



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

## **Evidence from Rural Zambia**

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**Workshop on HIV/AIDS and Development in Zambia**  
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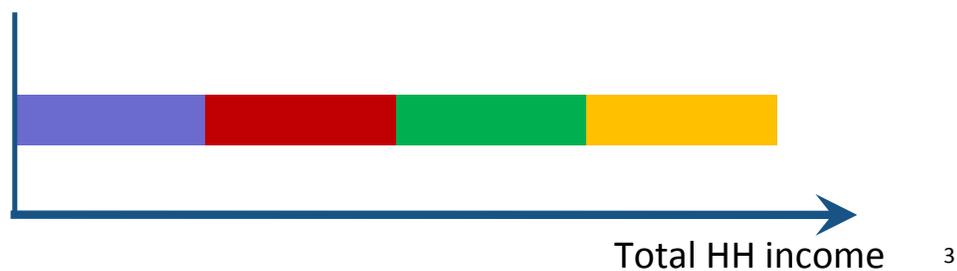
## **Introduction**

- **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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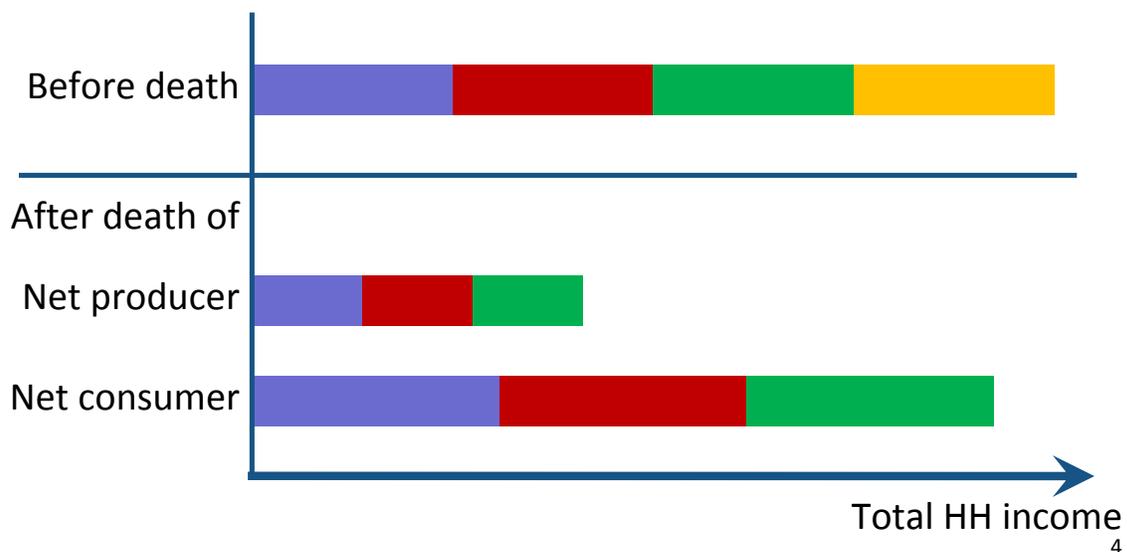
## Theoretical considerations I

- **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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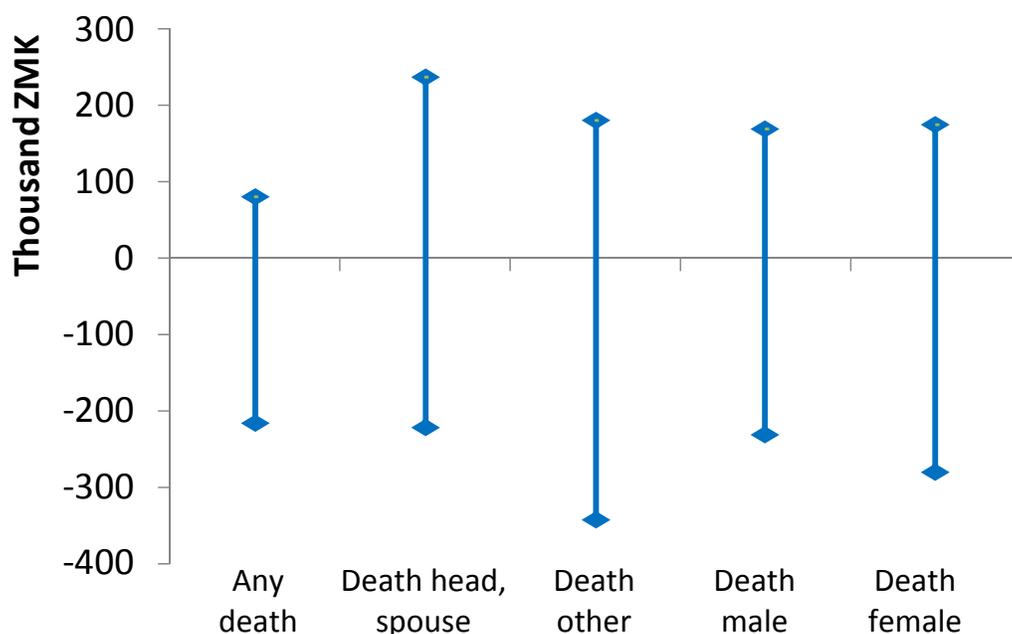
## Research approach

- **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

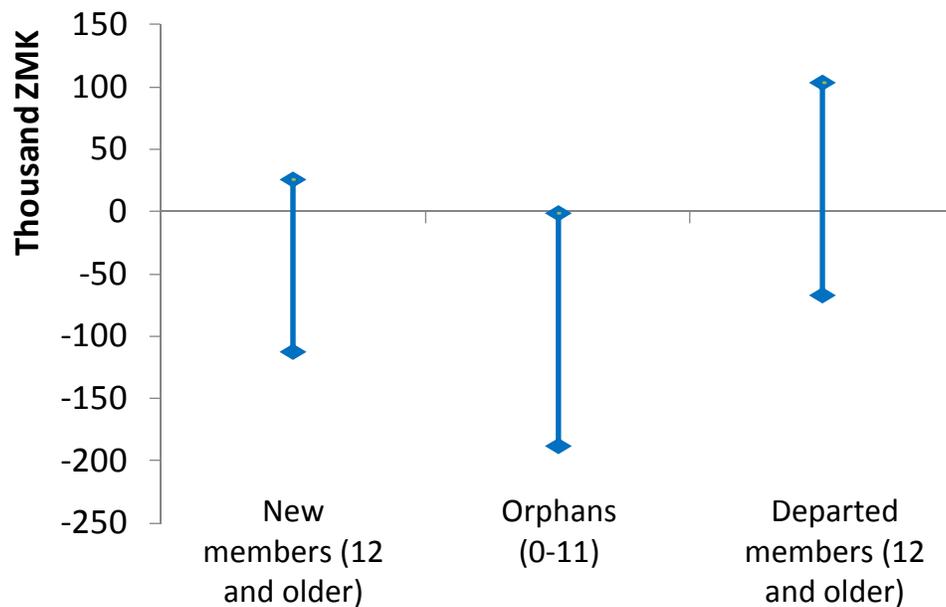
- **Change in per-capita incomes after death of a prime-age member**



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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!**