

Are Input Subsidies and Agricultural Extension Complimentary? Evidence from Malawi

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The use of input subsidies as a policy intervention to boost production, achieve food security and enhance rural incomes re-emerged in the 2000s in Africa. Although the objectives have largely been achieved, productivity levels remain low in Sub-Saharan Africa. Using instrumental variables approach, the paper explores the complementarity that exists between input subsidies and agricultural extension in enhancing agricultural productivity using cross section data from Malawi. The results show that some complementarity does exist between input subsidies and agricultural extension in enhancing maize productivity, albeit weak. While access to subsidized inputs increases farm households' productivity, their productivity diminishes with reduced access to extension services.

The results also show that proximity of extension agents is found to be significant in explaining productivity as it leads to easy access to extension services by farmers. In addition, the frequency of contact between farmers and extension agents is vital in enhancing subsidized inputs effectiveness in enhancing productivity.

These findings have implications on how input subsidy programs should be designed in developing countries. Extension should be made an integral part of input subsidy programs to ensure their effectiveness in boosting productivity. Countries are encouraged to increase investment in extension services provision by among others deploying more extension agents, both state and non-state, to reduce the farmer-extension agent ratio and increase access to extension services by smallholder farmers.