

Input Subsidy Programs in Sub-Saharan Africa

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Motivation for this meeting

- 10 years ago, very few African countries had ISPs
- ISP expenditures now account for over US\$2.0 billion per year in 7 countries alone
- How did we get to where we are now in 2013?

Motivation for this meeting

How did we get to where we are now in 2013?

1. HIPC
 2. Shift from conditionality to budget support
 3. Malawi miracle -- “...simply by ignoring the experts”
 4. Rise in global food prices since 2007
 5. Shift in WB position – support for “smart” subsidy programs
- WB now underwriting most of the 7 countries with the biggest ISPs in SSA

Motivation for Special Issue (2)

- In 1970s-80s, analysis of ISPs relied on market data
- Since 1990s, panel farm survey data increasingly available, but very few countries had ISPs
- ISPs can now be analyzed in much greater detail using panel data sets – 2 major advantages:
 1. control for unobserved heterogeneity
 - crop response rates, controlling for (e.g.) soil quality
 - endogeneity of who received subsidized fertilizer
 2. Income distributional effects

Motivation for Special Issue

1. To synthesize the major work that has recently been done on this topic
2. To take stock of the policy implications
3. To highlight the disciplinary implications for development economics

Questions for consideration

Question 1:

- What *should be* the objectives of ISPs?

Question 2:

- Given that ISPs will continue, what concrete guidance can be identified to improve their effectiveness?

Question 3:

- What are the implications of the “hard to quantify” impacts of ISPs:
 - Effect on poverty reduction through GE effects?
 - Dynamic effects on crop productivity?
 - Crowding out of private sector?
 - Do ISPs tend to increase probability of costly output market interventions → policy gyrations?
 - Unmeasured loss of private investment in the system? (frequently articulated by private firms)

Question 4:

- Role of international research institutes and analysts?
 - Current “low tide” of government receptiveness to foreign technical analysis
 - Growing role for local research institutes
 - Should the evolving role of international orgs be:
 - capacity building in support of local institutes?
 - state-of-art scholarship?

Let's be like Wayne Gretzky

