

DISCUSSION PAPER 06/2019

# The Country Which Harnesses the Wind?

Working with Southern Africa's Tobacco Dependence

Greg Mills



*Strengthening Africa's  
economic performance*





## Executive Summary

Malawi is firmly rooted among the poorest nations worldwide. But there has been a silver lining over the last decade in the form of the Integrated Production System (IPS) promoted by tobacco buyers, ensuring better standards of farming and thus yields, and including labour practices. This should be replicated and piggy-backed into other crops, notably soya and groundnuts, turning all crops into sources of cash. But today the tobacco industry – and the IPS – is threatened by the anti-tobacco lobby. Malawi and the donors will have to vigorously pursue reforms while actively lobbying to keep the industry alive for as long as possible to enable a transition to other sources of income.

'Tobacco has paid for the school fees of many Malawians in providing the bulk of our Forex earnings and the mainstay of our employment.' – Saulos Chilima: Vice-President of Malawi

## Introduction

Malawi remains one of the five poorest countries in the world. The majority of its citizens, where more than 80 per cent live in the rural areas, are locked into subsistence farming, eking an existence from a plot of maize with, occasionally, soya or ground-nuts on the side.

The average per capita income is just US\$420, only twice that at independence in 1964.

Continued poverty reflects Malawi's population increase from under four million in 1964 to 19 million today. In fact, GDP has increased by ten times in real terms since 1964, though the population increase has nullified half of the gain.

Today more than half the population is under 18. Things may get worse unless something changes, with a 45 million population projected by 2045. The population is increasing faster than opportunities.

Tobacco farmers are the lucky ones, producing a cash crop for international markets. It's the ideal crop in other ways – it's hardy, lasts for a long time, is (in the case of Malawi's burley variety) air-cured, and is very labour intensive. One hectare of tobacco produces 375 000 leaves for tying individually. The country produced 160 000 hectares (or 163 000 tonnes) of burley tobacco in 2018.

The reason for continued poverty is related to the varying strength of the connection to international markets. This can be seen in the status of those farmers contracted to tobacco producers through the Integrated Production System (IPS), which provides fertiliser, seedlings and other inputs including technical advice and training in the field in return for a guaranteed market and price, reducing the farmers' risk and enabling them to increase their yields. Training and monitoring is essential in a country where literacy is at 62 per cent and secondary school enrolment just 31 per cent.<sup>1</sup>

Their tin roofs and live-barns, made from living Acacia trees, are a sure sign of the IPS farmers' relative wealth, along with their livestock and ubiquitous two-ton trucks and oxcarts. Farmers contracted on the IPS have to maintain different standards, not least of which is ensuring no child labour is used.

The problem is that the global tobacco market is stagnant, otherwise more Malawians would get onto this system and *get globalised* as a result.

No country has ever developed from subsistence farming. Malawi's challenge is to commercialise and diversify. To do that, it requires a government that makes decisions in the interests of the majority. Not a common Malawian government trait where monopolies and vested interests rule.

The upside is obvious, and huge. This is a poor country where a small uptick in wealth is relatively large. It has notable advantages, including rich soils and plenty of water. It can offset the disadvantages of location by employing an underutilised rail network, where transport costs are half as much as road. And it has the basis of a usable and replicable agriculture extension and market system in the tobacco business. This will require aligning politics, policy and the needs of Malawi's burgeoning population.

In one sector notable in Malawi, Mozambique, Tanzania, Zambia and even crisis-ridden Zimbabwe, is an example of agriculture and governance best-practice which is not only largely ignored, but high-profile routine attempts have been made to shut it down. The problem is that it's in tobacco.

The upside is, given its poor public health image with which no donor would want to be associated, the crop has proven robustly sustainable, with dramatic benefits for farmers, especially those who have adopted better agricultural practices. The danger is that all it offers might be lost at a moment of extreme stress in each of these countries should world tobacco demand collapse.

## Malawi's Tobacco Addiction

Michael Kamzawa's situation perfectly illustrates Malawi's challenge, and the difficulties in growing African farming and tobacco output.

Surrounded by children in the village of Chikasauka 50kms north of Lilongwe off the Kasungu Road, Mr Kamzawa explains that he would like to be selected for the Integrated Production System to boost his tobacco farming. Using fertiliser and seed supplied by the local tobacco trading houses, and the expertise of 'leaf technicians' criss-crossing the country on motorbikes, participation in IPS would raise both the yield and quality of his burley leaf, and hence his income.

His immediate problem is that he had not been selected as part of the programme. The world tobacco market is just too small, and there are too many tobacco farmers in Malawi to accommodate everyone in the IPS. His wider problem is that government intervention in the maize market means he cannot get a commercial price for his crop and is thus condemned to a life of hard work and poverty. Mr Kamzawa, and many like him, is impoverished because Malawi is not getting its agricultural act together.

The contrast with others who have managed to get into the system is stark.

Eliza Kambale is a widow in the village of Kamlembo. She has been on the IPS scheme for five years. Before this, 'I did not have a house.

I built one now for 1.2m kwacha [\$1,600]. I also bought an oxcart and two donkeys. I have live-stock, including,' she says pointing at the nest behind her, 'pigeons and ducks'. She can make 1 000 kwacha a day renting out the cart. She produced 40 bales (4 000 kg) last year of tobacco, plus three hectares of maize and 1.5 hectares of ground nuts 'for subsistence'. Taking us on a tour of the 'live' curing barn, made from living trees as part of a condition by the tobacco companies for her and others to keep their contract and so keep wood usage to a minimum, she also owns a small shop bedecked with colourful *chitenges* and other basic needs. This gives her a steady income. With her four children in school, she now wants to buy a second-hand two-ton truck, its US\$4 000 cost, she says, will be quickly recovered by a daily rental to other farmers.

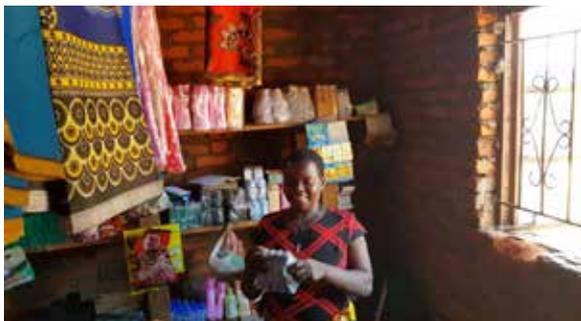
Her inspiring story is replicated next door by the village headman, Robert Kahuta, who has just installed a solar-powered irrigation system with help from the tobacco company to which he is contracted; or down the road by the Makoko family who have expanded into potatoes, soya and other crops from their tobacco income; or in the village of Binala by the life-changing fortunes of Difati Kachiponde, 62, who has tripled his production with IPS, owns two oxcarts, 30 pigs, 39 cattle (one had just given birth when I got there) and a three-ton truck.

	Population			UNDP Human Development Index Ranking	Agriculture % GDP	Tobacco		
	Million	Projected 2050	GDP Per Capita US\$			Total Exports		
						%	US\$ million	Dependents million <sup>2</sup>
<b>Malawi</b>	18.6	43.2	338.5	171/189	26	71	620	5
<b>Mozambique</b>	29.7	65.5	426.2	180	21	4.7	306	3.3
<b>Tanzania</b>	57.3	137.1	936.3	154	30	6.5	345	0.8
<b>Zambia</b>	17.1	43.0	1 513.3	144	7	2	189	2.3
<b>Zimbabwe</b>	16.5	29.6	1 333.4	156	8	51	977	5.7



Robert Kahuta growing his 'live' barn in the village of Kamlemba

These are stories of two unlike experiences and two different futures. This situation is replicated in other villages, across the whole country and, indeed, the southern African region. Those farmers in contractual relationships with big firms are prospering, at least by Malawian standards, and those left to fend for themselves against a predatory market and middle-men are struggling and vulnerable. It echoes the *Boy Who Harnessed the Wind*, in which a Kasungu lad, William Kamkwamba, develops a windmill from scavenged parts to save his village from a devastating drought.



By opening a shop and investing in an oxcart, Eliza Kambale's has ensured a steady non-seasonal income



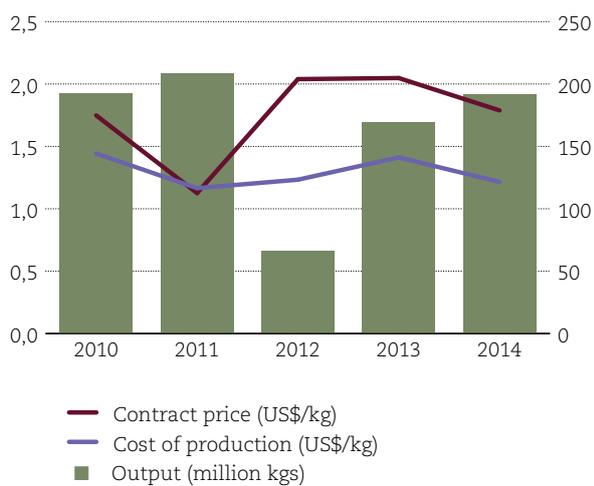
'All from tobacco'. Difati Kachiponde

At independence in 1964, Malawi was a bit player in the world tobacco industry. By the 1980s, it had become a major producer of air-cured burley tobacco, popular in American-blend cigarettes, complementing the Virginia flue-cured type produced in neighbouring Zimbabwe. Relations between the farmers, government and buyers were carefully regulated by Kamuzu Hastings Banda's regime in Malawi to ensure control of both quality and quantity. Malawi's burley production grew by almost 500 per cent to 100 million kilograms between 1980 and 1992.

Then it all fell apart. As Banda's dictatorial rule faltered in the early 1990s, the World Bank urged liberalisation of the market to pump up tobacco production. This led to the introduction of so-called intermediate buyers (IBs), 'Jacks and Jims' as they are parodied locally, as conduits to the auction floors in addition to the traditional trading houses. The result was an end to the carefully planned and regulated stability; many more smallholders started to grow tobacco and overproduction followed, resulting in a dramatic fall in the tobacco price. Although the IBs have now been officially outlawed, they remain on the scene today, tempting the likes of Mr Kamzawa to grow tobacco, but paying as little as 25 per cent of the market value, and encouraging overproduction of inferior grades.<sup>3</sup>

As a result, the harvest volume and value has seesawed dramatically: 123 million kilograms in 2006 to 84 million the following year, 169 million in 2008 and 208 million in 2009, 193 million in 2010 and another high of 208 million kilograms the following year. The high saw the price fall from US\$2.36 per kilogram in 2008 to US\$1.13 per kilogram in 2011. As a result the 2012 crop was just 65 million kilograms, after which the price recovered to US\$2.05 per kilogram.

The global demand for Malawi's burley brand is approximately 140 million kilograms annually. Any more than that and the price paid for the crop edges perilously low to the estimated cost of production at around US\$1.50 per kilogram. These sort of price and production swings created by a response to higher prices the previous season are the pattern of production.

**Figure 1: Malawi: Tobacco Price and Output**

In reaction to such wild swings, and in trying to get a grip on the industry, in 2012 the government agreed to allow 80 per cent of global tobacco sales (based on the 140 million kilogram figure) to be contracted directly between the trading houses and the farmers. Under this scheme, the IPS, for a small deposit, enabled farmers to receive fertiliser, seed and technical knowledge from extension officers. In return, the farmers would sell for a guaranteed price to the trading houses. This scheme was deemed a win-win, not only on grounds of quality and quantity control, but also since the tobacco industry was interested in improving compliance. Through careful screening of the farmers, wider issues have been tackled, including eliminating child labour, ensuring good agricultural practices, weeding out any non-tobacco-related material such as plastic from the product, and improving environmental sustainability through, for example, the widespread planting of forests.

The big benefits to the farmers were higher yields and more stable prices, leading to higher returns and the beginning of a cycle of improvement to help lift them out of poverty. IPS farmers have been able to earn about US\$1 000 per hectare in sales after the deduction of the cost of seeds and fertiliser, even after nearly 40 per cent is taken in taxes, levies, farmer association fees, and the transporter costs for delivering the produce to the markets. For each hectare of tobacco farmed the IPS package also provides seeds and fertiliser for half a hectare of maize for food

security and legumes such as soya or groundnuts, thus providing a source of additional income.

For the farmer, the difference can be seen in the plight of Mr Kamzawa who was getting, outside the IPS system, '7 to 8 bales of tobacco' he said in his native Chichewa or 'ten oxcart of maize' per hectare, compared to his near neighbour Gabriel Kumandakuyitana (his name, literally, 'the grave is calling') who was on an IPS contract and had increased his yield from 10 bales of tobacco (each around 90kg) per hectare to 23 bales. When combined with the crop rejections on grounds of quality suffered by those outside the IPS and the lower price, as an example of this difference, in 2015 non-IPS farmers received US\$1.45 per kilogram compared to US\$1.71 per kilogram for the IPS contract farmers.



*'It would be a huge problem if tobacco went away'. Neema and Alice Mkoko have, however, attempted a side-line in soya, maize and potatoes, though quality in the latter is as variable as the seed*

The problem is that there are just too many farmers – or put differently, too few other opportunities in Malawi, and too little demand for tobacco globally. This explains why Kamzawa and most of his fellow villagers are not on the scheme. Where demand is small and finite, and quality important, such as for burley tobacco, regulation has an important role in providing stability in the market and a decent return for farmers.

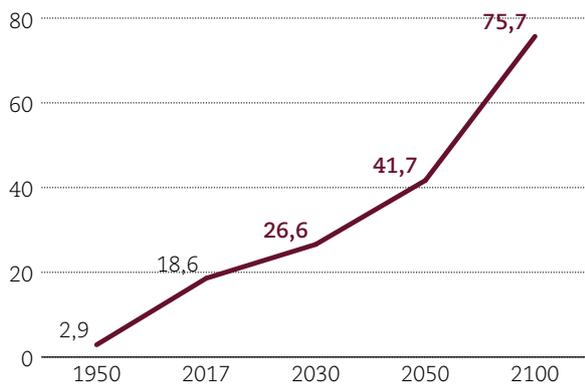
But for maize, where regional demand is huge, government intervention to keep the price low can have wide-reaching negative consequences.

To compound these challenges, as noted above, Malawi faces a stupendous population increase over the next 35 years. Its population at independence in 1964 was just 3.8 million. Fifty years later it crossed the 16 million mark, and it is projected

to rise to over 40 million in 2050, even by the most conservative United Nations' estimate.<sup>4</sup>

Such population growth will place considerable pressure on land. In the central region the average farm plot is around one hectare. In the richer farming areas of southern Malawi it is half this size, where population growth is, in the words of one commercial farmer, '15 years ahead of the central region'.

**Figure 2: Malawi Population, Historical and Projected**



**Figure 3: Malawi: GDP per Capita**



The effect of this population growth will be to reduce plot sizes still further as land is passed down the family line. While Malawi's farmers usually want more land, as Mr. Kumandakuyitana put it, 'The Chiefs have no land anymore' to distribute. And compounding this vicious and seemingly never-ending cycle is the fact that yields have remained low; a doubling of yields would have a dramatic effect.

Malawi is vying with the likes of Burundi, Niger, Democratic Republic of Congo and the Central African Republic to be officially the world's poorest country in terms of per capita income, which was, as noted above, under US\$500 (in real terms) in 2018. Statistics show Malawians are more than three times poorer than Zambians.

Yet Zambians, who in 2017 earned US\$1 635 per person (around the sub-Saharan African average),<sup>5</sup> are already very poor by global standards, where the average income was over US\$10 600. Put differently, if Malawi is to reach lower middle-income status (US\$996 currently) it will have to grow its economy at an average of 13 per cent for the next 10 years, or 6 per cent for 30 years (not taking inflation into account). To achieve the bottom end of 'upper' middle-income status (US\$3 896–US\$12 055) will require an annual average of 30 per cent growth for 10 years.

Fresh economic opportunities in Malawi are few and far between. The country averages US\$380 million annually in foreign direct investment.<sup>6</sup> This is in part because it's a difficult place to do business, although this has improved in recent years, ranking 111th out of 190 countries surveyed on the World Bank's *Ease of Doing Business* index.<sup>7</sup> Governance remains weak and blighted by corruption.

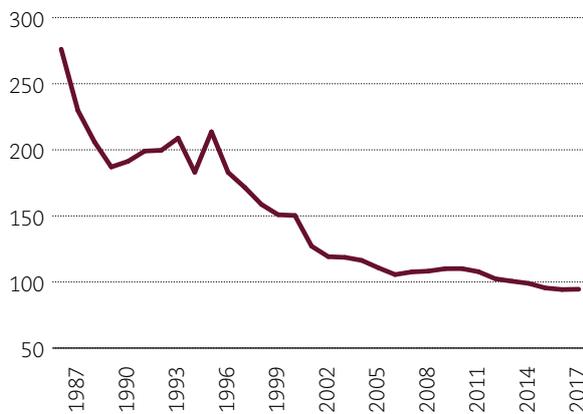
Tourism, once a big earner from South Africa, provided only US\$481.5 million in income in 2017, ranking Malawi just 14th in the Africa tourism table.<sup>8</sup> This also explains why the donors are the biggest players in town, averaging US\$1.1 billion in annual inflows since 2010, accounting for around 20 per cent of the economy.

The challenge for Malawi has expanded with globalisation and peace in southern Africa. New competitors have emerged, including next door, Mozambique, once also the world's poorest nation, with a per capita income of just US\$160 in 1996. Yet Malawi's GDP as a share of Mozambique's has fallen from 250 per cent in the mid-1980s to less than parity today.

## Competing with Mozambique

Mozambique’s rise reflects partly the peace dividend during the 1990s, and partly its natural resource endowment. But the most impressive turnaround has perhaps been in Tete Province backing onto Malawi, where Mozambique Leaf Tobacco (MLT), a subsidiary of Universal Leaf, started an outgrower scheme in the early 2000s.

**Figure 4: GDP per Capita: Malawi as per cent of Mozambique**



As a result, Tete has experienced a tobacco revolution over the past 15 years, positively affecting

the lives of 60 000 farmers, 40 000 contract labourers and their estimated 700 000 dependents. New tin-roofed houses, shiny bicycles, television sets and full maize storage *nkhokwe* in the village of Nhkame along a donga-ridden road 300 kilometers northeast of Tete, tell a story of recent prosperity.

In 2003 Universal Leaf Tobacco began construction on a factory in Tete for MLT, which the company had promised to the government once it reached annual burley tobacco production of 25 million kilograms.

The project in Tete was started by Universal Leaf Tobacco which, in response to increasing demand for US-style blended cigarettes back in 1996, engaged with the Mozambique government to open up a concession. There were as many as three million Mozambican refugees in Malawi during the 1980s farming the same conditions.

The difference from the start in Mozambique was that it was 100 per cent outgrower, contract farming-based. MLT financed the farmer, provided the inputs, set the price on a standard cost of production model which was designed to ensure the average grower’s return matched that of his urban counterpart at the basic employment level, and picked up the tobacco from the baling centres. The Mozambican plot size was

The Tools and Impacts of Alternative Livelihoods in Illicit Crop Cultivation <sup>9</sup>	
Tactics	Impacts
Forced eradication	Expensive. Does not solve problems of viable economic alternatives. Negative health impacts of chemical usage. Can increase opportunities for corruption and organised criminal networks. Can fuel conflict.
Crop substitution	Works better if integrated into wider social and economic upliftment schemes.
Sequencing	Alternative livelihoods and improved quality of life usually need to be achieved before crop reductions.
Sponsored seed and fertiliser	Farmers respond better if micro-credit schemes are offered, enabling them to switch from illicit to licit sources of income. Needs to be followed through with market mechanisms including crop storage facilities.
Community engagement	Reducing the cultivation of illicit crops is a long-term problem that needs a long-term solution, involving broader nation-building and development goals.
Decrease in illicit crop production	Price incentives can sometimes counter the impact of ‘successful’ eradication campaigns.

smaller, around 0.6 hectares on average, and the yields generally lower due to less use of fertiliser. However, the absence of third party levies or costs taking a layer of income from the farmers meant that the returns went straight to their pockets, unlike in Malawi. Moreover, the fresh start meant that compliance with modern farming practices was possible from the start, making the product attractive to hyper-sensitive Western cigarette companies.

In 2018 more than 100 000 Mozambican farmers produced 106 million kilograms of tobacco and ensured cash income for more than 1.2 million people. Five hundred MLT leaf technicians, more extension officers than in the rest of Mozambique put together, and seasonally up to 5 500 other agronomy staff, were present to ensure the yields and returns keep rising. A second processing line has been put in at the Tete factory. Malawi's success increased regional competition, including for Malawi, and put quality at a premium, the *ying* and *yang* of globalisation.

## What Asia Has Learnt

Currently, the Asia Pacific region represents the world's largest cigarette market, with China the largest consumer and producer with a 40 per cent global share, and Indonesia representing a substantial and growing consumer base.<sup>10</sup> Attempts have been made, with varying success, to reduce crop production and cigarette usage, as highlighted below.<sup>11</sup> The lessons from Asia illustrate that government restraint on loans for tobacco farmers and attempts to accelerate and mandate alternative crops has had, at best, mixed results. This would seem to point the way to rather working with the model as the platform to facilitate diversification and farmer enterprise.

### *Bangladesh*

Tobacco was promoted by British American Tobacco in Bangladesh after the country's creation in 1971. Flue cured Virginia had originally been introduced in 1967 on an experimental basis, with commercial operations starting in 1976. Today there are around 100 000 tobacco farmers.

Tobacco is grown through contractors who are offered incentives and inputs, including seed and fertiliser under which terms they commit to an 'Ongikar' (agreement), indicating the amount of credit and quota of tobacco to be supplied.<sup>12</sup>

Even though crop substitution and rotation has been extensively promoted, the Bangladesh Bank, the central bank, ordered all commercial banks to not grant any loans for tobacco farming in 2010, the Ministry of Agriculture has taken strict measures for withdrawal of subsidies for tobacco growers, the Ministry of Finance imposed an export tax on tobacco leaves, and in 2017 the Tobacco Cultivation Control Policy 2017 was drafted to restrict companies providing tobacco growers with subsidies, loans or other support, tobacco output has steadily risen (from under 40 000 tonnes in 2007 to 90 000 tonnes ten years later) even though the area under cultivation has decreased.<sup>13</sup>

### *Indonesia*

The aroma of kretek clove cigarettes is an abiding and evocative scent of Indonesia. The 265-million person archipelago is the fourth-largest tobacco market in the world,<sup>14</sup> a country of smokers, with two-thirds of males inhaling, the highest prevalence in the world. Indeed, unlike in much of the world, smoking is increasing in Indonesia.<sup>15</sup> It's important to the economy. The kretek industry employs not fewer than 180 000 directly and possibly as many as ten million indirectly.

Yet local tobacco production is flat at around 200 000 tonnes per annum. It is a relatively small agricultural activity, comprising just 0.30 per cent of the overall sector and 0.03 per cent of gross domestic product. As a result, Indonesia is a net importer of tobacco leaf to satisfy domestic demand. In part this is down to tobacco farming not being a comparatively lucrative endeavour for many farmers, a result of low prices and comparatively onerous labour input requirements.

Indonesia teaches, unsurprisingly, that crop alternatives work when the market supports them.

### *Vietnam*

Fifteen million Vietnamese men – around 45 per cent of the adult cohort – are smokers, placing the country among the world's top 15 countries

with the heaviest tobacco consumption. The area devoted to tobacco cultivation in Vietnam is just 0.26 per cent of total agricultural land, employing 220 000 farmers and providing an output of about 47 400 tonnes of tobacco annually.

Despite their being 'questionable economic gain' for the farmers,<sup>16</sup> and a professed dependency on subsidised inputs, the sector has grown steadily since the 1970s when it was under 15 000 tonnes.<sup>17</sup> Like Indonesia, Bangladesh and Malaysia, Vietnam however remains a net importer of tobacco.

### India

Together the bidi rollers, tendu leaf pluckers, processors, traders, and agricultural labourers of India's tobacco industry comprise as many as seven million people, excluding retailers and factory workers. The area under cultivation of tobacco has increased considerably, as has the total production – by 219 per cent between 2012 and 2014 for example across 12 states.<sup>18</sup> India is the second-largest tobacco producer world-wide after China, with 800 000 tonnes per annum, and is just ahead of Brazil. The increases in volumes have gone hand-in-hand with improvements in productivity of the crop, which increased by 108 per cent from 1970 to 2010. Tobacco has traditionally provided higher net returns than other crops, and remains a popular choice given that it requires few special skills in the secondary industries, such as cigarette rolling.

More recently, tobacco production has fallen both in terms of tonnage and acreage, in part because the government has promoted a shift to alternative crops like grains, cereals, pulses, oil-seeds, vegetables, sugarcane, oil palm, and even dairy and poultry. Some \$1.4 million was released to tobacco growing states during 2017/18 to shift to alternative farming.<sup>19</sup> But it is unclear whether this fall in tobacco production, after several years of increase, is due to market forces in the form of oversupply and lower prices or these fiscal initiatives.

## Is There an Alternative?

In Africa, the agriculture model needs overall to be changed from 'agriculture' to 'agribusiness', as this is the only way to move from subsistence farming to farming for surplus. This is why, for example, smallholder outgrower farming schemes in Malawi and Mozambique around tobacco have prospered, given there is an underlying commercial imperative and system, which does not go away when a donor shifts attention. If technology offers the hardware, a better software, too, is necessary.

Tobacco continues as a key crop for several African countries in spite of a concerted international campaign to close usage and thus production down. The world cigarette market, for example, grew by 7 per cent between 2009 and 2016, reaching a sales value of US\$816 billion.<sup>20</sup> There are few crops as appealing to small-scale producers in the poorer countries of southern Africa.

Cannabis may be one, however. Attempts to build cannabis as an alternative crop to tobacco in Malawi has parallels with the multi-million dollar attempts to ensure alternative livelihoods to opium in Afghanistan, which have been largely unsuccessful given the inability to find a crop that is as well-suited to the Central Asian country's farming and logistical conditions as poppy. (A similar experience has occurred with coca in Colombia.<sup>21</sup>) Quinoa is another, mooted substitute. But all of these crops require more than a PowerPoint presentation to turn them from a tangible idea into a tangy reality.

There is a much harder road ahead in convincing farmers of the viability of such options and setting up the knowledge, extension and other systems necessary. The lesson from illicit crop eradication in places such as Afghanistan, Colombia, and Laos, shows that here is little evidence that such schemes reduce cultivation in the long-term, as the crops move somewhere else. It also shows that 'alternative development must be evaluated through indicators of development and not technically as a function of illicit production statistics'.<sup>22</sup> In other words, success is

not down to whether the crop is still being grown, but rather that the community is better off in spite of no longer producing it.

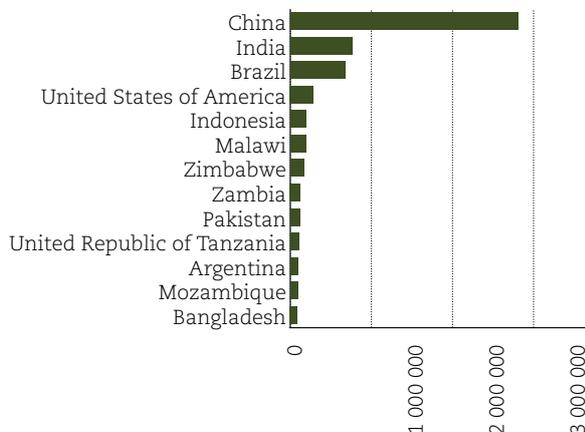
A more realistic path than simple elimination is to drive best practice farming in tobacco production while migrating farmers over to other crops using the good offices of existing industry. This is not going to be easy, since there are no obvious substitutes. Rather than simply shutting the industry down, the anti-tobacco activists are going to have to come up with viable alternatives beyond activism and a crude timeline.

## Diplomacy as a Tool

Malawi's options are limited. Its development alternatives to tobacco are hampered by geography, government preference for short-termist policy, poor human and financial capital reserves, and its relative diplomatic isolation. The cost of transport and the favouring, for reasons of government-connected monopolies, of road transport over much cheaper rail, exacerbates its challenges.

Anti-tobacco activism has not helped. The chances of a greater slice of a buoyant international market are now slim. While Malawi is the largest producer of burley tobacco in the world with the abovementioned 160 000 tonnes annually, global tobacco demand overall sits pegged at 6.8 million tonnes.

**Figure 5: World Tobacco Production, Tonnes, 2016**



Source: FAO/Own Sources

Anti-smoking campaigns have slowed tobacco growth and may, in the longer term, even reverse it. For the while it remains consistent at around 1.1 billion smokers globally. This could reduce more rapidly if vaping and other 'smoke-free' devices were to make greater inroads into the traditional smokers' market. While cigarette companies might see a market opportunity in quickly moving to a tobacco alternative as a different business opportunity, the producers don't have this luxury.

Given the likely slow pace of change, the focus in Malawi and the other tobacco producing countries of southern Africa should be less on crop alternatives than additional options for the farmer. A failure by insiders and outsiders to take a holistic view, one that includes a birth control and education revolution, could end in cataclysmic failure as incomes dry up and population numbers continue to rise. It would be useful if new crops were built around the existing outgrower models, though this would effectively require working with the tobacco companies, something that at least some NGOs and multilateral institutions might find problematic. It would also demand taking a long-term view, something that the attention span of governments and NGOs alike seldom lends itself to. And any proposal will need to be sustainable by being commercially underpinned, and able to speak to the needs of Malawi tomorrow, not just today, in terms of population growth especially.

Malawi will have to learn to turn international anti-tobacco lobbying efforts on its head by making the case for temporarily expanding growth in the sector at the expense of richer producers, notably China. Rather than Beijing, for example, throwing money at football stadiums (it constructed the obscenely large Bingu version in Lilongwe) or yet another cotton ginnery without improving inputs and expanding production, the best thing it could do for Malawi is curtail its own tobacco production (some 2.8 billion kilograms) in what has become by far the world's biggest producer and consumer.

## A Role for Donors?

A combination of working with IPS tobacco buyers plus the introduction of new soya and nut seed varieties through international partnership along with drip-feed irrigation techniques could translate into a more prosperous future. At its core would be a partnership between donors and private companies, not the government, and on private growth, not food security. This turns the approach on its head, demanding a plan from donors rather than a plan from government. Instead of talking to government bilaterally or through the painful *capacity-building workshops* that NGOs in Malawi excel at, this would need to be channelled through a competitiveness framework, with a focus on two or three priorities rather than the spray of money and inevitably high recurrent transaction costs that characterise contemporary efforts. Recent improvements in maize yields in the south of Malawi in particular, which have led to a doubling of output per hectare, illustrate how challenges might be turned into opportunities with the right dollops of organisation and direction.

Imagine if the US\$1.1 billion in donor money was concentrated on extending IPS farming and transport, for example, rather than diffused through donor and government consumption?

Facilitating the flow of better farming inputs and strengthening the market links between the farmer and the consumer – improving the whole value chain – will go a long way to translating crops into cash and removing farmers from lives of permanent drudgery and poverty.

## Conclusion: Jobs of the Future?

For all the challenges, tobacco still comprises around two-thirds of Malawi's foreign income. It is the largest employment sector. There are an estimated 300 000 tobacco farmers, including the 50 000 on IPS, each with an average of five dependents.

As politically incorrect as it may be, southern Africa should hope that tobacco is here for a long

time to come. A history of aid and of agriculture teaches that any process of substitution is likely to move slowly, no matter the extent of money thrown at it by well-meaning and other NGOs and governments. Millions of people will be at risk if the tobacco industry goes away. Hopefully those advocating a smoke-free future care enough about poor people as much as corporate profits. Malawi should gear its international diplomacy to this end, convincing richer states to reduce production first to allow Malawians a bigger share of the international market.

But that does not mean change is optional. It is not. It is inevitable and inexorable, and for reasons that go beyond the health of smokers outside of the region. The burgeoning populations of southern Africa will require jobs on a scale that outstrips current economic structures and the available options. While Malawi has been very poor for a long time, the spectre of rapid, unchecked population growth demands changing 'a business as usual' approach to its development. This requires putting in place a package of measures that goes beyond simple crop alternatives, and one which acknowledges the need to build on the success and systems of tobacco rather than destroy the industry.



*No country ever developed from subsistence farming*

Yes, the likely decline in world demand means that sub-Saharan Africa ought to quit its addiction to tobacco production and diversify into other crops. But while we determine what those crops should be, and how we are going to manage the transition from one era to another, we need to keep alive and improve on what we already have.

## Endnotes

1. At <http://datatopics.worldbank.org/education/country/malawi>.
2. See [http://www.tobaccosa.co.za/wp-content/uploads/TISA\\_New\\_Leaf\\_Bulletin-4th\\_Edition-4Q\\_2012.pdf](http://www.tobaccosa.co.za/wp-content/uploads/TISA_New_Leaf_Bulletin-4th_Edition-4Q_2012.pdf).
3. For a history on the tobacco industry, see [www.fao.org/docrep/006/y4997e/y4997e0i.htm](http://www.fao.org/docrep/006/y4997e/y4997e0i.htm).
4. See <https://www.un.org/development/desa/publications/world-population-prospects-the-2017-revision.html>.
5. At <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>.
6. At <https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?end=2017&locations=MW&start=2010>.
7. See <http://www.doingbusiness.org/content/dam/doingBusiness/country/m/malawi/MWI.pdf>.
8. See <https://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2018/malawi2018.pdf>.
9. For example, see <http://filesserver.idpc.net/library/IDPC-Guide-HTML/Chapter-4.3.pdf>.
10. At <http://www.digitaljournal.com/pr/3544133#ixzz5fh1SzyOE>.
11. See also [www.untobaccocontrol.org/impldb/wp-content/uploads/reports/philippines\\_annex1\\_tobacco\\_farming\\_regional\\_paper\\_2013.pdf](http://www.untobaccocontrol.org/impldb/wp-content/uploads/reports/philippines_annex1_tobacco_farming_regional_paper_2013.pdf).
12. See Sonja von Eichborn and Laure Norger (eds), *Alternative Livelihoods to Tobacco: Approaches and Experiences*, 2017, at [https://unfairtobacco.org/wp-content/uploads/2017/07/alternativenbrosch\\_gesamt\\_2012\\_05\\_27.pdf](https://unfairtobacco.org/wp-content/uploads/2017/07/alternativenbrosch_gesamt_2012_05_27.pdf).
13. At <https://www.thedailystar.net/business/policy-drafted-discourage-tobacco-farming-1430332>.
14. See 'The economics of tobacco farming in Indonesia', World Bank, 2017, at <http://documents.worldbank.org/curated/en/161981507529328872/pdf/120307-REVISED-PUBLIC-WBGIndoEconomicsTobaccoFarming.pdf>.
15. At <https://www.asiasentinel.com/econ-business/indonesia-smokers-increase/>.
16. See [https://www.researchgate.net/publication/26593161\\_Tobacco\\_farming\\_in\\_rural\\_Vietnam\\_Questionable\\_economic\\_gain\\_but\\_evident\\_health\\_risks](https://www.researchgate.net/publication/26593161_Tobacco_farming_in_rural_Vietnam_Questionable_economic_gain_but_evident_health_risks).
17. At [http://siteresources.worldbank.org/INTPH/Resources/vietna\\_m.pdf](http://siteresources.worldbank.org/INTPH/Resources/vietna_m.pdf).
18. See [http://www.searo.who.int/tobacco/documents/sea\\_tobacco\\_55.pdf](http://www.searo.who.int/tobacco/documents/sea_tobacco_55.pdf).
19. See <http://www.newindianexpress.com/business/2018/aug/13/tobacco-cultivation-output-in-india-shrink-as-farmers-shift-to-other-crops-1857282.html>.
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21. See <https://www.aljazeera.com/indepth/opinion/2017/04/coca-production-rise-colombia-170419130227958.html>.
22. See United Nations Office on Drugs and Crime Executive Director (2008), *Fifth report of the Executive Director on the world drug problem, Action Plan on International Cooperation on the Eradication of Illicit Drug Crops and of Alternative Development*, E/CN.7/2008/2/Add.2 (Vienna: United Nations Office on Drugs and Crime); For more information, please see: Background paper for the International Workshop and Conference on Alternative Development, <http://filesserver.idpc.net/library/IDPC-Guide-HTML/Chapter-4.3.pdf>.