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# Who Benefit from Malawi's Targeted Farm Input Subsidy Program?

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## Abstract

Malawi has over the last 6 years embarked on a comprehensive targeted fertilizer and seed subsidy program to boost its agricultural production and to enhance household and national food security. The program aims to target coupons for purchase of subsidized fertilizers and seeds to poor rural households. This study provides evidence on the extent of leakages of coupons and fertilizers and the targeting efficiency of the program. While the program enhances food production and food security, it does not target the poor better than a program that distributes inputs randomly and corruption, and targeting errors lead to local frustration and conflicts. The same basic problems of establishing a credible population base, developing clear targeting criteria, establishing a system for beneficiary selection and targeting, leakages of coupons higher up in the system, cost-efficient import and timely distribution of the inputs, and illegal markets for coupons and fertilizers were as serious during our study (2007–2009) as during the

Starter Pack program and Targeted Inputs Program (1998–2003). Corruption appears to be the elephant in the room in the negotiations between donors and the Government of Malawi about how to set higher standards such as transparency and accountability at all levels of the program.

Keywords:

input subsidies   targeting efficiency   impacts   household perceptions   leakages   corruption   Malawi

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## Notes

<sup>1</sup>Holden ([2009b](#)) defined a power trap as a situation where there are sufficient resources to create economic development but such development fails to take place due to the power structure and institutional structure in place and which does not change simply by adding more resources or giving more development assistance (examples are dictatorial regimes, anarchies, unstable and weak democracies, and corrupt democracies).

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## Additional information

### Notes on contributors

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