



Does AIDS-Related Mortality Reduce Per-Capita Household Income?

Evidence from Rural Zambia

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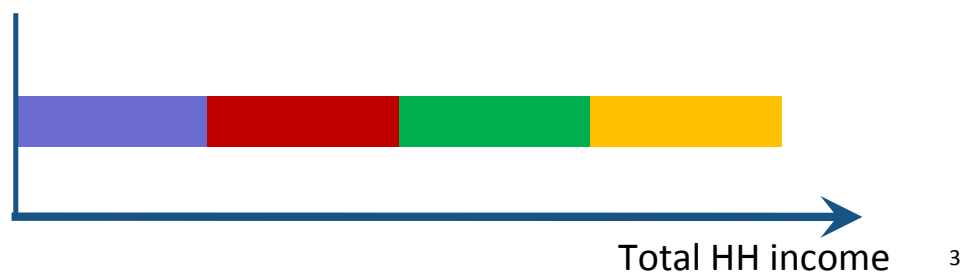
Introduction

- **AIDS leading cause of adult death in SSA**
 - 1.5 million deaths in SSA in 2007
 - 22 million infected with HIV in SSA
- **Fight against HIV/AIDS high priority in development efforts**
 - HIV/AIDS afflicts most productive population
 - Development crisis?
- **Little (quantitative) evidence on welfare effects of AIDS-related mortality**
 - Tanzania: per-capita consumption drops by 7%
 - Zambia: sale of livestock (small animals), change of HH composition
 - Mozambique: no effects on per-capita income

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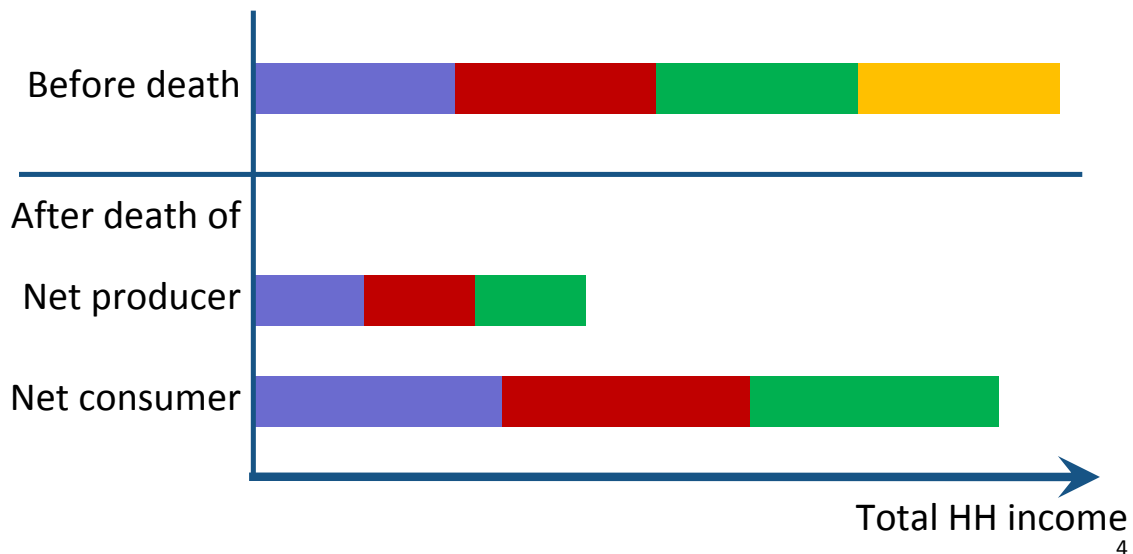
Theoretical considerations I

- **What do we do?**
 - Focus on monetary dimension of welfare
 - Effects of AIDS-related death on per-capita income in Zambia
- **Direction of effects not clear a priori**
 - HH per-capita income = Total income / HH size
 - Both sides are likely to be affected
 - Example with four members



Theoretical considerations II

- **Net producer versus net consumer**
 - Net producer: production > consumption
 - Net consumer: consumption > production



Theoretical considerations III

- **Per-capita income effects**
 - Death net producer lowers per-capita income
 - Death net consumer increases per-capita income
- **Coping strategies to increase income**
 - *Income coping*
Change labour supply and allocation
 - *Demographic coping*
Attract net producers, send net consumers away
 - Demographic coping affects per-capita income of other households

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Data

- **Data**
 - Nationally representative survey of 5420 rural farm households in Zambia
 - Interviews conducted in 2001 and 2004 by CSO and FSRP
- **Main variables**
 - *AIDS-related death*
Approximated by death of prime-age (15-59) member, 10 % of HHs affected between 2001 and 2004
 - *Household income (per year)*
Sum of the value of agricultural production, livestock produce, and off-farm income

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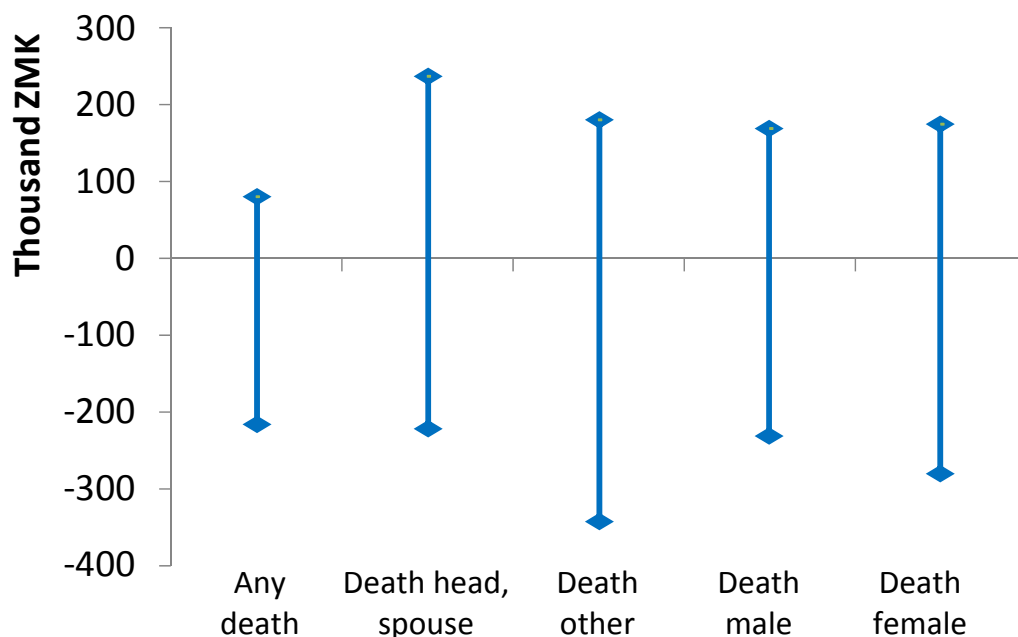
Research approach

- **Identification of causal effects, not correlations**
 - Only consider deaths between the two survey rounds
 - Track development of per-capita income for each household over time
 - Examine differences between afflicted and non-afflicted households
 - Only compare households that in 2001 were similar to each other in terms of location, size, composition, income-generating activities, wealth, and social capital
- **Distinguish between kind of death**
 - Death of head/spouse and other members
 - Death of male and female members

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Results I – afflicted households

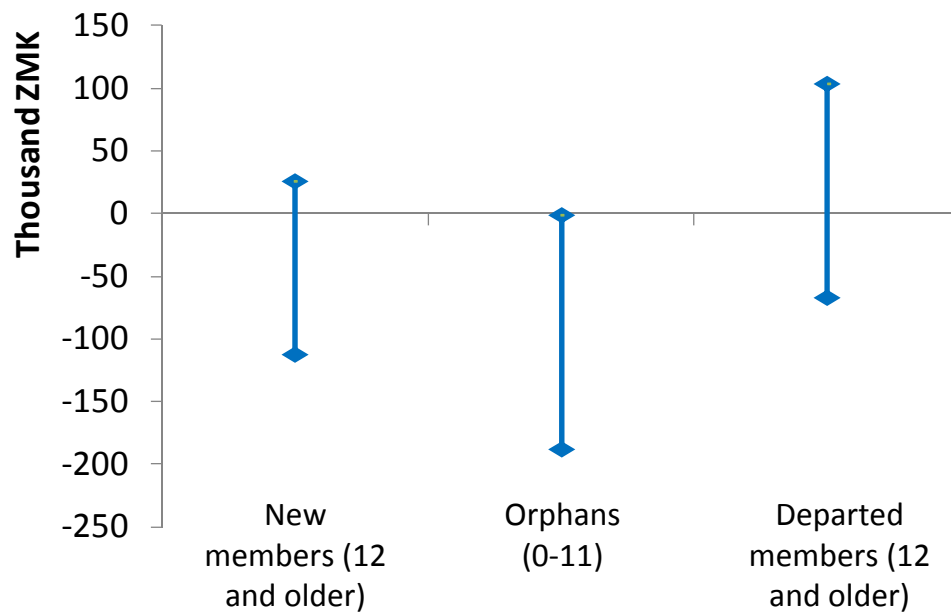
- **Change in per-capita incomes after death of a prime-age member**



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Results II – spillovers

- **Change in per-capita incomes for non-afflicted households sending members away or hosting new members**



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Conclusions

- **Overall, little evidence for significant effects of prime-age death on per-capita incomes**
 - Afflicted households stabilise their per-capita income
 - Is there surplus labour on farms?
 - But households hosting orphans see per-capita income fall
- **Caveats**
 - Only short- to medium-run effects
 - There are other important dimensions of welfare
 - Period of illness
- **Policy implications**
 - Targeting of financial support
 - Balance of monetary and non-monetary measures?

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Thank you!