that competition is inherently the determining factor for the ultimate survival of institutions. The point here is that it is possible to produce or provide the same services using different institutional arrangements. The

one which offers more services per capita with significantly lower transaction costs is held to be the most efficient one.

The argument therefore being posed is that the most efficient institutions will survive and less efficient ones will wither away. The pervasive competition “ means that over time inefficient institutions are weeded out, efficient ones survive and thus there is gradual evolution of more efficient forms of economic, political and social organizations,” (North, 1990:62). Non-performing institutions would thus die out, while those better able to solve human problems would invariably survive. This would therefore be an in-built impetus for the stakeholders to constantly fine-tune the existing institutional arrangements in order for them to deliver and survive relentless competition and therefore the possibility of extinction.

The reality is however very different. Not all institutions that have stood the test of times are necessarily efficient or superior to potentially viable alternatives. North (1990) aptly points out, that institutions are a mixed bag of those that lower transaction costs and those that raise them. The sad reality though is that the existence of inferior institutional arrangements is said to be particularly pronounced in the Third World. Institutions in Third World are said to be most efficient but unfortunately at making a society more unproductive. Often, transactions in these institutions are essentially redistributive than productive. The question then is why are inefficient institutional apparatuses adopted when more efficient ones could have been adopted? Likewise, why is it that once inefficient institutions are adopted, persist or endure? It is, indeed, a very big paradox that institutional framework that are apparently sound are often sidelined in preference for those that are apparently inferior.

The adoption and the persistence of less superior institutional set-ups is attributed to path-dependence (North, 1990 & Smith 1995). This is to say that historically derived perceptions of the major stakeholders set the context in which crucial choices are made. Thus path-dependence narrows the choice and links decision making through time. What this means is that institutions reflect the bargaining power of economic, social and political actors. The dominant cultural, social and political sentiments therefore tend to maintain path-dependence. This is the case because more often than not, individuals and organizations with bargaining power have considerable stakes in jealously guarding the existing institutions arrangements. Any changes to the institutional nomenclature would thus tamper with the attendant privileges. The stakeholders would therefore do everything possible to vigilantly guard against any reforms to the existing institutional set-ups. What assumes precedence is not whether the institutional arrangements are efficacious but rather the benefits and privileges that filter through the dominant social and political actors. Efficiency is invariably shelved as a yardstick for gauging institutional performance.

The argument is that once a development path is set on a particular course, the network of externalities, the learning process of organization, and the historically derived subjective modeling of the issues reinforce the course (North, 1990 & 1995). The assumption underpinning path-dependence is that change is incremental and therefore hardly able to deviate much in the short-run from the trajectory set by institutional arrangements. That is, institutional change occurs but through continuous marginal adjustments. North (1990) therefore concludes that history matters, if at all, we are to come up with meaningful institutional analyses. “*History matters. It*

*matters not just because we can learn from the past, but because the present and the future are connected to the past by a continuity of a society's institutions,"* (emphasis added) (North 1990: vii).

### **III. Overview of the 1994 Poverty Alleviation Programme**

This section provides a brief overview of the 1994 Poverty Alleviation Programme. The overview sets the context for the rest of the paper. The focus is on the institutional set-up, content of the policy initiative, management and implementation of the programme. (For comprehensive details of the PAP policy initiative, refer to the PAP Policy Framework Paper, 1994).

#### **Institutional set-up**

The PAP institutional matrix consist of the Presidential Council, National Steering Committee and Eight Task Forces.

- The Presidential Council

It is headed by the president. The other members include the vice president, some cabinet ministers, religious groups, the Chamber of Commerce, the African Business Association (ABA), the private sector, the academic institutions, traditional leaders, the three Regional Governors of United Democratic Front (UDF) party and independent members with vast experience in development issues. The Council is responsible for giving policy directions and guidance as well as assisting in sensitizing the populace government's priorities.

- The National Steering Committee

It is headed by the Secretary to the President and Cabinet. It has members from the civil service, non government organizations (NGOs), the private sector and where necessary, co-opted members from the donor community. The committee is, among other things, responsible for coordinating the activities of various task forces to avoid unnecessary duplication of functions and resources.

- Task Forces

These are responsible for the actual implementation of the poverty alleviation programmes. These include agriculture, health, population, informal sector, public works, social welfare and education. They, in liaison with local communities, assess the needs of the poor and assist in the planning and designing of poverty alleviation sectoral programmes.

Content of the PAP policy initiative

It is said that the PAP has been designed primarily with the intention of addressing the salient features of poverty in the country which include household food security and low productivity among small holders, a weak institutional enterprise sector, limited access to essential social

services and a shortage of management capacities for planning and implementing key poverty alleviation programmes. The objectives can be summarized as follows;

- (i) increase agricultural productivity among resource poor farmers;
- (ii) promote employment and income opportunities in the informal sector;
- (iii) improve the access of the poor to priority services; and
- (iv) enhance the capacities of the local communities in managing development.

The PAP policy initiative has four component programmes each designed to address one of the four objectives raised above. These programmes are;

**(i) Small holder agriculture productivity programme**

The objective of this programme is to enhance household food security especially among the resource poor farmers through increased application of non-farm technology, expanded coverage of extension services, increased access to farm in-puts and labour saving technologies, better environment management and a more sustainable utilization of fisheries and forestry.

**(ii) Small enterprise development programme**

The principal objective of this programme is to create alternative non farm income opportunities to reduce poverty through improvement of policy environment, entrepreneurial and technical skills development access to credit, appropriate technology and marketing.

**(iii) Social development programme**

The programme aims at strengthening the delivery of social services ( basic education, primary health care, low cost housing, rural transport and sanitation) to the poorest segments of the population. Emphasis will be on the development of alternative delivery systems through increased community participation.

**(iv) Management for development programme**

The programme aims at creating efficient and effective management capacities for economic and social advancement. It thus envisages the formation of competent and motivated leadership to steer and implementation of anti-poverty programmes.

**Management of the programme**

The management of the PAP is entrusted with the Ministry of Economic Planning and Development. It is the secretariat for the whole programme. It liaises with the Office of the President and Cabinet and the Ministry of Community Services to ensure that appropriate

institutions are established and strengthened. The ministry is further responsible for incorporating PAP projects into the National Development Programme.

### **Identification and assessment of needs**

The PAP policy initiative is being implemented through the hierarchy of the DDC institutional matrix in order to afford the local communities direct participation in the identification as well as implementation of programmes that effect them.

### **Forum for development**

The forum is intended to facilitate the link between DDCs and the various Task Forces through quarterly meetings in which DDCs present their proposals to the Task Forces.

The forum for development serves as a basis for sectoral programme formulated by the Task Forces. Once the sectoral programmes are formulated, they are submitted to the submitted to the National Steering Committee for approval.

### **Implementation**

The actual implementation of the approved projects is carried out by the relevant institutions identified by the various Task Forces. The Task Forces closely supervise and monitor progress being made. They also keep the National Steering Committee through the production and submission of reports.

## **IV. Appraisal of the 1994 poverty alleviation policy initiative**

The primacy of the Poverty Alleviation Programme on the country's development agenda cannot be debated. Poverty in the country is widespread and deeply entrenched. Policy measures to fight poverty therefore merit priority consideration. The PAP policy initiative, now in its second phase of implementation, is therefore laudable. One of its strengths is that it has at least broadened the spectre of the anti-poverty programmes. Prior to its launch, the tendency was to equate poverty alleviation with infrastructural projects that were administered through the DDCs.

This particular shift in focus gives the PAP policy initiative the benefit of doubt that it may at least succeed in uplifting the welfare of the masses. The question however is whether the policy initiative has been properly designed for the attainment of the desired target of poverty reduction. We attempt to answer this question by examining several variables that could, potentially, constrain progress. These include the institutional set-up, agrarian reforms and SAPs.

### *Institutional set-up*

It needs not to be over-emphasised that efficacious institutional designs are particularly important in the success of any programme. The unfortunate tendency however is that institutional designs of anti-poverty programmes tend to overlook the virtues of efficiency and effectiveness (Esho, 1999 & Ali, 1999). There are generally two major concerns. First, how can the programmes be



designed so that they indeed primarily benefit the poor? Second, how can the initiatives achieve significant results with reasonable administrative costs?

The success of PAP policy initiatives are dependent on how the concept of participation is actually institutionalized. Much as the PAP policy initiative champions beneficiary participation as its guiding philosophy, the fact that the National Steering Committee retains the final say on which poverty intervention strategies to be implemented makes the commitment more less superficial. The Steering Committee's mandate therefore tempts us to conclude that the professed commitment to participation is less an effort at real empowerment of the poor than a managerial or rhetorical device. Participation ought to have been embodied in the institutional design not merely as an instrument but also a goal in itself since it gives people a sense of self respect and belongingness (D&C, 1994 & Mikkelsen, 1995). The target beneficiaries develop critical awareness of their situation and a sense of agency. They should cease being resigned and fatalistic. This oversight, or more precisely said, the institutional legacy would be interpreted as a manifestation of the path dependence as advocated by North (1990 & 1995). Institutional change is argued to be a function of numerous but incremental adjustments. This is therefore a constraint to re-orient the development process to regard target beneficiaries of development not merely as passive but instead as active agents.

All the task forces are mandated to review and priorities poverty alleviation intervention strategies identified in DDCs. This brief, likewise, does not auger well with the noble efforts to empower the target beneficiaries to ultimately graduate from reliance on external impetus who are often too divorced from grass root realities. The task forces could possibly offer technical expertise of the enduring legacy of the top down development strategy, that is, the perception that rural communities are incapable of articulating what they want. It is an obvious manifestation of the constraints of path-dependence.

It is very likely that laxity in co-ordination and vaguely defined, and sometimes overlapping, institutional mandates will precipitate enormous transaction costs in the process of implementing the PAP policy initiative. The rule is that transaction costs should be minimized as much as possible in the interest of administrative efficiency and cost effectiveness (North, 1990, & Nabli and Naget, 1995) Institutional designs should leave out features that are apparently incidental and yet inflate transaction costs. The services of the task force are expected to achieve a nation-wide coverage. This is clearly a tall order as the personnel involved are housed at the government headquarters – Capital Hill. Remote districts are most likely to be disadvantaged. The unfortunate consequence is that the delays to respond to the pressing needs of the would-be beneficiaries may have a dampening effect on their enthusiasm. The failure would mean that the preparatory, that is, 'sunk costs,' of the implementation of the PAP policy initiative would virtually be irredeemable. The on going process of decentralization however holds promise for rectifying this particular anomaly. Much shall nonetheless depend on how the envisaged local government system would be constituted in practice.

The transaction costs would similarly be inflated because of the overlapping and vaguely defined mandates of the institutions. It is, for instance, stated that the programme is going to be implemented though the DDC institutional matrix and yet the task forces are mandated to undertake implementation through agencies that they might identify. The overall management

responsibility is likewise entrusted to both the Presidential Council and the National Economic Council of Malawi (GOM, 1994). These conflicting mandates would, to a very big extent, compromise the unity of direction upon which the ultimate success of ambitious programmes like this one often depend. The delays, as a result of the need to reconcile conflicting instructions or other administrative signals, would unduly compromise the appropriate momentum of implementation.

Malawi has three political parties in Parliament. However membership to the various committee connected with the PAP policy initiative is heavily skewed to the various committees connected with the PAP policy initiative is heavily skewed in favour of the ruling United Democratic Front (UDF). The UDF's dominance means that its 'voice' alone dictates the direction of the attendant proceedings. In the context of North's paradigm, this would mean that the UDF would be bent to realize its own political agenda however irrational that may be. The resources allocated for the purposes of the PAP policy initiative may end up being abused. With the tradition of completely competitive, fair and objective politics yet to take root, the resources are highly susceptible to abuse. They may be used to grease, but more importantly expand, the patronage network. After all, issues rarely play a decisive role in the electoral process. Moreover, Clapham (1995) has characterized politics in the Third World as being essentially a struggle over economic resources. Potentially, therefore, the PAP may be reduced to an arena of economic struggle. The disbursement of the funds may not so much be based on sound and viable bureaucratic principles but instead on the vagaries of political expedience. Such observations have already been echoed elsewhere. Kangwere (1998), for instance, pointed out that the beneficiaries of the Poverty Alleviation efforts thus far are, in all fairness, disproportionately better off and well placed in political circles.

Therefore even if an independent review would diagnose the existing institutional set-up as inefficient, the UDF cadres would fiercely resist any reforms. Their dominance offers them a bargaining leverage but more importantly they have crucial stakes in perpetuating the system inefficiency. Their political survival is at least, to a significant degree, dependent on the system. This, among other things, cautions us that "anti poverty policies are rarely an expression of pure humanitarian impulse" (emphasis added) (Toye, 1999: 12). Rigg's observations way back in the 1960's are therefore to some extent correct, namely, that "in all societies organizations are run by and for their elite or more simply that all organizations are run for the people they run by" Robinson (2000: 19). Nonetheless, and as a matter of principle, PAP policy initiatives must be primarily designed to assist particular groups and communities that are untouched by economic growth or adversely affected by it.

#### The PAP policy initiative and agrarian reforms

Agrarian reforms have been mooted as part and parcel of the institutional design of the efforts to realize the PAP policy initiative. The manner in which they have however been handled makes North's concept of path-dependence quite credible.

It is generally agreed that the predominant cause of rural poverty is acute landlessness among the people. The land that is available to the majority is miserably inadequate to satisfy even subsistence requirements. (Adelman, 1988; Herring 1999; Moore 1999). Malawi is no exception. This particular observation tallies with the classification of the groups of people in poverty since

nearly all of them; small holders, tenants, casual labourers, female headed households and the urban poor have helplessly slipped into poverty because of excessive land pressure resulting from rapid population increase and the proliferation of the estate agricultural sector. Urbanisation is estimated at 2500 persons per week (GOM/UN 1993). Ironically, however, the urban immigrants rely, almost exclusively, on unskilled labour for their livelihoods. The labour market is already saturated which only further worsens the urban poverty situation.

The land situation in the country makes decisive agrarian reforms a matter of urgency especially because land is the major productive asset. About 85 percent of the population depends on agriculture for their livelihood and it contributes up to about 35 percent of annual Gross Domestic Product (GDP). The primacy of land as a productive asset means that any tangible success at poverty alleviation is almost entirely dependent on agrarian reforms. This is to say that the empowerment of the poor requires the advances in status and independence that asset ownership brings (Alderman 1988 & Herring 1999). The reluctance to effect agrarian reforms raises a lot of questions. The situation, thus far, is reminiscent of North's concept of path-dependence typical of institutional change and reforms.

The political cadres have crucial stakes in the persistence of the existing land tenure patterns. The on-going political transition has not produced significant leadership turnover. What we have is simply a recycled breed of politicians, that is, most of them are in one or another connected to the dictatorial one-party regime. The existing land tenure patterns derive from the 1967 Land Act. It delineated two sectors, namely, estate farming and small holder agriculture (Sahn and Sarris, 1990). The sectors differed in terms of size of land holding and the types of crops which they could grow. While those engaged in estate farming were at liberty to cultivate a variety of crops without limit, the small holders were on the contrary, legally prohibited from cultivating lucrative crops such as burley tobacco and sugar. The major beneficiaries of the system included party functionaries, senior civil servants, chiefs and high ranking parastatal and industrial employees. They thus accumulated vast acres of land which however is under-utilised. They have therefore every incentive to sabotage any reforms that are geared at reversing their deeply entrenched preferential positions.

The current impasse in the land reform programme underscores the sentiment that "few major institutional changes come about without the top person's full commitment to making sure that things do change" (Robinson, 2000: 18). The point is that individuals are going to look at changes, at least partly, in terms of 'what does this mean for me?' The recently finalized land report perhaps holds brighter prospects that decisive agrarian reforms could be effect. Without the reforms, the poverty alleviation initiative is unlikely to achieve the desired progress. The opening up of new commercial or technical opportunities to populations with unequal abilities to access them, for instance can only widen inequality. Subsistence farmers and the land-less cannot be in a position to take advantage of the increasing productivity which is a vehicle for improving the life circumstances of the rural poor.

The foregoing analysis does not however disregard politics inherent in the redistributive policies. The argument is that agrarian reforms may engender unprecedented conflict, opposition and resistance (Alderman, 1998;) Moore 1999; Herring, 1999). More precisely said, the rich are very unlikely to be supportive of policies that are entirely pro-poor. The ensuing dilemma has led to

the prominence of the polarization thesis. The core of the thesis is that PAP policy initiatives should minimize the incidents of costs on the rich, allow for leakage to groups of non-poor, create general equilibrium effects that benefit the urban sector and induce linkages that promote growth and urban incomes. This thesis is however clearly limited. The elites may perceive benefits from embarking on redistributive policies and political leaders may have autonomy to exercise leadership in favor of redistribution. Moreover, public policy is not captive of the existing structures and political dynamics. The point being made here is that redistributive policies are potentially feasible; they depend on the political will and dexterity of the governing elite. “ *The politics of redistribution is more like recurrent, shifting squabbles within extended families than the fierce antagonism of divorcing couple,*” (emphasis added) (Moore, 199:40). The reluctance of the government to make agrarian reforms an integral part of the PAP policy initiative can therefore not be adequately understood in the context of the imperatives of the polarization-mobilisation thesis.

Much as programmes are institutionally path-dependent, it does not however mean that path-dependence is an insurmountable constraint (Harris et al., 1995). Individual organizations can as well act as agents of far reaching institutional change. New institutional paths can be set altogether. The comparative experiences with agrarian reforms of the states of Kerala and West-Bengal in India are quite illuminating in this respect.

Kerala has been able to achieve substantial poverty reduction. It is in fact a celebrated model of success in contemporary efforts at poverty alleviation. It is a fairly egalitarian society. The paradox however is that Kerala has earned itself recognition in the international community as success story despite its growth being anaemic (Herring, 1999). Its success is attributed to the radical agrarian reforms which it implemented. The major thrust of the reforms was the abolition of land-lordism in the 1970s. This was a culmination of the reform efforts which had started as early as the 1920s with the Mappila rebellion and the dramatic revision of the Malabar Tenancy Act in 1929 (ibid.). The reforms created almost a level playing field and a fairly responsive system of governance and administration. Herring (1999: 16) described Kerala as “ as social democracy on a sub-national scale with all the wants and messy politics of any democracy.” The reforms have meant that anti-poverty values are imbedded in real institutions and guarded and refreshed by participation. Kerala’s electorate is well informed, extra-ordinarily participatory, alert and assertive.

On the contrary, West Bengal’s agrarian reforms shunned serious rupture in the status-quo. In pursuit of the reforms, its administration strove to maintain the coalition of various social classes in the existing equilibrium. The social structures associated with land-lordism which perpetuate poverty therefore thrived unfettered. The land that was redistributed was of immense substandard quality. Even worse, the requisite services to develop it were not available (Boyce, 1987 & Herring, 1999) The reforms were, on balance, incoherent, disjointed and heavily fragmented. This has invariably led to dismal progress in efforts to achieve substantial poverty reduction. Herring (1999: 19) observes, aptly perhaps, that “an unreconstructed agrarian systems of dominance reduces the degrees of freedom for the state in pursuing less controversial pro-poor policies, such as transfer payments, education and labour reforms”.

The lesson to be learnt from the experiences of Kerala and Bengal is that piecemeal reforms coupled with dubious political will constrain the chance of success of PAP policy initiatives. The success of institutional reforms is, to a very great extent, dependent on historical junctures and political development over time. The 1992-94 landmark political changes that the country experienced offered a rare window of opportunity to break loose from the inefficient institutional trajectories in numerous spheres. The sad reality though is that this opportunity has not been put to proper use. Instead the PAP policy initiative has degenerated into a source of rent subsidies for the bureaucracy and patronage for unscrupulous politicians.

#### The PAP policy initiative and SAPs

The majority of developing countries, Malawi inclusive, have either been systematically induced or coerced to embrace Structural adjustment Programmes (SAPs) as a result of persistent disappointing economic performance. SAPs have thus constituted a dominant policy framework for a vast majority of developing countries since the early 1980s. It is however only fair to say that, overall, the performance of SAPs has been grossly disappointing. In most host countries SAPs have generally exacerbated the depth and incidence of poverty (Sverrisson, 1997 & Ali, 1999). The negative effects of SAPs, have, by far, outweighed their positive effects, if any. Unemployment has soared; prices of essential commodities have skyrocketed; and expenditure on social services particularly health and education have progressively contracted (Chilowa & Roe 1987). The depth of poverty in the country has therefore further deepened.

The question however is whether the PAP policy initiative has fully taken into account the policy intent of SAPs in its institutional design. The success of programmes of this nature depend on the interacting social, economic and political variables. SAPs therefore constitute a very significant dimension of the economic environment for the PAP policy initiative. The major policy goals of SAPs as to goods and services should be determined by the market mechanism. However, the adverse effects of SAPs have promoted the salience of safety nets in order to cushion the losers from the reform processes (Sverrisson, 1997 & Ali, 1999). Potentially, therefore, the PAP policy initiative could serve as at least a reliable safety net. It could cushion the adverse effects of SAPs through targeted expenditures and expanded access of the poor to human resources development programmes. These programmes are intended to create a sense of agency among the people in poverty.

The PAP policy initiative in its present form cannot however serve as a plausible safety net, vis-à-vis the policy inclination of SAPs. The problem is that it does not clearly stipulate how the earning capacity of the poor is going to be enhanced so that they ultimately become economically independent in the sense advocated by SAPs. The direct transfer approach which characterizes the present poverty alleviation efforts become less effective over time. The resources may be available at least on a sustainable basis, but they are likely to be dissipated into higher prices and other leakages (Alderman 1988). The President has, for instance, been disbursing funds for anti-poverty programmes not basing on bureaucratic principles, but rather on political considerations. So even if the PAP policy initiative could serve as an instrument of targeted subsidy, it cannot with this implementation strategy, realistically benefit the deserving poor. Political labels have invariably assumed precedence.

The non-bureaucratic implementation strategy is quite unfortunate especially that the lifeblood of the programme is entirely donor dependent. The cause of concern is that donors emphasise on contracting the role of the state in socio-economic processes and developing an autonomous financial capacity of the poor as embodied in SAPs. The '*handing out of alms implementation strategy*' is likely to bring the initiative to a virtual standstill should donors decide to pull out. They are inadequate local backup resources.

## **V. Concluding remarks**

Though not exhaustive, the paper has attempted an institutional analysis of the 1994 Poverty Alleviation Programme policy initiative which remains the dominant policy framework for the government. The analysis was undertaken within an adapted framework of North's theory of institutions. The issues of particular concern were transaction costs and path-dependence. The discussion has fairly managed to demonstrate that the foregoing concerns are illuminating on the shortcomings that have wrecked the envisaged successful implementation of the PAP policy initiative.

The institutional relationship of the key actors is vaguely out in the initiative and their roles often over-stretched. High transaction costs resulting from administrative overheads and problems of co-ordination are therefore inevitable. The political legacy of one-party politics makes path-dependence a major constraint. The PAP policy initiative has thus degenerated into an instrument of political patronage. The allocation of resources is hardly governed by bureaucratic considerations. Of particular concern is the president's prerogative to disburse the resources as he wishes. There is lack of political will to expedite the agrarian reforms which potential hold the promise for the success of the PAP policy initiative. These reforms are particularly crucial because land is the major productive asset in the country. The leadership has however crucial stakes in perpetuating the existing land tenure patterns. Perhaps the recently finalized land report will spur fresh impetus for the government to effect the long overdue reforms in the interest of the success of the PAP policy initiative. The politics of redistributive policies are, after all, not insurmountable (Herring 1999, Moore 1999, Esho 1999).

The political leaders are obviously strapped in a dilemma. They want to simultaneously to maximize rents from the PAP policy initiative, that is, political support and to reduce transaction costs in order to foster maximum output of society. The problem however is that purely political goals are often inconsistent with the maxim of efficiency in the realm of economics. The foregoing dilemma is not in any way unique; it is an integral part of the politics of administration of the anti-poverty agenda is largely externally driven. This is to say that the definition of the poverty problem has disproportionate donor inputs. However, "history has shown clearly that one cannot constructively transform a society from outside," (Toye, 1999:6). External influences can only at best serve as catalysts. Until there is genuine local political will and decisive agrarian reforms are effected, the success of the PAP policy initiative hangs in balance.

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