

The Phoenix and the Paradox: Rwanda, Malawi, and the Politics of Development

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Abstract

Why have Rwanda and Malawi, two African countries facing many similar structural constraints, experienced different development trajectories? This question is interesting because Rwanda entered the post-1994 period following an extraordinary episode of political violence and institutional destruction, while Malawi transitioned to multiparty rule without a comparable rupture. Yet over the following decades, Rwanda generally progressed faster across several measures of economic and social development. This paper examines the divergence through the relationship between critical junctures, political settlements, and state capacity. It argues that structural conditions alone cannot adequately explain the different trajectories. Rather, the political and institutional orders that emerged from the countries' respective transitions shaped the incentives governing state-building and policy implementation. In Rwanda, the post-genocide ruling coalition pursued a concentrated project of state reconstruction in which administrative effectiveness and development became closely linked to the consolidation of the new political order. In Malawi, the transition to multiparty politics produced a more competitive and fragmented settlement in which political accommodation and electoral survival often competed with longer-term developmental coordination. These differences did not mechanically determine development outcomes, nor does the paper treat Rwanda's political settlement as inherently developmental or its performance as unambiguously successful. Instead, the comparison shows how political settlements shape the incentives and institutional capacities through which states respond to common structural constraints. The analysis therefore shifts attention from whether Rwanda or Malawi possessed better initial conditions to how different political orders produced different capacities to pursue development.

Keywords: African development; political settlements; state capacity; critical junctures

1. Introduction

Is Rwanda's development trajectory an anomaly? At first glance, it should be. Rwanda is a small, landlocked country with limited natural resources, high population density, and a long-standing dependence on agriculture. It also entered the post-1994 period after a genocide that killed approximately 800,000 people and severely damaged the country's institutional, economic, political, and social infrastructure (Chemouni, 2023; United Nations, 1999). Malawi, by contrast, remained peaceful through independence, one-party rule, and its transition to multiparty democracy in 1994 (Cammack, 2017). Both countries nevertheless faced many of the structural constraints that have complicated development across Africa. These include limited industrialisation, low-productivity agriculture, weak infrastructure, vulnerability to external shocks, and dependence on development assistance (World Bank, 2017; World Bank, 2025; World Bank, 2026).

One might therefore expect Malawi's relative political continuity and avoidance of catastrophic institutional destruction to have provided it with a developmental advantage. Yet the subsequent record complicates that expectation. Rwanda has achieved comparatively rapid improvements across several economic and social indicators since the mid-1990s, while Malawi's progress has generally been slower. The puzzle is why the pace and character of development have generally diverged despite the similarities in their structural constraints.

The comparison becomes even more interesting when Rwanda's starting point is considered. Its post-genocide government inherited a state whose institutions had been severely weakened. Chemouni (2023), examining the Ministry of Finance and Economic Planning (MINECOFIN), the Rwanda Revenue Authority, and the National Bank of Rwanda, documents how state-building began from extremely weak institutional foundations. MINECOFIN, for example, resumed operations after the genocide with only a handful of staff. Yet several institutions subsequently became among the more capable components of the Rwandan state (Chemouni, 2023). Rwanda therefore presents not simply a case of development under difficult conditions, but a puzzle of institutional reconstruction. How did a state emerging from near collapse acquire the capacity to pursue relatively coherent and sustained development policies?

Existing scholarship provides part of the answer. Political settlements analysis has increasingly been used to explain why states facing similar structural constraints can produce different outcomes. Kelsall et al. (2022), for example, define a political settlement as an ongoing arrangement among powerful groups concerning political and economic institutions and the distribution of benefits. The concept places political power at the centre of institutional analysis. Formal institutions do not operate independently of the actors who control them, and development strategies do not implement themselves simply because governments adopt them. The distribution of political power affects whether elites have incentives to build capable institutions, whether those institutions are protected from political interference, and whether governments can sustain developmental priorities over time.

The Rwanda–Malawi comparison has already appeared in this literature. Chinsinga et al. (2022), comparing poverty trends in Ethiopia, Malawi, Rwanda, and Tanzania, find that differences in political settlements correspond reasonably well with differences in development performance. They associate Rwanda's broad-concentrated settlement with stronger elite commitment and state capability than Malawi's more fragmented configuration, while also emphasising the importance of ideology, external actors, economic structure, and exogenous shocks. This means that the contribution of a Rwanda–Malawi comparison cannot simply be to show that political settlements matter. That relationship has already been established.

The more useful question now is how those differences emerged historically. What changed after the major political transitions of 1994? How did the political orders that emerged from Rwanda's catastrophic rupture and Malawi's peaceful transition shape elite incentives? And how did those incentives influence the construction and deployment of state capacity?

This paper argues that the divergence is best understood as a sequence linking critical junctures, political settlements, and state capacity. A critical juncture disrupts an existing political and institutional order and creates greater room for political actors to establish new arrangements. The settlement that emerges from that period shapes the distribution of political power and the incentives of governing elites. Those incentives influence whether governments invest in capable institutions, protect bureaucratic effectiveness, and maintain policy commitments over time. State capacity then affects the extent to which governments can translate developmental ambitions into sustained implementation.

In Rwanda, the 1994 genocide constituted a catastrophic critical juncture that fundamentally altered the country's political and institutional order. The Rwanda Patriotic Front (RPF) emerged as the dominant political force and gradually consolidated a settlement in which reconstruction, state effectiveness, and economic development became closely connected to the consolidation of the post-genocide order. Political dominance provided the government with considerable room to coordinate institutions and sustain policy priorities. In Malawi, the 1994 transition from one-party rule to multiparty democracy transformed the political order without destroying the state. Political competition, electoral coalition-building, and elite accommodation consequently became more important features of the new settlement. These arrangements supported political stability and peaceful competition, but created different incentives for long-term policy coordination and state-building.

The argument is deliberately narrower than the claim that political settlements determine development. Political settlements do not operate independently of economic structure, international assistance, climate shocks, geography, or policy choices. Nor does political concentration necessarily produce development. Rwanda's experience demonstrates that strong implementation capacity can coexist with political centralisation, limited accountability, persistent poverty, and incomplete structural transformation. Likewise, Malawi's slower economic transformation does not mean that democratic competition has no political or developmental value. The purpose of the comparison is instead to identify how different political orders shaped the incentives and capacities through which the two states pursued development. This also changes how the 1994 genocide should be understood analytically. The genocide is not treated as a cause of Rwanda's subsequent development, still less as an event that somehow generated beneficial institutional consequences. It was a catastrophic rupture that destroyed lives, institutions, and livelihoods. Its significance for this analysis lies in what followed, which is the political order constructed after the rupture and the incentives that order created for rebuilding the state.

The paper proceeds as follows. The next section reviews the literature on structural explanations of development, institutions, political settlements, and state capacity, before identifying the historical sequencing that remains underexplored in the Rwanda–Malawi comparison. The theoretical framework then develops the relationship between critical junctures, political settlements, and state capacity. The methodology explains the logic of the comparative case study and defines the dimensions of development examined. The empirical sections analyse Rwanda's post-genocide reconstruction and Malawi's post-1994 political settlement. The final sections bring the cases together, consider competing explanations and limitations, and assess what the comparison reveals about the political production of state capacity.

2. Literature Review

Explanations of divergent development trajectories in Africa have traditionally emphasised structural conditions including geography, natural resources, colonial institutions, human capital, market size, and integration into international markets. More recent political economy scholarship has increasingly shifted attention toward the institutions and political arrangements through which these conditions are managed. This shift is very much relevant to Rwanda and Malawi. Both countries face substantial structural constraints, but those constraints have not produced identical outcomes.

Geographic and economic explanations remain important. Landlocked countries face higher transport costs and limited access to international markets, while economies heavily dependent on rain-fed agriculture remain vulnerable to climatic shocks (World Bank, 2017; World Bank, 2026). Population density, resource endowments, and production structures also affect the opportunities available to

governments pursuing economic transformation. Such factors clearly shape development possibilities. Yet their explanatory power becomes more limited when countries facing comparable constraints subsequently follow markedly different trajectories. The relevant question subsequently shifts from whether geography or economic structure matters, to whether these factors are sufficient to explain the divergence between Rwanda and Malawi.

Institutional scholarship provides a second starting point. North (1990) places institutions at the centre of long-run economic performance, while Acemoglu, Johnson, and Robinson (2001, 2002) connect development to institutional arrangements and the distribution of political power. This literature shifted attention from geography toward the rules governing economic and political interaction. Yet treating institutions as fixed variables creates another problem that institutions are themselves political outcomes. Governments inherit institutional arrangements, but political actors also reshape, contest, strengthen, and weaken them.

Political settlements analysis addresses this problem by placing the distribution of power among organised groups at the centre of institutional formation. Khan (2010) argues that institutions are sustainable when they are compatible with the underlying distribution of political power. Kelsall et al. (2022) develop this approach further by examining how different configurations of elite power affect governments' ability to pursue developmental objectives. The value of this perspective lies in explaining why formally similar institutions can function differently. Constitutions, elections, ministries, development plans, and regulatory agencies may exist across countries without generating comparable implementation capacity. The political settlement framework directs attention toward the informal bargains underlying formal institutions. Whether political power is concentrated or fragmented, whether governing coalitions depend on extensive patronage networks, and whether elites view long-term state-building as compatible with political survival can influence which institutions receive sustained investment. Developmental policies therefore depend not only on what governments formally decide but also on the political incentives surrounding those decisions.

The state-capacity literature complements this perspective. State capacity concerns the ability of governments to formulate and implement decisions, mobilise resources, regulate economic activity, and provide public goods. Fukuyama (2013) distinguishes the strength of state institutions from the scope of government activity. A state may attempt to perform many functions without possessing the administrative capacity to perform them effectively. Evans (1995), meanwhile, links bureaucratic capability to developmental states, emphasising the importance of competent institutions that retain sufficient autonomy to pursue public objectives while remaining connected to the economic actors they seek to influence.

These literatures answer related but distinct questions. Political settlements help explain why political actors invest in or undermine capable institutions. State-capacity scholarship helps explain what those institutions enable governments to do. Bringing the two together is therefore useful for the Rwanda–Malawi comparison. A technically competent bureaucracy can be undermined by political interference, while a politically dominant government can possess considerable room to act without necessarily constructing effective institutions. Capacity here is not treated as simply inherited, but rather as produced through political choices.

The Rwanda literature illustrates this relationship. Chemouni (2023) examines MINECOFIN, the Rwanda Revenue Authority, and the National Bank of Rwanda and argues that their effectiveness cannot be understood merely as isolated pockets of bureaucratic competence. Their development formed part of a

broader state-building strategy in which the post-genocide government prioritised particular institutions and invested in their effectiveness. This shifts the analytical question from simply why some agencies performed well to why those agencies became political and administrative priorities. Other scholarship, however, complicates an exclusively positive interpretation of Rwanda's state capacity. Heldring and Robinson (2023) emphasise the unusually high capacity of the Rwandan state while distinguishing capacity from the purposes for which it is used. Mann and Berry (2016) similarly examine the political motivations underlying Rwanda's development model and argue that infrastructure and development initiatives have also served processes of political consolidation. The same political concentration that has facilitated policy coordination has therefore also raised questions about political competition, accountability, and the uses of state power.

The Malawi literature presents a different configuration. Cammack (2017) argues that Malawi's post-1994 political settlement maintained sufficient political accommodation and public provision to preserve social conciliation but did not create a policy environment conducive to sustained national economic development. Her analysis of critical junctures between 1994 and 2014 demonstrates how political and economic institutions were repeatedly shaped by elite interests and the requirements of political survival. This does not mean that Malawi lacks functioning institutions. Rather, formal institutions operate within a political settlement that creates different incentives for their use. Earlier research on Malawi's political economy similarly examines the relationship between patronage, state-business relations, and economic institutions. Taken together, this literature points toward a state that has retained formal administrative structures but has struggled to generate the sustained coordination required for structural transformation. The direct comparative literature reinforces this interpretation. Chinsinga et al. (2022) find that differences in political settlements correspond with differences in poverty reduction across several African cases, identifying elite commitment and state capability as important mechanisms while cautioning against treating settlement type as deterministic. Ideology, external partners, economic structure, factor endowments, and exogenous shocks remain relevant. The existence of all this literature contributes to what a useful Rwanda-Malawi comparison should seek to explain, which is how different political settlements emerged and how their historical origins shaped state-building incentives.

Mann and Berry (2016) caution against equating Rwanda's growth with comprehensive developmental transformation. Growth and poverty reduction do not necessarily move together, and a state may be highly effective at implementing policy without generating sufficient productive employment or broad-based economic opportunities. This cautioning is important because the argument advanced here concerns state capacity and the ability to pursue development, not the claim that Rwanda has resolved the underlying problems of low-income development. The literature therefore leaves an analytical space for a historically sequenced comparison. Structural explanations identify the constraints shared by Rwanda and Malawi. Institutional theories explain why rules matter but can understate how those rules are politically produced. Political settlements bring elite incentives into the analysis, while state-capacity scholarship explains how institutional capability affects implementation.

3. Theoretical Framework

The comparison between Rwanda and Malawi requires connecting three questions. First, how do major political disruptions alter the institutional possibilities available to political actors? Second, why do some political coalitions invest in capable state institutions while others have weaker incentives to do so? Third,

how does the resulting level and distribution of state capacity affect governments' ability to pursue development over time?

3.1 Critical Junctures and Historical Sequence

Historical institutionalism is useful because development is shaped by conditions at a particular moment as much as it is by the sequence through which institutions and political incentives develop. Pierson (2004) describes this process through path dependence. Once institutions become established, they can generate increasing returns that make alternative arrangements more difficult to construct. However, trajectories are not fixed since periods of intense disruption can alter the constraints facing political actors and open possibilities for institutional change. This is the significance of a critical juncture. Capoccia and Kelemen (2007) describe critical junctures as relatively brief periods during which existing structural constraints are relaxed and political actors have greater scope to make choices with lasting institutional consequences. The 1994 genocide destroyed much of the existing political and institutional order. The RPF inherited a country in which administrative institutions had been devastated, large numbers of people had been killed or displaced, and the foundations of political authority had been profoundly altered. Thus, it is important to note that the analytical significance of 1994 does not lie in the destruction itself. It lies in the institutional and political conditions created by that destruction. Malawi experienced a different kind of critical juncture in 1994. The transition from one-party rule to multiparty democracy transformed the rules of political competition without producing a comparable collapse of the state. Its administrative apparatus therefore remained substantially intact. Political actors faced the challenge of reorganising political power and managing electoral competition within an existing institutional framework rather than reconstructing the state after near-collapse.

The two cases thus provide variation in the nature of the critical juncture. Rwanda experienced catastrophic institutional rupture; Malawi experienced political reorganisation within an existing state. Needless to say, the institutional environments from which subsequent political settlements emerged were different.

3.2 From Critical Junctures to Political Settlements

Critical junctures explain why existing institutional arrangements become unusually open to change, but they cannot explain which new arrangements become sustainable. This is why political settlements provide the next step.

Khan (2010) conceptualises political settlements in terms of the distribution of power among groups and the benefits that make institutional arrangements politically sustainable. The central insight is that formal institutions go hand-in-hand with the actors capable of supporting or contesting them. A constitution may establish one set of rules, for example, but the distribution of political power determines how those rules operate in practice. This is relevant for development because governments regularly confront tensions between politically attractive short-term decisions and institutions whose benefits may emerge only over a longer period. Building a professional bureaucracy, reforming taxation, regulating markets, or investing in infrastructure can strengthen the state, but may also threaten existing sources of political income. Where powerful actors benefit from the status quo, they may have little to no incentive to support reforms that increase state autonomy. Conversely, when political survival depends on economic transformation or institutional effectiveness, investment in state capacity can become politically rational.

Kelsall et al. (2022) make this relationship more explicit by examining how the concentration of political power and elite commitment affect developmental possibilities. A concentrated settlement may allow a ruling coalition to coordinate policy and resist competing pressures, but a fragmented settlement may make long-term coordination more difficult. But concentration is not inherently developmental in itself.

Political power can be used to build institutions or to extract rents. What matters is the interaction between the distribution of power, elite incentives, and the purposes toward which political authority is directed. Political settlements should also be understood as evolving political equilibria rather than permanent national characteristics. Rwanda's settlement developed through the consolidation of RPF dominance after 1994, while Malawi's evolved through successive rounds of electoral competition and bargaining among political parties and other organised interests. The comparison therefore concerns processes rather than fixed regime types.

3.3 State Capacity as the Intervening Mechanism

For this paper, state capacity refers primarily to the ability of public institutions to formulate, coordinate, and implement policy consistently over time. This includes the capacity to mobilise and manage resources, coordinate bureaucratic agencies, enforce decisions, and maintain policy commitments across political cycles.

To begin with, formal authority does not translate into effective capacity. Governments may adopt sophisticated development strategies, yes, but at the same time, they may be lacking in personnel, resources, information systems, or institutional autonomy required to implement them (Fukuyama, 2013). Chemouni's (2023) analysis of Rwanda's "pockets of effectiveness" illustrates this well. In his analysis, Rwanda's state capacity is uneven rather than uniformly strong. Certain institutions have developed comparatively high levels of effectiveness and autonomy, while others remain more constrained. Evans (1995) further emphasises the relationship between bureaucratic competence and economic transformation. He posited that effective developmental states are those capable of coordinating economic activity, gathering information, and implementing decisions while retaining sufficient autonomy to pursue longer-term objectives.

The implication here is that political settlement should not be treated as a causal agent when it comes to development. Instead, the proposed mechanism runs through state capacity. A political coalition that has sufficient authority to pursue ambitious reforms necessitates capable institutions to implement them. Just as well, capable institutions may exist without a political coalition willing to protect and deploy them consistently (Kelsall et al., 2022; Chinsinga et al., 2022).

3.4 The Causal Argument

The theoretical sequence can therefore be constructed as follows:

Critical juncture → political settlement → elite incentives → state capacity → development trajectory.

A critical juncture changes the conditions under which political actors construct institutions. The political settlement that emerges from that period shapes the distribution of power and the incentives facing governing elites. Those incentives influence whether governments invest in capable institutions, protect bureaucratic effectiveness, and sustain policy commitments. State capacity then affects governments' ability to translate those commitments into implementation.

However, the sequence is not deterministic. A critical juncture can also produce a settlement hostile to institution-building. A dominant coalition may use political power primarily for extraction or control rather than development. A capable bureaucracy may be directed toward objectives unrelated to economic transformation. And even effective institutions operate within economic structures and international conditions that constrain what governments can achieve. Nevertheless, the framework produces observable expectations. If the argument is correct, Rwanda should show evidence of deliberate institution-building, sustained commitment to selected developmental priorities, strong bureaucratic

coordination, and greater continuity in implementation. Malawi should show greater difficulty sustaining developmental policies across changes in political leadership and stronger pressures for political accommodation where these conflict with longer-term objectives.

These expectations do not imply that every difference between the two countries should be explained by political settlement. Geography, economic structure, international assistance, commodity prices, climate shocks, and policy choices remain relevant. The purpose of the framework is to identify a specific political mechanism operating within those broader conditions. Most importantly, state capacity is not synonymous with development. Rwanda demonstrates why. A state can acquire considerable implementation capacity while remaining politically centralised and while failing to resolve all the structural problems associated with low-income development.

The empirical question is therefore whether the capacities constructed after 1994 helped the Rwandan government pursue selected developmental priorities more consistently, and whether the political settlement made that capacity-building possible. The same standard must be applied to Malawi.

4. Methodology and Case Selection

This paper uses a qualitative, historically informed comparative case-study approach. The aim is to trace the political and institutional processes through which two countries facing several comparable structural constraints developed along different trajectories. The analysis focuses broadly on the period from the early 1990s to the mid-2020s. This period captures the political transitions central to the comparison, namely, Rwanda's 1994 genocide and subsequent state reconstruction under the RPF, and Malawi's transition from one-party rule to multiparty democracy in 1994.

The cases are selected on the basis of structured comparison rather than perfect similarity. Rwanda and Malawi are both small, landlocked, predominantly agrarian economies with limited natural-resource endowments and substantial development needs. Both face infrastructure and market-access constraints, depend to varying degrees on external assistance, and remain vulnerable to agricultural and climatic shocks. These similarities establish a common structural environment against which differences in political organisation and institutional development can be examined. At the same time, the cases differ in ways central to the argument. Rwanda's post-1994 political order emerged from catastrophic institutional destruction followed by the consolidation of RPF rule. Malawi's political transition occurred through multiparty elections without comparable institutional collapse. The cases therefore vary in both the character of their critical junctures and the political settlements that followed.

"Development trajectory" is treated as multidimensional. GDP growth alone is not sufficient to capture development, especially when aggregate growth coexists with poverty, inequality, limited employment creation, or incomplete structural transformation. The analysis therefore considers economic performance alongside poverty reduction, agricultural transformation, infrastructure, human development, investment, and selected social indicators.

The empirical analysis operates at three levels. First, it establishes the structural similarities and developmental divergence between the cases. Second, it examines the proposed mechanisms: political organisation, elite incentives, state-building priorities, bureaucratic capability, and policy continuity. Third, it assesses whether these mechanisms plausibly connect the post-1994 political settlements to the observed trajectories.

Competing explanations are considered throughout. Geography matters because both countries face the costs of being landlocked. External assistance matters because both have relied substantially on

international development partners. Economic structure and climate shocks matter because both economies remain heavily dependent on agriculture. The analysis also pays attention to causal sequence. Observing stronger state capacity in Rwanda and stronger economic performance does not by itself establish that capacity caused development. Successful development can itself generate fiscal resources and institutional capability. The paper investigates when particular institutions became effective, how they were constructed, and what political conditions enabled that investment.

The paper relies primarily on secondary sources, including peer-reviewed scholarship, comparative political economy research, development literature, and reports from international institutions. Quantitative indicators are used to establish broad patterns rather than to imply a level of causal precision that the research design cannot support, and the argument is consequently one of historical explanation rather than deterministic causal proof.

5. The Development Baseline: Similar Constraints, Diverging Trajectories

Before examining the political mechanisms behind the divergence, it is necessary to establish the basis for comparison. Rwanda and Malawi were not identical at independence, but both entered the post-independence development period facing a broadly comparable set of structural constraints as seen before throughout the paper. The World Bank's *Malawi's Road to Catching-Up* report provides a useful point of reference. It notes that several decades earlier Malawi's development level was comparable to that of a number of regional peers, including Rwanda, yet Malawi subsequently fell behind several of them despite having experienced relative political peace. The report points to macroeconomic stability, agricultural transformation, private investment, and public-sector effectiveness as important areas in which Malawi needed to improve.

The economic record illustrates the divergence like this. World Development Indicators report GDP per capita in current US dollars of approximately US\$1,124 for Rwanda and US\$672 for Malawi in 2025. The difference is the product of multiple years, as Rwanda's GDP per capita increased substantially from the early 2000s onward, while Malawi's growth was considerably slower. Current-dollar measures have obvious limitations, including exchange-rate and inflation effects, but they capture part of the broader divergence in economic output per person.

Growth performance reinforces the pattern. Rwanda recorded growth of 9.4 percent in 2025, following average annual growth of approximately 8.5 percent between 2022 and 2024. Malawi recorded growth of 1.9 percent in 2025, following 1.7 percent in 2024. While these figures should not be interpreted as sufficient measures of development, they do demonstrate the substantial difference in recent economic performance.

Poverty provides another dimension. Malawi's problem has not been an inability to generate growth, but difficulty sustaining sufficiently broad-based growth to produce large improvements in living standards. The World Bank estimates that approximately 75 percent of Malawians live below the international poverty line of US\$3 per day in comparison to Rwanda's 38.6 percent.

Economic structure remains important to the comparison. Agriculture remains central to both economies, although its contribution and role in employment differ. In Rwanda, agriculture accounted for approximately 27 percent of GDP and employed around 43 percent of the workforce in 2024 (World Bank, 2025). Rwanda has nevertheless experienced substantial expansion in services and industry alongside agriculture, contributing to a broader process of structural transformation (World Bank, 2025). Malawi remains more heavily dependent on agriculture, with the sector employing most of the population and

continuing to face low productivity, climate vulnerability, weak export diversification, and infrastructure constraints (World Bank, 2026). The World Bank's 2026 *Malawi Economic Monitor* further identifies Malawi's continued concentration in tobacco exports and the deterioration of export performance as important constraints on diversification (World Bank, 2026).

The comparison shows that Rwanda's growth has not eliminated poverty and Malawi has experienced periods of progress with potentially positive developmental effects. Still, it is the capacity to sustain and coordinate transformation over time that remains relevant.

6. Rwanda: Reconstruction, Political Settlement and State Capacity

Rwanda represents the more counterintuitive side of the comparison. In 1994, the genocide against the Tutsi, preceded by civil war and followed by displacement and insecurity, had devastated the state and economy. Chemouni (2023) describes the immediate post-genocide state as being close to institutional collapse. MINECOFIN, for example, resumed operations with only seven people reporting for work. GDP per capita had fallen sharply, while poverty reached extraordinarily high levels. The Rwanda Patriotic Front, which had taken control of the country after defeating the genocidal government, became the central political force in reconstruction. The first post-genocide government formally included several political parties and incorporated an element of power-sharing. Over time, however, the RPF consolidated its position. Chemouni (2023) distinguishes the period from 1994 to 2000, when the new order was still being consolidated, from the period after 2000, when RPF dominance became substantially more pronounced. Rwanda's political settlement developed as the RPF consolidated authority, reduced competing centres of political power, and built a more coherent institutional project.

The new ruling coalition faced a distinctive political problem. It possessed substantial organisational and coercive power but governed a society profoundly shaped by genocide, displacement, insecurity, and distrust. The challenge became the construction of a state capable of restoring order, generating economic improvement, and demonstrating the viability of the new political order.

Chemouni (2023) describes this dynamic in terms of the vulnerability of the post-genocide ruling elite. The coalition's political insecurity created incentives to construct an effective state, while its political dominance gave it the capacity to pursue that project. Developmental performance consequently became connected to political legitimacy and regime consolidation. This helps explain why political dominance alone is insufficient to explain Rwanda's institutional performance. What mattered was the combination of political capacity and incentives for the state to perform. Administrative effectiveness, public services, economic growth, and institutional reconstruction became part of the broader political project.

Vision 2020, launched in 2000, illustrates this. The strategy established a long-term framework around economic transformation, human development, institutional modernisation, and poverty reduction. Its significance for this argument lies in the institutional machinery created to pursue it. Public agencies were reorganised, performance indicators introduced, and mechanisms for monitoring implementation strengthened. The development of particular public institutions is especially revealing. Chemouni's (2023) analysis of MINECOFIN, the Rwanda Revenue Authority, and the National Bank of Rwanda shows that these organisations became unusually capable in several respects. Their effectiveness was associated with professionalisation, merit-based recruitment, relatively strong remuneration, internal promotion, and political backing. The institutions were considered important to the government's wider state-building project and consequently received sustained support. MINECOFIN became particularly influential within the state, including through its role in public financial management and the coordination of donor

resources. The Rwanda Revenue Authority strengthened the state's ability to mobilise domestic resources, while the central bank developed greater institutional capacity. Capacity was selectively constructed around functions considered politically and developmentally important.

Political concentration also reduced the number of actors capable of blocking central government priorities. In more fragmented political systems, governments may need to accommodate competing elites or distribute resources across political coalitions, making difficult reforms harder to sustain (Kelsall et al., 2022). Rwanda's settlement provided greater room for the ruling coalition to impose and maintain decisions. The relationship between political authority and bureaucratic organisation became particularly visible through local administration. The *imihigo* performance-contract system connected national priorities to local administrative targets by assigning officials measurable objectives and evaluating performance against them (World Bank, 2015; National Institute of Statistics of Rwanda, 2026). Such arrangements increased the government's ability to translate national priorities into local implementation. The resulting capacity emerged from intentional interaction between political authority and bureaucratic organisation. Political control facilitated coordination and monitoring, while bureaucratic effectiveness strengthened the government's ability to implement policy and demonstrate results.

However, the same arrangement produced important trade-offs. A political system capable of imposing central priorities can also limit political contestation and reduce the extent to which institutions respond to information from outside the political centre. Mann and Berry (2016) raise concerns about the political uses of infrastructure and development initiatives and their relationship to political control. Rwanda's development record also remains incomplete. Productive employment has not expanded at the same rate as aggregate output, and inequality remains quite significant. Strong implementation capacity has therefore not translated into the resolution of every structural constraint. Thus, it is important to note that the ability to implement policy is not identical to the ability to produce comprehensive structural transformation either.

The Rwandan case nevertheless supports the first part of the proposed sequence. The 1994 genocide created a catastrophic institutional rupture. The political settlement that emerged from that rupture placed reconstruction and state effectiveness close to the interests of the ruling coalition. Political dominance then provided the room to build and protect selected institutions, generating greater state capacity in areas central to the government's developmental project.

7. Malawi: Democratic Transition, Political Competition, and State Capacity

Malawi presents a different trajectory from Rwanda despite sharing many of the same structural constraints. In 1994, Malawi transitioned from Hastings Banda's one-party rule to multiparty democracy without the kind of institutional destruction experienced in Rwanda. The state survived the political transition with considerably greater institutional continuity. Yet this continuity did not translate automatically into stronger developmental capacity. Instead, the post-1994 political settlement became increasingly shaped by electoral competition, coalition-building, and elite accommodation. Governments faced incentives to demonstrate short-term responsiveness while navigating shifting alliances and electoral pressures. This created a political environment in which longer-term policy coordination could be difficult to sustain.

This in itself does not mean that democratic competition inherently produces weak state capacity. Rather, the argument is that the particular political settlement that developed in Malawi generated incentives that were less conducive to sustained coordination and bureaucratic continuity than those that emerged in

Rwanda. The distinction is therefore between different political configurations, not between democracy and development as opposing categories.

7.1 Political Competition and Elite Accommodation

Following the 1994 transition, Malawi's political system became characterized by competition among parties and elites. Cammack (2017) identifies successive critical junctures through which Malawi's political settlement was constructed between 1994 and 2014, showing how political and economic institutions were shaped by elite interests and the requirements of political survival. Governments therefore operated within a political environment in which coalition-building and accommodation were important features of political practice (Cammack, 2017). This created different incentives for sustaining long-term policy coordination from those observed in Rwanda.

This produced an important difference in political time horizons. Where political authority is fragmented, leaders may have stronger incentives to secure immediate political support and accommodate influential constituencies. Where authority is more concentrated, governments may face fewer veto players and have greater room to pursue policies whose benefits depend on sustained implementation.

The Malawian case illustrates this dynamic. Political competition encouraged governments to maintain broad coalitions and respond to immediate political pressures, while elite accommodation became an important feature of how power was exercised. This did not eliminate the state's capacity to formulate or implement policy, but it affected the consistency with which that capacity could be mobilized toward long-term developmental priorities.

The distinction is especially important because Malawi did not begin the post-1994 period with the same institutional deficit as Rwanda. Its challenge was therefore not primarily to reconstruct a state from near collapse, but to transform an existing state whose institutions were operating within a new political environment. Institutional continuity provided a foundation, but political incentives shaped how effectively that foundation could be used.

7.2 Policy Continuity and the Problem of Short Political Horizons

Long-term development policies require continuity. Infrastructure projects, agricultural transformation, bureaucratic professionalisation, and improvements in public administration rarely generate their full benefits within a single electoral cycle. They therefore depend on political actors being willing and able to sustain commitments over time.

Malawi's competitive political environment complicated this process. Changes in political leadership and shifting coalitions could alter policy priorities, while politically attractive programmes could receive greater attention than reforms whose benefits were slower or less visible. The resulting problem was difficulty in sustaining coherent policy implementation across changing political circumstances. The Farm Input Subsidy Programme illustrates this tension. Agricultural policy was politically consequential in a country where a large share of the population depends on agriculture. Programmes directed toward agricultural inputs could therefore respond to immediate material needs while also generating political benefits. At the same time, the fiscal and implementation challenges associated with such programmes demonstrate the difficulty of reconciling short-term political responsiveness with longer-term structural transformation.

This helps explain Malawi's development trajectory. The political settlement influenced which policies were politically sustainable, how resources were allocated, and whether administrative capacity could be maintained behind longer-term strategies.

7.3 Donor Dependence and Administrative Capacity

Malawi's political economy was also shaped by substantial dependence on external development assistance. Aid provided important resources for public programmes and development initiatives, but dependence on external financing could also complicate domestic policy autonomy and fiscal planning. Where governments rely heavily on external resources, development priorities may become subject to negotiations among domestic political actors, bureaucracies, and donors. This can create additional coordination challenges, particularly when political incentives and donor priorities do not align. External actors therefore form part of the environment within which Malawi's state capacity developed, rather than functioning as a separate explanation for its trajectory.

The country's administrative institutions retained considerable continuity after 1994, but continuity does not equate with high capacity. A bureaucracy can survive a political transition while remaining constrained by limited resources, political interference, turnover, and weak coordination across institutions. Malawi's experience demonstrates precisely this kind of distinction in which institutional survival did not guarantee the ability to implement long-term developmental priorities consistently.

7.4 State Capacity under a Competitive Settlement

The Malawian case therefore supports the argument that state capacity is politically produced. The state possessed formal institutions, administrative structures, and policy-making authority, but the political settlement influenced how these resources were mobilized.

Competitive politics generated incentives for coalition-building and responsiveness to politically important constituencies. These incentives could coexist with development objectives, but they could also shorten political horizons and make sustained coordination more difficult. Frequent changes in political priorities, administrative constraints, and dependence on external resources further limited the state's ability to convert policy ambitions into consistent implementation.

This should not be interpreted as an argument that Malawi would have developed more effectively under authoritarian rule. Nor does it imply that democratic competition has no developmental value. Democratic institutions can provide accountability, representation, and mechanisms for political change that are not captured by measures of state capacity. The narrower point is that political competition, as institutionalized within Malawi's post-1994 settlement, interacted with administrative and fiscal constraints in ways that limited policy continuity and implementation.

The contrast with Rwanda must therefore not be reduced to one between a centralized government and a democratic one. It is a contrast between two political settlements produced by very different historical moments. Rwanda's post-1994 settlement concentrated political authority around the RPF and linked reconstruction and development to regime consolidation. Malawi's transition dispersed political authority across competing actors and made electoral coalition-building central to political survival. These differences shaped the incentives surrounding state-building and policy implementation.

8. Discussion

The Rwanda–Malawi comparison contributes to the political-settlements literature by emphasizing historical sequencing. Political settlements matter, but they do not emerge in a vacuum. They are shaped by the political problems created by critical junctures, the distribution of power that follows them, and the incentives facing political elites.

8.1 Implications for Development Policy

The comparison between Rwanda and Malawi has implications for how external actors approach state-

building and institutional reform. Institutional reforms cannot be separated entirely from the political incentives within which they operate. Technical interventions aimed at improving bureaucratic performance, public financial management, or policy coordination may have limited effects if domestic political actors lack incentives to sustain them.

At the same time, Rwanda's experience should not be treated as a model that can simply be transferred to other countries. Its institutions emerged from a distinctive historical and political context. The relevant lesson to take out is that institutional effectiveness depends partly on the political settlement supporting it. For Malawi, the implication is similarly not that democratic institutions should be weakened. Rather, strengthening developmental capacity requires finding ways to reconcile electoral accountability and political competition with longer-term policy coordination, bureaucratic professionalisation, and fiscal sustainability.

As such, development policy must account for political feasibility. Institutions function within political systems, and reforms that ignore the incentives of those who must implement or sustain them may not produce the intended outcomes.

8.2 Limitations

This study has several limitations. First, the comparison of two countries cannot establish a universal causal relationship between political settlements and development. The cases provide analytically useful variation, but they cannot demonstrate that the same sequence operates identically elsewhere. Second, political settlements and state capacity are difficult to measure directly. Both concepts contain multiple dimensions, and the analysis necessarily relies on qualitative evidence and observable institutional outcomes rather than a single quantitative measure. Third, causal relationships may run in both directions. Political settlements shape state capacity, but improvements in state capacity and economic performance can also strengthen or alter political settlements. The relationship should therefore be understood as dynamic rather than strictly linear. Fourth, the study relies substantially on secondary literature and available indicators. This allows the paper to identify broad patterns and mechanisms, but it limits the extent to which it can make better refined claims about individual elite motivations or causal effects.

Still, these limitations do not invalidate the comparison. They underline the priority of this paper, which is to provide a historically grounded explanation of divergent trajectories rather than a universal theory of development.

9. Conclusion

Rwanda and Malawi entered the post-1994 period from different historical positions but faced many of the same structural constraints. Both are small, landlocked, agriculture-dependent countries with limited industrialisation, infrastructure challenges, development needs, and exposure to external and environmental pressures. Yet their subsequent trajectories diverged. This divergence cannot be explained adequately by structural conditions alone. The comparison suggests that the political consequences of the 1994 critical junctures were central to understanding what followed.

In Rwanda, genocide and civil war produced a catastrophic institutional rupture. The post-1994 political order became increasingly concentrated around the RPF, while reconstruction, political consolidation, and development became closely connected. This settlement created incentives for long-term coordination and contributed to the rebuilding of selected areas of state capacity. Rwanda's subsequent development therefore reflects not the effects of catastrophe itself, but the political and institutional order constructed in its aftermath. In Malawi, the 1994 transition replaced one-party rule with multiparty competition while

preserving substantial institutional continuity. The resulting political settlement was more fragmented and competitive, with electoral coalition-building and elite accommodation becoming important features of political survival. These incentives interacted with administrative, fiscal, and external constraints to make sustained policy coordination more difficult.

The cases also caution against two opposite conclusions. Rwanda does not demonstrate that political centralisation is inherently superior to democracy, and Malawi does not demonstrate that democracy is incompatible with development. Rwanda shows that concentrated political authority can, under particular conditions, support coordination and institutional rebuilding, while also producing important trade-offs concerning accountability and political competition. Malawi shows that democratic competition can coexist with persistent state-capacity constraints, without implying that those democratic institutions lack value.

The broader underlying implication is that development trajectories are politically produced. Geography, resources, aid, human capital, and historical legacies establish important constraints and opportunities, but political settlements influence how states respond to those conditions. Where political incentives support bureaucratic professionalisation, policy continuity, fiscal coordination, and implementation, states may be better positioned to translate development strategies into outcomes. Where political incentives encourage shorter horizons, fragmentation, and repeated accommodation, sustained coordination may become more difficult.

The Rwanda–Malawi comparison therefore suggests that understanding development requires looking not only at what states possess, but at the political conditions under which their institutions operate. State capacity is neither simply inherited nor technically constructed. It is built, protected, and deployed through political settlements that emerge from particular historical moments.

The central lesson is consequently that how political orders are formed after critical junctures can shape the incentives through which states acquire and exercise developmental capacity.

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