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Intra-household wealth inequality: evidence from Sub-Saharan Africa

Gayatri Koolwal (World Bank), Ardina Hasanbarsri (World Bank), Heather Moylan (World Bank), Talip Kilic (World Bank)

Understanding — and targeting — economic inequality within populations faces several challenges, often owing to difficulties around measurement and data collection. This paper examines two major issues in this area:

- First, common household-level measures of income or consumption inequality mask unequal resource allocation and welfare outcomes among individual members (Chiappori and Meghir, 2015; Haddad and Kanbur, 1990). This points to the need for intra-household approaches to measuring inequality. Addressing this data gap is also critical in contexts where the social and economic mobility of specific groups, particularly women, are limited, and household-level policy targeting can overlook how individual members contribute and share resources.

- Along with consumption and income, the distribution of wealth is also an important dimension of inequality. Ownership and rights to assets are important for individuals' productivity and livelihoods; asset accumulation can also provide a longer-term view on economic mobility (Oduro and Doss, 2018; Ruel and Hauser 2013). Within Sub-Saharan Africa, studies have recently highlighted important gender inequalities in land, livestock and financial account ownership, that constrain women's economic opportunities (O'Sullivan, 2017; Kilic et al., 2020). Individual-level data on asset ownership and rights has been scarce, however, particularly within larger-scale, national surveys that would allow a comprehensive view of wealth inequality within countries.

In this paper, we aim to make a significant contribution to the literature by using newly-available, nationally representative data from Tanzania (2019/20), Ethiopia (2018/19), and Malawi (2016/17), to construct measures of intra-household inequality, and compare against other household-level approaches to inequality measurement, including by consumption and income. The data are unique in that they are based on self-reports (as opposed to proxy reports) from individuals aged 18 and older on their ownership and rights across a range of asset categories. We will use these data to provide a more nuanced view of wealth inequality within and across households in these countries.

The data used in this paper are collected as part of the recent World Bank Living Standards Measurement Study-Plus (LSMS+) program, supporting the 18th replenishment of the International Development Association (IDA18) that committed to launch pilot data collection in at least six IDA countries to "gather direct respondent, intra-household level information on employment and assets." Survey design and data collection follow recent 2019 United Nations Guidelines on collecting individual-level data on asset ownership and rights, informed country pilots including the Methodological Experiment on Measuring Asset Ownership from a Gender Perspective (MEXA) in Uganda (Kilic and Moylan, 2016). Like other national multi-topic surveys under the LSMS program, the LSMS+ supported surveys collected detailed data on the same range of individual and household socioeconomic and demographic outcomes critical for understanding poverty and welfare, with the same questionnaire structure, flow of modules and question wording. This allows for cross-country comparisons in the paper alongside the within-country analysis.

Asset categories covered in the three surveys include dwelling land, non-dwelling (primarily agricultural) land, mobile phones, and financial accounts; livestock ownership was also covered in Ethiopia. Self-reported ownership/rights to these assets, as well as valuation of each asset, was collected from respondents. For land, different ownership constructs were covered, including overall reported ownership, economic ownership (being able to control money over the proceeds from hypothetical land sales), as well as documented ownership. In addition, respondents were asked about exclusive versus joint ownership/rights to each asset, and recorded who else shared the asset in the case of joint ownership/rights. Our results do show, under the individual-level survey approach, a substantial share of agreement among couples on ownership and rights to dwelling and non-dwelling land — about 75 percent of land parcels in Tanzania and Malawi, and 90 percent in Ethiopia. In sum, using nationally-representative, self-reported individual-level data from Sub-Saharan Africa on asset ownership and rights, this paper will highlight how intra-household approaches can shed greater light on economic inequality, with a particular emphasis on wealth inequality measures. Labor outcomes, including earnings data, are also collected at the individual level, which will allow for construction of intra-household measures of earnings inequality in the paper as well.

Initial findings do reflect significant gender differences in asset ownership and rights across the three countries in this study, that will also be highlighted:

- We find significant gender differences in land ownership, particularly in Tanzania and Malawi. Even when the share of women and men owning land is more equitable (as in the case of Malawi), gender disparities widen substantially in rights to sell and bequeath land among landowners. In Ethiopia, men were significantly more likely than women to own large livestock.

- Gender disparities widen in rural areas for many asset classes, including mobile phone and financial account ownership.

- We also find significant gender gaps across different labor outcomes, including earnings.

- The analysis points to the importance of self-reported, individual-level data collection. When comparing with other LSMS surveys conducted in the countries that collect data at the household level, for example, the individual-level interview approach in LSMS+ supported surveys is associated with a higher share of households reporting financial account ownership across all countries, and rural mobile phone ownership in Tanzania and Malawi.

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