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Thematic: Poverty and welfare

Identification and rural-urban decomposition of vulnerability to poverty in Togo

By

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Contents

- 1 Introduction
- 2 Methodology
- 3 Results
- 4 Conclusion and Discussion
- 5 Policy Implications

Background of the Study

- SDG 1 : “Ending poverty in all its forms everywhere”, specific target “increase the resilience of the poor and those in vulnerable situations”
- Poverty and vulnerability are interlinked in such a way that each causes the other
- Togo overall poverty rate was 53.5% in 2016, urban 35.9% , rural 68.7%
- More than half of the population (57%) lives in rural areas (INSEED-Togo, 2022),
- Residing in rural or urban areas, Togolese households frequently experience a variety of shocks

Background of the Study con't

Climate shocks effect

- 11,688 hectares of cultivated land, 300 km of roads and 11 major bridges were destroyed
- Leading to food insecurity , inflation rates rose from 1% in 2007 to 9.1% in 2008 (GFDRR,2011)

Health shock (Covid 19 health shocks)

- Decline in production and sales
- Roughly 62% of jobs are affected,
- 49% in the service sector and 13% in the industrial sector.
- The number of employees at retail sale and leisure sectors has declined by 30%

Statement of the Problem

- Despite the fact that the statistics on ex post poverty are well known in Togo, analysis that investigate the level of ex ante poverty are still lack
- Djahini-Afawoubo and Couchoro, 2020) : the dynamic of non-monetary poverty; (Ametoglo and Guo, 2016; Couchoro and Dout, 2019): the decomposition of poverty over short periods; (Noglo, 207): multidimensional poverty
- (Atake 2018): poor and uninsured households are more vulnerable to poverty due to health shocks in Sub-Saharan Africa
- studies engaging household vulnerability to poverty are yet to be materialized in Togo

Objectives

- Identifying and studying urban-rural disparities in vulnerability to poverty.
 - Calculate the monetary vulnerability to poverty index,
 - Examine the determinants of vulnerability to poverty,
 - Determine the rural-urban vulnerability to poverty disparities.

Model specification

- Calculation of vulnerability to poverty: Expected poverty approach of Chaudhuri et al. (2002)
- For a given household h the vulnerability is defined as the probability of its consumption being below poverty line at time $t+1$:
- $V_{ht} = Pr(lnc_{h,t+1} < lnc_{\underline{c}})$

Mode specification con't

- Rural-urban disparities analysis: Oaxaca-Blinder decomposition of Oaxaca (1973) and Blinder (1973).
- Initially, it was introduced by Oaxaca (1973) and Blinder (1973) to investigate gender wage gaps in the labor market.
- In the case of our study, we used Oaxaca-Blinder (OB) decomposition to explain what factors contributed to rural-urban disparities in vulnerability to poverty in Togo

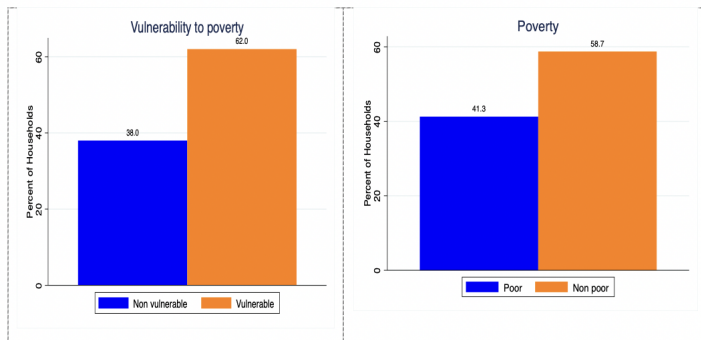
Estimation techniques

- Vulnerability to poverty: Feasible Generalized Least Square (FGLS) methodology in three stages, Amemiya's (1977)
- Determinants of Vulnerability to poverty: Ordinary Least Square (OLS)
- Rural-urban disparities analysis: the detailed decomposition of Jann (2008), by computing normalized effects of Yun (2005)

Data

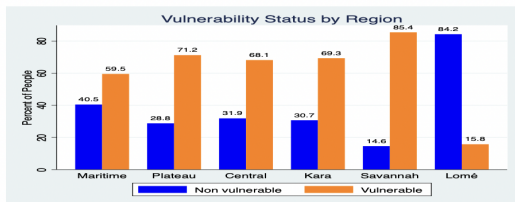
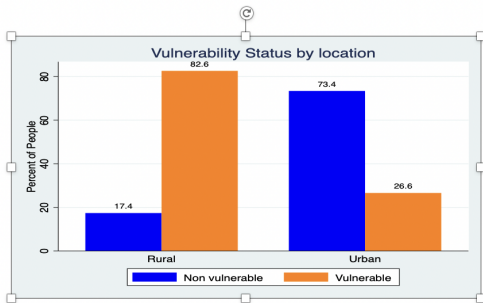
- The Harmonized Survey on Households Living Standards 2018-2019 (EHCVM 2018/19)
- The EHCVM is a nationally representative survey of 6,171 households 2270 from urban areas and 3901 from rural areas
- The Togo EHCVM 2018/19 covered the following topics: education, health, employment, finances (saving and credits), food security, housing, household's assets, shocks and survival strategies, agriculture

Results



Source: authors elaboration based on Togo EHCVM 2018/19 data

Results



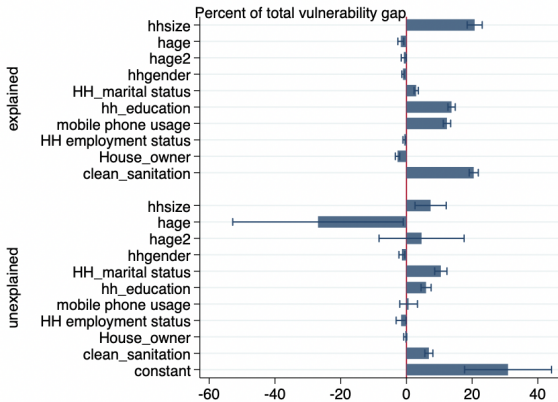
Source: authors elaboration based on Togo EHCVM 2018/19 data

Results

- Increase the probability of being poor
 - the household size,
 - being unemployed,
 - facing a natural covariate shock .
- Decrease the probability of being poor
 - old head of Households,
 - been educated irrespective of the education level
 - head of household that have access to electricity,
 - use mobile phone and use clean sanitation.

Results

	(1)
	Vulnerability to poverty
	b/se
overall	
group_1: Rural	0.5064***
	(0.0034)
group_2: Urban	0.2179***
	(0.0037)
difference	0.2885***
	(0.0051)
explained	0.1828***
	(0.0052)
<u>unexplained</u>	0.1056***
	(0.0030)
Explained %	63.36%
Unexplained %	36.60%



Conclusion and Discussion

- The number vulnerable households (62%) is higher than the number of currently poor households (41%).
- The rural household had a higher average vulnerability to poverty (0.51) compare to the urban households (0.22).
- Female head households are more vulnerable than male head household.
- Explanation: female head seem to be less educated, have precarious jobs hence an instable or low income which make them more vulnerable.
- Female head households may be the household in which the women are taking care of them self and others alone such as separated/divorced, widow and single mothers

Conclusion and Discussion

- Regarding the determinants of vulnerability to poverty, the household size affect positively and significantly vulnerability to poverty.
- This can be explained by the fact that, increasing the number of household members while holding income constant leads to a decrease in the welfare of all the members due to competition for the existing scare resources.
- Education is an important determinant of vulnerability to poverty, it reduces significantly vulnerability to poverty.

Conclusion and Discussion

- This phenomenon could potentially be ascribed to the premise that household heads with higher levels of education are anticipated to exhibit higher levels of expenditure on consumption.
- Individuals with a higher level of education are more likely to be resilient to changing situations and to have a better coping technique or capability
- In addition, more educated head tend to keep their household size smaller because they better understand the implication of having a larger household
- Significant disparity in vulnerability to poverty between rural and urban households.
- Size of household, education, using a mobile phone and using clean sanitation are the most contributor to the explained gap

Policies Implications

- Develop targeted interventions aims at reducing household's poverty and vulnerability to poverty according to each region characteristics
- Include in the poverty reduction programs specific objective directed to the vulnerable proportion of the population.
- Provide training and education opportunities to the households who have lower education level

Thank you!