POLICY BRIEF

Improving Nutritious Food Access through Subsidies and Safety Nets: Evidence from Malawi's Low-Income Households

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Key Messages

- Women and younger household heads are more likely to participate in nutrition support programs, highlighting groups that may benefit most from targeted outreach
- Participation in cash transfers alone, and a combination of cash transfers and input subsidy programs, improves access to nutritious foods among the different demographics
- Low-income limits households' access to nutritious foods, reducing dietary quality and diversity
- Policy makers should expand cash transfer programs and food subsidies to improve affordability of nutritious foods

Introduction

Malnutrition continues to pose a threat to global development, with a stunting rate of 22% in 2020 (WHO, 2021). Approximately 20% of the population in Africa faces hunger, and sub-Saharan Africa alone accounts for 40% of the global prevalence of hunger and malnutrition (FAO, 2022; FAO et al., 2020). Malawi recorded a 35% level of stunting in 2023, which is very high according to the WHO benchmark of reducing malnutrition to below 20% (WHO, 2010). Inadequate dietary intake and diseases are immediate factors that exacerbate malnutrition, in addition to poor socioeconomic status, household food insecurity, inadequate sanitation, and limited access to healthcare. Moreover, socio-economic factors such as low household income and education level contribute to malnutrition. These factors impact purchasing power and access to nutritious foods, as well as the knowledge required to make healthy food choices, leading to a lower intake of nutrient-dense foods (Katoch, 2022).

Insufficient access to nutritious food exacerbates the risk of malnutrition, especially among children (FAO et al., 2018). Market failures, such as the unavailability of nutritious foods and low purchasing power, hinder proper nutrition in Malawi (Khonje et al., 2022). Worse still, food supply is dependent on resource-poor farmers who lack farm input, depend on rainfed farming, and mainly grow maize as staple food, which hinders dietary diversity. Following this, the government of Malawi and other non-government agencies have been implementing various programs, including farm input subsidies, safety net programs, and food biofortification to enhance crop productivity, food and nutrition security, and cushion households from multiple shocks.

Despite the implementation of input subsidies and safety net programs to narrow down the access to nutritious food gaps across various income groups, hunger and malnutrition continue to grow, especially among the targeted groups, which are primarily rural

households. We examined the effects of subsidy and safety net programs on household access to nutritious foods across different income levels. This analysis provides evidence to inform program targeting, ensuring that interventions reach the households most in need and achieve their intended impact. We also explored differences by gender, contributing to the discussion on how to design programs that effectively support equitable access to nutritious foods for all beneficiaries.

Key findings

This section presents the key factors that influence participation in the programs and how participation affects access to nutritious foods.

Determinants of household participation in the programs

1. Gender and age of household head
    - Adult females are exclusively associated with participation in cash transfer programs.
    - Female youths show a positive correlation in cash transfer participation but a negative correlation with the input subsidy program. This highlights the importance of gender and age in program design to influence participation.
2. Household size
    - Larger households are more likely to participate in input subsidy programs.
3. Farm size
    - Households with larger farm sizes are less likely to participate in input subsidy programs.
4. Access to credit and extension
    - Access to extension services negatively influences participation in farm input subsidy programs. This may occur because the beneficiary lists for input subsidy programs are updated by village chiefs without the involvement of extension officers, suggesting that contact with extension agents does not necessarily enhance participation.
    - Similarly, access to credit reduces the likelihood of participation in farm input subsidy programs. Households with access to credit are generally financially better off and may not qualify for the beneficiary lists of the programs, further reducing their likelihood of participation.

Effects of the Input Subsidy Program on Access to Nutritious Food

We found significant effects of cash transfers and combined cash transfers and input subsidies. We find that participation in cash transfers increased household access to nutritious diets. The results reveal that the program's effect on household food consumption has fluctuated over time, with access to input subsidies having a decline, unlike access to cash transfers.

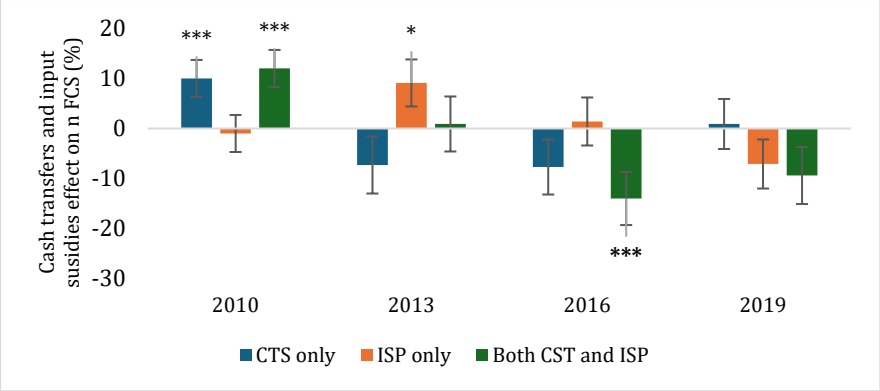

Figure 1: Correlation between cash transfers and input subsidies on access to nutritious food

Note: *, ** and *** indicate statistical significance at 10%, 5% and 1% levels, respectively.

We also tested the effect of input subsidies and combining cash transfers and input subsidies on access to nutritious foods among female youth-headed households compared to adult male-headed households who did not receive any support. The results indicate that combining cash transfers and input subsidies is more pronounced. The input subsidies raise household food production capacity while cash transfers resolve liquidity limitations, which, when combined, have a complementary effect, leading to positive incremental effects (Pace et al., 2018)

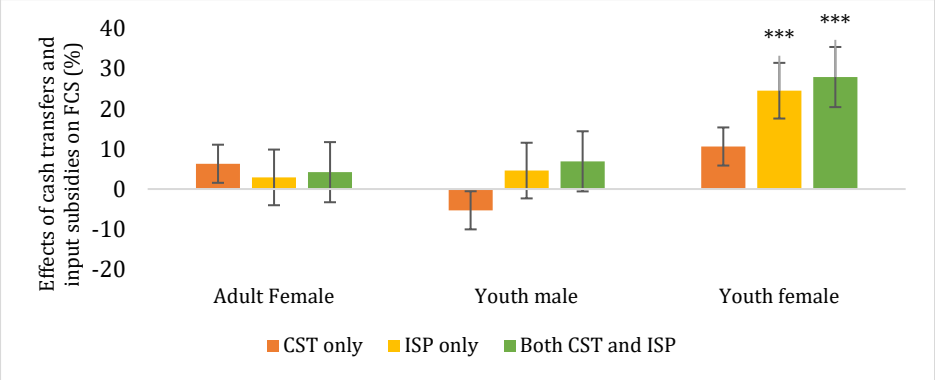

Figure 2: Links between cash transfers and input subsidies on access to nutritious food by household head gender. Note: *, ** and *** indicate statistical significance at 10%, 5% and 1% levels, respectively.

When disaggregated by income category, we found the effect is more noticeable among low-income farmers and insignificant in others. Figure 3 below summarizes the results. The results indicate that cash transfers support household access to productive assets and agricultural diversity, which improves household access to nutritious foods (Hajdu et al., 2020). Furthermore, cash transfers induce opportunity-led diversification among low-income groups, which increases food security (Pace et al., 2022).

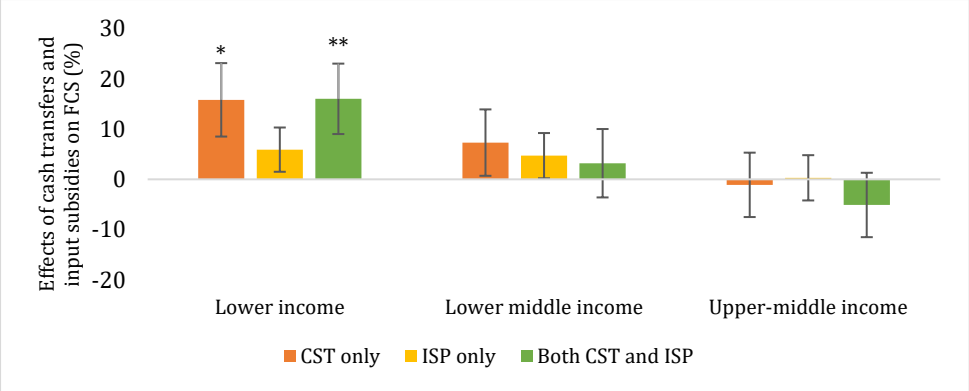

Figure 3: Links between cash transfers and input subsidies on access to nutritious food by Income category. Note: *, ** and *** indicate statistical significance at 10%, 5% and 1% levels, respectively.

Policy Recommendations

Short-Term Measures

- Increase funding and expand the reach of cash transfer programs to ensure vulnerable groups benefit.
- Action must be taken to invest in other targeted outreach programs for communication about available programs to reach young female-headed households and the low-income groups than relying on extension services alone.

Medium-Term Measures

- Urgent measures must be put in place to promote policies that develop integrated programs that combine both cash transfers and input subsidies for vulnerable groups to maximize impact on food security and nutrition.

Long-Term Strategies

- Advocate for policy reforms that prioritize cash transfer programs while maintaining complementary support from input subsidies.
- Incorporate gender-sensitive approaches in program design to ensure equitable access to resources and improve nutritional outcomes.

Implementation Considerations

- The Government of Malawi must commit to allocate more funds to cash transfers to maximize its impact. However, limited funding may jeopardize program expansion.
- Ensure sustainable funding mechanisms to avoid interruptions of the cash transfer program delivery.
- A thorough gender analysis needs to be done before implementation, to understand the needs of gender groups. Additionally, it is essential to tailor the programs (cash transfers and input subsidy programs) to address the specific needs of different gender categories. However, cultural norms and practices sometimes may hinder the success of these programs.

- Immediate action is required to conduct regular evaluations of input subsidy programs to assess their effectiveness. Combining it with a cash transfer program would also maximize its effectiveness.
- It is important to implement strategies that consider proper monitoring and evaluation of the two programs, by conducting baseline evaluations for easy comparison of the nutrition outcomes and other demographic factors after the program period. However, changes in government priorities may hinder these evaluations.

Conclusion

Key insights: We analyzed the effects of government input subsidy and cash transfer programs in Malawi on household food consumption scores, which serve as a proxy for access to nutritious food. Our findings reveal that households receiving only cash transfers, as well as those receiving both cash transfers and input subsidies, demonstrate improved access to nutritious food. In contrast, we found no significant effect of farm input subsidies on household access to nutritious food. Additionally, the impact of these programs varies significantly based on the gender of the household head and the household's income level.

Policy Implications: First, combining cash transfers with input subsidies is crucial for supporting vulnerable groups, particularly young female-headed households and low-income families. This approach can help reduce gender and income inequalities in accessing nutritious food. It is therefore essential for program designers to consider the differences within specific gender groups when implementing these programs. Moreover, our analysis suggests that intensifying the cash transfer program may be more beneficial than the farm input subsidy program, as it positively improves access to nutritious diet across various demographics.

Call to Action: Policymakers must act promptly to refine and expand cash transfer programs while ensuring that input subsidies are tailored to meet the needs of the most vulnerable populations. this will improve food security and nutritional for all households in Malawi.

Acknowledgement

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