Thought leadership high level paper
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Imagine a field of people. A very large field of people. All the people in Sub-Saharan Africa. Approximately 650 000 000 people. Imagine that you are a soap manufacturer and your business objective is to sell soap to these people. Your first thought looking out at the field could be that "maybe all these people are not interested in the same type of soap"... then, "maybe some of these people are poor and cannot afford the type of soap that I currently have, so I may need to make different soap offerings for different groups of people, different segments with similar needs"..... and then "maybe some of them cannot afford soap at all"...........and thus the case for market segmentation is made. How do we select firstly the ones that can afford soap and then the ones that may want the different types of soaps that we could offer so that we can target our communication effectively? The next question is how can we measure and keep track of wealth in a uniform and consistent way across the continent. I say wealth and not poverty, because I believe that working with the potential rather than the immediate reality is the key to development in Africa. I had a great argument with President Kikwete of Tanzania at the 2006 World Economic forum on Africa, when he made a plea for aid from the international community. I put it to him that, with the exception of critical regions, in order for Africa to develop we need a confidently outstretched hand not a cupped one. Enterprise not aid.

But back to measurement, how are we measuring development or rather poverty and our success or failure in it's reduction? In recent years it has become apparent to me that the normal methods of population segmentation in sub-Saharan Africa, such as income, socio-economic class and various demographic measures such as education, population density in the area of residence, are inconsistent, subjective or vague. In any country where third world characteristics are present and a large portion of the economy is informal rather than formal. Measuring population's standard of living effectively has become a formidable challenge, let alone tracking it.

The challenge is even greater when trying to create strategies and target populations across the Pan-African region where there is no single segmentation methodology that works uniformly in and across the different countries. Simple demography cannot be used as a targeting methodology because it differs within countries and definitely across borders, influenced by the history, culture and socio-economic elements present in each area.

To confound the issue current media information with which to reach and communicate to the target audiences do not exist in many African markets. There is, therefore a need for an essentially non-demographic and broad based Sub-Saharan segmentation tool that can effectively stratify the markets, based on wealth or standard of living. In addition to this there is need for current media information for countries where no industry based and funded study like AMPS (All Media and Products Survey in South Africa) is available.

As alluded to above, demography as relied upon for many years to identify groups of consumers has failed us in modern times. Cox (1976) a guru on demography stated that in many censuses, questions are asked about occupation and place of work. One aim is to classify the population into active producers and dependents and another to measure the occupational distribution of the labour force which is important for economic analysis. As there are many occupations and many statistics within them, the picture presented by occupational analysis is often confusing; efforts have therefore been made to bring out social and economic differences in experience more succinctly by grouping all types of work into a small number of categories. Those categories are sometimes called "social classes" or socio-economic groups and they are usually based on the occupation of the "head of household. Other similar groupings that may reveal basic differences in experience, by themselves or in conjunction with social classes are those of sex, race, nationality, tribe, place of birth or place of residence.

In the past few centuries occupation and income have become more complex and diverse. Social norms have also evolved to the extent that it is not reliable to simply use sex or race to determine the social or economic standing of an individual and "head of household", as a term, is losing meaning with every passing hour. This is why I do not believe that demography is a very effective segmentor of populations in terms of standard of living. There is another reason why this is so. The discipline of demography has other central objectives such as measuring population growth so as to be able to plan ahead for satisfying man's need throughout life – food, clothing, shelter and other necessities. Demography and population status are also intended for "political arithmetic" so to speak.

Demography is derived from two Greek words one meaning *the people* and the other meaning *to draw or write*. This means to me that demography was meant to describe the people not measure them. It was first used by Guillard in 1855 according to Cox (1976) pg.1 "and nowadays denotes the study by statistical methods of human populations." Reid (1989) and Parkin (1991) both make strong cases in their dedicated books, that social class is important and is often over-simplified and misunderstood. It is a social stratification that has bearing on quality of life, living standard etc. So there is a basic need to have a uniform method of social stratification across Sub-Saharan Africa that can be used to reliably segment and track movement of populations by standard of living.

So it follows that if demography is not enough then why not simply use income to measure standard of living. Well this is not as simple as it seems. The first problem with income in developing world economies is that you cannot accurately measure it. Due to many socio-political circumstances income is layered and irregular. Another confounding issue is that systems are not in place to ensure that taxes are paid. This makes the official statistics unreliable and also of course leads to under-claiming income in order to avoid often heavy taxes. This means that even in independent research studies it is almost impossible to ascertain the correct income for any individual. The informal remittances by Africans living in the diaspora further confounds the issue. In addition to this, the collectivism of the African societies also means that wealth will always be shared. There is a wide divide between the rich and poor and social norms make people sensitive in the interviewing scenario and this leads to over-claim or under-claim of income anyway. This further limits the possibility of collecting accurate income information during a research study interview.

But let me indulge the argument for income measurement and imagine that we could accurately determine the income of each individual in Sub-Saharan Africa. What then?

The wealth of nations is more often than not measured in terms of Gross Domestic Product (GDP). In trying to determine the standard of living of individuals of a country it seems reasonable to divide the GDP by N=total population and produce a figure representing equal distribution of wealth or income that we call GDP per capita. This assumes that the wealth of nations is distributed equally and therefore that the standard of living or affluence of each person in a nation is equal. These assumptions, as reasonable as they may seem and as often referred to as they may be, are completely flawed. If we take a simple view of the world in terms of some well used inequality measures such as the Pareto index or the GINI coefficient we find that inequality of income is the most apparent feature.

The Key take out from these measures of inequality of income is the fact that Measuring Standard of living or development or wealth is no simple task. It is a complex issue that has been tackled in great depth and in many different ways. You may be surprised that I have not yet mentioned the Human Development index (HDI) or the Human Poverty Indexes (HPI-1 and 2) and by the way the fact that there are two, one for developed and one for developing countries is a case in point. These measures use 3 broad variables; a long and healthy life, knowledge and a decent standard of living. The standard of living here is based on GDP per capita for the HDI and on access to an improved water source and children under weight for age for the HPI. They are based on 5-10 year averages and all countries have different data collected at different times based on old or questionable population figures and projections of population statistics. Needless to say these measures are not sensitive enough to measure the effectiveness of development initiatives over shorter periods of time e.g.1 or 2 years.

There is a third issue affecting the measurement of income in Sub-Saharan Africa. There has been a massive brain drain due to poor economic performance and socio-political instability in many African nations. In addition to this, the advent of the HIV pandemic has left many single income families and mass employment that has led to a further flight of human capital from the continent. As mentioned above the African Nationals who emigrate and live in the Diaspora are sending money home to support relatives who are no longer able to be economically independent. I have observed that this usually involves the separation of families as either the wife or husband leaves the family unit to go and work abroad often doing menial work. Even when older children leave this erodes the family fabric leaving the elderly alone with no state infrastructure to care for them. The extended family structure that has now been broken, used to offer this support. Zimbabwe is an excellent case in point. This money that is sent home is a very significant amount and at times actually supports a nation's economy or even creates a false economy. This money is very difficult to quantify or project as it is often as irregular as it is significant.

The Britannica concise dictionary offers a definition of standard of living as "Level of material comfort that an individual or group aspires to or may achieve. This includes not only privately purchased goods and services but collectively consumed goods and services such as those provided by public utilities and governments. A standard of living determined for a group such as a country must be examined critically in terms of its constituent values. If the mean value increases over time, but at the same time the rich become richer and the poor poorer, the group may not be collectively better off. Various quantitative indicators can be used as measuring rods, including life expectancy, access to nutritious food and a safe water supply, and availability of medical care."

If we look at the GINI coefficient that measures the distribution of wealth amongst households we see that the distribution is most skewed in Sub-Saharan Africa. The reasons for this can be debated endlessly but it leads us to the next point of the complexity that inequality of income introduces to our endeavour to accurately measure affordability or standard of living. We find that the fact is especially in third world countries, the new world order does not allow for wealth to flow freely through populations. Due to capitalism, cartels, unnatural socio-political powerbases and control systems, money is unnaturally channelled. So how do we measure it and the resultant living standards. I am no socialist but human greed is the undoing of this world. The following quote shows us how little progress we have made in the world from this perspective and should fire us up to make a paradigm shift to the positive as this is the only platform from which we can actually make a difference;

We cannot be content, no matter how high that general standard of living may be, if some fraction of our people – whether it be one-third or one-fifth or one-tenth – is ill-fed, ill-clothed, ill-housed, and insecure…We have come to a clear realization of the fact that true individual freedom cannot exist without economic security and independence. "Necessitous men are not free men."

—Franklin D. Roosevelt's 11 January 1944 message to Congress on the State of the Union

I would like to introduce you to a fresh perspective. A robust alternative measure of wealth and of development. Pan African Living Standards Measures (LSMs) are a way of segmenting or classifying the adult population (or population of domestic household units) of a country based on access to and use of a wide range of goods and services, not just one or two. An LSM is a composite index derived from a range of variables that sum up the consumption and affordability status (and hence the living standard) of an individual. LSMs are sometimes referred to as a measure of affluence. This mode of classification has a long history and was most widely developed by the World Bank and most popularly developed and used as an industry standard in South Africa over the past 17 years. However, to my knowledge no person or organisation has ever developed a comprehensive Sub-Saharan measurement tool based on data collected within the same year from a sample of countries.......

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