

The Rehovot Conference on Regional Development 2007

SUPPORTING HOUSEHOLDS AND COMMUNITIES
DURING REGIONAL DISASTERS: DROUGHT IN
RURAL MALAWI

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Introduction

- Potential impact of disasters on development
- How do households help themselves?
- Outside support: the DECT programme
- Conclusions

Impact of disasters

- Sickness (a household shock)
 - Weeding
 - Missing income
 - Sell productive assets
- Drought (a community shock)
 - Agricultural production severely reduced
 - Famine
 - Sell productive assets (farm tools)

Self-help

- Gifts and remittances
 - Help to support households through sickness
 - But not droughts

Receive Remittance From:	Obs	Mean
Local*	2355	26.8%
Distant†	2355	10.6%
Total	2355	34.6%

A probit model

- Dependant Variable: Does a household receive remittances (Y=1) or not (Y=0)?

	Total	Distant	Local
Sick Member Dummy	0.174*	0.131	0.161*
Death Dummy	0.132	0.066	0.129
Flood Dummy	-0.147	0.103	-0.310*
Drought Dummy	-0.083	0.506*	-0.527*

External Help: Dowa Emergency Cash Transfers (DECT)



- 2005/06 excellent harvest in Malawi
- but drought in Dowa
- 2006/07 DECT programme in Dowa

Dowa

DECT

- Financed by DfID
- Gave cash to 10,000 (pop-15,000)
 - Villages participated in targeting process
 - Most money went to women
- December 2006 to April 2007
- Maize could be imported from elsewhere in Malawi
- Beneficiaries could spend money on whatever they wanted

Impact of DECT

- Spent money on fertiliser and education as well as food (long-run benefits)
- Significant reduction in selling assets (long-run benefits)
- Schools noticed big improvements in attendance and concentration
- Local businesses highly supportive
 - Programme helped businesses through lean period

Such a small focused programme?

- Too little development, only disaster avoidance
 - It is disaster avoidance, but this a good first step.
 - People respond to such programmes. For example, research shows that the poorest quintile groups grow crops that are more drought resistant but have poorer yields (by around 20%) than the crops grown by top quintile. Behaviour changes following such insurance could yield 20% increase in income in all drought prone areas of sub-Saharan Africa – an excellent regional development programme!
- Too much economics
 - An economic perspective but draws on sociology (gifts and remittance behaviour); risk (shocks and disasters); psychology (how people respond to risk and incentives); statistics (part of the analysis).
- Too small scale
 - Small scale, yes, but this is an example of something that could become more widespread. Many regions suffer from such shocks and whole communities are decimated. Climate change means even more will be effected in the future.

Conclusion

- Scarce government and donor resources should be spent on insuring community shocks
 - Beneficial long-run effects
 - Easily verifiable
 - An intervention with minimal moral hazard problems
- Communities are good at insuring household shocks amongst themselves

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