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Grain Today, Gain Tomorrow: Evidence from a Storage Experiment with Savings Clubs in Kenya*

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Abstract

Many farmers in the developing world lack access to effective savings and storage devices. Such devices might be particularly valuable for farmers since income is received as a lump sum at harvest but expenditures are incurred throughout the year, and because grain prices are low at harvest but rise over the year. We experimentally provided two saving schemes to 132 ROSCAs in Kenya, one designed around communally storing maize and the other around saving cash for inputs. About 56% of respondents took up the products. Respondents in the maize storage intervention were 23 percentage points more likely to store maize (on a base of 69%), 37 percentage points more likely to sell maize (on a base of 36%) and (conditional on selling) sold later and at higher prices. We find no effects of the individual input savings intervention on input usage, likely because baseline input adoption was higher than expected.

JEL Code: O12, O13, O16, D14

Keywords: intertemporal price fluctuations, storage, savings, ROSCAs, PICS bags

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