



Food and Agriculture Organization
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Social Cash Transfers and Farm Input Subsidies Programme in Malawi: are they complementary instruments to increase consumption and productive activities?

Silvio Daidone

Food and Agriculture Organization of the United Nations

Transfer Project workshop

Addis Ababa - April 7, 2016



Aim of the research

- Growing literature on the impacts of policy interventions implemented in developing countries;
- Many of the programmes evaluated by researchers, international agencies and local governments are multifaceted;
- Researchers generally estimate the joint total effects of the various and simultaneous components;
- Difficult to unpack the effect of the single component and their complementarity.



Relevance

- 1. Reinforce programmes**
- 2. Resources reallocation**
- 3. Outcomes prioritization**



Why this analysis is relevant for Malawi?

- Current National Social Support Programme going to expire by the summer. Agriculture will be integrated in the new one
- Re-targeting social protection and agricultural programmes
- Unified Beneficiary Registry (UBR) supposed to promote complementarities and agriculture integration



The case of Malawi

- We focus on the experience of Malawi in which a Social Cash Transfers (SCT) programme and a Farm Input Subsidy Programme (FISP) have been implemented simultaneously;
- FISP acts directly on production decisions;
- SCT is a welfare intervention that acts directly on the consumption capability of their recipients.



FISP

- Initiated in 2005-2006;
- Targeted approximately 50% of farmers to receive fertilizers for maize production;
- Substantial changes in several key aspects;
- Programme targets smallholder farmers who are resource-poor but own a piece of land;
- These criteria remain broad and there are variations in the use of the targeting guidelines in different communities.



SCT

- The Social Cash Transfer Programme (SCT) is an unconditional cash transfer
- Targeted to ultra-poor and labor-constrained households.
- The size of the transfer to each household depends on the number of household members and their characteristics
- 80% of beneficiary households thought that they must follow certain rules in order to continue receiving payments.



Sample

- Data collected from a seventeen-month evaluation (2013-2014), part of a longer and broader evaluation. The evaluation sample includes four groups of households (3214 obs.):
 - Control households that never received SCTs not FISP (38.33% of the sample);
 - Households treated exclusively under SCT programme (SCT group - 30.18%);
 - Household treated exclusively under FISP (FISP group - 14.87%);
 - Households treated under both programmes (SCT&FISP group - 16.6%).
- Econometric model allows to estimate impacts of the SCT and FISP stand alone, jointly and the total impacts achieved.

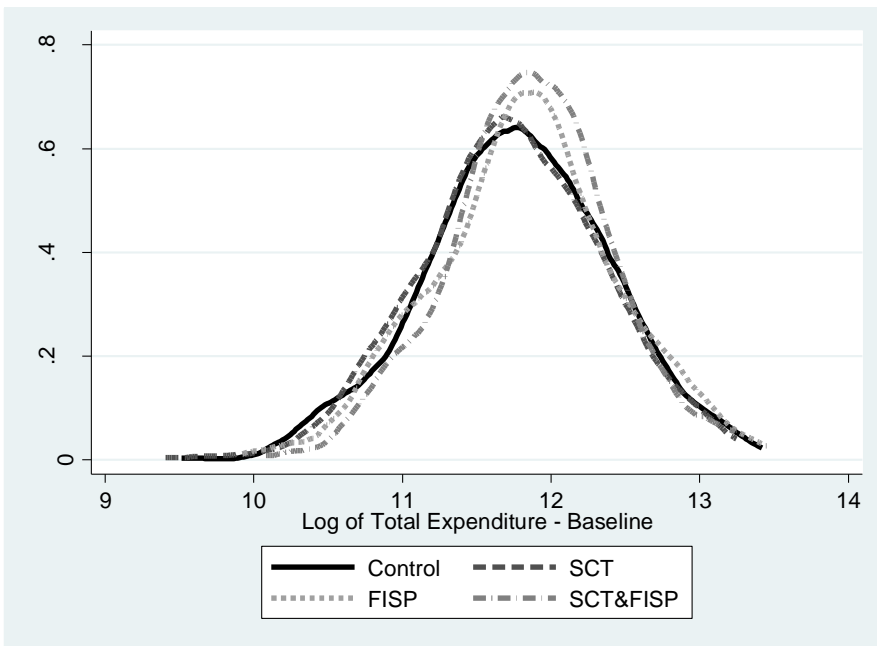


Data limitations

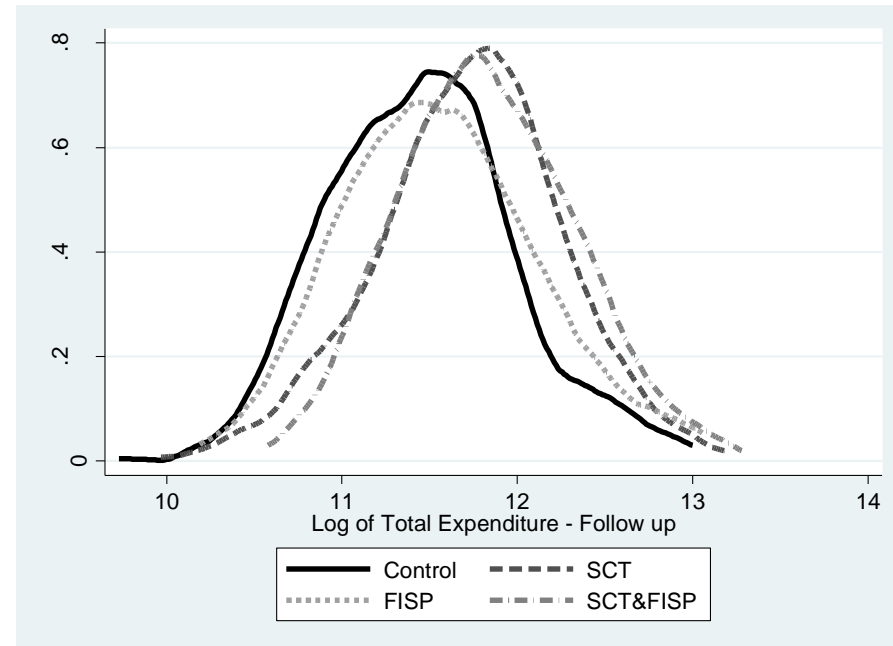
- Study sample representative of the lower income quantile of two districts, not the whole population;
- Cannot incorporate the effects of previous years in FISP;
- Despite this, balance at baseline achieved among the four groups;
- Unsurprisingly, statistically significant differences are mainly related to chemical fertilizers use and expenditure.

Distribution of consumption by groups

- At baseline the four groups are substantially equivalent
- At follow-up, the SCT+FISP and the SCT only groups distributions are considerably shifted towards the right (ie consumption increased)



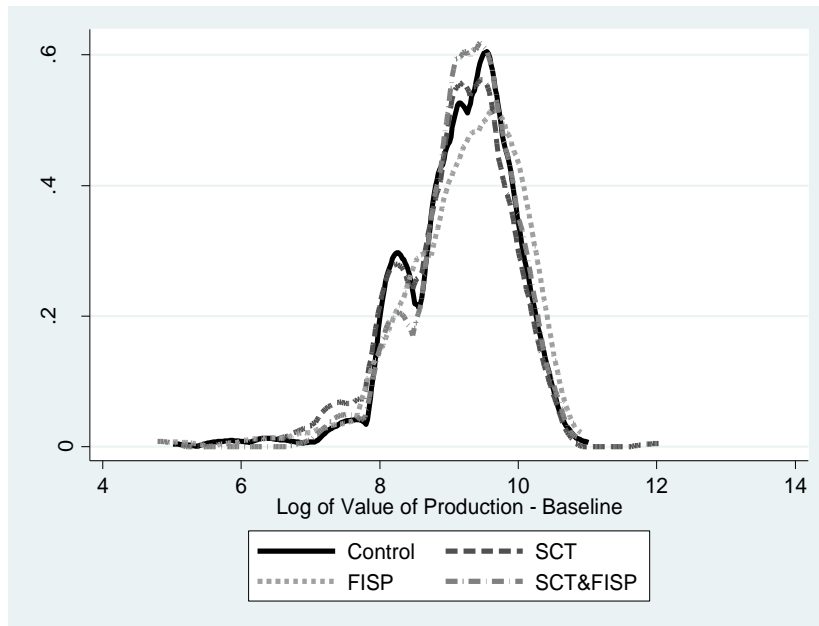
BASELINE



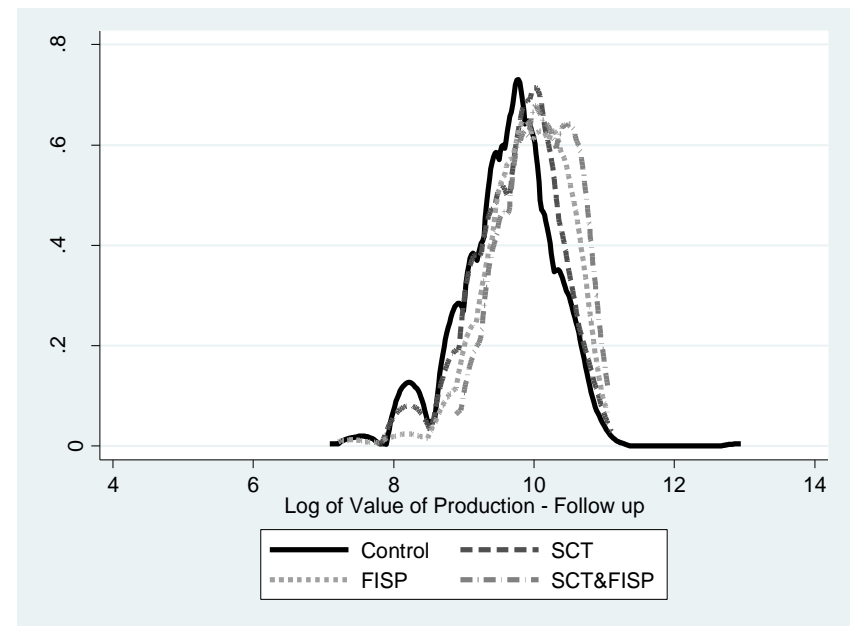
FOLLOWUP

Distribution of value of production by groups

- At baseline the four groups are substantially equivalent
- At follow-up, the SCT+FISP and the FISP only groups distributions are shifted towards the right (ie value of production increased)



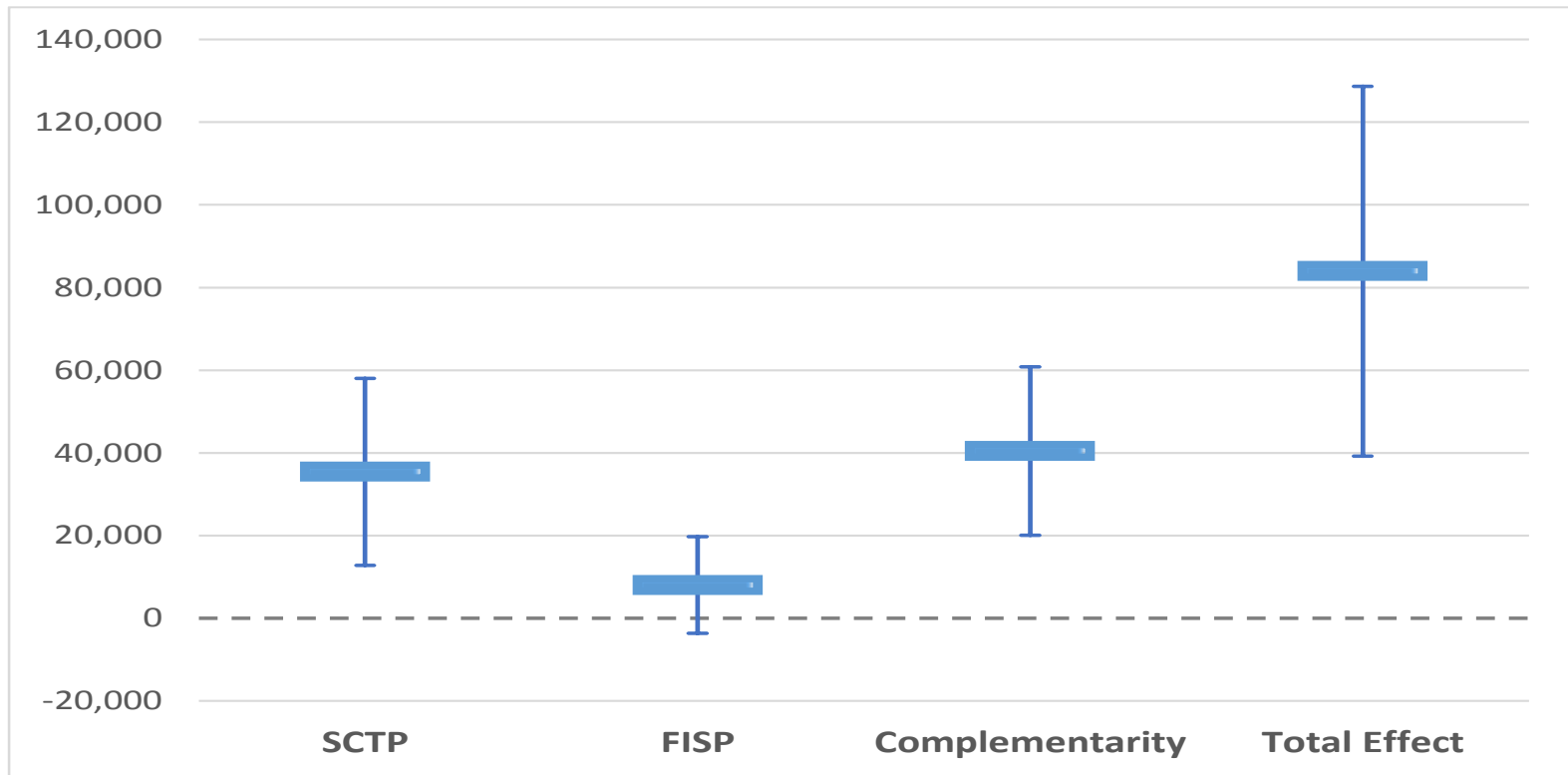
BASELINE



FOLLOWUP

Impact on total consumption

- SCT and FISP are complementary instruments in increasing total expenditure
- Most of the change in expenditure is due to the effect of the SCT



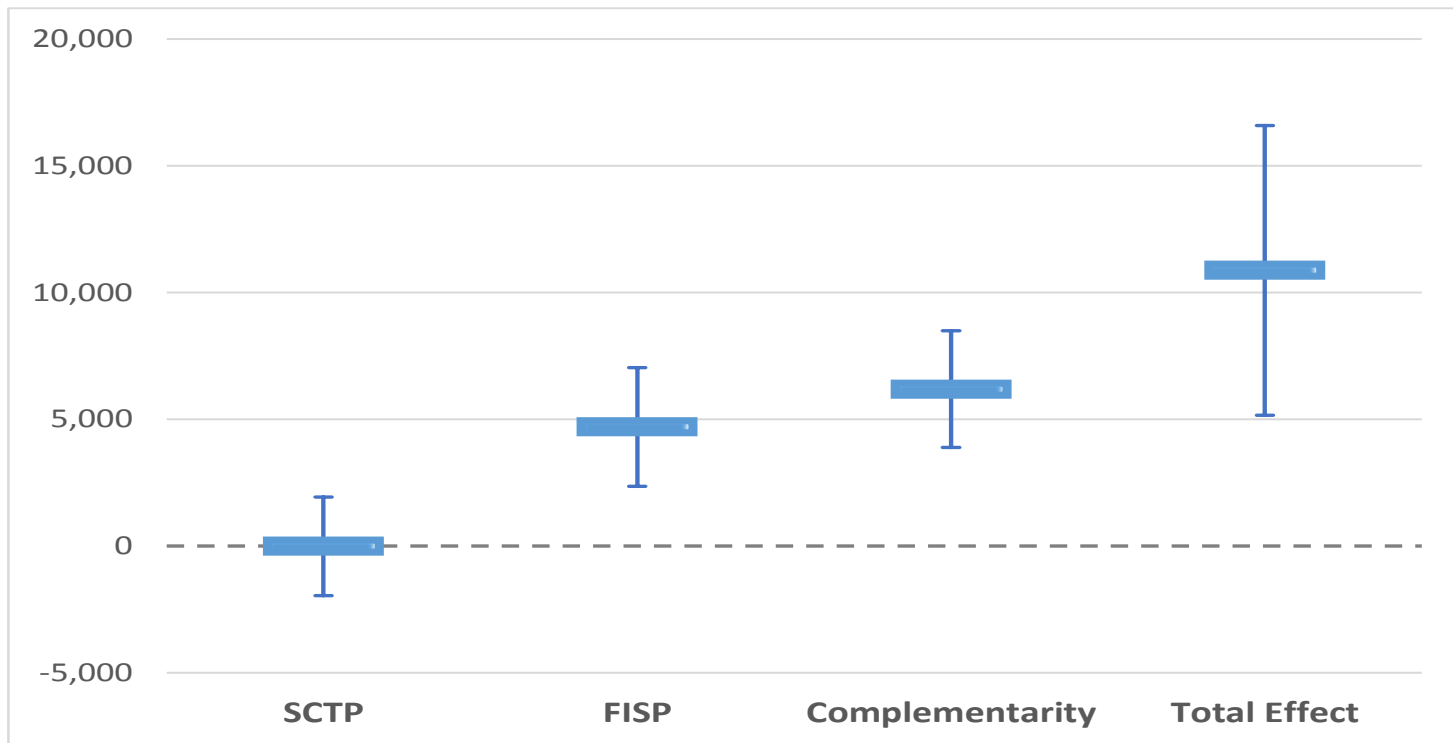
Impact on expenditure aggregates

- Confirm results for total expenditure
- Complementarities between the two programmes
- Despite not providing cash, FISP may free liquidity used for ag inputs and contribute to consumption of other items

| Expenditure on: | SCT | FISP | SCT + FISP | Total |
|-----------------------|-----|------|------------|-------|
| Food | + | ns | ++ | ++ |
| Alcohol | ns | ns | ns | ns |
| Health | ns | ns | ++ | ns |
| Education | ++ | ns | ++ | ns |
| Clothing and footwear | ++ | ns | ++ | ++ |
| Housing/Utilities | ns | ++ | ++ | ++ |
| Furnishings | ++ | ns | ++ | ++ |
| Transport | + | + | ns | ++ |

Impact on value of production

- SCT and FISP are complementary instruments in increasing production
- Most of the change in the value of production is due to the effect of the FISP



Impact on productive activities

- Complementary instruments in increasing: a) production of maize and groundnut; b) use of chemical fertilizers; c) livestock

| | SCT | FISP | SCT + FISP | Total |
|----------------------------------|-----|------|---------------|-------|
| Production: maize | ns | ++ | ++ | ++ |
| Production: grandnut | ++ | ++ | ++ | ++ |
| Production: pigeon pea | ns | ++ | ns | ns |
| Production: nkhwani | ns | ns | ns | ns |
| Input: chemical fertilizers | ns | ++ | ++ | ++ |
| Input: Improved and hybrid seeds | ns | ++ | + | ++ |
| Input: organic fertilizers | ns | ns | ns | ns |
| Input: pesticides | ns | ns | + | ns |
| Agricultural assets | ++ | ++ | + | ++ |
| Livestock | ++ | ++ | ++ | ++ |

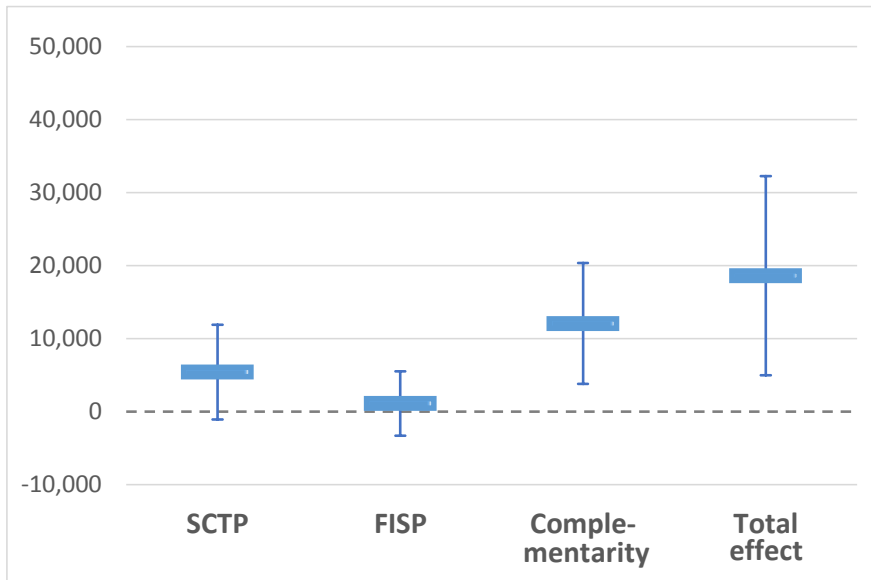
Impact on food security

- SCT and FISP are complementary instruments, but FISP alone does not affect food security

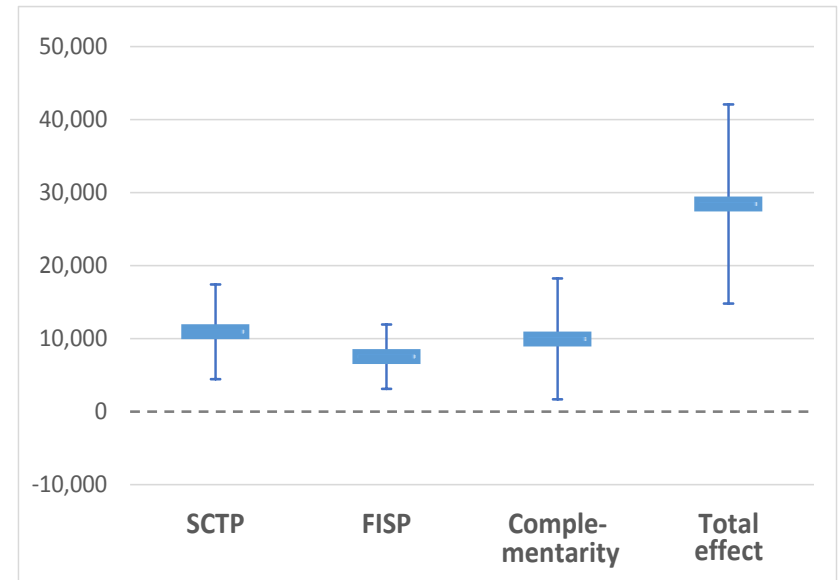
| | SCT | FISP | SCT + FISP | Total |
|--|-----|------|------------|-------|
| Worry that hh would not have enough food | - | ns | -- | -- |
| Meals per day in hh | ++ | ns | ++ | ++ |
| Per capita calories | ++ | ns | ++ | ++ |
| Per capita calories from purchased food | ++ | ns | ++ | ++ |
| Per capita calories from home production | ns | ns | ns | ns |

Impact on consumption by labour constraints

- Complementarities between SCT and FISP for both groups
- Total effect of the two programmes is larger for most disadvantaged group
- Similar results for food security indicators (not shown)



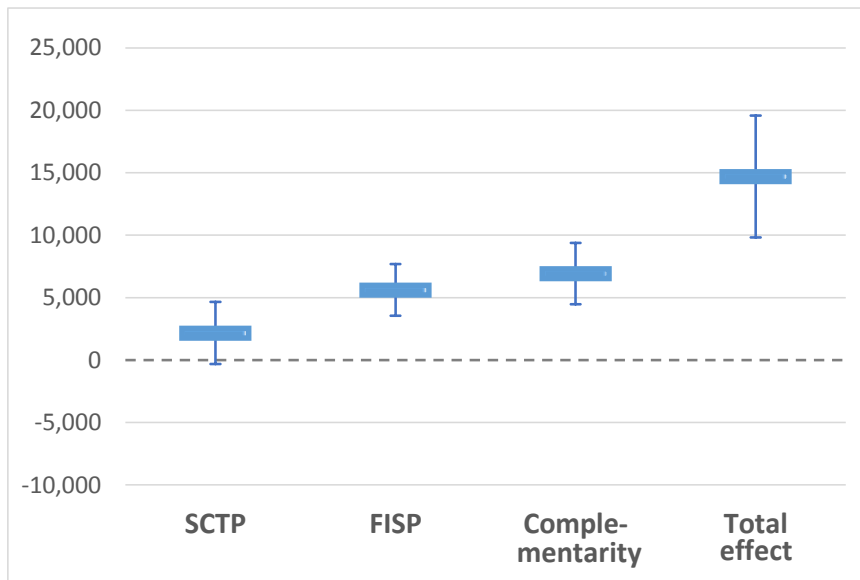
Unconstrained and moderately constrained



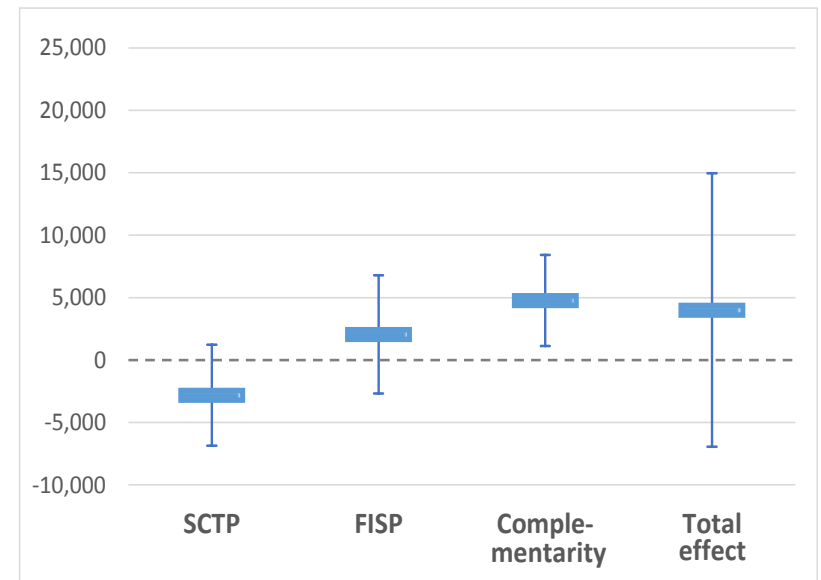
Severely constrained

Impact on production by labour constraints

- Complementarities between SCT and FISP for both groups
- Total effect of the two programmes is larger labour unconstrained



Unconstrained and moderately constrained



Severely constrained



Conclusions

- Contribution to the literature on anti-poverty program evaluation and on the current policy debate
- SCT and FISP play complementary roles
- Synergies stronger for poorer labour constrained households
- Is multiple dipping positive (complementarities) or inefficient use of resources?
- Focus on more commercialized farmers for FISP? Or re-targeting to exploit these complementarities to reduce poverty?
- Further research is needed (cost efficiency? Spillover effects?)



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Thank you !!!