

DIAL's research programme on


Urban dynamics and its impact on household living conditions


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Urban dynamics and its impact on household living conditions

Two orientations :


 Analysis of the labour market and the evolution of population living conditions;

 'The voice of the poor through statistical surveys'
or 'How to use statistical surveys as a monitoring tool for poverty & urban governance'


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Urban dynamics and its impact on household living conditions

 This programme covers a large geographic area --> 7 Western African capital cities & the 7 biggest towns in Madagascar

(Benin, Togo, Niger, Mali, Burkina Faso, Côte d'Ivoire, Senegal, Madagascar)

 They mobilise an important data basis

 mainly the results of the 1-2-3 surveys

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Urban dynamics and its impact on household living conditions

Contents of the presentation

Introduction

An adequate tool not only to assess household living conditions but to monitor poverty?

(Ex: methodological issues of the study on *Urban Poverty in Western Africa* based on HH surveys of the 80's & 90's)

I.- The 1-2-3 survey: a specific poverty and urban governance monitoring tool

Some results of our analysis:

II.- Urban poverty and recession in SSA Elements for an assessment

III.- The voice of the poor

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An adequate tool to monitor policies and assess household living conditions?

Three major objectives:


- ✍ measuring and analysing poverty to support the definition of anti-poverty strategies;
- ✍ real-time monitoring of changes in living conditions --> to provide feedback on the impact of reforms;
- ✍ making information available to all --> participation in the decision-making process
- > making governments feel accountable.


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An adequate tool to monitor policies and assess household living conditions?

 a reliable, up-to-date and effective system for collecting statistical information,

 a policy of systematic and regular dissemination of the results.

 In many poor countries, particularly in SSA, these objectives are far from being achieved.

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*Example:
Urban Poverty
in Western Africa*

The objectives of the study :

- ✍ Measure and interpret recent changes in welfare of urban households in Western Africa, using existing surveys
- ✍ Review the quality of the numerous household surveys launched since the 80's and their potential use for this diagnosis



*Example:
Urban Poverty
in Western Africa*

METHODOLOGICAL ISSUES

Numerous problems with the data :

- ✍ insufficient quality of the data
- ✍ no common methodology of surveys
- ✍ measurement of consumption
- ✍ WB purchasing power parities inaccurate

Measurement errors>>Sampling errors



*Example:
Urban Poverty
in Western Africa*

Sampling plan :

- ✍ Variability of sample size
- ✍ Change in urban areas coverage

Measurement of consumption :

- ✍ Massive and variable underestimation (Priority Survey)
- ✍ No systematic collection of auto-consumption
- ✍ No regional deflators (« volume/price » decomposition)



Example Urban Poverty in Western Africa

Use of data :

- ✍ Blatant inconsistencies in official publications
- ✍ No connexion between statistics figures and policy definition

Institutional aspects:

- ✍ No institutional strengthening of NSO
- ✍ Lack of coordination among donors

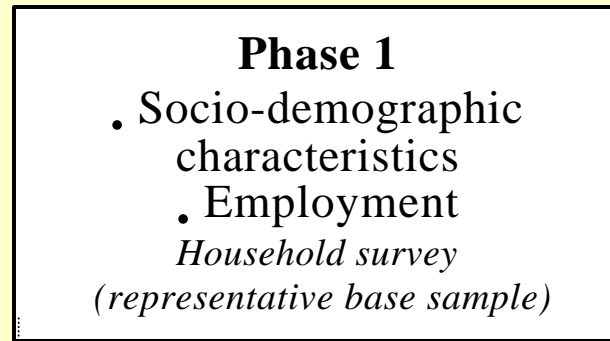


Example Urban Poverty in Western Africa

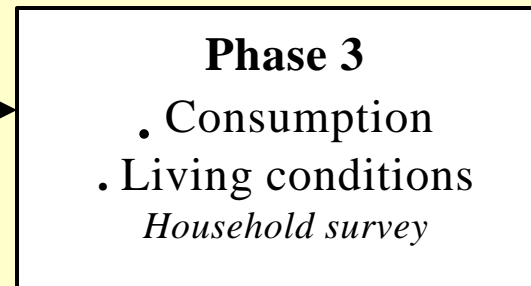
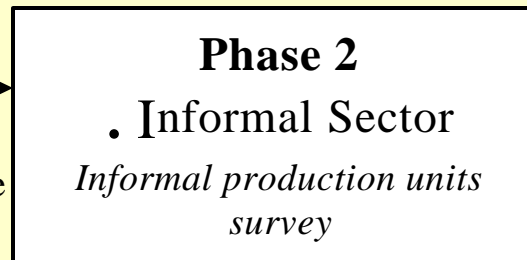
Recommendations :

- ✍ **Adapt HH surveys system to local situation**
 - ✍ LFS as a benchmark for monitoring HH situation
 - ✍ Supra anual periodicity for monetary poverty measures
 - ✍ Progressive extension for geographic coverage
- ✍ **Improve surveying techniques**
 - ✍ Harmonization of data gathering procedures over time (concepts, definitions, nomenclatures, etc.)
- ✍ **Capacity building and development**
 - ✍ Sustained technical assistance support
 - ✍ Stabilization of qualified professionals (cf. low pay level)

The 1-2-3 survey: a specific poverty and urban governance monitoring tool



Basic Mechanism
(principle of grafting surveys)



+ *Variable thematic modules*

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Variable thematic modules

In the form of extra modules added to one of the three phases

(specific survey on a sub-sample)

Education / Health Survey
Household Survey

- ✍ State of health, poor people's demand for healthcare
 - ✍ Poor people's demand for education
- Specific survey, 1997*

Transfer Survey

- ✍ Transfers between households
- Specific survey, 1997*

Biographical Survey

- ✍ Trajectories (employment, family, residence)
- Specific survey, 1998*

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Variable thematic modules

In the form of extra questions modules added to one of the three phases form

« Voicing »

Effective way of understanding and channelling
poor people's opinion
(households' point of view)

- > The poor and economic policy (*phase 3, 1995*)
- > Education policy and structural adjustment (*phase 1, 1996*)
- > Elections, political parties, ethnic groups (*phase 1, 1997*)
- > Administrative Reform, privatisation, corruption (*phase 1, 1998*)
- > Subjective appreciation of household poverty (qualitative perception) (*phase 3, 1998*)
- > Fluctuations of living conditions, vulnerability (*phase 1, 1999*)
- > Poverty, violence and exclusion (*phase 1, 2000*).

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The 1-2-3 survey: a specific poverty and urban governance monitoring tool

Strong points :

Reliable information

 due to quality control at each stage

 accent put on capacity-building

Regular monitoring

Comparability over time (same methodology)

Low costs (light, flexible mechanism, economies of scale)

Appropriation by nationals / ownership (inclusion in national statistical system / rapid dissemination of results --> publication in the media)

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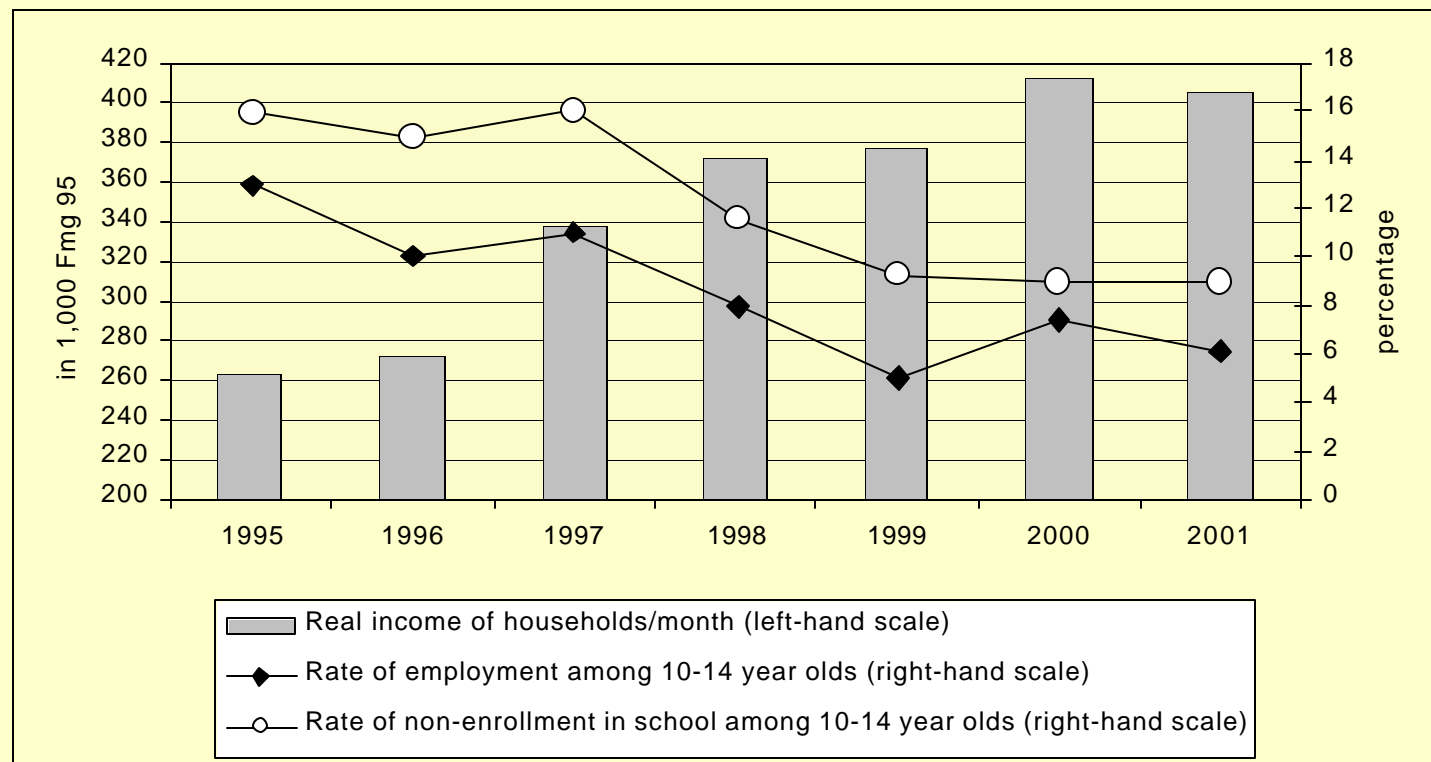
The 1-2-3 survey: a specific poverty and urban governance monitoring tool

✍ Two Illustrative results

✍ connexion between statistics figures and policy definition

✍ Advantages of Regular monitoring & comparability over time

Increase in salaries and change in rate of employment among children



Sources: 1-2-3 surveys, 1995 to 2001, phase 1, Madagascar MADIO/INSTAT, authors' calculations.

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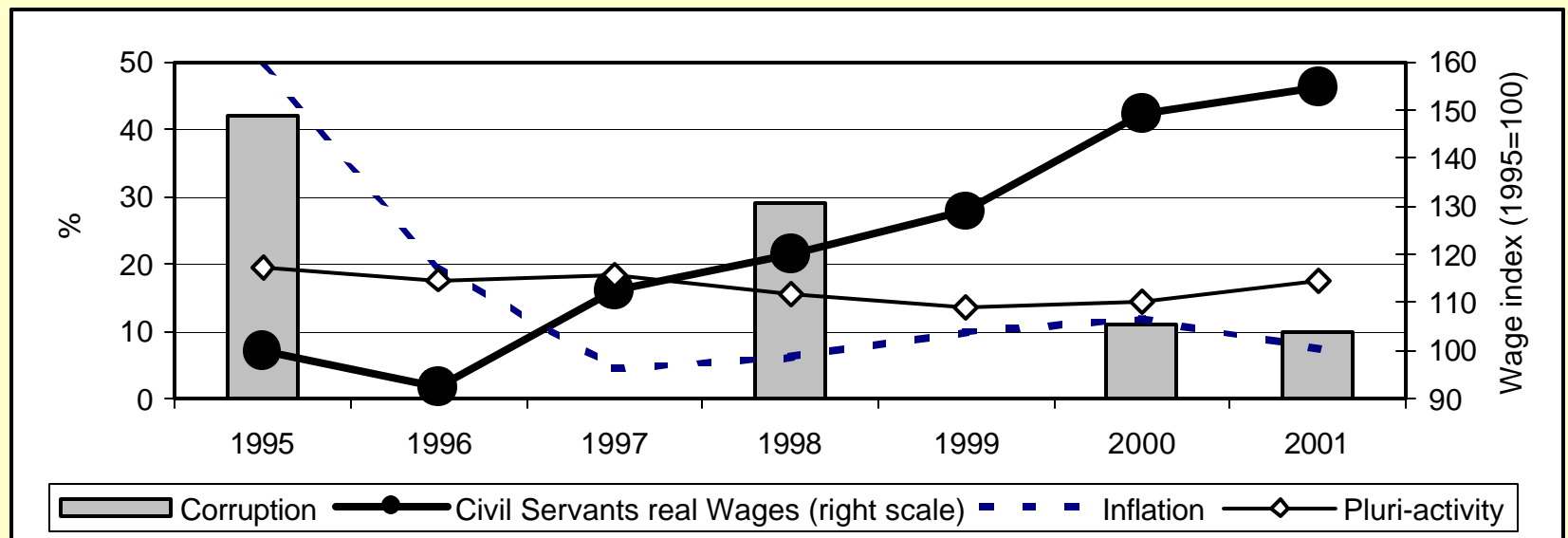
The 1-2-3 survey: a specific poverty and urban governance monitoring tool

Two Illustrative results

 connexion between statistics figures and policy definition

 Advantages of Regular monitoring & comparability over time

Public wages and incidence corruption in Madagascar 1995-2001



Source: Razafindrakoto and Roubaud (2001) based on employment surveys 1995-2001, MADIO/INSTAT.

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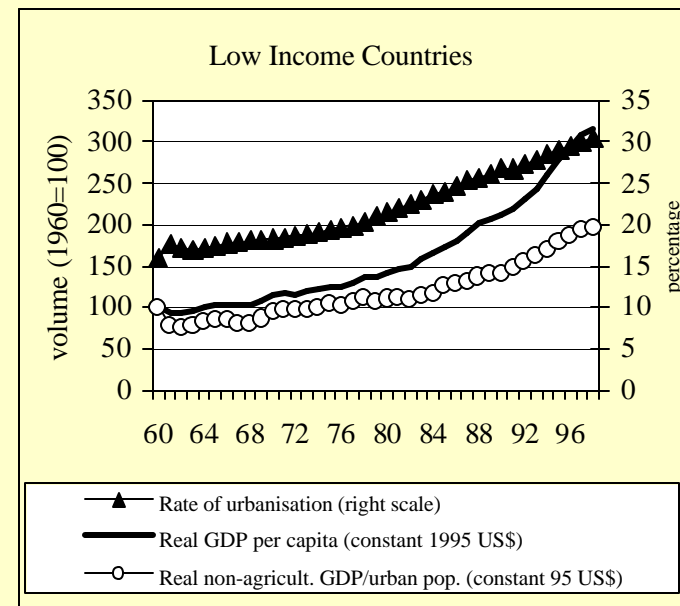
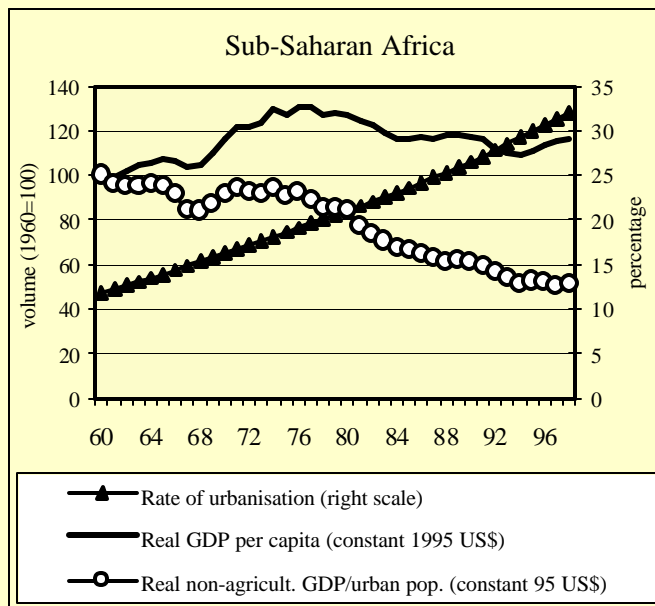
Urban poverty and recession in Sub-Saharan Africa

Elements for an assessment

✍ Two major trends: prolonged recession & rapid urbanisation

✍ *The urban dynamic: cities suffer most*

Evolution of the rate of urbanisation and per capita GDP

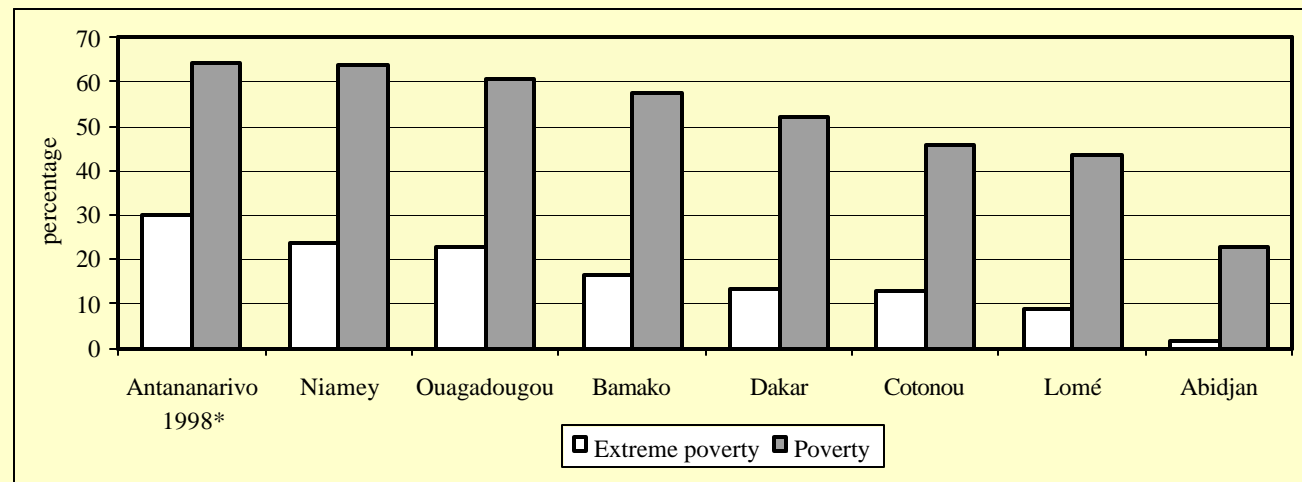


Urban poverty and recession in SSA

Elements for an assessment

The magnitude of poverty in 8 African capitals

The incidence of poverty in eight African capitals in 1996?



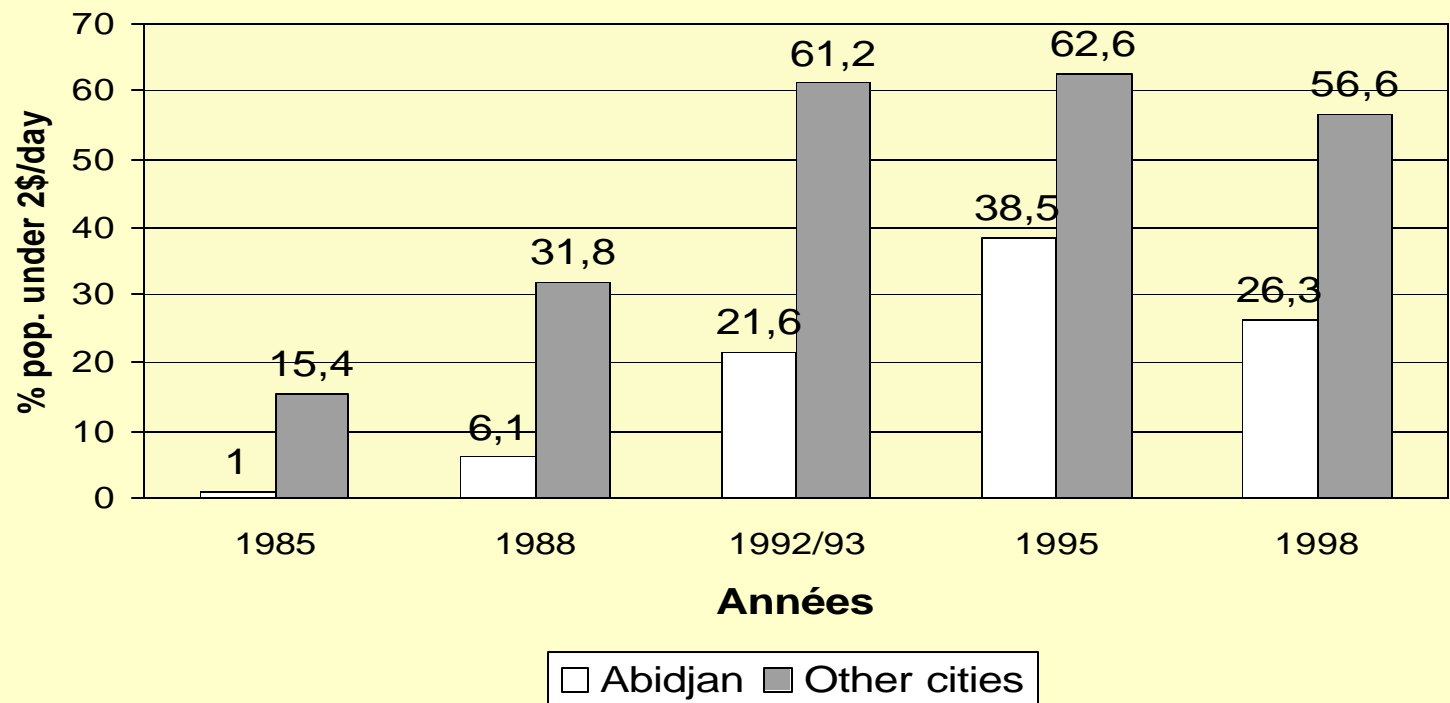
Source: Backiny-Yetna and Torelli (2001). The poverty line is defined \$2 (1985 PPA) a day per capita. Extreme poverty is set at \$1 a day. Data for Antananarivo refers to 1998.

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Urban Poverty in Western Africa

Evolution of poverty in Ivory Coast




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Urban poverty and recession in SSA

Elements for an assessment

The many dimensions of poverty


 *Considering the most disadvantaged third for each approach :*

Four objective approaches :


–monetary, material conditions of existence, human capital, exclusion (social capital),


Three subjective approaches :


–general perception, satisfaction of basic needs, financial situation

 Cumulating all of the forms of poverty :

2% of population of Antananarivo

 Presenting at least one form of poverty : **78%**

 Poverty can manifest itself in different forms which do not necessarily reflect household consumption levels.

 Furthermore, the extent of poverty seems even **greater** when its **multi-dimensional nature** is taken into account.

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Elements for an assessment

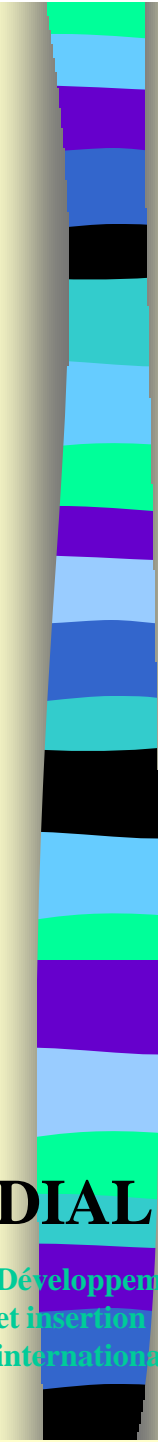
The central role of the labour market dynamic

The labour market has undergone a marked upheaval:

-  a freeze on recruitment in the public sector;
 -  an increase in the level of training of the labour force; a decrease in economic returns on tertiary education;
 -  a fall in real earnings and of per capita wages;
 -  a decrease in the proportion of salaried workers;
 -  the informalisation of labour; a rise in unemployment;
- Informal sector 35% of jobs in Yaoundé in 1983, --> over half the labour force 1993
. In Antananarivo in 1995, informal sector jobs: 58 % of the employment total.

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Urban poverty and recession in SSA

Elements for an assessment

 ***In spite of compensation strategies --> limited***

Two potential options:

> finding alternative sources of income;

- mobilisation of labour reserves – including children – in households during times of crisis (cf. *growth in the women's labour force participation rate*)
- multiple activity, private transfers, migration

> changing their consumption habits and optimising their spending.

- by falling back on products of primary necessity and on the least expensive high calorie food products --> Diet is deteriorating (less meat and fish)
- by buying an increasing % of provisions in the informal sector (lower prices but often poor quality).

narrow margins for manoeuvre

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Urban poverty and recession in SSA

Elements for an assessment

During the 2nd half of 1990s in the Malagasy capital

 Favourable macroeconomic dynamic

--> rapid upturn in the labour market

--> positive impact on living conditions

- *Substantial rises in purchasing power and an increase of 38 per cent in average income have been recorded during the period.*

- The global rate of underemployment: 60% in 1995--> 48% in 1999.

- The decline in the number of family members 'forced' to work → a sharp reduction in the children's labour force participation rate

- in the same period, the incidence of poverty declined by over 10 points, falling from 39 to 27 % in terms of the number of individuals affected.

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*a glimpse of a possible strategy for
reversing present poverty trends in African cities*

Urban poverty and recession in SSA

Elements for an assessment

During the 2nd half of 1990s in the Malagasy capital

✍ Favourable macroeconomic dynamic

--> rapid upturn in the labour market

--> positive impact on living conditions

Table 7 Evolution of monetary poverty in the Antananarivo agglomeration, 1995-2001

	1995	1996	1997	1998	1999	2000	2001
Incidence of poverty (% of individuals)	39.1	35.6	28.2	28.4	27.2	18.9	19.4
Incidence of poverty (% of households)	34.9	32.4	24.3	25.4	24.0	16.3	17.1
Poverty line (in 1,000 FMG per month)	28.6	38.7	41.1	44.4	47.1	52.8	55.8
IPC (Survey period: 1-2-3 Phase 1)	100	135.8	144.2	153.2	163.0	185.0	195.3

Sources : Employment surveys, 1995-2001, MADIO, authors' calculations. Rates have been calculated on the of household income per member. The poverty line has been calculated on the basis of the consumption si (Phase 3 of the 1-2-3 survey) in applying the 1985 \$1 (PPP) per capita. This poverty line has been readjusted year for the 1996-2001 period, taking inflation into account.

The voice of the poor

✎ Poor people are more attached to state schools

1996	Poor Quartile	Rich Quartile
In favour of state schools for all	37%	20%
Private schools are a factor of inequality	30%	18%
State schools should remain free of charge	85%	74%

✎ The need for State intervention : poor people are afraid of liberalisation

1995/98	Poor Quartile	Rich Quartile
In favour of a managed economy	61%	44%
Have confidence in the public authorities	37%	22%
Subsidies for essential goods	31%	22%

✎ Declining corruption benefits the poor

	Poor Quartile	Rich Quartile	Total
Victim of corruption in 1995	42%	39%	42%
Victim of corruption in 1998	26%	34%	29%

The voice of the poor (continued)

☞ The poor are cut off from democracy and social debate

	Poor Quartile	Rich Quartile
Rate of abstention in 1996	29%	22%
Political freedom favours development	28%	35%
Have heard of civil service reform	24%	43%
Have heard of privatisation	47%	77%

☞ Consensus on development priorities

	Poor Quartile	Rich Quartile
Corruption : the main problem	93%	96%
Inequality rich/ poor : 1 st source of injustice	94%	93%
Base wages on merit	96%	92%
In favour of decentralisation	89%	88%

☞ Privatisation, an idea that is gaining ground

	Poor Quartile	Rich Quartile
Against any privatisation in 1995	52%	34%
Against any privatisation in 1998	32%	12%



Conclusion

✍ Some principles of our research

- investment in order to mobilise reliable (first-hand) data + time-series
- figures/results usable in the decision-making process

✍ Two directions

- assessment of the evolution of household living conditions
(diagnosis + identification of micro & macro-economic causes)
- listening, understanding and channeling the voice of the poor
(-> *empowerment / participatory process*)