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Supply-leading versus Demand-following Hypothesis: Empirical Evidence from Three SSA Countries

Nicholas M. Odhiambo

Abstract: This study investigates empirically the direction of causality between financial development and economic growth in three sub-Saharan African countries — Kenya, South Africa and Tanzania. The study seeks to answer one critical question: Does financial development in sub-Saharan African countries exhibit a supply-leading or demand-following response? Using three proxies of financial development against real GDP per capita (a proxy for economic growth), the study finds that the direction of causality between financial development and economic growth is sensitive to the choice of measurement for financial development. In addition, the strength and clarity of the causality evidence is found to vary from country to country and over time. On balance, a demand-following response is found to be stronger in Kenya and South Africa, whilst in Tanzania a supply-leading response is found to be dominant. The study therefore recommends that for Kenya and South Africa the real sector of the economy should be developed further in order to sustain the development of the financial sector. However, for Tanzania, there is need for further development of the financial sector in order to make the economy more monetized.

Spatial Equilibrium of Wheat Markets in Ethiopia

Kindie Getnet

Abstract: Knowledge about the extent to which spatial markets are integrated is useful to assess the impact of liberalization policies on the performance of agricultural markets in the developing countries. In turn, this would help to guide subsequent interventions aimed at improving the performance of markets. Cointegration techniques provide an analytical framework to know whether markets are integrated, by making it possible to investigate the existence and magnitude of price transmission between spatial markets. This study tries to analyze the spatial equilibrium of wheat markets in Ethiopia by employing an autoregressive distributed-lag modeling approach to cointegration analysis on wheat prices observed during the post-liberalization period for the central wholesale market (Addis Ababa) and for a local market (Ambo). The major finding of a stable equilibrium relationship between the price series considered provides evidence of market integration. Since intervention in local markets is generally

costly and less effective, the result suggests the possibility of targeting intervention at the central wholesale market level with the objective of influencing price dynamics in the local markets.

Demand for Health Care Institutions' Services: Evidence from Malaria Fever Treatment in Nigeria

John C. Anyanwu

Abstract: This paper presents the descriptive and empirical results of a study of the demand for the health care institutions' services for malaria fever treatment in Nigeria. The empirical analysis showed that: (a) Generally, money prices are negatively related to demand for health care during episodes of malaria fever; (b) As income rises, the demand for public health care services falls while the demand for private services (except pharmacies' services) increases; (c) Except for private hospitals and pharmacies' services, higher travel times have no significant effect on the other health care services; (d) Generally, the longer the service time the lower the demand for health care institutions' services (except for public hospitals); and (e) Waiting time has a significant effect on the demand for the services of private clinics (negative) and private hospitals (positive). The policy implications of these results were discussed.

The Determinants of Labour Supply and Demand in Irrigated Agriculture: A Case Study of the Gezira Scheme in Sudan

Osman Mohammed Babikir and Babiker Idris Babiker

Abstract: The objective of this study was to estimate the determinants of labour supply and demand in irrigated agriculture with reference to the Gezira scheme. Two samples, one comprising the farmers and the other the agricultural workers, were randomly selected through a field survey during the 2003/2004 season. A log-linear model of multiple regressions was fitted to the data. The results indicated that labour demand and supply depend mostly on variables related to the household characteristics and economic and non-economic conditions.

Corporate Governance and Shareholder Value Maximization: An African Perspective

Anthony Kyereboah-Coleman

Abstract: This study looks at corporate governance and its impact on shareholder value maximization in Africa. Data from South Africa, Ghana, Kenya and Nigeria covering the period 1997–2001 were used and analysis done within the panel data framework. Results show that, though highly dispersed, both within and between firms, corporate boards in the selected countries are relatively not independent. The regression result shows that large board sizes enhance corporate performance and shareholder value maximization. Our study also shows that both sector and country-specific effects have an impact on shareholder value maximization. While the mining sector is dominant in maximizing shareholder value, it also suffers from higher taxes and interest payments.

Selection and Reporting Bias in Household Surveys of Child Labor: Evidence from Tanzania

Yohanne N. Kidolezi, Jessica A. Holmes, Hugo Ñopo and Paul M. Sommers

Abstract: Studies of child labor in developing countries have largely relied on data collected through national household surveys. But government-sponsored household surveys are arguably prone to both sample selection bias and reporting bias. In this paper, we compare the demographic and labor market characteristics of working street children obtained from the 2000 Tanzanian Integrated Labor Force Survey, a government-sponsored household survey, with the results obtained in a 2004 survey of working street children in the city of Mwanza in northern Tanzania. Our comparisons help illumine the potential biases introduced when child labor studies rely on household samples; specifically, we show that children in the non-household based survey work longer hours, have lower educational attainment and suffer worse health outcomes than their counterparts in the government-sponsored household survey. This suggests that studies based on national household surveys may significantly underestimate both the extent and the consequences of child labor.

Farmers' Variety Attribute Preferences: Implications for Breeding Priority Setting and Agricultural Extension Policy in Ethiopia

Edilegnaw Wale and Asmare Yalew

Abstract: Technological progress in Ethiopian agriculture is the slowest by any standard, with rather very poor capacity to address the nation's problems of low

agricultural productivity, poverty, and resource degradation. This paper argues and attributes the low level of technology adoption and impact to the discrepancy between the farmers' needs and the attributes of technologies generated. The empirical evidences have been generated based on the analyses of coffee farmers' variety attribute preferences, taking coffee seedlings as production technologies. Attribute preferences of smallholder farmers are governed by their contextual household characteristics, institutional, and socioeconomic factors. According to the results, risk vulnerable farmers prefer seeds adaptable to their local conditions and varieties with stable yield attribute. On the contrary, farmers in more accessible areas and/or those who are less concerned in securing subsistence income levels opt for income maximizing attributes, namely, yield and marketability. The study results have also shown the mechanisms of how farmers' attribute preferences change with development-oriented interventions. The paper demonstrates why and how policy-makers should formulate context specific technology development and agricultural extension strategies.
