

## **Adult mortality and the long-run impact on households**

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### **Abstract**

Using a unique panel data from Tanzania, this study evaluates the long-run impact of adult mortality on the economic well-being of households. This research will add to our understanding of coping processes and long-term outcomes of this major health shock and address important questions: Do long-run coping mechanisms differ from short-run adjustments? Are some types of households buffered from shocks more than others? Does AIDS increase poverty despite short-run coping and is AIDS a poverty trap for future generations? The panel data is unique in that it will allow us to link *individual* positions from 1991 to 2004. This is achieved via a careful tracking of individuals initially interviewed at the baseline, even if it involves individuals that have split-off from the original households, or if the original households as an entity have ceased to exist.

### **Extended Abstract**

While there are other more prevalent diseases in Africa, the characteristics of HIV/AIDS suggest that its economic and demographic impact will be profound. In the absence of the AIDS epidemic, prime-age deaths are relatively rare in Africa. Because HIV in Africa is transmitted primarily through heterosexual contact, the epidemic is having a dramatic impact on the mortality of men and women in their prime childbearing and earning years; consequently, the mortality rates of adults 15–50 can double, triple, or quadruple. Moreover, HIV/AIDS is not restricted to poorer populations.

Research on the socioeconomic impact of AIDS is wide and varied, and can be partitioned into estimates of macroeconomic costs and analysis of household (microeconomic) impacts. Most of the empirical analysis of the economic impact of high prime-age adult mortality due to HIV/AIDS and other fatal illnesses has been at the macroeconomic level with mixed conclusions. The underpinnings of the macroeconomic studies are the behaviors of individuals affected by

HIV/AIDS, those who are infected or those with socio-economic ties to infected persons. While there is increasing evidence of short-run economic impacts due shocks such as large-scale fiscal crises, morbidity shocks, and weather variation, evidence about the impact of HIV/AIDS is often largely anecdotal, or sometimes simply speculative. Furthermore, the available evidence relates to the impact of HIV/AIDS in the short-run, and not in the long-run. If households have short-run coping strategies (such as selling off assets, borrowing, increased remittances from relatives) that are not sustainable in the long-run, the true impact of these shocks may be quite different from the short-run outcomes. Long-run impacts could evolve if this shock results in changes in income or asset strategies, such as taking less risk, holding more liquid and less productive assets, or less investment due to lower access to credit.

The lack of quantitative studies of the impact of an adult death at the household or individual level perhaps stems in large part from the difficulty in collecting data with the appropriate information to analyze the impact of adult mortality within households. To this end, this research draws on a unique set of panel data collected in the northwest region of Tanzania originally designed to assess the short-run impact of an adult death.

The goal of this study is to understand how households are affected in the long-run by health shocks due to HIV/AIDS, drawing on analysis of a re-survey of the panel of respondents originally surveyed in the Kagera region of Tanzania in 1991-1994. This study will add to our understanding of coping processes and long-term outcomes of this major health shock and address important questions: Do long-run coping mechanisms differ from short-run adjustments? Are some types of households buffered from shocks more than others? Does AIDS increase poverty despite short-run coping and is AIDS a poverty trap for future generations?

The key issue focus of this study is assessing whether individuals who lived in households experiencing an adult death during the baseline survey rounds have different long-term outcomes in terms of consumption poverty, labor activities, and asset positions. The evidence obtained will contribute to the understanding of how serious idiosyncratic shocks affect outcomes directly as well as via long-term changes in economic and social opportunities.

The KHDS 2004 survey (field work completed in August 2004 and data entry to be completed in October 2004) attempted to re-interview all surviving respondents from the baseline households,

including those who have migrated, thus expanding the sample of household to more than 3,000 households from the baseline of about 900. In addition, the community, price, and primary school questionnaires are again being conducted in the baseline communities.

The KHDS data is unique in that it will allow us to link *individual* positions over time. This is achieved via a careful tracking of individuals initially interviewed in 1991-94, even if it involves individuals that have split-off from the original households, or if the original households as an entity have ceased to exist. Given the long interval since the last round of the panel, numerous previous respondents have migrated or split-off from the original households.<sup>1</sup> Excluding these households in the sample raises obvious concerns regarding the selectivity of attrition. In particular out-migration from the village, dissolving of households, and even marriage, may be responses to adult mortality. For example, in some cases, migration is the strategy of last resort and only the worst affected households will opt for it. Failing to include migrant respondents in the re-survey would thus bias the effect of the impact of adult mortality downwards, creating a false picture of HIV/AIDS having little impact on economic welfare. Additionally, having information on these cases will give a unique opportunity to look at intergenerational income mobility and how it is affected by adult mortality.