

Reduction of poverty and inequality, the Rwandan way. And the aid community loves it.

<http://statistics.gov.rw/publications/rwanda-poverty-profile-report-results-eicv-4>

<http://www.newtimes.co.rw/section/article/2015-09-14/192536/>

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Some time ago, I congratulated the Rwandan government on the progress shown in the latest Integrated Household Living Conditions Survey (EICV4), particularly in terms of the reduction of poverty and inequality. I'm afraid I now have to withdraw my kudos.

Both President Kagame and Minister of Finance and Economic Planning Gatete (in his foreword to the EICV4) claimed a substantial progress in poverty reduction, from 44.9% in 2010/11 to 39.1% in 2013/14, a spectacular drop of 6 points. This is indeed what can be found in the survey.

However, a closer reading of EICV4 shows that the results can simply not be compared to previous EICVs. Indeed, changes were made in the methodology on rural and urban classifications, consumption definitions, the definition of the poverty line, and consumption thresholds. In other words, due to significant changes in the methodology, poverty headcounts in EICV4 are simply not comparable to the previous three EICV surveys. And yet, both the government and the report itself (e.g. in the summary table on page vi) do compare the incomparable. They find progress where it cannot be found.

A more genuine comparison between EICV4 and previous EICVs can however be made, and it leads to completely different observations. Indeed the change in methodology is discreetly mentioned on pages 1 and 17 of the report: "As for EICV4 carried out in 2013/14, it has been deemed necessary to update the poverty line", without further explanation on how this was done and how it affects comparability. A crucial sentence can be found on page 33: "If the objective is to obtain a minimal basket (of goods consumed by the poor – FR), then replace rarely consumed or extremely costly goods with more common, less expensive items within the same category". What the EICV does is actually much bigger than this. It also massively reduces the quantities (by 70% or more) of three traditional staples (sweet potato, Irish potato, banana) and increases other items like fermented cassava, sorghum, and maize. There is simply no ground for this adaptation, which is then translated in "Adjusted scaled up" data (in terms of Kcal and Kg) in table B4 on page 37. By artificially reducing the value of the basket, the report decreases the poverty line by as much as 19 points in 2013/14 as compared to 2010/11. With that knowledge, it becomes possible to make a more meaningful

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comparison of poverty between the two periods.

We start from the 2010/11 poverty figure of 45%. We then adapt the 2010/11 poverty line in the same proportion (-19 points) as does the 2013/14 adjustment. Based on the EICV3 micro data and lowering the poverty line by 19%, the actual poverty figure is 33% in 2010/11, 12 points lower than the official one found in EICV3. There is nothing inherently wrong with a new poverty line as “many changes in the socio-economic structure of the country have taken place (since the first EICV in 2000/1 – FR)” (EICV4, page 17), although one fails to see a methodological justification for an arbitrary modification of the weight of “rarely consumed or extremely costly goods” in the consumption basket, a change that obviously lowers the poverty line. But even if the change is accepted, the 2013/14 report should have compared with a comparable poverty figure in 2010/11, namely 33% instead of 45%. In other words, the new line needs to be applied retrospectively to past surveys. The genuine comparison from 2010/11 to 2013/14 therefore is not from 45% to 39% but from 33% to 39%. In other words, rather than a decrease of 6 points in poverty, what the EICV4 actually shows is an increase of 6 points. The above calculation is admittedly crude, and more sophisticated research would be needed to derive more precise figures and to show precisely what went wrong. Ideally, one would recalculate the 2010/11 poverty level based on the micro data using the 2013/14 methodology. However, the overall picture is clear, and it shows a substantial increase in poverty.

The question then becomes whether the Rwandan government deliberately fools the world and its own population. There are strong indications that this is indeed the case. While EICV3 acknowledged the support of the Oxford Policy Management (OPM) team and two of its researchers mentioned by name, EICV4 merely expresses gratitude to “the advisory team of national and international experts for their advice”, without further specification. This is understandable in light of the fact that the OPM, in the words of one of its researchers, had a “difference of view” with the National Institute of Statistics of Rwanda (NISR), and that the whole OPM team withdrew from the poverty analysis and all other work with NISR. I don’t know what the “difference of view” was about, but one may assume that it had to do with methodology and comparability of data across the successive EICVs.

This entire story raises a serious problem, as Rwanda is keen on showing strong “development”, measured among other things against reduction of poverty and inequality. Indeed, the international community accepts a trade-off between “development” and repression. If “development” is not based on evidence, as appears to be the case now, what is left is repression (for which the evidence is overwhelming).

When soliciting comments on my findings from involved actors, omerta is what I encountered. Two of the international partners that supported EICV4, DfID (Kigali) and the World Bank (Rwanda Country Programme Coordinator), declined to comment. OPM stated that “our contract has a Confidentiality Clause that prevents us from disclosing any information about the work that we have done for Stats Rwanda”. Despite repeated requests NISR too failed to comment.

It is surprising that the international aid community (that surely must know what I know) does not seem to be bothered by major flaws in the evidence on Rwanda’s achievements in two major pet areas of donors, poverty and inequality. Yet the Rwandan government is known to have cheated on other

<http://bostonreview.net/forum/logic-effective-altruism/angus-deaton-response-effective-altruism>

<http://statistics.gov.rw/about-us/news/nisr-refutes-wrong-allegations-its-latest-poverty-report-france-24>

issues. There is even a kinyarwanda word for it: tekini (from the French “techniquer”, to doctor data). So the aid industry appears to have decided to soldier on, even in the face of this blatant attempt by the Rwandan government to play foul. This makes clear again that donors and recipients need each other: donors need “success stories”, recipients need money, and neither wants to rock the boat.

Maybe the aid community should heed the warning of the 2015 Economics Nobel Laureate Angus Deaton: “By providing health care for Rwandan mothers and children, (Kagame) has become one of the darlings of the industry and a favorite recipient of aid. Essentially, he is ‘farming’ Rwandan children, allowing more of them to live in exchange for support for his undemocratic and oppressive rule. Large aid flows to Africa sometimes help the intended beneficiaries, but they also help create dictators and provide them with the means to insulate themselves from the needs and wishes of their people”.

Reaction to NISR’s rebuttal of challenges to its EICV4 poverty data

1. I have not argued that NISR has changed the calorie threshold from 2500Kcal/d. In fact, I believe that it would be absolutely acceptable for NISR to lower the calorie threshold, if it deemed that appropriate. My claim is that if NISR does that, or makes any other similar fundamental change to its methodology, it would need to apply that change retrospectively to previous surveys in order to enable meaningful comparison between surveys. NISR has not responded to this fundamental and uncontroversial methodological point regarding the comparability of 2011 and 2014 figures.
2. NISR’s claim that the change in the consumption basket was motivated by a desire to ensure that it reflects current consumption patterns of Rwandan households is contradicted by the fact that it arbitrarily removed three main staples (bananas, potatoes, and sweet potatoes) from the final basket, after updating it for current consumption patterns. Unless NISR can show that Rwandans have stopped consuming these three staples, its justification for the new poverty line does not hold. Actually, the unadjusted data in NISR’s poverty line spreadsheet is the updated consumption basket of the bottom 40%. NISR gives the change in the consumption basket as the justification for updating the poverty line, therefore the logical thing would have been to stick with this basket. To do otherwise suggests questioning the data.
3. If NISR were interested in ensuring that the basket reflects current consumption patterns, it should have used the quantities listed in the column titled “Scaled up quantity” (3rd column from the right) in table B4 (page 37 in EICV4 poverty profile), which are updated for changes in consumption patterns. Had NISR done so, the poverty line would have been Rwf 197,000 (this can be computed from table B4), and the poverty rate would have been at least 12 percentage points higher than the one claimed in EICV4 (i.e. 6% higher than in 2011).
4. I must therefore conclude that NISR’s motivation for changing the poverty line was not only to update the consumption basket based on changes in



consumption patterns, as it claims, but also, and more importantly, to change the type of poverty line used to a (lower) minimum poverty line, as clearly stated on page 33 of the report. While it is NISR's right to use whatever type of poverty line it deems fit, it needs to make sure that comparisons between surveys are made using comparable poverty lines, as stated under point 1 above.

5. Since NISR has invited scrutiny of its findings, I would suggest that it publishes the datasets and associated materials used to compute the poverty rates, so that these can be objectively verified by independent third parties. Failing that, I invite interested experts to check the facts for themselves. The comparable poverty rate can be estimated from the following information which is currently publicly available: (a) the 2011 datasets are available on the NISR website (micro-data) and (b) the 2014 poverty lines (adjusted and actual) are detailed in table B4 on page 37 of the EICV4 report. It is therefore possible to check what the comparable poverty rate would have been in 2011 if NISR had consistently applied its own 2014 methodology retrospectively to the 2011 data.

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