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5

Micro-Level Effects of Oil Resources: Insights from a Survey of Angolan Microcredit Clients

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Introduction

Walking the streets of central Luanda, the capital of oil- and diamond-rich Angola, you cannot help but notice the stark disparities. The tall office buildings of the oil and diamond companies present a marked contrast to the poverty of the children selling small items to passing cars in the streets. If you venture a little further from the city centre, there are large slum areas where people live with limited access to basic necessities such as clean water or medical facilities. It is not that inequality and poverty cannot be found in other countries. However, research shows that these problems are greater in natural resource-rich countries such as Angola than they are in other countries. This phenomenon is often called the 'resource curse' or the 'paradox of plenty' (Auty, 1993; Karl, 1997). Based on available data, Angola has one of the world's highest Gini coefficients,¹ even when compared to other oil-rich states, as illustrated in Figure 5.1.

Cross-country empirical studies document a negative effect of resource dependence on economic growth, poverty and inequality, and human development (Sachs and Warner, 1995; Gylfason, 2001a; Gylfason, 2001b; Bulte et al., 2005).² While early studies referred to the 'Dutch disease' as a main source of the problems, recent studies have come to emphasize political mechanisms as a key cause of the resource curse (Mehlum et al., 2006; Robinson et al., 2006; Kolstad and Wiig, 2009). High resource rents facilitate patronage, where the political elite in a country use resource revenues to secure their hold on power (and

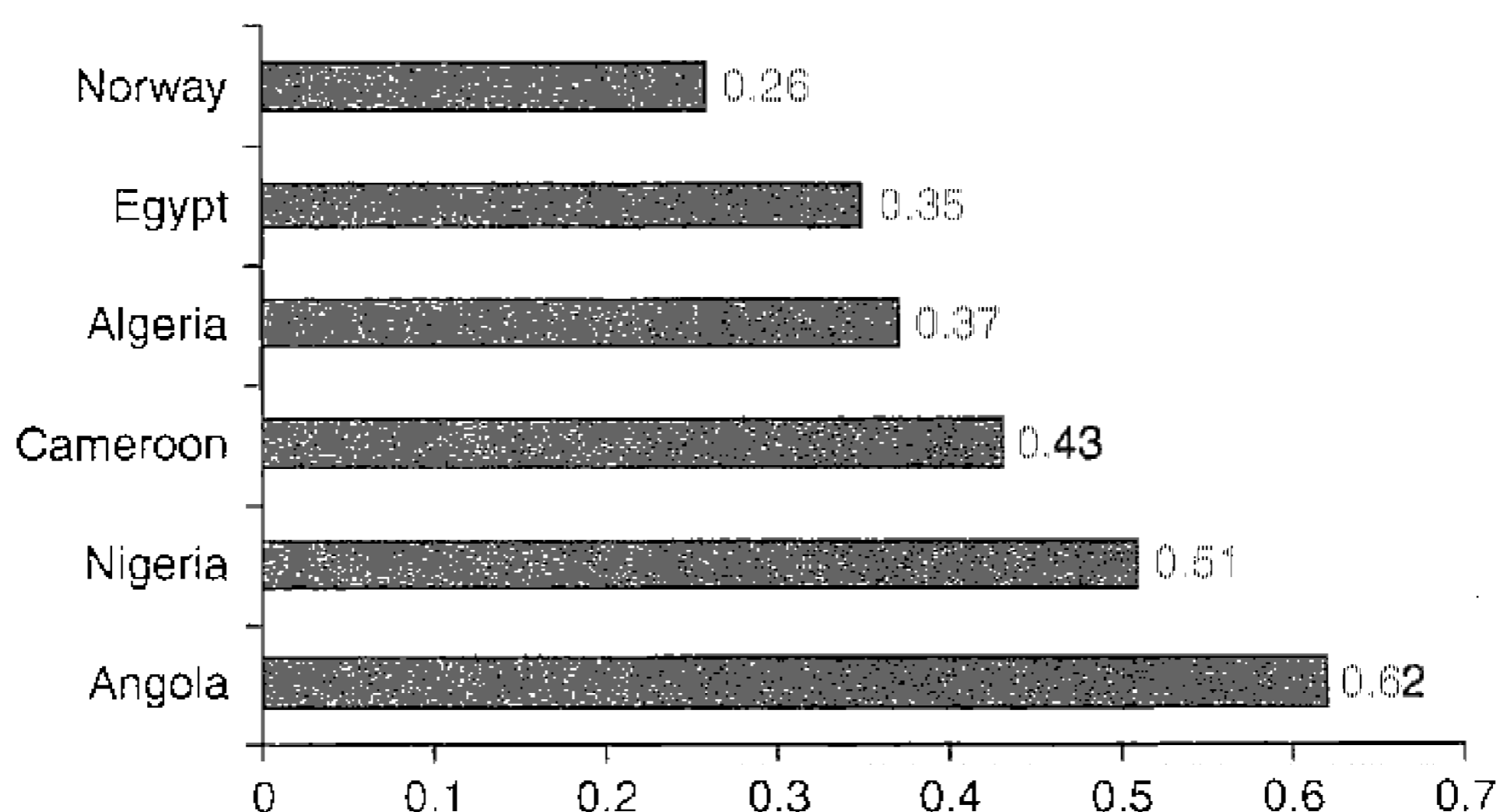


Figure 5.1 Gini coefficients of selected resource-rich countries (2005)

Source: Development Workshop (2010).

continued access to resource rents). The rents also provide an incentive for rent seeking, where skilled individuals use their skills in the pursuit of a share of the resource rents rather than in the creation of alternative productive enterprises (Yates, see Chapter 3). The implication is that to avoid a resource curse, a country needs good institutions. For instance, institutions of democratic accountability make the use of resource rents for narrow political purposes more difficult, and the rule of law makes productive activities relatively more attractive to potential rent seekers. The problem is that those who hold the power to change institutions are often the same people who benefit from current institutional dysfunctions, thereby making reform unlikely.³ Angola is an illustrative case.

That reforms are difficult to attain in resource-rich countries is likely reflected in the low priority of human capital expansion in public expenditure. While it is well known that human capital plays an important role for economic growth through increasing productivity, resource-rich countries invest less in education (Birdsall et al., 2001; Gylfason, 2001b).⁴ While access to resources reduce the budget constraints for providing public goods, governments of resource-rich countries appear to lack the willingness or incentives to finance education. Part of the explanation for this contradiction may be that it can be difficult for the ruling elite to acquire rents from the education sector (compared to other sectors such as resource extraction or construction). Furthermore, education plays an important role for voice and accountability – both of which may challenge the power basis of the elite.

While we know a great deal about the situation of natural resource-rich economies at an aggregate country level, we know much less about the situation at a more disaggregate level. What is the situation of the poor, how do they live and survive in a resource-rich context? What are the more immediate, micro-level constraints they face in making a living for themselves and their families, and in escaping poverty? Does the resource curse affect the poor disproportionately, and what about the living standards of particular socio-economic groups among the poor? We have chosen to focus on microcredit entrepreneurs as entrepreneurship plays an important role for private sector development. Private sector development in turn increases the opportunity costs of rent seeking, thus reducing resource curse challenges (Mehlum et al., 2006).

While cross-country empirical studies of resources are plentiful, quantitative analysis at the micro level in resource-rich countries has been much scarcer. An important reason for this is a lack of data. For example, a significant number of resource-rich countries in the world lack good household survey data. In the case of Angola, the latest numbers on poverty and inequality in the World Development Indicators database for instance, date from 2000. The country has not even conducted a basic census since 1970. The lack of a tradition of independent social science research is one reason; consequently, the country has invested relatively little in learning about the situation of its citizens.⁵ The legacy of conflict can be another reason, but this is linked to the competition for natural resources (Collier and Hoeffler, 2004). Whatever the reason, the lack of such basic data creates problems in analysing the situation of the poor. For instance, what sampling frame would one use in a country where no recent census is available?

This chapter presents results from a survey jointly conducted in 2010 by Development Workshop (DW) and the Chr. Michelsen Institute (CMI). The survey covered 539 microcredit clients, randomly selected among the clients of two urban branches of the largest non-commercial microcredit institutions in Angola, KixiCrédito. Since no census data is available, we have relied on the client lists of the microcredit institutions as a sampling frame. The results are therefore not nationally representative, but we can be fairly confident that they are representative of the urban entrepreneurs targeted by the institutions in question. This permits us to provide a window into the existence of these individuals and their families inhabiting two urban slum areas in Luanda, with potential applicability also to other poor urban dwellers. We study urban dwellers as they are living close to where the decisions on oil production and the

distribution of oil revenue are taken (i.e., they face greater rent proximity). Our data is consistent with the high cost of living faced by poor urban entrepreneurs in Angola. A high price level is not uncommon in oil-rich economies, where the profitability of the oil sector drives up prices of scarce resources. It nevertheless indicates the struggle that poor people face in making a living, and thus underscores the importance of providing an analysis of the constraints they experience on a regular basis.

Our econometric results suggest that the profitability of entrepreneurship among the poor is constrained by a lack of education and by chronic illness. Our results at the micro level therefore reflect results at the macro level on human capital scarcity in resource-rich countries (Gylfason, 2001b). The results also indicate that entrepreneurial success is related to local institutional arrangements, adding to results at the macro level on the importance of institutions for the economy as a whole. Notably, further experimental tests produce some ambiguities related to the effect of education in a resource-rich context. We find that education tends to make people favour their own social group over outsiders, that is, creates greater in-group favouritism. On the one hand, this may make microcredit groups work better; on the other, it may produce biases that create difficulties in the transition to a society with more impartial institutions. Macro level studies indicate that impartial institutions are of particular importance to address patronage and the resource curse (Kolstad and Wiig, 2009). If education promotes in-group favouritism, it is not obvious that education improves chances for institutional reform.

The rest of the chapter is structured as follows. The next section presents the details of the DW-CMI survey and provides a summary overview of the data. The results from econometric analyses of profits among the microcredit clients surveyed are then presented in the third section. The fourth section of the chapter discusses findings from the experimental data on the link between education and in-group favouritism. The final section provides some concluding remarks related to the findings.

The DW-CMI survey

The DW-CMI survey of microcredit clients in Luanda was piloted in December 2009, and the full survey was conducted over a period of six weeks from February to March 2010. In the absence of census or other population data, we used the client pool of the Angolan microcredit

institution KixiCrédito as our sampling frame. Established in 1999, KixiCrédito is the largest non-commercial microcredit institution in Angola. It has a total of 8600 active clients in 12 branches across the country (African Development Bank, 2010). The survey covered clients from two branches of the KixiCrédito institution, São Paulo and Hoje ya Henda. Both branches are close to the centre of Luanda – a pragmatic choice as costs of doing fieldwork in Angola are huge, due to a generally high price level and logistical difficulties created by extreme traffic congestion.

KixiCrédito clients are organized in solidarity groups consisting of 10–30 clients. 51 solidarity groups were randomly selected from the two branches, and interviews conducted with all group members present at the bi-weekly group meeting, totalling 539 respondents in all. The groups surveyed constitute about 60 per cent of all groups in the two areas. Interviews were conducted in Portuguese by local enumerators. The survey elicited data on personal and household characteristics, business characteristics and profitability, socio-economic data including education and health, data on social capital, and on redistributive preferences.

Selected descriptive data for the full sample are presented in Table 5.1.⁶ The median microcredit client interviewed was 42 years old, female, unmarried, and the head of a six-person household. A little more than one-third of our sample participants are men, consistent with the female–male ratio in the KixiCrédito client base. Most respondents have only been clients of KixiCrédito for a few years, while the median client took his/her first loan in 2008. Average current outstanding loan size of the clients are about 100,000 Angolan Kwanza (a little more than USD 1,000 at the time of the survey), which is also the average in the KixiCrédito system. The median and mean clients have 10 and 12 years of business experience, respectively. Only about one-quarter of the businesses are officially registered, the median business has no employees outside the household, and the mean number of employees is 0.33. In other words, our sample consists of small enterprises, often termed micro-enterprises. Almost 95 per cent of entrepreneurs are involved in various kinds of retail sales, some in combination with simple manufacturing or service provision, the rest are involved in manufacturing (of clothes, food, furniture, and more) or services (hairdressing, beauty salons, transport, and more).

At a simple descriptive level, the most interesting statistics appear at the bottom of the table. The weekly profit of the median firm is about USD 100, and the mean about USD 250. This is substantially

Table 5.1 Descriptive statistics

	Observations	Median	Mean	Standard deviation	Minimum	Maximum
<i>Individual/household characteristics</i>						
Age	536	42	42.75	9.03	19	76
Male	537	0	0.37	0.48	0	1
Married	537	0	0.42	0.49	0	1
Household head	537	1	0.69	0.46	0	1
Household size	537	6	6.50	2.86	0	18
<i>Loan/business data</i>						
Year of first loan	533	2,008	2,007.24	2.28	1,988	2,010
Current loan size (1,000 Angolan Kwanzas)	532	93	91.56	74.69	0	744
Years of business	537	10	12.10	8.32	1	45
Business registered	536	0	0.27	0.45	0	1
No of employees	535	0	0.33	2.32	0	48
Sales (Angolan Kwanzas/week)	536	30,000	111,998.80	958,616.00	0	20,500,000
Profits (Angolan Kwanzas/week)	536	10,000	24,990.89	87,363.33	-25,000	1,395,000
<i>Socio-economic data</i>						
Household income (Angolan Kwanzas/week)	532	20,000	77,963.15	735,431.50	0	16,600,000
Years of education	537	7	6.82	3.89	0	17
Chronically ill	537	0	0.08	0.28	0	1

higher than in similar surveys from other developing countries, but consistent with the fact that Angola is an oil economy with a very high price level. For a six-person household the median profits translate into USD 2.40 per person per day, which is above standard international poverty rates. However, without a meaningful purchasing power parity adjustment of these numbers, which is unavailable for a central Luandan context, it is hard to relate these numbers to any absolute poverty line. The table also presents numbers for total household income of the respondents, in which the median is about USD 200 per week. Once again, this is difficult to compare to internationally accepted poverty definitions. In addition, household incomes reported in surveys are typically believed to be biased. Of course, as the respondents of our survey are not representative of the population of Angola in general, these numbers tell us little about the poverty situation in the country more generally. However, they do offer some insight into the situation of KixiCrédito clients in central Luanda.

The high price level faced by inhabitants of Luanda raises the question of how people make a living in this context: what are the major challenges they face? Clearly, the above data suggests that there is variation in how well different entrepreneurs run their business. The most profitable enterprises earn a few thousand dollars per week, while the least profitable operate at a loss. One should of course be careful in taking reported profits in a developing context too literally, and there are some indications that the maximum profits reported may be excessive, as there are some inconsistencies in the numbers reported by the respondents in question. If we exclude the respondents who report higher profits than sales, as we do in our econometric analysis, the maximum profits reported are about USD 2,800. However, the point about variation in profits remains, highlighting the importance of understanding why some entrepreneurs do better than others. In examining this, we have paid particular attention to the effects of education and health on entrepreneurial profits. As seen in Table 5.1, the average and median respondent in our sample has about seven years of education. This may be higher than the country average, as it may be the case that more educated individuals are more likely to be entrepreneurs or use microcredit services. About eight per cent of our sample report suffers from some form of chronic illness. In the next section we report results on the effect of education on entrepreneurial profits using the DW-CMI survey data, and also the relation between health and profits.

Constraints to generating profitable enterprises among the poor⁷

The effect of education on profits

A number of empirical studies have been conducted on the effect of education on entrepreneurial success, most of which use years of formal schooling as the main explanatory variable. A meta-analysis of such studies from developing economies by van der Sluis and colleagues (2005) finds that an added year of schooling increases profits by 5.5% across studies. This compares to 6.1 per cent return to formal education for entrepreneurs in developed economies (*ibid.*), and 6.5 per cent return in wage work (Harmon et al., 2003). In the entrepreneurship literature, most studies use the classic Mincer (1974) equation in estimating the returns to education, which also includes age (and age squared) as proxies for experience. Typically, the returns are estimated using ordinary least squares (OLS).

The problem with most previous empirical studies is that they do not address the challenge of endogeneity. Education and entrepreneurial success likely depend on unobserved variables such as ability, making OLS estimates of returns biased. In other words, there may be selection on unobservables into both education and entrepreneurship. While the literature on the impact of education on wages has addressed this problem (e.g., Angrist and Krueger, 1991), far less emphasis has been placed on this challenge in the entrepreneurship literature. A few recent exceptions are van der Sluis and colleagues (2007) and Kolstad and Wiig (2010), whose results suggest that returns to education may be substantially higher than in OLS estimations when the endogeneity of education is addressed.

In obtaining results from the DW-CMI survey data on the effect of education on profits, we used instrument variable estimation to address the problem of endogeneity. A good instrument for education needs to be highly correlated with education, but should not affect profits. We used four instruments to identify a causal effect: the number of languages spoken by the father of an entrepreneur, the educational level of his/her eldest sibling, access to newspapers at home during childhood, and a dummy for whether the father of the entrepreneur was a farmer. The first three are indicators of a parental preference for education, while the fourth is related to the opportunity cost of going to school. All our instruments have the expected correlation with education, passing standard tests of instrument strength. In addition to standard covariates, we add further control variables to take out possible counter-arguments to

our exclusion restriction. An over-identification test does not reject the validity of our instruments.

Our results suggest that education is an important constraint to the success of Luandan entrepreneurs. We find a significantly positive effect of education on profits, with point estimates that suggest a return to an added year of education of between 7.1 to 9.4 per cent. This is higher than OLS estimates using the same specification in the DW-CMI survey data, and also higher than point estimates from previous studies using OLS in other countries (van der Sluis et al., 2005), though the differences are not statistically significant. Our results are also consistent with the larger size of IV estimates compared to OLS estimates in the literature on effects of education on wages. In sum, the effect of education on entrepreneurial profits is substantial. In further analyses, we also tested separately the effect of education for female and male entrepreneurs. While the point estimates suggest that the returns to education for females may be higher than for males, the difference is not statistically significant, and we therefore cannot conclude that education has a greater effect for female entrepreneurs than for males.

The relation between health and other variables and profits

The effect of health on entrepreneurial success has received far less attention than the effect of education in previous studies of entrepreneurship. In a model of entrepreneurial success, illness can be thought to decrease the productivity of an entrepreneur in a similar way that education increases it. Of course, in estimating the effect of health on profits, the question of endogeneity arises again. Unobserved characteristics such as attitudes to risk could affect both health and profits, and there is a distinct possibility of reverse causality between the two variables. The data do not include instruments for health. Consequently, in this case our estimates capture correlations rather than causal effects. The results are nevertheless sufficiently interesting to provide a basis for further studies.

The results from the DW-CMI survey data suggest that chronic illness has a significantly negative relation to entrepreneurial success. The magnitude of the correlation is substantial, as entrepreneurs who report being chronically ill had almost 30 per cent lower profits. Moreover, we also have more detailed data on the types of illnesses (not only chronic) the respondents report suffering from, the most common of which are stomach disorders. Interestingly, people who suffer from these disorders have on average 34 per cent lower profits. Malaria is the second most common, and respondents afflicted by malaria on average have their

profits almost halved. For other illnesses, there are too few observations to obtain useful results. If these results are confirmed in studies that address endogeneity, there is cause to start thinking about substantial returns to health interventions aimed at entrepreneurs.

As noted, we also have some indicators of social capital in our data set. Social capital is commonly divided into trust and networks, for which we have different measures of both dimensions. As for health, we do not have instruments for social capital, so results must be interpreted as correlations rather than causal effects. The trust variables are variants on the World Value Survey trust question – ‘Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people?’ – where the term ‘people’ was replaced with other, more narrow group designations. None of the trust variables had a significant relation to entrepreneurial profits. For our networks variables, we asked respondents about membership in various organizations and associations, and about whether they knew a person’s specified range of occupations (teachers, politicians, lawyers, etc). We found no relation between the extent of an entrepreneur’s network and profits, nor did most specific memberships or networks appear to be related to profits. The only network variable robustly associated with profits was knowing a police officer. For entrepreneurs who stated knowing a member of the local police, profits were up to 30 per cent higher. It is possible that knowing a police officer helps entrepreneurs run their business more profitably, by for instance providing access to information. However, a more likely explanation for the uncovered correlation is reverse causality. Profitable businesses may be more attractive targets for police officers seeking bribes, consistent with findings by Svensson (2003) in Uganda. More informal interviews we conducted suggest that police corruption is an important constraint to entrepreneurs in Angola. Our results therefore suggest that looking at local institutional arrangements may be important to understand the situation of micro-entrepreneurs in this context.

The ambiguous role of education⁸

As part of the DW-CMI survey, we also conducted an economic experiment on in-group favouritism among our respondents. As mentioned, KixiCrédito clients are organized in credit groups, called solidarity groups, with joint liability for loans. The idea behind this experiment was to explore the solidarity of microcredit clients towards their fellow solidarity group versus outsiders. This provides insights regarding

how closely knit these solidarity groups are, and what characterizes individuals who are more likely to favour their own social group more generally.

The experiment took the form of a dictator game. In this game, each participant (or dictator) was given 500 Angolan Kwanza (a little more than USD 5 at the time of the experiment), and told that he/she could keep the money or give some or all of it to a recipient. The decision was anonymous in the sense that the recipient would not know the identity of the dictator, nor would the dictator know the identity of the recipient. The game was played in two versions. In the first version, the recipient was a fellow credit group member of the dictator. In the second version, the recipient was not a member of the dictator's credit group. The fact that real money is used in the experiment means that participants face a real decision that affects them personally, as opposed to hypothetical survey questions. The fact that the decision was anonymous means that decisions are not influenced by strategic considerations, such as fear of being punished by the recipient in future interactions.

What do the choices of the participants in this game tell us? Completely rational, self-interested participants would keep all the money, giving nothing to recipients in either version of the game. If a positive amount is given, we can take this as an indication of altruistic or egalitarian preferences. The participant cares not only about his own payoff but also that of the recipient. If a participant gives more to a fellow credit group member than to an outsider, we can take this as an indication of in-group favouritism or solidarity. In other words, it suggests that a participant places greater emphasis on the situation of a fellow group member compared to a stranger.

Analysis of data on how much was given in the two versions of the game tells us two things. First, a large proportion of participants gave away none of the money in either version of the game. Keeping all the money was in fact the most common decision, taken by 28 per cent of participants in the first version of the game and 41 per cent in the second. A substantial share of the participants can hence be characterized as self-interested. The rest, however, gave away some or all of the money, exhibiting altruism or egalitarianism. The second most common decision was to give half the money to the recipient, a not uncommon pattern in these types of games. Second, participants gave away more money to fellow credit group members than to outsiders. The average amount given to a fellow group member was 131 Angolan Kwanza, whereas the average amount given to an outsider was 107.5 Angolan Kwanza. The difference is statistically significant. This suggests

that participants have an in-group bias, as they tend to treat members of their credit group more favourably than non-members.

There is considerable variation in the degree of in-group favouritism exhibited by different individuals, however. To see what characterizes individuals exhibiting greater in-group favouritism, we ran regressions using the difference between the amounts given in the two versions of the game as the dependent variable. Our main explanatory variable, education, was instrumented by the same instruments as in the analysis of entrepreneurial success. We also controlled for credit group differences using group dummies, and a number of other covariates.

The results show that more highly educated participants favoured in-group members to a greater extent. The more years of education a client has, the greater was the amount given to a fellow group member compared to the amount given to an outsider. The point estimate indicates that an added year of education increases the relative amount given to a fellow credit group member by almost 20 Angolan Kwanza, representing a sizeable four per cent of the endowment. The IV estimate is also significantly different from the OLS estimate, underscoring the importance of correcting for the endogeneity of education.

The uncovered effect of education on in-group favouritism has wider implications. In microfinance, a key idea is that joint liability for loans creates incentives for repayment through social pressure from other credit group members, which reduces the need for collateral and reduces the risk to the lending institution. Our results suggest that more educated people are more willing to give priority to demands from fellow group members compared to outsiders. In combination with results presented in the previous section, more years of schooling not only increases the success of entrepreneurs, but can also make microcredit interventions more sustainable since more educated clients are more tightly integrated in their credit group.

However, it is also possible to view the positive effect of education on in-group favouritism in less favourable terms. Modernization theory suggests that the increase in education that comes with increases in income will lead to a better chance of democracy, since '[e]ducation presumably broadens men's outlooks' (Lipset, 1959: 79). Education is often seen more generally as making individuals focus on the greater good rather than the special interests of a more limited social group.⁹ This is a particularly relevant argument to explore in a resource-rich context, as it suggests that education may reduce the problem of elite capture of rents integral to the resource curse. One possible interpretation of our results is, however, that education promotes particularism rather than

universalism, and a more educated population therefore does not necessarily press for more impartial institutions. In the Angolan context, there is an ambiguity about education, as it seems to promote success at the micro level, but may in the end also have effects that slow or prevent transition to a better institutional order. Whether our results generalize beyond Angola is an open question. It is possible that the large economic and social inequalities in Angola have produced a schooling system that highlights in-group considerations. But this question needs further study.

Concluding remarks

While a number of studies document macro level effects of natural resources, much less is known about how resources such as oil affect development prospects at the micro level of local economies in African countries. This may in part reflect lack of micro data in resource-rich countries. Angola is a case in point, where no comprehensive household survey is available, and the last census dates back to 1970. This chapter has applied data from a recent survey of 539 microcredit clients in Luanda to shed light on challenges the poor face in a resource-rich country, and how resource wealth and economic exclusion can frame their existence.

The DW-CMI survey data provides a unique perspective on the situation of a segment of the poor population in a heavily extractive resource-dependent country. Our results indicate that a lack of schooling is a significant constraint on the ability of microcredit clients in Luanda to run a successful business. A lack of education therefore represents a limitation to the chance entrepreneurs and their families have of escaping poverty, and possibly also on the employment-generating potential of small businesses in poor communities. On the other hand, however, we find that education may also impede institutional development through in-group favouritism. It is therefore not clear that education promotes voice and accountability in the productive way claimed in the modernization literature.

We also find some more tentative evidence that health status and corruption may be important factors influencing the profitability of micro-enterprises in Luanda. However, more research is needed to uncover any causal effects of these variables. Since our sample is limited to entrepreneurs operating close to the centre of Luanda, more research is also needed to determine the extent to which our results generalize beyond the Luandan or Angolan context. Our results on the

importance of schooling for entrepreneurial success are consistent with general findings in most developing countries. However, the scarcity of education in resource-rich developing countries and the importance of private sector development in addressing rent-seeking problems related to resources, make these results particularly relevant in a resource-rich context. Whether the link we uncover between education and in-group favouritism is related to specific features of the resource-rich context under study is unclear. However, the results of Friedman and colleagues (2011) from Kenya suggest that this may be a more general phenomenon.

While a survey of this kind is important in identifying the immediate constraints that poor individuals and households face in a resource-rich context, it is essential to consider these constraints in light of the underlying reasons for the exclusion of poor families from the economic benefits of development in resource-rich countries. Non-governmental organizations (NGOs) such as *Development Workshop*, and microfinance institutions like *KixiCrédito*, can and do play an important role in improving the access to capital and training for poor entrepreneurs. However, a general improvement in equitable access and quality of education or health facilities depends on political accountability of the government. The incentive for the government to address the situation should come from the demands of poor communities themselves. The lack of available data on the situation of the population in a country can result in low awareness on the part of government and weak political accountability. This is a characteristic Angola shares with several other natural resource-rich countries. The lack of comprehensive, accessible data may therefore be one aspect of the resource curse.

Notes

1. The Gini coefficient is a commonly applied measure of inequality and varies between 0 and 1. The higher the Gini coefficient, the more unequal the economy.
2. It should be noted that some studies use resource abundance rather than dependence as their explanatory variable, finding no evidence of a resource curse (see Stijns, 2005; Lederman and Maloney, 2008; Brunnschweiler and Bulte, 2008; Alexeev and Conrad, 2009).
3. For an analysis of government incentives, see Kolstad and Wiig (2009); for an analysis of the role of multinational corporations, see Wiig and Kolstad (2010).
4. Based on a different set of indicators of resources and human capital, Stijns (2006) concludes the opposite.

5. See Cain (2007; 2010; 2013; 2014), Cain and Mulenga (2009), and Development Workshop (2006).
6. Two observations were dropped due to mistakes in the entry of age and loan size.
7. This section presents analysis and results from Kolstad and Wiig (2012a).
8. This section presents analysis and results from Kolstad and Wiig (2012b).
9. Friedman and colleagues (2011) provide an overview of the literature and present evidence that education may strengthen stated attitudes of ethnic identification while having no effect on democratic attitudes – a result that is in accordance with our findings.

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