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“Solidarity in a competing world —  
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## Cash or Fertiliser – Which Incentive Do Farmers Prefer to Adopt Agroforestry in Malawi and Mozambique?

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### Abstract

Despite the benefits for smallholder farmers, adoption rates of sustainable land management practices in Africa South of the Sahara are still low. One of the main barriers for farmers to change from traditional to sustainable practices is the time lag between adaptation and receipt of the benefits. To compensate the initial effort of the farmers and to address the large cost that the severely degraded soils have for the mostly agrarian economies in Africa South of the Sahara, governments should incentivize farmers to adopt sustainable practices. This paper analyses farmer’s perception for different types of incentives for an adoption of agroforestry. In choice experiments, rural participants were asked to state their preferences for a cash transfer or a fertiliser subsidy. The experiments were conducted in two neighbouring districts of Malawi and Mozambique.

The results show that fertiliser is highly valued by rural households, and compared to cash, it is a more efficient incentive for governments to promote the adoption of agroforestry. Thus, adding a sustainable land management condition to Malawi’s Farm Input Subsidy Program (FISP) is found to be an ideal adjustment to improve the policy. Additionally, we observe that poorer farmers and households with a lot of obligation for school fees have a stronger preference for cash. Consequently, it would be more efficient for governments to target successful farmers with fertiliser coupons and marginalised households with a cash transfer. Interestingly, the majority of farmers value a fertiliser coupon more than the same amount of cash, because they want to avoid being tempted to spend the cash on immediate needs rather than on fertiliser or other agricultural inputs, which would be more beneficiary in the long run.

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