

## Inequality and development

David Hulme and Francis Teal

Two important events have occurred over the last six months in the research work of the GPRG. The first was our participation in December in a one-day seminar in London reporting on a range of ESRC research focused on Africa. The second was a one-day conference held in Oxford in March on 'Equity, opportunity and identity'.

The basis for the ESRC-DSA organised December workshop was the Report of the Africa Commission and what policies are needed to implement its recommendations. The Report is very clear that addressing Africa's poverty requires more rapid growth, and the GRPG was asked to address the question as to how Africa can achieve this objective.

One important aspect of the answer is that Africa has not been successful at competing in the world economy and that this needs to be reversed.

The paper<sup>1</sup> presented at the workshop contains this chart (below) showing how incomes and trade have changed across regions of the world over the period from 1990 to 2000.

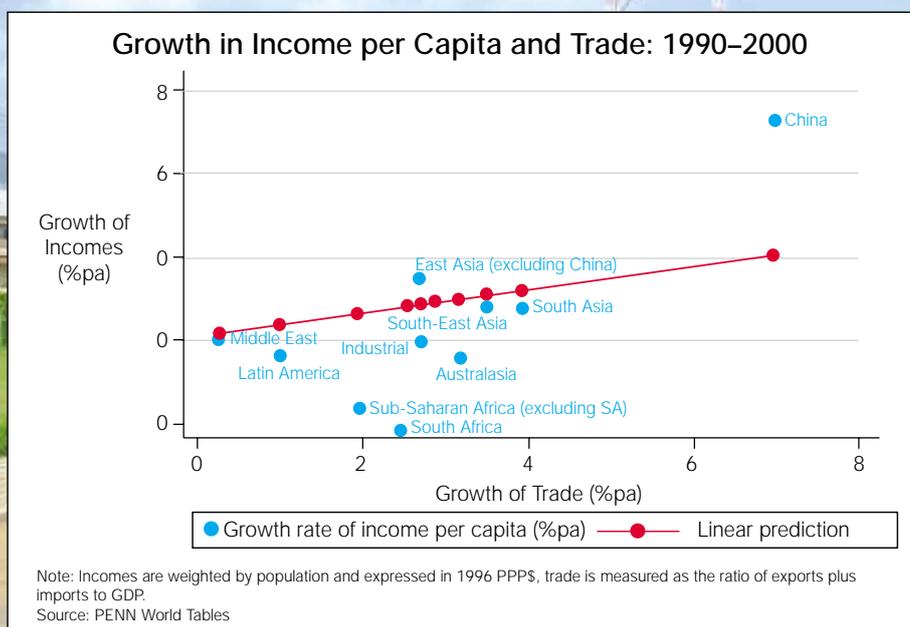
The contrast between China and Africa is striking.

China has done much better than the simple line linking changes in trade to changes in income would suggest, while Africa has done much worse. How Africa can improve its trade performance is one of the major issues our research is currently pursuing.

Our second major activity – the conference on 'Equity, opportunity and identity' – has a very direct link to the issues at the workshop. As was discussed during the last session of the conference, the gap between rich and poor countries is growing ever wider. Paul Collier argued that a debate focusing on whether globalisation is good for the poor was largely beside the point. Globalisation has been very good for some parts of the world that were poor and very bad for other parts. While China was heading towards the OECD average, Africa was heading away. The issue is not the merits of globalisation, it is understanding the processes which ensure that the outcomes of globalisation can be so diverse.

The papers presented at the conference, addressing issues of equity, opportunity and identity adopting a multi-disciplinary perspective, are available from our website. The implications of the growing importance of trade for inequality, and the welfare implications of these changes for households, will be a prominent theme of our research over the next year.

<sup>1</sup> This paper is included in the GPRG 2005-06 Research Summary



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# Applying 'Q Squared' methods to further our understanding of poverty dynamics in Uganda

David Hulme and David Lawson

Over the last few years there has been an increased focus on combining qualitative and quantitative ('Q-Squared') research methodologies to further our understanding of poverty dynamics. The debate has quickly moved on from defining what quantitative and qualitative mean in a poverty research context (see Kanbur, 2001 for discussion), to more policy-focused discussions regarding how deeper insights into poverty can be gained by combining research methods. However, despite an increase in the number of developing country focused 'Q-Squared' poverty papers, many have made only a token attempt at genuinely combining research approaches. For example, quantitative and qualitative components have rarely been closely integrated in terms of sampling frame, data collected and combined analysis: they have mostly operated in parallel.

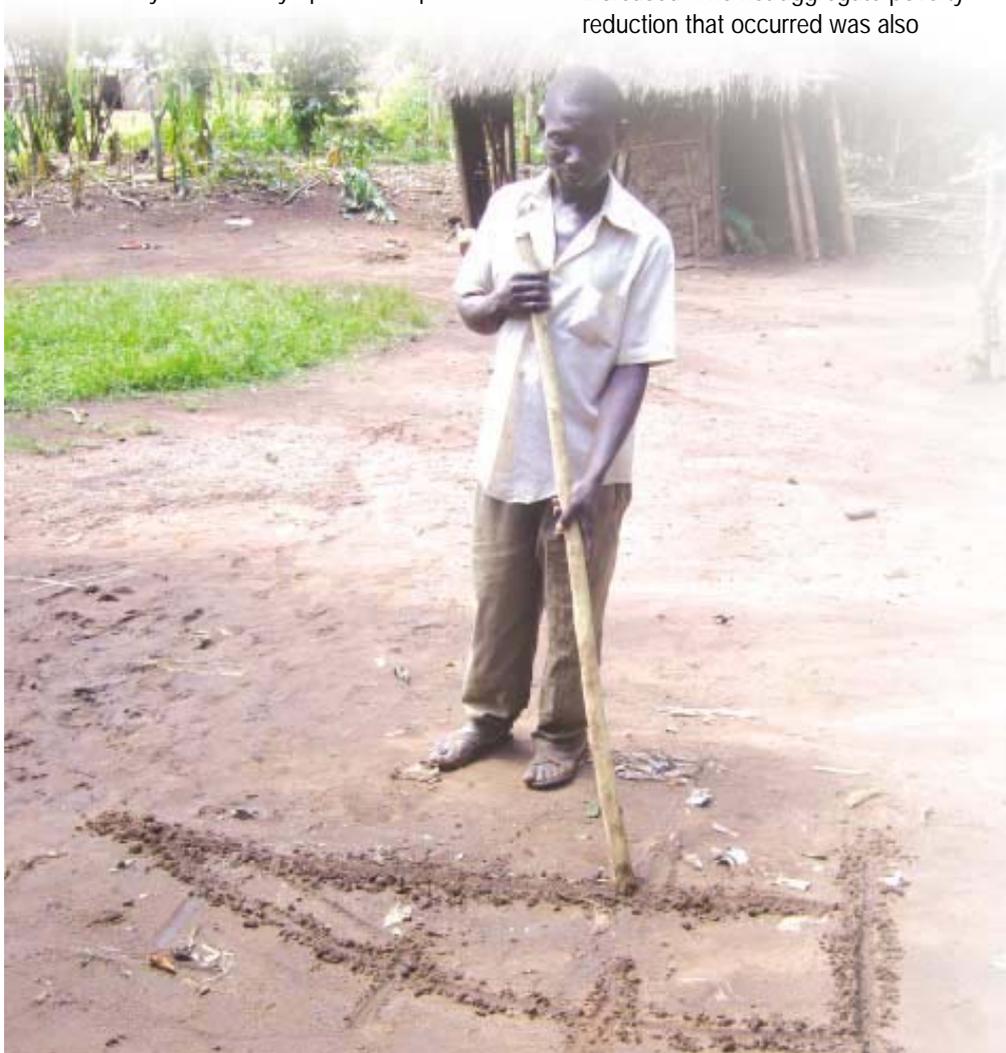
Given the above, a recent GPRG/ University of Manchester funded research project in Uganda attempted to 'genuinely' combine the strengths of quantitative analysis (representativeness; confidence levels; understanding of correlates and characteristics) and life history analysis (the elaboration of processes that underpin correlations; the understanding that poor people have of their poverty; and the critical events that have caused deprivation). The objective was to provide thorough insights into both chronic and transient poverty in Uganda. In attempting to achieve this we used nationally based two wave household panel data sets (1992 and 1999) to form the basis of life history investigations.

Although Uganda has received much acclaim for the reduction in monetary based poverty (from 56% in 1992 to 38% in 2004), poverty levels have recently increased. The net aggregate poverty reduction that occurred was also

accompanied by substantial mobility into as well as out of poverty (Okidi and McKay, 2003) and an estimated 19% of households are now chronically poor (Lawson et al., 2005). Although there have been a host of research papers that have focused on these issues, several of which have provided some indication of the important factors associated with poverty dynamics, still relatively little is known about the factors that truly underpin the main 'drivers' and 'interrupters' of poverty.

The first part of our analysis used regression analysis of panel data to identify the important determinants of chronic and transient poverty. Using the same panel data, households were then randomly selected, and a series of participatory techniques were utilised to establish the major changes that had occurred in a household over the panel period of 1992-99 and from 1999 to 2005. Life history and time line analysis methods were then utilised to further our understanding of the key factors that underpin poverty dynamics, in addition to enabling triangulation with the original econometric findings.

In many instances, the life histories and retrospective participatory recall methods were particularly revealing in relation to the processes that underpin welfare movements, and we were able to corroborate or negate a number of the pre-identified causal factors. For example, the econometric analysis identified a very strong association between the increase in family size and movement into poverty. The life history investigations corroborated such findings, but also clearly revealed that during 'good times' the number of children increases, and it is when these children reach schooling age that demands (indirect school fees, greater food consumption etc.) on a household increase disproportionately, and problems are accentuated. By comparison, problems associated with the more common health care costs associated



Householder drawing a time line of his life

## standing of

with very young children appeared to be less often mentioned as a major problem.

Ill health of an income earner was also identified as a major cause of a descent into poverty (also identified in Uganda's Participatory Poverty Assessment Process, UPPAP), and was associated with the depletion of assets. However, the econometric evidence was unable to establish the causality and process through which this happened. The life history and participatory recall methods helped us understand that as family members get sick, often with HIV/AIDS, there is commonly a process of asset smoothing (i.e. in order to pay for medical bills or transport, consumption is reduced for a period of time) before assets are then sold. Not only did there appear to be clear preferencing in relation to the types of assets sold (e.g. luxury goods such as radios were sold first), but the willingness to sell any assets was dependant upon the age and geographical location of the household (e.g. older household heads were substantially less willing to sell any livestock, firmly believing that they were looking after the assets on behalf of future generations). It was clear that such households realised that selling such assets would substantially reduce future coping strategies.

A GPRG working paper will be out this year for further and more detailed methodological discussion on 'Q-Squared' research.

### References:

Kanbur, Ravi, 'A commentary on qualitative and quantitative poverty appraisal', presented at Qual-Quant: Qualitative and quantitative poverty appraisal: Complementarities, tensions and the way forward, held at Cornell University (March 2006), 2001

Lawson, David, Andy McKay and John Okidi, 'Poverty persistence and transitions in Uganda: A combined qualitative and quantitative analysis', *Journal of Development Studies*, forthcoming

## Outcomes of education for pro-poor development *Geeta Kingdon*

**G**PRG team members are delighted to have won DFID funding for a Research Programme Consortium (RPC) on the theme 'Outcomes of education for pro-poor development'. The UK-based consortium partners are the Centre for Commonwealth Education at the Faculty of Education, Cambridge University (the lead institution), and the Centre for African Studies at the University of Edinburgh. There are a further four consortium partner institutions in South Asia and Africa: India, Pakistan, Kenya and Ghana.

The agenda of the RPC comprises research on the effect of education on three categories of outcomes: subjective well-being, attitudinal and cognitive outcomes; social and life outcomes



(such as health and fertility); and economic outcomes. The value added of the research proposed in the RPC, in comparison with existing literature, will be twofold:

- a focus on the impact, on outcomes of interest, of not only the quantity of education but also of learning/ cognitive skills acquired through education;
- a focus not only on whether and how much education has an impact on outcomes of interest but also on the mechanisms and channels of impact. For instance, while it is well-documented that maternal education lowers infant mortality, the mechanisms are not well understood. Does education act through raising literacy, via greater receptivity to media messages, through improved health knowledge, through all of these, or merely through innate ability?

The research agenda will be addressed via both quantitative and qualitative studies and the generation of knowledge will be based on new data to be collected. Innovative comparable household surveys are planned in each of the four developing countries where our partners are based. Apart from the usual demographic questions, the survey will include detailed questions on education and quality of education (including retrospective questions) as well as measuring cognitive skills, ability, health knowledge, health status, labour market outcomes and subjective well-being.

## Leverhulme Fellowship for David Hulme

David Hulme started a three year Leverhulme Major Research Fellowship in April 2006 to write a book entitled 'A Contemporary History of Global Poverty and Global Poverty Reduction: Compassion and Self-interest'. This idea evolved out of the GPRG research programme. In this research, David will seek to understand why, in the late 20th century, poverty shifted to becoming a 'global problem' – one that needed to be measured and have policy made for it at a global level, entailing leadership by global institutions (UN, World Bank, IMF, WTO) mobilising global finances. He will explore the motivations behind the promotion of poverty conceptualisations of this form and examine the potentials and pitfalls of treating poverty reduction as a global issue. His initial work has focused on the ambivalence of the world's only superpower, the USA, to the challenge of global poverty under the working heading of 'Global poverty: Do the US government or US civil society care?'

# 'Equity, opportunity and identity' – GPRG



The theme of the conference, 'Equity, opportunity and identity', was designed to provide a framework in which a range of work relevant to the GPRG research agenda could be addressed. The overall objective of GPRG research is to carry out a multi-disciplinary programme of work investigating poverty, inequality, and the quality of life. This conference was designed to highlight the links between these three dimensions of well-being. A very wide range of papers was presented, diverse in their approaches, their choice of method and the countries from which their data was drawn. While some of the work is at an early stage, all provided valuable insights into the chosen theme.

In recent years economists have followed a path trodden by psychologists and begun to model 'happiness' directly. Measures of 'happiness' are obtained not indirectly by observing what individuals do, or how much they earn, but directly by asking individuals to evaluate their subjective well-being. The first paper at the conference, by John Knight and Lina Song, took this approach and applied it to rural China. The results were striking in several respects. First, many of the findings from much richer countries could be replicated – the possession of good health is found to be important, even when a full set of explanatory variables is included; the young and the old tend to be happier than the middle-aged; education has a positive and statistically significant effect on happiness independently of its effect via income; men are less happy than women and the married are much happier than the divorced and widowed. There were, though, important puzzles for future work. Contrary to the prediction based on the theory of relative deprivation, there is a powerful positive effect of county and province mean income on household happiness. Specific to the institutions of rural China, the authors find that Communist Party membership is associated with greater happiness.

Much research has focused on the role of relative income and relative deprivation in the determination of well-being. The

# Conference, Oxford, March 2006

second paper by Karen Macours, 'Relative deprivation and civil conflict in Nepal', took up this theme. Nepal is an important example of rises in incomes and reduction in poverty being associated with an increase in civil conflict. The paper argues that increasing differences in welfare among different socio-economic groups, i.e. relative deprivation instead of absolute deprivation, can help explain the puzzle of a conflict continuing even though poverty has been reduced.

The issues of inequality from a gender perspective were the focus of a review paper by Stephan Klasen, 'Gender and growth in Africa: Issues and evidence', which argued that gender gaps in education and formal sector employment reduce growth; that inequalities in access to land and productive inputs reduce agricultural productivity, investment, and modernisation; and that inequalities in time burdens, alongside the high demographic burden, all contribute to reducing women's ability to participate effectively in growth and poverty reduction in Africa.

The second session was on 'Adaptation and inequality'. Denis Cogneau presented a paper which provided an extensive survey of what is known about inequality in five African countries: Côte d'Ivoire, Ghana, Guinea, Madagascar and Uganda. The findings are important in documenting that inequality in Africa is relatively high. The paper finds considerable differences in the structures of this inequality. Ghana stands out as one country with particularly small earnings differentials and consequently small income inequalities. Furthermore, intergenerational educational and occupational mobility and the equality of opportunity for income between social origins are quite definitely greater in countries where income inequality is lower, such as Ghana and Uganda, than in higher-inequality countries such as Côte d'Ivoire, Guinea and Madagascar.

Alexander Moradi presented a paper 'On inequality in net nutritional status', addressing both theoretical and practical issues in using nutritional data to infer something about inequality in the population of interest. Heights are a measure of net nutritional status, because they reflect

nutritional intake net of claims due to diseases and physical exertion. In being very sensitive to poverty and its effects – such as hunger, low-nutrient diets, poor housing and sanitary conditions, contaminated food and water, no or limited access to medical care, and child labour – heights put the emphasis on the consumption of basic necessities: i.e. they are consistent with the basic needs approach of measuring welfare. Thus, social differences in net nutritional status, proxied by differences in height, reflect basic differences in welfare of whatever group has been measured – a more fundamental and more comprehensive analysis than those proxied by income or wealth.

Abigail Barr and David Clark gave a presentation of a provisional version of their paper 'A multidimensional analysis of adaptation in a developing country context', which is an ambitious attempt to ask whether empirical evidence from surveys can inform the issue as to whether aspirations adapt to circumstances.

The final session of the conference was entitled 'Identity and opportunity'. The three papers at this session all used different methods: the first used evidence from experiments; the second, econometric techniques; and the third a qualitative evaluation of the available literature.

The paper presented by Avner Ben-Ner, 'Identity and self-other differentiation in work and giving behaviours: Experimental evidence', used experiments to show that the distinction between Self and Other, 'us' and 'them,' or in-group and out-group, affects significantly economic and social behaviour. It found that whereas family and kinship are the most powerful source of identity in our sample, all thirteen potential sources of identity in the experiments affected behaviour. In seeking to understand how people behave, how they stand in relationship to the others in the transaction is clearly shown to be important.

The second paper in this session, by Daniel Chen, 'Club goods and group

identity: Evidence from Islamic resurgence during the Indonesian financial crisis', was a very interesting and innovative attempt to use econometric techniques to find out how people may respond to shocks. In this case the analysis focused on the relative price shocks induced by the Indonesian financial crisis, and the paper demonstrated a causal relationship between economic distress and religious intensity. The basis of the comparison made was that rapid inflation favoured growers of staple crops relative to wage-earners. The paper found that economic distress stimulates Koran study and Islamic school attendance, but does not stimulate other social activities or secular school attendance. The results seem attributable to the role of religion as ex-post social insurance: credit availability reduces the effect of economic distress on religious intensity by roughly 80%; religious intensity alleviates needing alms or credit to meet basic needs at the peak of the crisis; and religious institutions facilitate consumption smoothing among villagers. These findings are explained by a model where religious intensity represents the degree of social insurance in which people participate, and social sanctions facilitate religion's function as ex-post insurance. Together, these results provide evidence that religious intensity responds to economic forces and suggest alleviating risk may mitigate fundamentalist tendencies.

The last paper at the conference, by Jérôme Ballet and Katia Radja, 'Identity, opportunities and inequalities: The case of marriage and dowry in India inequalities', usefully complemented the others by showing how the issue of identity and its impact on social organisation could be dealt with using a qualitative approach.

Overall, the papers at the conference offered the opportunity to develop links across central elements of the GPRG research agenda, by drawing on a wide range of methods and of countries. We plan to take these issues forward during the year and provide an overview of the findings from the research at our final conference next year.

# Livelihood dynamics in planned and spontaneous settlements in Hwange District, Zimbabwe: Converging and diverging livelihoods

**R**edistributive land reform is a recurring theme of contemporary development discourse in southern Africa. In Namibia, South Africa and until recently Zimbabwe, highly unequal land distribution exists alongside growing poverty and land shortage. Unjust land distribution is a legacy of colonial ‘settler’ policies that saw large-scale alienation of land and other natural resources from indigenous groups. At independence, these states inherited distorted rural space economies in which a minority of white settler commercial farmers had, among other economic privileges, access to land of better agro-ecological potential while the majority (mainly black) smallholders had to make do with agriculturally marginal land. The focus of land reforms has therefore been on redistributing land from mainly white commercial farmers to black ‘small holders’.

A recent GPRG study by Admos Chimhowu and David Hulme has focused on understanding the nature and

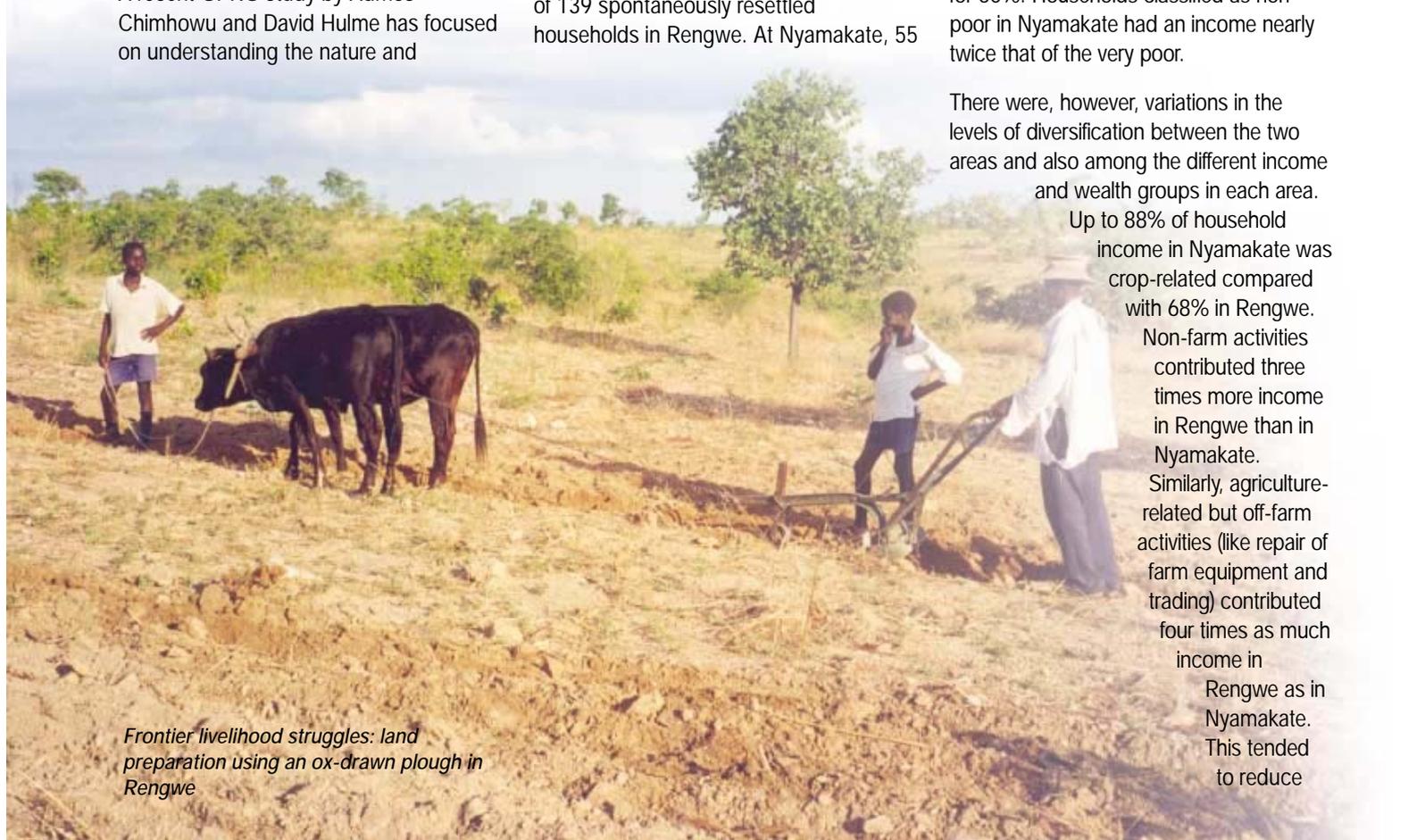
composition of livelihoods among households that were resettled in official ‘planned’ settlements and how this differed from those that resettled spontaneously on the frontier. At the macro level, we used policy archaeology to investigate those aspects of agrarian change and social transformations in Zimbabwe that help us understand contemporary livelihood struggles. At the micro level, the study looked at how policies (or, in the case of spontaneous resettlement, their absence) played out at the household level by comparing case studies. Two case study areas, Nyamakate (officially resettled) and Rengwe (resettled spontaneously) in Hwange District, were selected for detailed analysis. The study investigated livelihood patterns through a small-scale survey and semi-structured interviews. A questionnaire targeting the head of the household was administered to 80 households randomly selected from a list of 139 spontaneously resettled households in Rengwe. At Nyamakate, 55

households were randomly selected from a list of 92 officially resettled households.

By comparing income levels and sources, the study got an insight into the ability of the state-sponsored and spontaneous resettlement to provide secure livelihoods. Households in Nyamakate were found to have marginally higher incomes than those of Rengwe (an average per capita annual income of Z\$7,543 against Z\$7,320). Both Nyamakate and Rengwe had average per capita incomes above the food poverty line but below the total consumption poverty line. This implies that although households had enough income to purchase basic food, they could not afford other crucial services like health and education. The study, however, found that income inequality was more pronounced in Rengwe, where 67% of the households accounted for only 22% of total income, while the top 12% accounted for 50%. Households classified as non-poor in Nyamakate had an income nearly twice that of the very poor.

There were, however, variations in the levels of diversification between the two areas and also among the different income and wealth groups in each area.

Up to 88% of household income in Nyamakate was crop-related compared with 68% in Rengwe. Non-farm activities contributed three times more income in Rengwe than in Nyamakate. Similarly, agriculture-related but off-farm activities (like repair of farm equipment and trading) contributed four times as much income in Rengwe as in Nyamakate. This tended to reduce



*Frontier livelihood struggles: land preparation using an ox-drawn plough in Rengwe*

# Spontaneous resettlement in Hurungwe

## Vulnerable *Admos Chimhowu and David Hulme*

the dominance of crop income at household level in Rengwe, where non-poor households managed risks by pursuing a range of income activities. Diversification within agriculture was more evident in Nyamakate, where non-poor farmers had begun to venture into high return but high-risk crops like tobacco and high value industrial beans. The study draws three main conclusions as follows:

### Comparing the outcomes of spontaneous and planned resettlement

Officially and spontaneously resettled households faced similar profiles of vulnerability but dealt with risk differently. In Nyamakate, the state provided protection against risks. As a result, initial 'drop out' rates were low. In Rengwe, households relied on informal social support, provided first by livelihood networks, and later by livelihood cells. This permitted them to cope with idiosyncratic risk but left them vulnerable to generalised risks. As a consequence, when drought hit Rengwe, 'drop out' rates were significant. However, the initial security of Nyamakate households weakened in the 1990s as the state withdrew its support. With poorly developed informal livelihood cells and limited livelihood networks, the capacity of these households to cope with shocks reduced considerably. In spite of some initial differences, the livelihoods of spontaneous and official settlers show a path of convergence as Nyamakate begins to resemble communal lands in strategy and form. With the decline in state services and a growing population, the livelihoods of those on state-sponsored schemes like Nyamakate increasingly resemble those of communal lands. Although allowing households to accumulate assets, intensive state support in the 1980s and early 1990s has not given the official settlers secure, sustainable livelihoods. The policy goal of creating a new breed of progressive

commercial smallholder farmer has not gone according to plan and, arguably, state-sponsored resettlement has been an expensive way of extending communal land livelihood strategies.

### Using livelihood frameworks for analysis and planning

The study illustrates the advantages of using livelihoods approaches to analyse resettlement, rather than the small farmer models that have previously dominated. Examining the 'five capitals' (i.e. human, financial, social, natural and economic) rather than just natural capital and agriculture, allows a fuller understanding of household strategies and trajectories and of issues of power, access and control. Recognising the importance of risk, vulnerability and mitigation strategies moves analyses beyond the narrow and unrealistic focus on average increases in agricultural productivity that has dominated resettlement planning.

### Adopting a multiple actor policy framework

This study has shown that rather than 'going it alone' policies of state control, multiple actor frameworks need to be adopted to recognise the different types of households that need land. These incorporate a role for personal agency, market transactions and non-governmental organisations. Adopting multi-actor frameworks would not only improve official settlement planning, but would highlight the need for state-assisted spontaneous resettlement policy for vulnerable non-poor households. This could provide

spontaneous settlements with low cost basic infrastructure and services early on in their establishment. However, for households in chronic poverty for whom the markets and partial assistance will not work, state-directed resettlement on a sustained basis may be the most effective way of ensuring that the infusion of land into their livelihoods works to reduce vulnerability and take them out of poverty. By such means, resettlement 'targets' might be met and unit costs per resettling household might be reduced.

The study concludes that land resettlement can in the short term bring relief to households facing livelihoods crises and raise the assets and incomes of poor households. However, in the long term, without sustained institutional support, the initial security of land fails to provide adequate incomes and secure livelihoods. Accessing natural capital (mostly land in this case) is only part of a much wider quest to develop a livelihood. Equally important are a combination of complementing capitals such as financial, economic, and human capital and effective support policies and institutions. Pursuance of land redistribution and dry land farming as a panacea for rural poverty alleviation in particular, may result in an extension of 'poverty traps' in the long term if these factors are not taken into account.



# Corruption and migration: A household survey and a field experiment in Cape Verde

Pedro Vicente

During January and February 2006, a household survey was conducted in Cape Verde (West Africa) to investigate the quality of public services (perceived corruption) and migration experiences. This survey included 1,072 interviews in 30 of the 561 census areas of Cape Verde (CV). A parallel field experiment, including 997 subjects, was also carried out to analyse the demand for political accountability in CV.

The survey was aimed at measuring three different sets of variables.

First, changes in perceived corruption in the public services of the country, namely: health care, schooling, scholarships, judiciary, police, customs, licences; and in the allocation of state jobs, subsidies, and supplier positions. This part of the intervention was directed at gathering data on perceptions over time (since 1985) for comparison with similar data on São Tomé and Príncipe (STP) collected in 2004. Potentially, this data will provide interesting comparisons, as CV and STP are both former Portuguese colonies with many cultural ties, sharing the same post-independence political process (with democratisation in 1991), and witnessing the emergence of oil (in STP at the end of the nineties).

The main technique used in this part of the questionnaire (retrospective perception questions) was to begin by eliciting memories from respondents by asking them about important personal life events – for example the year children were born, or whether there had been any illnesses in the household. The enumerator then asked questions about corruption, and when referring to the survey periods (from 1985 to the present) was able to use the information collected earlier in the interview to improve the respondent's recollections.

Secondly, the survey questioned respondents (who were at least 30 years old) about demographic characteristics related to migration, where the household was defined as everyone living in the sampled house, as well as spouses and/or children. These questions were relative to current and returning migrants in the household, senders of remittances, the

formation of new businesses by households, and corresponding sources of investment funds. This part of the survey relates most directly to our interest in understanding possible causes for the GDP per capita growth rates of CV – an average of 5.2% since 1985, which is enviable in the African context – namely remittances and return migration. It is important to note that Cape Verdian emigrants are estimated at more than double the population of the country's residents (441,000 inhabitants).

identifying those respondents who demand most political accountability (namely, those who want the level of corruption in public services to be widely broadcasted), and are therefore willing to pay the cost of getting the postcard to the mail (the stamp cost was supported by us). Critically, to add credibility to this experiment, we had to demonstrate media exposure before the survey was conducted. This was achieved by news broadcasts before and during data collection on local RTC television; the



São Jorge survey team (from left) Pedro Vicente, Angela, Livia, Célia, Nilson, Vladmir, Edimilson, Admir, Rónyo, and Mário

Finally, the demand for political accountability: the 'Postcard Experiment'. This experiment was aimed at understanding who demands the 'good' governance of the country, as widely viewed by the international community, and especially when comparing with the African average. For that purpose, we made use of the quality of the public services (corruption) part of the survey to propose the following deal to our respondents (at the end of each interview): 'We [the researchers] will provide the results of the survey on quality of the public services [corruption] for media broadcast in Cape Verde if we receive back more than 50% of the postcards we are handing out to each respondent of this survey one month after the data collection'. This experiment was aimed at

newspapers A Semana, Horizonte, Expresso das Ilhas; and radio stations Nacional, Comercial, and Nova.

By conducting this survey, in addition to the comparative research referred to above, we hope to draw attention to the small African country of Cape Verde, where emigration and good governance coexist. In the context of understanding the effect of emigration on the growth success-story of the country, we will be trying to evaluate whether the governance/emigration coexistence is more than a simple correlation – in which case a 'new' governance advantage for emigration may be at stake, contrary to the traditional negative emigration consequences like 'brain drain'.

# Policy implications of witchcraft

Maia Green

Poverty and inequality are important axes along which witchcraft allegations track, but policy makers and researchers have been reluctant to consider the development implications of witchcraft. Witchcraft has been approached by researchers as a cultural matter or perhaps as an indigenous form of conflict promotion and resolution. Maia Green of the University of Manchester and Simeon Mesaki of the University of Dar es Salaam have been exploring the continued impacts of witchcraft and practices for dealing with it in different parts of Tanzania. Their work reveals that witchcraft allegations continue to cause massive social disruption, often at huge cost to the individuals involved. In some parts of Tanzania, people accused of witchcraft find their lives and property at risk.

Elsewhere, local systems for dealing with witches through special ritual practices which disempower witches, are not harmful but impose significant costs on families and communities.

Green and Mesaki have previously examined how anti-witchcraft practices are influenced by current policy environments (2005) and the relationship between witchcraft and inequality. In October 2005, they organised a workshop for senior policy makers and academics in Dar es Salaam to set out a series of research issues on the policy implications of witchcraft. Key questions raised included whether witchcraft is amenable to public policy, the effectiveness of the law as main instrument against witchcraft and whether current poverty reduction policy frameworks support the processes which perpetuate witchcraft. The workshop was attended by

representatives from government departments, research institutions, civil society organisations and academic departments. The outputs will inform ongoing research on witchcraft and poverty in Tanzania.

## References

Green, Maia, 'A discourse on inequality: Poverty, public bads and entrenching witchcraft in post-adjustment Tanzania', *Anthropological Theory*, Vol. 5 (3), pp. 247–266, 2005

Green, Maia and Simeon Mesaki, 'The birth of the "salon": Poverty, modernization and dealing with witchcraft in Southern Tanzania', *American Ethnologist*, Vol. 32 (3), pp. 371–388, 2005

## New GPRG management structure

Following the award of a Leverhulme Fellowship to David Hulme, we have agreed with the ESRC changes to the management structure of the GPRG which will enhance our ability to deliver on our research agenda. Francis Teal will remain the Oxford Director of the Group. David Hulme will become the Associate Director and will focus his input on overall research strategy, policy impact and external presentations. Maia Green from Manchester will become Deputy Director and her role will be on general research direction and management.

## Brooks World Poverty Institute

GPRG researchers have been very closely involved in establishing the new Brooks World Poverty Institute (BWPI) at the University of Manchester, a project that will see substantial involvement from staff in the IDPM. Nobel Laureate Professor Joseph E. Stiglitz, who has been appointed to chair the Institute, announced the creation of the BWPI in Whitehall on Wednesday 30 November 2005. The BWPI will be a multidisciplinary centre of global excellence researching poverty, poverty reduction, inequality and growth. The Rory and Elizabeth Brooks Foundation in the US has agreed to support the BWPI with a gift of £1.3m over three years.



# Redesigning the state: Political corruption in development

## IDPM, University of Manchester, 25 November 2005 Sarah

The GPRG sponsored conference 'Redesigning the state: Political corruption in development policy and practice' was held at the University of Manchester on 25 November 2005. The conference was attended by a wide range of internationally renowned delegates – academic, professional and practice based. Several eminent

Deryck Brown (Commonwealth Secretariat) then provided a historical overview of institutional and political change in Africa, providing a refreshing antidote to the Afro-pessimism and ahistoricism of some development publications. It was evident from Deryck's introduction that real progress is being made: a generation of dictators has gone, and institutional anti-

which emerged from the conference, but instead a number of nuanced observations, analytical developments and policy suggestions, leading to the conclusion that anti-corruption work is making ground in many places. The type of state, and the regulatory framework of the market, remain conditioning criteria in the success or otherwise of intervention.



It became clear that corruption is a highly contextual circumstance and that, despite some privileging of corruption as the 'central problem in Africa' by development policy organisations such as the Africa Commission, in some places significant improvements in anti-corruption have been made. Many speakers deconstructed the discourse on corruption and questioned the ontological fixity of the underlying morality, including by numeric method (Barr). Speakers examined the limits of anti-corruption pursued by donors in theory and practice (Amundsen and Mathisen; Hall-Matthews; Ivanov), including in post-communist countries (Zagainova), in terms of gender (Alolo), and by critiquing design rationalities (Heeks). Anti-corruption policy initiatives within the government and state in Mozambique, Jamaica and Sri Lanka (Speck; Osei; McCourt respectively) were put under close analytical evaluation.

speakers were invited: Inge Amundsen from the Chr Michelsen Institute (CMI), Norway; Edna Co from the Democratic Audit of the Philippines, University of the Philippines; Abubakar Momoh from Lagos State University, Nigeria; Neela Mukherjee from Development Tracks RTC, New Delhi, India; Philip Osei from the University of the West Indies, Jamaica; and Utku Teksoz of the University of Munich and the European Bank for Reconstruction and Development (EBRD).

The keynote speakers in the first session provided an expansive overview of the magnitude, measurability and policy frame of contemporary corruption which set the tone for a fast-paced and intellectually challenging conference. Paul Collier (University of Oxford) opened the conference with a robust statement about how corruption retards growth and development on a continent-wide scale.

corruption bodies are springing up across the continent. The last keynote speaker, John Githongo (Transparency International), underscored this mixed but progressive picture of a group of 'ex-African leaders enjoying their retirement', and spoke of the varied and contextual work of anti-corruption intervention.

The conference was intense and for a small event ambitiously organised, with three separate streams: on corruption policy and practice in the development interface and its associated methodologies; political economy, economic analysis and regulation of corruption; and political science, public policy and corruption in government. Each stream related to the overarching theme of the making of the 'non-corrupt' state. The papers were highly sophisticated and ranged throughout the social science disciplines. There was no single message

The private sector was similarly critically treated, and circumstances where private firms would tolerate or benefit from corrupt practice identified (Fitzsimmons; Lambsdorff and Teksoz). The elite capture of poverty reduction policy in India (Mukherjee) and the Democratic Republic of Congo (Ndungo) were outlined, and various new governance technologies in the anti-corruption field discussed (Marquette; Santiso). Broader papers on the political economy of resources and property discussed wider contexts where corruption might flourish (Duffy; Bracking; Niculae; Fennell), including on the mere announcement of a future

## policy and practice, Bracking

extractive oil industry (Vicente); while research-based country analysis for corruption in the Philippines (Co), Mongolia (Fritz) and Nigeria (Momoh and Okojie) provided detailed contextual examples.

In the final plenary, Richard Dowden spoke of the challenges ahead in the complex relationship between policy, conditionality, and corruption, stressing that the role of Northern governments should not be merely punitive, but more deeply reflective, and arguing that it was 'all about politics'. He urged consideration of the corruption enhancing or reducing effects of Northern foreign and development policy, and that more attention could usefully be paid to government behaviour in the North. Susan Hawley (Corner House) complemented this theme of 'redesigning the Northern state to combat global corruption' and made an impassioned request that proper anti-corruption good practice and regulation should be applied to export credit providers worldwide, since there was a complicity in inaction. Bruno Speck (State University Unicamp, Brazil and Transparency International) provided a pertinent intercontinental comparative analysis of anti-corruption policy in Latin America and Africa, and questioned the efficacy of a moralist discourse on corruption. He argued for protecting adequate political space in which governments could find technical solutions grounded in public policy programmes, rather than demonising corruption in moralistic campaigning which would undermine government action.

In conclusion, continued work in a number of fields such as international standards, institution and capacity building, knowledge transfer and cooperation, smart economic regulation and the reduction of Northern originated financial incentives were flagged by conference attendees as potentially efficacious policies. A book of conference proceedings is planned.

## Real earnings and productivity in Tanzanian manufacturing firms

**G**odius Kahyarara successfully completed his DPhil – Real earnings and productivity in Tanzanian manufacturing firms – this year. The thesis is an example of the work of the GPRG in enabling students from Africa to work on issues and data from their own countries, to develop the skills necessary to analyse the data and to interact with other researchers working on closely-related topics.

The thesis addresses several issues for development policy in Africa, one being the determinants of earnings in African manufacturing firms. Why is this important? Most employment in Africa is not wage employment, and those who have a wage job in relatively large firms are well paid by the standards of those outside this sector. If development policy is to lead to a fall in poverty, part of that process will be the creation of more and better-paid wage jobs. In the thesis, the roles of both vocational and academic schooling and job training on earnings were examined. The findings are very clear. While earnings rise with education, these increases are much larger for the relatively higher educated. The thesis does find that training raises wages, but it is able to use the panel dimension of the data – the same firms were interviewed more than once – to show that this may not be causal. Large firms are more likely to train and pay more. The finding that more trained workers earn more reflects the fact that more trained workers are in larger firms.

The second part of the thesis asks how the productivity of firms has changed over time and how important is learning in explaining changes in productivity. The single most important cause of relatively low pay in Africa – a production worker in a firm of average size can expect to earn about US\$50 per month – is the low productivity of the firms. By low productivity we mean that the amount of output produced per employee is very low. The long term record on productivity in Tanzania has been very poor, reflecting the very poor performance over the period when Tanzania was run by a socialist regime. The 1990s were characterised by a slight recovery in productivity, but it has not recovered to the levels observed in the early 1970s. Learning in the form of work experience has some effect on firm level productivity, but the low levels and rate of growth of investment ensure that productivity remains far too low to have any major impact on the level of earnings available to the workers.

The final part analysed the impact of monitoring, work effort and pay methods on earnings. The results show that workers who exert high effort are paid more, and that firms that can supervise their employees reduce the necessity to pay higher earnings. Both of these are potential sources of increases in productivity, which in turn may impact on wage rates and incomes.



## ***New GPRG Working Papers***

Rights-based development: The challenge of change and power, Jennifer Chapman, Valerie Miller, Adriano Campolina Soares and John Samuel, GPRG-WPS-027

Have NGOs 'made a difference?' From Manchester to Birmingham with an elephant in the room, Michael Edwards, GPRG-WPS-028

Do wages reflect productivity? Pieter Serneels, GPRG-WPS-029

Labor market flexibility, wages and incomes in sub-Saharan Africa in the 1990s, Geeta Kingdon, Justin Sandefur and Francis Teal, GPRG-WPS-030

Moral political economy and poverty: Four theoretical schools compared, Wendy Olsen, GPRG-WPS-031

The capability approach: Its development, critiques and recent advances, David A. Clark, GPRG-WPS-032

Intrinsic motivations on the development frontline: Do they exist? Do they endure? Abigail Barr, Magnus Lindelow, Jose Garcia-Montalvo and Pieter Serneels, GPRG-WPS-033

Strategy choice and cognitive ability in field experiments, Abigail Barr, Magnus Lindelow, Jose Garcia-Montalvo and Pieter Serneels, GPRG-WPS-034

Enhancing the development capabilities of civil society organisations, with particular reference to Christian faith-based organisations (CFBOS), Deryke Belshaw, GPRG-WPS-035

Exporting from manufacturing firms in sub-Saharan Africa, Neil Rankin, Måns Söderbom and Francis Teal, GPRG-WPS-036

The formation of risk sharing networks, Marcel Fafchamps and Flore Gubert, GPRG-WPS-037

Price transmission and trader entry in domestic commodity markets, Marcel Fafchamps and Ruth Vargas Hill, GPRG-WPS-038

Household formation and marriage markets, Marcel Fafchamps and Agnes R. Quisumbing, GPRG-WPS-039

Culture and corruption, Abigail Barr and Danila Serra, GPRG-WPS-040

Why has microfinance been a policy success in Bangladesh (and beyond)? David Hulme and Karen Moore, GPRG-WPS-041

Working papers can be downloaded from the GPRG website at

**<http://www.gprg.org/>**

which includes an extensive outline of current research as well as links to both the Centre for the Study of African Economies and the Institute for Development Policy and Management.

*Photographs by Abigail Barr, Simon Baptist, Admos Chimhowu, Stefan Dercon, David Lawson, Pedro Vicente and Andrew Zeitlin*