

Qualitative and quantitative analysis of poverty

Maia Green and Francis Teal

The last six months have been a very full period for the GPRG. We have been undertaking a wide range of activities which has included publishing research, data collection and interaction with policy makers. Our data collection work has included a follow-up survey of cocoa farmers in Ghana; a survey of households in São Tomé and Príncipe to assess the effects of corruption; and a panel survey of workers in Tanzania and Ghana which will assess how their incomes have been changing over a three year period. We have presented the results of our research to policy makers at the World Bank and DFID, drawing on the wide range of complementary research being undertaken at Manchester and Oxford.

One common theme across much of our research has been the work in both the quantitative and qualitative traditions. One of these projects is 'Genuine Q2 – Combining quantitative and qualitative research to understand poverty dynamics in Uganda'.¹ One part of this methodology is the creation of life histories of individuals, giving a time perspective which a cross-section study lacks. The qualitative research tradition spends time on in-depth interviews and accepts that, given budget resources, there will be a cost in terms of sample size. With this approach, we can find out a lot about a small number of people. Work in the quantitative tradition

has been proceeding in parallel by collecting both recall and panel data on a much larger sample of workers in Ghana and Tanzania. By enabling researchers to pursue these different research methods, we can highlight the methodologies' relative strengths and weaknesses.

Both qualitative and quantitative approaches seek to understand the processes by which incomes are determined. How does such data link to issues of poverty measurement where consumption, not income, is used as the basis for assessing poverty across households? There are excellent reasons for using per capita consumption as our quantitative measure of poverty rather than incomes. Incomes are inherently hard to measure in poor countries and even if they can be measured they are likely, particularly for the poor, to vary a lot from year to year or even within the year. Thus a measure of consumption is a better measure of the resources available to a household over a long period of time. However, understanding better the processes by which individuals' incomes change is a vital part of understanding what leads to changes in household consumption.

If we have cross-section data at two points in time we can compare how different kinds of household have fared over the period. We have done this for both Ghana and Tanzania with the result shown in the graph below. The averages summarised here provide an answer

to one specific question: How, on average, have households with a head aged 30 and in one of five occupations fared over the decade if their education and household composition has been held constant. The answer for both Ghana and Tanzania is that households headed by a farmer have done relatively badly and that such households are the poorest.

Such averages, while important, are uninformative regarding the range of outcomes that occur within these different kinds of household. In the next stage of our work we will be seeking to show how the qualitative life-histories approach and the quantitative approach can provide links between the determinants of incomes and poverty outcomes.

¹ <http://www.gprg.org/themes/t1-pov-house-well/qual-quant-meas-welf/genuine-q2.htm>

Contents	Page
■ Qualitative and quantitative analysis of poverty <i>Maia Green and Francis Teal</i>	1
■ Is vote buying effective? <i>Pedro Vicente</i>	2
■ The Elgar Companion to Development Studies <i>edited by David Clark</i>	3
■ Why are they on the street? <i>Street children in Bangladesh</i> <i>Alessandro Corticini and David Hulme</i>	4
■ Economics of education <i>Geeta Kingdon</i>	5
■ Rural livelihoods in Ghana <i>Francis Teal and Andrew Zeitlin</i>	6
■ Behaviour in agricultural markets <i>Ruth Vargas Hill</i>	7
■ Remittances and poverty reduction in Zimbabwe <i>Sarah Bracking</i>	8
■ Jobs and poverty reduction <i>Francis Teal</i>	8
■ Nutrition and economic development in sub-Saharan Africa <i>Alexander Moradi</i>	10
■ New GPRG working papers	12

Changes in Household Expenditure over a Decade



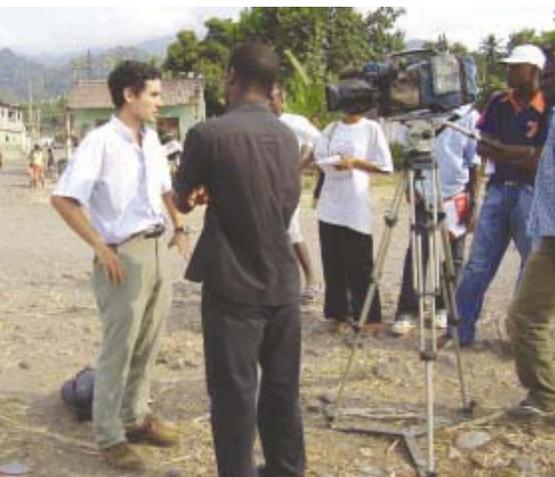
Note: Household composition is held constant and the age of the household head is 30 in the late 1980s

The support of the Economic and Social Research Council (ESRC) is gratefully acknowledged. The work was part of the programme of the ESRC Global Poverty Research Group

Is vote buying effective?

A field experiment on a presidential campaign in West

On 30 July 2006, a presidential election took place in São Tomé and Príncipe (West Africa). Along with the parliamentary election of March, this was a much anticipated election cycle. Running as a democracy since 1991, this country witnessed a significant oil discovery at the end of the nineties and is now preparing to become a new player in the African oil-producing landscape. It saw a military coup attempt in 2003 and much political instability from 2001, with seven prime ministers in quick succession, many of them thrown off balance by confrontations with President Menezes. An earlier study based on countrywide household surveys (available at <http://users.ox.ac.uk/~econ0192/>) found evidence of a significant increase in house-to-house vote buying after the oil discovery announcement. Some sources suggest that this may be due to increased foreign interests related to oil. Clearly, the combat for political power seems to be hard-fought, more than ever before in this tiny, two-island country.



Pedro Vicente gives an interview to RTP Africa during the final stages of the project in the coastal town of Neves. RTP Africa is the Portuguese state channel broadcasting in Africa – watched in Angola, Cape Verde, Guinea-Bissau, Mozambique, São Tomé and Príncipe, and Portugal.

This was the context that brought us to study a specific question, so far not empirically tackled in a quantitative manner either in the economics or political science literatures: How does vote buying change, if it does change, voting behaviour?

To deal with this question, we designed a randomised experiment around the presidential election. A pre-electoral campaign representative household survey (3–21 July) was run concurrently with a randomised civic campaign, and was followed by a post-election follow-up survey aimed at the same subjects (1–16 August). We sampled 50 of the 149 census areas of the country and performed 1275 interviews in July, from which 1034 had a follow-up in August (i.e. we gathered a panel of 1034 observations).

The civic campaign was conducted by the survey team and was sponsored by the São Toméan National Electoral Commission. It was based on the distribution of 10,000 leaflets in 40 of the 50 census areas where we conducted interviews (around 1 per household in visited areas). The leaflet (see above), contained an anti vote-buying message based on references to São Toméan constitutional and electoral law, and also featured a drawing which was helpful in conveying the message to illiterate citizens. Due to some unpopularity of this ‘legalistic’ version (which was needed to secure the support of the local authorities), the survey team was advised to emphasise ‘voting in conscience, even if accepting gifts’ when distributing the leaflet. On the whole, we faced no major problems when interacting with the population during this campaign.

The basic design that will enable us to draw some econometric results was composed of questions on the frequency/perceived effectiveness/value of vote buying, before the campaign (relating to the March parliamentary election), and after the July election (relating to this latest presidential electoral process); and on voting behaviour intentions (pre-election) and actions (post-election). This is a difference-in-difference design, as we rely on the time difference as well as on the treatment/control (i.e. the civic campaign) difference to derive effects of vote buying. An interesting matching with actual election outcomes and with institutional features of the country (e.g. power of parliament vs president) will also be on our agenda.



'Don't let your conscience have a 'banho'. Your vote should be free and in good conscience'.*

The man in the second drawing says: 'Vote buying? Don't even think about it!!!'

**banho – 'vote-buying' in local Portuguese, literally 'bath' or 'shower'*

Several potentially relevant demographic, psychological, and political controls were also collected.

In addition, it is worth mentioning that we were able to co-ordinate with the largest contingent of foreign electoral observers to this presidential election. This contingent was appointed by CPLP (Community of Portuguese-Speaking Countries), and was comprised of 16 members from Angola,



A training session for the survey team in São Tomé city – from left Helia, Celso, Danilson, Abdulay

Africa *Pedro Vicente*

Brazil, Cape Verde, East Timor, Guinea-Bissau, Mozambique, and Portugal. We submitted individual questionnaires to the observers, which were filled for each location visited during the one-week period they were in action around the election day. These data will help us to control for the 'observer shock' in our experiment as well as enable us to derive some conclusions about the effects of electoral observation.

On policy grounds, this research will allow us to evaluate the type of effect vote buying induces in voters in the West African context. Conclusions about the relation of vote buying to the political organisation of the country will also allow an assessment of the importance of the institutional design. This work will also enable us to quantify the outcome of a civic campaign against vote buying and an electoral observation mission's role in blocking election malfeasance. These results will be helpful in providing reliable information, specifically to citizens and politicians in São Tomé and Príncipe, development policy makers, electoral observer institutions, and NGOs concerned with good democratic practice.

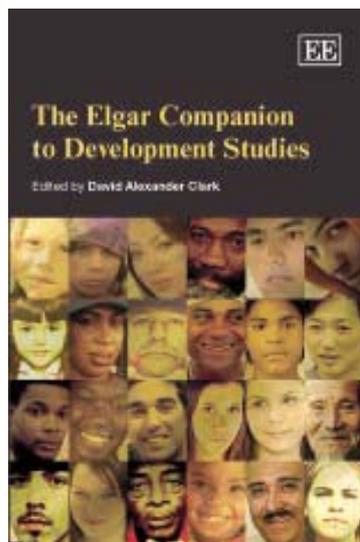


to right, Christian, Arlindo, Aurolise, Angela, Melissa, Edson,

The Elgar Companion to Development Studies

edited by David Clark

David Clark has recently completed work on *The Elgar Companion to Development Studies*, which appeared in October 2006.



'If handbooks can be inspiring, this is it! Like a true companion, it takes in its stride conversations both big and small. Its entries do not just present an international and multidisciplinary mix, but – true to life – they work on several different scales. And, importantly, the book makes its authority evident. For it is like an extended website, but with all the added advantages of an encyclopaedia that actually tells you about the authors and the sources on which they have drawn. The resulting compilation is highly intelligent, thoughtful and above all usable.'
Dame Marilyn Strathern, University of Cambridge, UK

'The Elgar Companion to Development Studies is a major production in the development studies field, authored by a star-studded cast of contributors. With 136 entries covering a vast range of topics, it should quickly establish itself as a leading work of reference. We should all feel indebted to David Clark, who has successfully brought this substantial publishing project to completion.' Professor John Toye, University of Oxford, UK

The Elgar Companion to Development Studies is an innovative and unique reference book that includes original contributions covering development economics as well as development studies broadly defined. The Companion brings together an international panel of experts from varying backgrounds who discuss theoretical, ethical and practical issues relating to economic, social, cultural, institutional, political and human aspects of development in poor countries. It also includes a selection of intellectual biographies of leading development thinkers.

While the Companion is organised along the lines of an encyclopaedia, each of its 136 entries provides more depth and discussion than the average reference book. Its entries are also extremely diverse: they draw on different social science disciplines, incorporate various mixes of theoretical and applied work, embrace a variety of methodologies and represent different views of the world. *The Elgar Companion to Development Studies* will therefore appeal to students, scholars, researchers, policy makers and practitioners in the field of development.

Edward Elgar Publishing

October 2006

c 752 pp

Hardback

1 84376 475 X

http://www.e-elgar.co.uk/Bookentry_Main.lasso?id=3175

Why are they on the street? Street children, income violence in Bangladesh

Alessandro Conticini and David Hulme

Henry Kissinger got many things wrong. One of them was claiming that Bangladesh would always be a 'basket-case'. Over the last 15 years the country has made enormous progress – with economic growth, school enrolment, improving the position of women and reducing the poverty headcount. Its capacity to deal with severe floods is remarkable: there is much George Bush, FEMA and New Orleans could learn in Bangladesh. However, for middle-class Bangladeshis and foreign visitors it is clear that one so-called 'problem' is getting worse: the number of street children (a more accurate label is 'children in street situations') is increasing in Dhaka and other cities.

Most researchers and observers have explained this phenomenon in terms of economic poverty. They argue that street children 'abandon' their families because their income is so low they cannot adequately feed, clothe and meet the basic material needs of these children. However, our research indicates that social factors are very important for understanding why children move to the street. Many children do not come from economically poor households, and the areas of origin of street children do not correlate with the spatial distribution of income poverty in Bangladesh.

Through the construction of detailed life histories with these children, and a subsequent questionnaire survey, we find that moves to the street are closely associated with violence – emotional/psychological, physical, sexual or all three – and the breakdown of social



© Alessandro Conticini

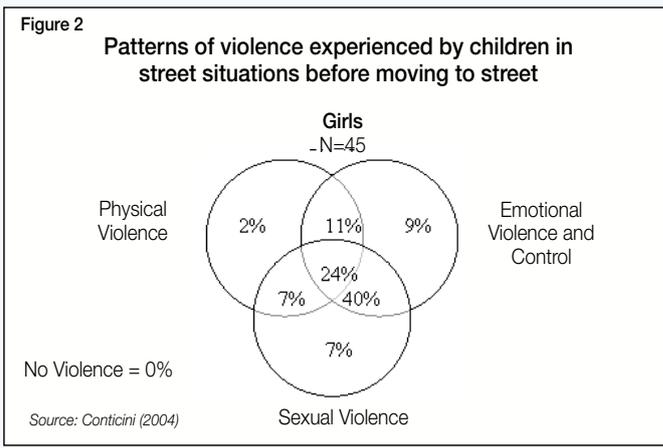
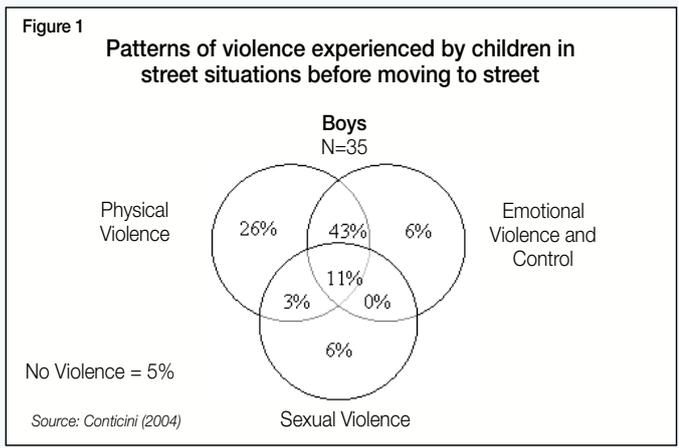
relationships within the family and/or local community. Of 80 children who were interviewed, only two did not report experiencing violence before 'leaving home' and the vast majority had experienced physical or sexual violence, or both.

Boys seemed most likely to experience physical violence, while girls were particularly exposed to sexual violence from family members or husbands (a number of our respondents were 'married off' to older men in their early teens).

We believe that many, probably most, children in street situations in Bangladesh move on to the street to escape violence and the negative social relations

associated with it. A perceived or actual lack of affection by family members was reported by many children. As Rocky, a 16 year old boy, reported after four months of trust sharing with the researcher:

'I did not leave home for poverty. I left home because I was not able to inspire love and affection from my step-mother. I was ashamed to tell you before. When I say I am on the street because my family was poor people look at me and I inspire sympathy from them. They nod saying they knew that poverty was the cause and then they give me coins. But if I say that I am on the street because my parents were violent, people blame me saying I was not a good boy.'



poverty and

More positively, many of the children on Dhaka's streets reported the strong relationships that they build with other children in street situations. These involve emotional support, physical protection, training in how to make a livelihood and social security/insurance at times of crisis. Children may pay a terrible price for living on the street, but many also value the freedom of escaping oppressive control within the family.

Our attempts to trace adults who had experienced life on the street, and thus find out about the 'careers' of street children, met with only limited success. This is a priority for future research so that we can understand the degree to which children in street situations either die young, reintegrate into society, or become dysfunctional adults. There is a common assumption that street children mature into beggars or an underclass, but little empirical evidence to support this.

And what are the implications of this research for policy? They are that the 'problem' of children in street situations will not be solved simply by economic growth and/or reductions in income poverty. In Bangladesh, as elsewhere, there is a need to focus on social policy, and particularly on how childhoods can be made secure and free from violence. The country has made substantial and progressive change in its laws about child protection in recent years. This now needs to be matched by more effective implementation of child protection laws, and by energising civil society so that discussions of violence against children are not a taboo issue.

Reference:

Conticini, A. and D. Hulme, 'Escaping violence, seeking freedom: Why children in Bangladesh migrate to the street', GPRG Working Paper 47, 2006, Development and Change, forthcoming <http://www.gprg.org/pubs/workingpapers/pdfs/gprg-wps-047.pdf>

Alessandro Conticini is the Programme Director, UNICEF, Ethiopia.

Economics of education

course *Geeta Kingdon*

DFID invited Geeta Kingdon to give a course to DFID economists on 'Economics of education' in London in June 2006. Such courses are organised annually for the professional training of DFID economists. The course (with a capacity for 25 economists) was over-subscribed, suggesting a good deal of interest in the topic. This may reflect the recent emphasis on education-for-all in the UK government's thinking: in April 2006, Chancellor of the Exchequer Gordon Brown, and Secretary of State for International Development Hilary Benn, committed the UK Government to spend at least \$15 billion, or £8.5 billion, on aid for education over the next 10 years. This compares to a figure of less than £2 billion over the last 10 years. During a visit to a school in Mozambique, Gordon Brown said: '*...in 2006 it is time for us to keep our promises. None is more important than the Millennium Development Goal that by 2015 every one of the world's children is able to go to school.*'

The course, based largely on 'Economics of education' written in 2005 by Geeta Kingdon for the DFID Economists' Guide, focused on four aspects: (a) access to education, which despite progress, remains far from universal; (b) quality of education, which is critical for raising the benefits accruing from schooling; (c) economic outcomes of education, in particular the outcomes of different levels and qualities of education; and (d) the challenges of scaling up delivery of education. In addition to presenting a summary of the recent economic literature under each topic, the course discussed economists' methods for evaluating the impact of education policy interventions – ranging from conventional regression methods to the more modern impact evaluation techniques such as randomised experiments and propensity score matching approaches – and looked in depth at a few recent applied studies on education on various developing countries. Participant involvement was high and each session ended with a lively discussion. At the end of the course, Annababette Wils of the Washington D.C. based Education Policy and Data Centre gave a half-day course on an interesting computer projection model for education that integrates enrolment, teacher training, budget, population growth and health.



Rural livelihoods in Ghana *Francis Teal and Andrew Zeitlin*

During the last six months, work has continued on building a panel data set of Ghanaian cocoa farmers. The first round was carried out in 2002 by Marcella Vigneri with funding from DFID and the second in 2004 by Andrew Zeitlin with funding from GPRG. A summary of the results of the second round of the survey can be found on our web site at: <http://www.gprg.org/pubs/reports/pdfs/2006-04-teal-zeitlin-maamah.pdf>.

The results from the survey have been presented to workshops in Ghana, including at the Ghana Cocoa Board which is responsible for overseeing the purchase and export of cocoa. As a result of these presentations, the research department of the Ghana Cocoa Board has become fully involved in the third round of the survey. In June of this year, two members of the research department visited Oxford for a training workshop to prepare for the survey. They and several members of the staff of the Ghana Cocoa Board will be participating in the field work, and it is intended that the results will be analysed by members of the research department.

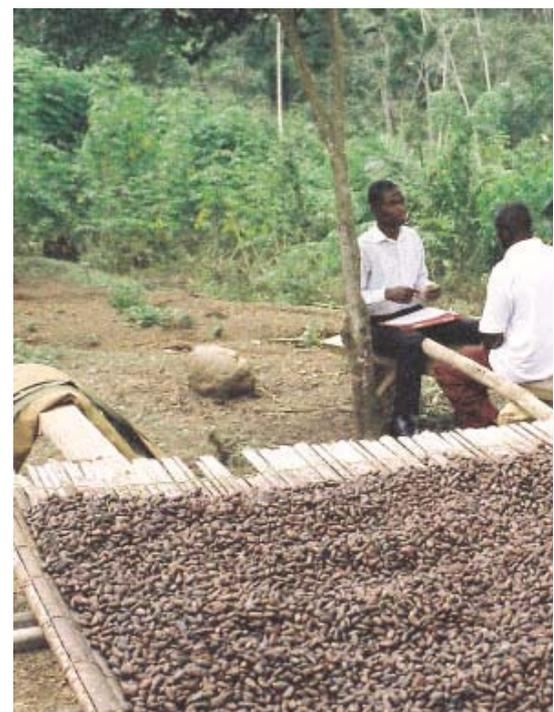
Faced in the period 2001/02 to 2003/04 with a 45% increase in real producer prices, cocoa producers in Ghana have

responded by more than doubling output. These developments suggest many policy relevant questions. One broad set of questions asks who was responsible for the increase in output. Of particular interest is the distribution of these gains across geography, income, and other dimensions of rural Ghana. The current research is well suited to answer the how and the why of the supply response.

The 'how' may be interpreted as primarily a technological question, focusing on the economic implications of extensive or intensive growth and the relative contributions of labour and non-labour inputs (fertilizer, pesticides etc.). In contrast, the 'why' is an economic question and is directly relevant to issues raised in the Ghana Poverty Reduction Strategy Paper (PRSP). Has the price increase simply provided sufficient incentive to overcome the transaction costs and other rigidities alluded to in the PRSP? Or have the sources of market imperfections actually been alleviated? These contrasting explanations imply either transitory or lasting increases in cocoa output, respectively.

The report on the second round of data provides answers to many of these questions.

1. The means of expanding output has differed across regions. In particular, the Western Region, where the price of land has been relatively low, has been characterised by extensive expansion. Expansion in the Ashanti and Brong Ahafo Regions has been relatively intensive in nature.
2. Increases in non-labour inputs such as fertilizer have played a significant role in the expansion. Increases in output and increases in fertilizer appear to have gone hand in hand.
3. The expansion of output was accompanied by a large increase in number of person-days on the farm. Interestingly, work on farms existent as of 2002 seems to have been done by fewer people. This may reflect the diversion of labour onto new farms. It is also borne out in demographic data, which suggest that there has been significant movement out of existing cocoa households. The cocoa boom, therefore, seems to have fueled investments in education and in employment opportunities in other sectors.



Behaviour in agricultural markets: Studies in Uganda and India

Ruth Vargas Hill

4. The study focuses on two policy variables: the provision of spray machines by the government, and the degree of market power exercised at the village level by Licensed Buying Companies (LBCs). In particular it is argued that:

- Efforts to extend the coverage of the government spray programme, particularly in the Western Region, are likely to result in higher output levels. It appears that the greatest returns are due to improving the breadth (i.e. the participation rate) rather than the depth (i.e. completion rate) of the spraying regime.
- Structural policies designed to reduce the monopsonistic market power of LBCs may result in improved service provision and higher productivity levels in the villages affected.

The collection of this data will be of mutual benefit to the Ghana Cocoa Board and to economic researchers. Over the next year we will be presenting work using the data to address both research and policy questions.

Interviewing cocoa farmers in New Kumasi (on the border with Côte d'Ivoire)



The performance of agricultural markets on the welfare of farmers, and the ability of agricultural markets to ensure the supply of produce that meets the increasingly high consumer demands, are issues of continuing debate. This debate requires research that analyses the behaviour of market participants, the constraints they face, and the implications of these on the way markets function.

This research project speaks to the need for such work by undertaking rigorous empirical analysis of the economic behaviour of farmers and traders in agricultural markets in sub-Saharan Africa and India. In particular, through analysing coffee markets in Uganda and markets for fruit, vegetables and spices in India, this work examines the economics of transaction choice and search behaviour. Representative surveys of farmers and traders of coffee in Uganda, and of mangos, tomatoes, turmeric, maize and potatoes in India, were conducted to provide the data with which to analyse these issues.

Two papers on Ugandan coffee markets have resulted from this work. These papers show that, despite earning premiums for selling at the market, many farmers choose to sell their coffee at the farm gate, selling to itinerant traders who earn their money from aggregating supply. This preponderance of coffee farmers to sell to itinerant traders at the farm makes the cost of searching for supply a considerable cost for traders, as they perform both the role of collector and broker between farmers and exporters.

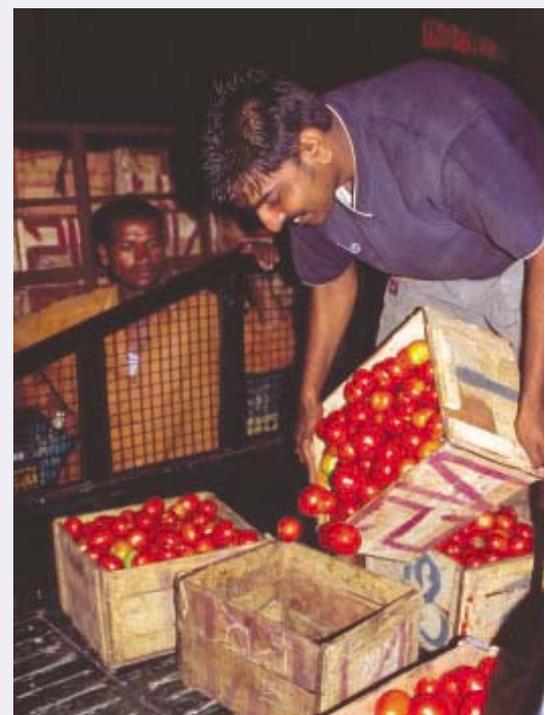
Analysis of farmers' transaction choice showed that farmers located further from the market were more likely to sell at the farm gate, as were farmers who were selling smaller quantities. However, a wealth effect was also observed: poor farmers were more likely to travel to the market than richer farmers, who could afford the luxury of the convenience of

selling at the farm. Conversely, rich farmers who were selling large quantities sold them at the market.

The impact of high search costs on the entry and exit of itinerant traders and on the share of the export price received by farmers were examined in a second paper. In contrast to assumptions commonly made, farm-gate prices were found to not increase in proportion with export prices: increases in traders' selling price were not passed on to farmers. This was explained by an increase in aggregate search costs resulting from increased trader entry and a lack of farmer information about the export price.

Work is ongoing to characterise the determinants of transaction choice for fruit, vegetable and spice markets in India. Initial results suggest that search costs remain important in understanding the marketing behaviour observed. However, only large sales are collected by traders at the farm. Small, poorer farmers are found to be more likely to take their produce to the market. Understanding why this is the case is the subject of continuing research.

Traders at market



Remittances and poverty reduction in Zimbabwe

The government of Zimbabwe established the Homelink scheme in 2004, in order to capture the developmental effects of international migrant transfers. Recent research suggests that both low trust and low price (a punitive official exchange rate) militate against effective returns from remittances into the formal sector.

Remittances remain critical to alleviating household poverty in urban Zimbabwe, according to our study of 300 households in Harare and Bulawayo surveyed during November 2005. Not only do a full 50% of the surveyed households receive remittances, but a substantial majority of these are dependent on them for essential household goods, including food and the payment of utility bills.

The informal economy is the economy of choice (about 80% of transactions) for households in terms of sending and receipt of remittances. However, it is also predominantly informal activity restricted to personal transactions, rather than

informal, but institutionalised, companies. In other words, relatives are still more likely to be used for transferring money than are the new informal remittance transfer (IRT) networks and companies.

The role of in-kind and goods transfers emerges as more important than comparative research elsewhere suggests. Often considered a subsidiary form of transfer, in fact we found that it probably outweighs by a factor of 2 to 3 the real value of money transferred. This adds weight to the suggestion that inter-household effects of remittances may not be benign in shrinking economies, as money-receiving households price others out of local goods markets.

Moreover, the distribution is not weighted to the poorest, and 40% of the poorest households do not receive anything. Also, pre-existing inter-household inequalities may be aggravated by these remittances, since 38% of the richest households do receive something.

Research findings

It is clear from this research that a complex web of money and goods transactions within the informal sector supports the Zimbabwean economy. The Zimbabwean economic collapse, which has been headlined for some time now, is being offset by this informal, internationalised parallel economy and, ironically, by Zimbabweans who have themselves exercised the 'exit' option. In practical terms, it is difficult to see how some of these households could even survive without these informal remittance transfers. However, the issue of sustainability of this support role in the longer term remains a critical and open question, not least because of the tightening of conditions in the principal migrant receiving areas of South Africa and the UK.

Jobs and poverty reduction *Francis Teal*

Job creation is back on the policy agenda. At a World Bank Conference covering the work of its Poverty Reduction and Economic Management (PREM) branches held on 25–26 April this year in Washington, a session was organised on the question 'Is African Growth Creating Good Jobs?'. The theme of the session was that while good jobs are often assumed to accompany economic growth, the evidence from many African countries, including those which are consistently growing, indicates that this is not the case in the region. Most new jobs are in the informal sector.

What can account for this trend towards informalisation and is it a matter for policy concern? One view, held by many policy makers, is that the key to poverty reduction is growth, and that job creation will be an outcome of policy success which generates growth. As jobs will flow from such success there is no need to focus on creating jobs. Even among those who accept there is a link from job creation to poverty reduction, there is a view that

the problem does not lie in how labour markets work in Africa but in the quality of the investment climate which inhibits, and in some instances prevents, investment which is the key to growth and poverty reduction.

Francis Teal presented some of the GPRG work on labour markets and argued that both the views summarised were misleading. There is widespread evidence from Africa to show it is perfectly possible for growth to occur without the creation of more and better paid waged jobs. A report documenting the extent of this can be found on the GPRG website at: <http://www.gprg.org/pubs/reports/pdfs/2005-11-kingdon-sandefur-teal.pdf>.

How can this occur? It occurs because investment is concentrated in the non-traded sector, i.e. investment is not directed towards exporting but towards domestic markets. This has its primary impact in urban areas and leads to the creation of jobs for the self-employed. This would be a very positive development for poverty reduction if these self-employed jobs were well paid. The

problem is that while they are better paid than rural activities they are still far too badly paid to have any substantial impact on the overall level of poverty in an economy. The underlying source of this low pay is that the growth in the labour supply is rapid relative to the level of investment. While investment in much of Africa has improved in the last decade, it remains far too low to create more and better paid jobs, without which success in reducing poverty will be very limited. Governments will find themselves under increasing political pressure to create jobs as the problem is most severe for young people living in urban areas – a very politically vocal group.

Is it then correct to argue that the problem lies not in how the labour market operates but in the failure to invest? The World Bank has argued that this failure to invest is due to the poor investment climate in Africa and the high costs of doing business. There is no dispute that these costs are high and that reducing them will have benefits. However, it can be argued that they are not

Sarah Bracking

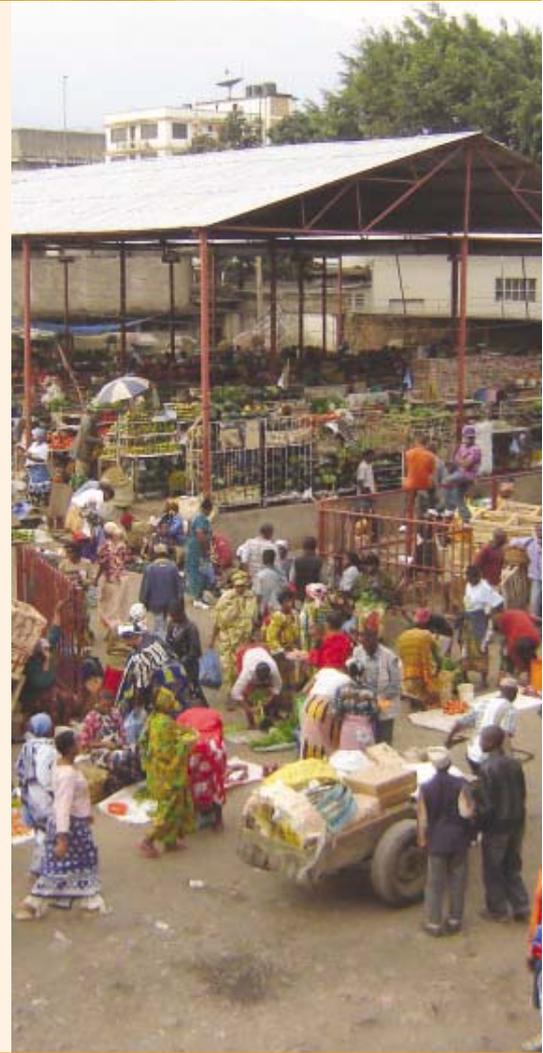
Policy implications: joined-up policy

- The relationship between migration and development is central to poverty reduction policy and could usefully inform immigration policy (Hayter, 2004; Newland, 2003), and banking regulation (Paterno and Bugamelli, 2005) in the North.
- Policies on the safety and transfer of funds to enhance the developmental impact of workers' remittances should be extended (DFID, 2005; Orozco, 2006, 3).
- Policy to enhance the poverty reduction potential of migrant remittances in Zimbabwe depends on enhancing the official exchange rate.

For a full discussion of this topic see: Bracking S. and L. Sachikonye, *Remittances, poverty reduction and the informalisation of household wellbeing in Zimbabwe*, GPRG Working Paper 45, 2006 <http://www.gprg.org/pubs/workingpapers/pdfs/gprg-wps-045.pdf>

References

- Department for International Development (DFID), *'Sending money home: Remittance products and services in the United Kingdom'*, London, HMSO, 2005
- Hayter, T., *'Open borders: The case against immigration controls'*, London, Pluto Press, 2004
- Newland, K., *'Migration as a factor in development and poverty reduction'*, 2003 <http://www.migrationinformation.org/Feature/display.cfm?ID=136>
- Orozco, M., *'Sending money home: Can remittances reduce poverty?'*, ID21 Insights, Vol. 60, 2006 <http://www.id21.org/insights/insights60/art00.html>
- Paterno, F. and M. Bugamelli, *'Do workers' remittances reduce the probability of current account reversals?'*, Policy Research Working Paper No 3766, The World Bank, Washington D.C., 2005

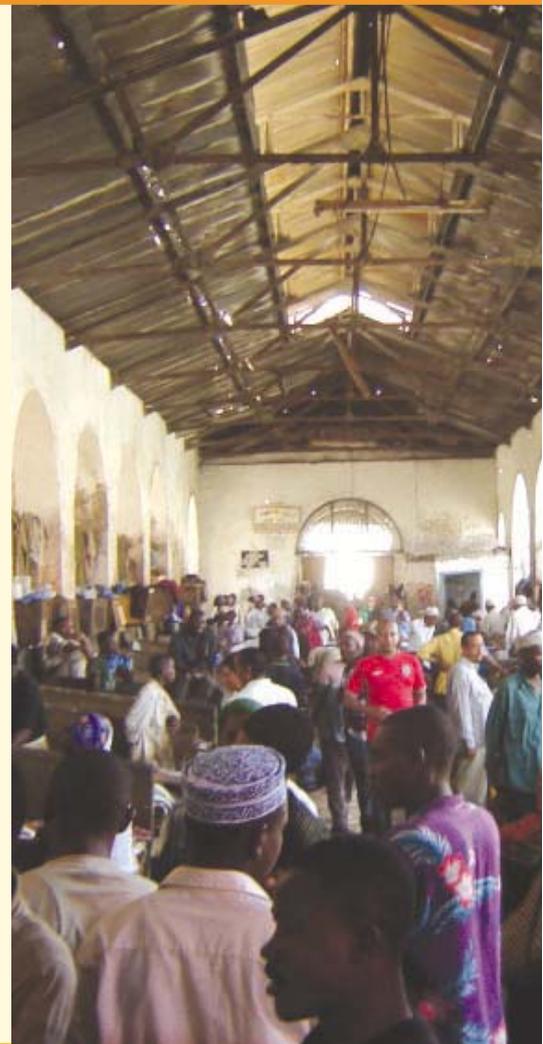


the real problem. Many countries have a poor investment climate by any standards and have grown very rapidly – indeed, in China it appears that many of what are often assumed to be essential pre-conditions for growth in terms of well specified property rights are absent. There is a fundamental issue in the labour market which is clearly related to the persistence of poverty, and that is the very large range of incomes from jobs, even for people of similar levels of education, whether those jobs be for wage earners or the self-employed.

This phenomenon is seen most dramatically in how pay varies across firms of differing size when we control for skill differences. In round numbers, wages increase by nearly 50% as firms expand in size from micro, say 5 employees, to large, those with 100 employees. A firm with 100 employees is very large by African standards and, a very important fact for job creation and poverty reduction, is also very likely to be exporting. It is this link between exporting and size which explains

the core linkage between job creation and poverty reduction. Lots of jobs are created in Africa but very few of them are being linked to exporting. They are being created among small firms and in self-employment, and the capital intensity of these activities is so low that wages, or for the self-employed their earnings from trade or business, are commensurately low.

The underlying reason these jobs are so badly paid is that they are in activities where productivity is very low; and crucially, the most important source of this low productivity is the low levels of physical, not human, capital. Our data shows a very substantial spread of incomes for workers – again this is true for both wage workers and the self-employed – across their activities. The implication of these findings is that there is a major mismatch in the labour market by which low paid individuals do not get to work in firms large enough to export. Job creation and poverty reduction are, in fact, very closely related problems.



Nutrition and economic development in sub-Saharan Africa

Alexander Moradi



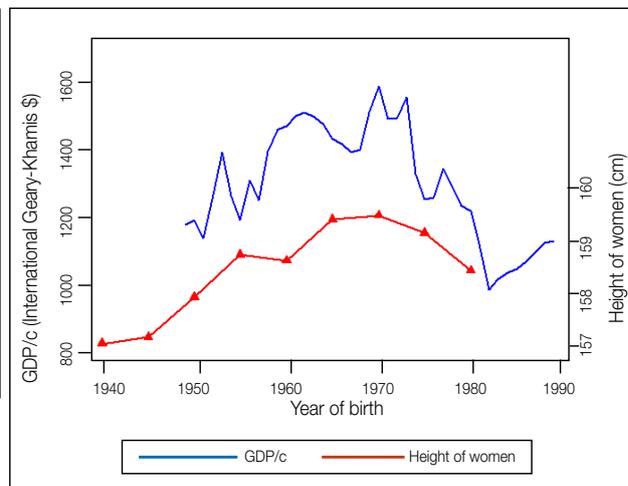
It is widely acknowledged that poverty is multidimensional, encompassing much more than lack of income. Poverty can be rather understood as a condition characterised by deprivation of basic human needs. Nutrition and health are such essential elements of the quality of life.

Anthropometry provides one of the best tools to assess nutrition and health status. Children's bodily growth responds very sensitively to deprivation and insults. A chronically low quantity and quality of nutrients and a high burden of diseases and physical exertion stunt body growth. Although body stature of individuals is also influenced by genetics, low and high genetic potential cancel each other out when considering populations. Consequently, a population's mean height reflects the nutrition and health conditions that this population has faced during the period of bodily growth.

By using mean adult height as a measure of nutrition and health status, the study examines the nutritional situation in sub-Saharan Africa and aims to clarify which factors favour improvements in nutrition and health well-being. The study used heights of more than 200,000 women in 28 African countries. The findings suggest that nutritional status was in a good state in the 1960s and, in fact, women in Africa were taller than in other developing regions like South Asia or Latin America. African mean heights also exceeded the physical stature of Europeans in the late nineteenth century. However, the trends and nutritional status point to poor development – mean heights were stagnating and decreasing, indicating that nutrition and health conditions greatly deteriorated especially in the 1970s. This experience stands in striking contrast to the trend of upward-sloping heights found in almost all other regions of the world in the 20th century.

What has caused African mean heights to decline? Besides national food supply and progress in general health conditions, economic development turned out to be a very strong determinant of nutrition and health status. This relationship can be seen in the graph, which shows the experience

ran Africa



Economic development and nutritional status in Ghana

Sources: Maddison 2001, GLSS 1987/88 and GDHS 2003

of Ghana. Over the 1950–1970 period, per capita income growth averaged 1.2%. In the 15 years thereafter, Ghana was hit by an economic crisis with GDP/c falling by 2.4% per year. The trend of mean stature followed this pattern – the mean height of women born in the 1950s to the late 1960s increased by 1.7cm (scale on the right hand axis). Then, in cohorts of the early 1970s, the long-term trend of upward-sloping heights came to a halt and mean heights fell by 1.1cm.

There is an influential theoretical literature arguing that inadequate nutrition is a cause of poverty. Nutrition may determine the capacity for work and labour productivity, which in turn influences labour income. Nutritional improvements also increase life expectancy and may therefore stimulate investments in human capital. In this case, causality would run from nutrition to income and not vice versa. Taking this line of reasoning seriously and applying appropriate econometric methods, however, does not change results and the conclusion of the study is that the economic crisis in the 1970s and 1980s in sub-Saharan Africa was so severe that it caused the health and nutritional well-being of a large part of the population to decline significantly.

It is planned to extend this study of nutritional status into the first half of the twentieth century. The British colonial army is a valuable data source as the lower ranks were generally

recruited from the indigenous population and heights were used for identification purposes and as a measure of physical fitness. Height measurements of African men born in pre-colonial times can be found on attestation forms including additional information on date of enlistment, age, place of birth, religion, occupation, father's occupation, literacy and ethnic group. Currently, data collection is ongoing for the Gold Coast Regiment, which recruited mostly Ghanaians. However, it is aimed to cover other African countries as well.

This research is very important. In early twentieth century Africa, considerable economic and social changes took place which shaped the daily life of the indigenous population enormously. In Ghana, for example, the market transition gained momentum, a growing railway network opened up the economy, cash-crop cultivation expanded and considerable labour migration took place. Little quantitative evidence exists so far on how the living standards of the indigenous population evolved during that time. A long-term perspective can also contribute to a better understanding of the dismal economic performance of Ghana and other sub-Saharan African countries. For instance, some economists have stressed that Africa lacks pro-growth institutions. Others argue that geographical factors and an adverse health environment are responsible for a low labour productivity and per capita income. Such explanations are deeply unsatisfactory. Institutions are persistent over time and the African countries' location in the tropics does not change. Therefore, one would not expect much change in the situation of Africa's people over time. An anthropometric study of the time period 1880–1960 demonstrates possible changes in living standards during the period of colonialism. This would challenge the explanatory power of any time-invariant factors. Contrary to conventional wisdom, significant reductions in poverty could have taken place in Africa in the period before 1950.



New GPRG Working Papers

A pluralist account of labour participation in India, *Wendy Olsen and Smita Mehta, GPRG-WPS-042*

Reclaiming development? NGOs and the challenge of alternatives, *Diana Mitlin, Sam Hickey and Anthony Bebbington, GPRG-WPS-043*

Intrahousehold welfare, *Marcel Fafchamps, Bereket Kebede, and Agnes R. Quisumbing, GPRG-WPS-044*

Remittances, poverty reduction and the informalisation of household wellbeing in Zimbabwe, *Sarah Bracking and Lloyd Sachikonye, GPRG-WPS-045*

Nutritional status and economic development in sub-Saharan Africa, 1950–1980, *Alexander Moradi, GPRG-WPS-046*

Escaping violence, seeking freedom: Why children in Bangladesh migrate to the street, *Alessandro Conticini and David Hulme, GPRG-WPS-047*

Coffee price risk in the market: Exporter, trader and producer. Data from Uganda, *Ruth Vargas Hill, GPRG-WPS-048*

The role of risk in shaping production decisions: An empirical analysis, *Ruth Vargas Hill, GPRG-WPS-049*

Gender, education and occupational outcomes: Kenya's informal sector in the 1990s, *Rosemary Atieno and Francis Teal, GPRG-WPS-050*

To train or to educate? Evidence from Tanzania, *Godius Kahyarara and Francis Teal, GPRG-WPS-051*

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: Daniel Clarke, Alessandro Conticini, Marcel Fafchamps, Simon Quinn and Pedro Vicente