PROCEEDINGS
Second PEP general meeting
November 4-8, 2003
Hanoi, Vietnam

CBMS: CELIA REYES

MPIA: NABIL ANNABI
MARIE-HÉLÈNE CLOUTIER
ISMAËL FOFANA

PMMA: DOROTHÉE BOCCANFUSO

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INTRODUCTION

This meeting was organized with a view to presenting, discussing and evaluating research proposals and National MIMAP reports. After the opening session, the first day was devoted to four plenary sessions. The following two and a half days, the MIMAP-team and PEP researchers presented several proposals and reports that were selected for presentation at this meeting. During the last day and a half, time was set aside for individual researchers to discuss conceptual and technical issues with resource persons.

NOVEMBER 4TH: OPENING CEREMONY AND PLENARY SESSIONS

During this ceremony Prof. Nguyen Van Chan (National Economic University, Hanoi) officially opened this 2nd general meeting. He was proud to announce that more than 115 participants from 40 countries were present. He introduced the Vietnamese guests such as Mr. Tran Van Hung, the Vice Minister of Education and Training, Mr. Le Danh Vinh, Vice-Minister of International Trade and Mr. Nguyen Van Thuong, the rector of the National Economic University of Hanoi (NEU). Mr. Chan also presented the representatives of various ministries such as the Ministry of Investment, donors (World Bank…) and research institutes.

Finally, Prof. Nguyen Van Chan invited Luc Savard to present the International Development Research Center and the MIMAP program. Mr. Savard stressed the needs for the program to identify future directions for MIMAP work in light of the preparation of five year work plans for MIMAP and IDRC. He encouraged participants to circulate between the three sub-network sessions during the week to better understand the interrelations between them.

After that, Celia Reyes (Angelo King Institute, De la Salle University) and John Cockburn (CIRPEE – Université Laval), the co-directors of PEP-Network were invited to talk. Celia began by thanking the organizers, the officials and the IDRC. She presented the steering committee members of the CBMS subnetwork.1 She recalled the objective of this network, which is to assist researchers through exchanges between country experiments. Six countries have a CBMS and five others will present proposals. Among planned activities, they will deal with publications (book) of material and exchanges with other networks such as the Gender network.

John began by thanking the organizers. He presented the members of steering committees for the PMMA and MPIA subnetworks2. After, he presented the PEP network, he recalled that the PEP network targets African and Asian researchers but is also open to South America. Eighteen new

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1 Celia Reyes, Ponciano Intal Jr, Louis-Marie Asselin, Anyck Dauphin and Momar Sylla.

2 PMMA : Jean-Yves Duclos, Randy Spence (absent, replaced for this meeting by Evan Due), Swapna Mukhopadhyay and Chris Scott (Absent). MPIA : Bernard Decaluwé, Luc Savard, Ramon Clarete and Touhami Abdelkhalek.
proposals will be presented during the meeting. Twelve PEP and MIMAP reports will also be presented and invited speakers will present new concepts/tools/approaches. The resource persons will be presented during the parallel sessions. John finished with the presentation of the five-day work plan and explained the five strategy papers - devolution, dissemination, resource expansion, monitoring and evaluation and integration) - that are being developed.

Prof. Nguyen Van Chan invited the Vice Minister, Mr. Tran Van Hung to say a few words. He gave a brief presentation of the government and education in Vietnam (17% of government expenditures) and their efforts to improving quality in schools and universities. He introduced the new rector and concluded his speech by explaining that this meeting is a good opportunity for researchers to exchange with students.

After this opening ceremony, the plenary sessions began.

PLENARY SESSION 1: INVITED SPEAKER

"Globalization and workers in developing countries"

Presentation: Martin Rama (World Bank, Hanoi).

Comments by A. Panggabean (Asian Development Bank) and Ponciano S. Intal (Angelo King Institute).

Floor comments

- Adrian Panggabean found that the majority of economic policies correcting the negative effects of globalization are interesting. He suggested to the author to add the impact of globalization on poverty through the labor market. What are the losses in the short and mid term? Furthermore, how will these policies be financed? He suggested adding a review making the links between the labor market and poverty-reducing policies.

- Ponciano Intal Jr: found the paper interesting and particularly the review of literature but regretted the absence of analytical study especially for the poverty analysis, considering that the labor market is one of the most important channels. Investment is complementary to the globalization program. But what is the importance of programs and their complementarities? Furthermore, it could be valuable to add something on environment in terms of industrialization. However, the issue is important and merits to be analyzed.

Siripala Hettige explained that for every country results could differ and presented the Sri Lankan experience.

Madanmohan Ghosh remarks that generally globalization does not benefit everybody and that it is not appropriate to analyse the pattern on the aggregate side.
Bernard Decaluwé would like to know more about the link between fiscal constraints and globalization.

John Cockburn recalled that the labour market is a priority area for research in the MPIA and PMMA networks, with issues of migration, gender, formal versus informal markets, agricultural work…

A speaker from the University of Philippines wanted to know how the author manages the political economic framework. Furthermore, he repeated that the migration of households could have costs and it is important to take them into account.

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**PLENARY SESSION 2: MPIA PRESENTATION**

"Adjustment costs in labour markets and the distributional effects of trade liberalization: analytics and calculations for Vietnam"

Presentation: Nguyen Van Chan (National Economic University, Hanoi).

Comments by R. Clarete (AGILE, Philippines).

**Floor comments**

- **Ramon Clarete** found this paper interesting, particularly the introduction of adjustment costs in the labor market. This is useful for policy makers. This work emphasizes the importance of taking into account the labor market in this kind of analysis. He suggested constructing a model considering the poverty situation and how to improve it. How will unemployment be affected by reforms? For example, he suggested using the Harris and Todaro model. Considering adjustment costs, how do they change through workers? The goods market will also be affected by these costs. Furthermore, there will be bad effects of globalization in the rural sector and on farmers. How does the author take into account these elements?

- **Jean-Yves Duclos** wanted to know what the authors mean by adjustment costs. This remark is also made by Ramon.

- **Bernard Decaluwé** wanted to know what is the motivation to conclude that if there are transaction costs, rural households lose less since they migrate.

- **Abdoulaye Diagne** wanted to know what was the difference between the three considered sectors and why does the author not introduce a compensatory policy for the simulation.
PLENARY SESSION 3: PMMA PRESENTATION

"The well-being of Indian households"

Presentation: Basanta Pradham.

Comments by E. Due (IDRC, Singapore) and Jean-Yves Duclos.

Floor comments

- Evan Due found this work very important although it was done with only 5000 households, which is a small sample for a country such as India. He insisted on the fact that this survey has other objectives than CBMS. This requires care. Some information could be added such as the decomposition of poor in terms of land or transitive versus chronic poverty. The question of castes is just mentioned but could be exploited. Finally, the relation with policies is ignored. A chapter about this could be added.

- Jean-Yves Duclos explained that there is a lot of information in the 400 pages of the book. Some results are surprising such as the sex ratio that decreases except for 0-6 year olds. How could the author explain this result? Furthermore, he could add sensitivity analysis for the poverty line, and choice of indices. Graphical representation would improve the understanding of the analysis. In the future, the author should add statistical analysis such as standard errors, hypothesis tests… Finally, this book explains who are the beneficiaries of programs but nothing about the benefits of them (incidence analysis for example). Other suggestions were provided by Jean-Yves such as dynamic, decomposition or multidimensional analysis.

PLENARY SESSION 4: CBMS PRESENTATION

No notes

NOVEMBER 5TH, 2003: CBMS PARALLEL SESSIONS

No notes

NOVEMBER 5TH, 2003: MPIA PARALLEL SESSIONS

Morning Chair: Ramon Clarete

"Fiscal Policy Design in South Africa: An intertemporal CGE model with Perfect Foresight"

A Research proposal presented by Ramos Mabugu.
Abstract

A macro dynamic model for South Africa is developed to analyze macroeconomic policies, exogenous shocks and structural adjustment. The relationship between stabilization policies and structural change is of particular interest because of recent experiences. After independence, South Africa has achieved macroeconomic stability at the expense of slow economic growth. While inflation and the budget deficit have been contained, per capita incomes have been stagnant. The role of macroeconomic policy is a key issue addressed in the project. We approach these questions by simulating policy reform and shocks. The policies must be understood in a macroeconomic framework since essential stabilization problems are involved. A dynamic setting is essential as intertemporal issues such as savings and investment are at the heart of the major interactions between policy and the economy. At the same time, the policies are directed towards production sectors of different character, so that the macroeconomic performance is linked to sectoral balances – the macroeconomic framework must be integrated with an understanding of sectoral balances. The proposed model is thus a dynamic computable general equilibrium model with perfect foresight.

Floor comments

- Choice between macro issues and growth: Agree that he should move away from growth aspects (extremely complicated) and concentrate on macro issues that are more important for now.
- Intertemporal model are limited in term of policy implications. Should use a sequential model instead.
- If the production is endogenous, it implies that we have growth in the model. The proposition is a quite ambiguous about this point.
- Is perfect foresight a realistic assumption?
- Sequential model uses ad hoc functions (e.g. investment). Furthermore, agents are as myopic as in a static model. Since static model underestimate the effect of trade liberalization, one should use intertemporal model.
- Should decompose poverty and equality and look carefully at ex post results.

"Modeling Public Health In A Dynamic CGE Framework"

A Research proposal presented by Nitesh Sahay.

Abstract

The proposal aims at capturing some of the salient features of health (consumption commodity, inter-linkages between private and public provision of health, productivity linkages) in a dynamic CGE framework for an open economy. For incorporating these features, an important distinction is the use of household production function as given by Grossman.

Floor comments
• Concern with the choice of production function in health sector.
• Refer to his study in Benin treating the issue of externalities of health spending.
• Important to model the effects of health spending on production factors, particularly on agriculture labourer?
• Explore interesting literature available on health externality.
• Correct modeling of health sector in the consumption side particularly will be an interesting challenge.
• The consumption aspect of health is very complex, for example the environment issue is relevant in this issue as many people could be in good health without directly spending money in health.

"The Impact of Macroeconomic Policies on Income Distribution in Nigeria: Analysis of Agricultural Sector Policies"

A Research proposal presented by Babatunde Alayande.

Abstract

The broad aim of the study is to examine the effects of macroeconomic policy on income distribution in Nigeria with particular emphasis on the agricultural polices. In specific terms, the study shall: document various policies and programmes that have been put in place to address the problems of the agricultural sector especially since the introduction of the structural adjustment reforms; identify the principal mechanism by which macroeconomic policies affect the income distribution across different socio-economic group within the economy; quantify and evaluate the tradeoffs between achieving macroeconomic policy objectives of a policy and minimizing the fall or maximizing the rise in the income of the poor by modifying the mix and timing of macroeconomic policies.

Floor comments

• Macro investigation of agriculture sector remains an interesting and challenging issue.
• Important to point out how prices (factor and output) influence agriculture sector.
• Do we have to support agriculture investment with revenue from other sectors, i.e. oil revenue, is an interesting question to rise in Nigeria case.
• How government expenditure influences agriculture growth and performances?
• Important to regionalize the model at less within agriculture sectors to better capture income distribution and poverty in rural areas.
• For more heterogeneity in income distribution within rural households, important to disaggregate factors used in agriculture into agro-ecological region.
• As well as, distinguish irrigated land with higher yield from rainfall land.
• Because, cassava is an important activity in production and consumption side, disaggregate cassava activity if data is available.
• Is it realistic to consider cassava production (40% of total agriculture production) as the only sector in agriculture, where are other sectors?
Two options are available to solve this problem: having major crop and other crop, or a regional disaggregation with one single crop by region (main crop).

- Is it realistic to anticipate export, for example cassava export increasing in Nigeria?
- Important to consider regional exportation (West Africa) opportunity for Nigeria and modeling aspect.

"Ethnicity, wage bargaining and poverty in Sri Lanka"

Sri Lanka national project presented by Jeevika Weerahewa.

**Abstract**

We plan to use decomposition methods developed earlier by Abrego and Whalley and also by Weerahewa to separate out the influence of ethnicity based policies on distribution outcome from other factors such as structural transformation in the economy (booming garment exports) and agricultural and non-agricultural products in the growth. We aim to double calibrate a model of Sri Lanka to two years data (1980/81 and 1995/96) for which there are household income and expenditure surveys. We will then compute counterfactual outcomes of distributional change due to non-ethnicity factors. The influence of changes in ethnicity based policies will be assessed by residual.

**Responses to official commentators**

- Will incorporate explanations on the double calibration
- Minimum wages are only for the one group, so that changes in the minimum wage affect the well-being of estate households. In other sectors, wages are endogenous.
- No functional forms because use a Ricardo-Viner type of model and there is only one mobile factors.
- No need for consumption or a trade side. Income entirely determines poverty levels.
- Prices: use constant prices at first (will be incorporated in the model)
- Policy shocks are the simulations
- Residual link to ethnicity: Double calibration is going to be explain in more detail in other version
- Policy recommendation: Major emphasis is on the description of what happen between the two periods considered

**Floor comments**

- At the technical level: Disaggregation based on ethnic or region? In other word, ethnically different production function or regionally different?
- Public policy that makes differences between ethnic groups would be really controversial. Would it not be better to stop at the CBMS level (anthropological level) in order to reach similar conclusion… less controversial.
- What you say you are doing is not what you are doing
• Work on inequality and not on poverty especially when focusing on structural change (e.g. removed boom in textile sector)
• The author is looking at the impact of this boom and not really the impact of ethnicity
• Are wages exogenous? Not only minimum wage in the estate sectors?
• In the north, there is only one fixed factor… hardly can affect wage rate in other part of the economy.
• Should include technical detail in annex.
• Main ethnic group is 75% or 82% depending on the source. Why is there difference in the two survey data? Does it mean you should adjust the data?
• If inequality increases, it is not a problem as long as average income increases more. Should adjust well-being by an inequality index

**Response by author**

• It is a composite of ethnic groups since no data are available on ethnic groups in different sectors. It is a short-cut and the maximum disgregation possible
• Agree it is unknown territory but she think it is really important issue for Sri Lanka’s economy.
• One of the survey is simply not representative since it does not include the North
• Will use poverty and inequality (Gini) indices

"Philippine Rice Policy Reform, Distribution and Poverty: An Applied General Equilibrium Analysis"

A Research proposal presented by **Caesar B. Cororaton.**

The main objective of the proposed research is to analyze the distribution and poverty impacts of the rice policy reform in the Philippines. To address this, the paper proposes to develop an economy-wide model that can adequately capture the basic features of rice production in the Philippines and the relation of the sector to the rest of the economy, and to link model with detailed information on households. The paper proposes to utilize a micro simulation approach in order to capture responses of individual households to a policy shock and their feedback to the general economy.

**Floor comments**

• What is the importance of the rice sector relatively to the whole agricultural sector? The use of CGE model has to be justified.
• Lacks of details concerning the functioning of the rice sector.
• What do the reforms involve?
• The technology treatment and the MCP format questions.
• The structure of the model is not quite developed in the proposal.
• The irrigated/non irrigated agriculture and the labor movement questions were discussed.
• One should take into account the self-consumption and its implication on poverty analysis.
• The complexity of the implementation of the reform for the government was underlined.

NOVEMBER 5TH, 2003: MPIA SESSION 2: NEW PROPOSALS

Afternoon chair: Hans Lofgren

"Adjustment Programs and Poverty in Colombia"

A Research proposal presented by Olga Lucia Acosta.

Abstract

The main objectives of the proposed research are twofold. Firstly, to evaluate the distributive impact over the main social sectors of the great increase in social expenditure in the last decade. Secondly, to measure the effects over poverty and income distribution of the recent fiscal reforms which aim to moderate the public expenditure and to increase tax revenue.

Floor comments

• Why Miss Acosta decided to drop IMMPA framework technical aspects in the last version of her proposal compared to the previous one?
• An interesting issue for the Asian Development Bank is to perform an exercise of debt relief and it effects on public spending and poverty.

"The Impacts of Trade Liberalization and Debt Relief on Poverty in Nigeria: Dynamic Microsimulations in a CGE Model"

A Research proposal presented by Manson Nwafor.

Abstract

The study proposes to examine 2 aspects of Nigeria's interaction with the global economy that can have strong effects on its poverty alleviation drive: its trade liberalization and its foreign indebtedness. It focuses on Nigeria with the aim of overcoming these defects and obtaining reliable information using a Dynamic Computable General Equilibrium Microsimulation Model. How will trade reforms affect the progressively impoverished Nigerian populace? How best can funds saved from possible debt reduction be utilized given the nature of the Nigerian labour market? Knowledge of this will assist the government in making a case for debt reduction. The study accounts for the poverty effects of external debt relief through its impact on private capital formation and government expenditure and employs a new systematic way of evaluating the impacts of sectoral compositions of government expenditure on the poverty level.
Floor comments

- The use of IMMPA framework in a microsimulation model requires data on households’ asset endowment which exercise is complex in term of data needs.
- In a year timetable constraint, I will suggest you a traditional CGE model with some aspects of IMMPA framework.
- Interesting exercise to model informal sector in the one side, and debt relief in the other side.
- IMMPA framework available in EVIEWS code at the World Bank, contact M. Bussolo.
- Why IMMPA is it relevant in your work compare to a traditional CGE framework?

NOVEMBER 5TH, 2003: MPIA SESSION 3: INVITED SPEAKER

"Poverty and income distribution in a CGE-household model: a top-down/bottom-up approach"

A Research proposal presented by Luc Savard.

Abstract

This paper highlights the idea of combining CGE modeling with a micro-household model (micro-simulation) to generate a convergent solution, thus providing the basis to perform counterfactual analysis of trade and fiscal policies, and their impact on poverty. In recent years, a number of papers have presented different approaches using CGE models to analyze poverty. Among them, the standard CGE models, which generates changes in the income of representative households in order to allow poverty analysis, albeit with no intra-group changes in the distribution; CGE models with high levels of household disaggregation (3200) and the micro-simulation approach to modeling (with no feedback effect to the CGE model). In this paper, we provide an alternative to these methods that allows a richer micro-household modeling than the first two approaches, while keeping the properties of standard CGE (feedback effect of household behavior) which is usually simplified in micro-simulation context. We also introduce segmented labor markets, with waiting unemployment, inspired by Magnac (1991), which provides a basis for important changes in household income (i.e. when a worker leaves unemployment or becomes unemployed). Global and decomposable poverty analysis and income distribution indicators are computed at base year and after a 50% reduction in trade.

NOVEMBER 5TH, 2003: PMMA SESSION 1: INTERIM AND FINAL REPORTS

Jean-Yves Duclos began this first session by explaining the position of the PMMA in the MIMAP program and PEP network. Jean-Yves presented the procedures for selection of proposal and insisted on the fact that invited researchers will not necessarily be financed. He
presented again the steering committee’s members and the resources persons. Nine PEP proposals were selected to participate to this second meeting (six in Manila) and two PEP interim reports and MIMAP reports will be presented.

In this first PMMA session, three African MIMAP reports were presented. The topics concerned the relation between the quality of growth and poverty in Burkina Faso (Burkina Faso), the agrarian structure and poverty in Morocco (Morocco) and the problem of accessibility to the decentralized financial system in Benin (Benin).

Chair: Paul Makdissi

"Relation entre qualité de la croissance économique et pauvreté dans les pays en développement : mesure et application au Burkina Faso et aux Philippines"

Presentation: Samuel T. Kaboré (MIMAP – Burkina Faso)

Comments by Irène Mensah and Gaye Daffé.

**Floor comments**

- **Irène Mensah** found the topic, the importance of impacts for sectoral growth on poverty, interesting, especially in a developing country. The objectives are well presented and methodology is correctly argued. The sectors where growth needs to be stimulated to reduce poverty, are known. However, these sectors must also have a good redistribution. What can be done in terms of economic policies to ensure the best redistribution in sectors?

- **Gaye Daffé** also found this proposal interesting but the topic is broad. What is the justification of the comparative analysis between Burkina and Philippine? The literature review is too short. What is the theory chosen? The author should explain the link between poverty and growth Why does the author not test the Kuznet hypothesis? Concerning the methodology, are the two steps not inversed? The sectoral decomposition of poverty could be done before the sectoral variation. Finally, what is the possible link between the data on growth available with national data and micro-data? Furthermore, how do sectors contribute to poverty or to variation of poverty? However, this proposal could be exploited by a lot of countries if the results are interesting.

- **Abdelkrim Araar** recalls that it is possible to make decomposition in only one step. See different approaches and compare them.

- **Cosme Vodounou** has two questions. What is the contribution of the primary sector to the growth? How is passage done between expenditures per adult equivalent and production. How is it possible to talk about growth and poverty?

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3 Most of floor comments have been recorded and are available.
- Boniface Essama found the Shapley aspect interesting. It is a reallocation rule based on a common rule. Why does the author choose this decomposition rule? Is there not another reallocation rule that would be better for the Burkina Faso case?

"Structures agraires et pauvreté rurale au Maroc"

Presentation: Fatima Bakass (MIMAP – Maroc)

Comments by Damien Mededji and Dorothée Boccanfuso

Floor comments

- Damien Mededji suggests making a link between the changes in the agrarian sector, to examine the adequation, to estimate the mean to improve the climatic impact and to research the employment opportunities. The results are partial ones. The relation between poverty and agrarian structure is weak. This link must be reinforced to facilitate the economic policies. The methodology must be clarified.

- Dorothée Boccanfuso. See COMMENTS PMMA SESSIONS.

- John Cockburn insisted on the complementarities of this work with the MPIA session, notably for the impact of agricultural policies.

- Abdelkrim Araar asked why the authors do not use the birth-rate spacing to explain the fertility rate. For the irrigation problem, are some programs active in Morocco? What are the efforts actually done? What are the methods that will be used to do the multidimensional analysis?

- Swapna Mukhopadhyay noted that there is no difference between poor and non-poor groups with respect to access to the land or credit in Morocco. Why do they not prefer decomposition relative to the distribution of land within the population? What are they doing? What do they earn with this land? What are people in rural Morocco doing? It is important to improve the understanding of this sector to get a better grasp of poverty in rural Morocco.

"Etude de l'accessibilité des ménages pauvres au micro-crédit dans les systèmes financiers décentralisés: une analyse à l'aide de l'indice multidimensionnel de pauvreté avec application aux département du Couffo et du Mono"

Presentation: Irène Mensah (MIMAP – Benin)

Comments by Ningaye Paul and Samuel T. Kaboré.

Floor comments
• **Paul Ningaye** found the document and in particular the objectives clear and well presented. However, he foresaw a problem with the tested hypothesis and in particular confusion between the test of comparison of ratio that has a Normal distribution and the test of independence with a \( \chi^2 \) one. It seems that the authors want to test the relation between two variables. Furthermore, the second hypothesis is not tested for a statistical sense. Paul suggests a logit regression where the explained variable could be ‘have or not access to credit’.

• **Samuel Kaboré** found this report interesting and very important in the current context since micro-credit is considered as a key tool to reduce poverty. The main problem is that it seems the poor are not the same during the study. The criteria chosen by the authors to dissociate poor from non poor are not the same than those of decentralized financial systems. Furthermore, the term ‘guest’ in the third objective is ambiguous since this individual has already access to credit. The authors would like to construct a composite index of well-being but finally they used the tercile and quintile approach. Why? The number of poor will change accordingly as we use terciles or quintiles. Finally, the analysis could be improved with test of means comparison.

• **Paul Makdissi** suggested that the multidimensional aspects be reduced. There are too dimensions.

• **Abdelkarim Araar** Does weight exist? What does the second axe mean? Why do the authors choose a relative poverty line and not an absolute poverty line, which is better in developing countries?

• **A researcher** suggested analyzing the determinants of decentralized financial system access (Cf. Ravallion and Lounjow).

"Pauvreté et santé en milieu urbain : cas de la ville de Cotonou au Bénin

Presentation: Cosme Vodounou (MIMAP – Benin).

Comments by Boniface Essama-Nsaah and Claude Wetta.

**Floor comments**

• **Boniface Essama-Nsaah** underlines that the poverty in this study is a multidimensional concept. The use of various data sources is interesting but how are these data consistent between them? The logistic models give some surprising results. How can he explain that? To completely explore the relation between poverty and health in Cotonou, it would be interesting to consider the policy aspect. This kind of analysis is generally done to give suggestions to policy makers. It would be more efficient to concentrate the study on determinants of health. Furthermore, what is the part of public resources attributed to health in Benin? Considering the methodology, the groups could be defined in other ways. For example, considering the interaction between individual behavior and
outcomes. Why does the author only use a logistic regression? The subject is really interesting but the paper could be improved.

- *Claude Wetta* found the multidimensionality appropriated for this topic. The methods and results are well presented and interesting. An improvement could be done concerning the “indirect links”. The author could also explain why he considered only two ethnicities since it is well know that there exist more than two in Benin. Furthermore, results about religion are surprising. How can the author explain them? The poverty analysis seems to be robust, but is the perspectives and the insufficiencies of the actual system?

- *Abdoulaye Zonon* asked why the author considered the two variables, ethnic and religion since in terms of policies, it is difficult to act on those?

*Sami Bibi* asked why the author limits the analysis to Cotonou. Are there any health programs in Benin?

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**NOVEMBER 5TH, 2003: PMMA SESSION 2: INTERIM AND FINAL REPORTS**

Chair: Boniface Essama-Nsaah

"Calorie insufficiency verses income poverty: Evidence from low-income households in Sri-Lanka"

Presentation: *Samantha Ekenayake* (MIMAP – Sri-Lanka)

Comments by Kojo Appiah-Kubi and Sangui Wang

**Floor comments**

- *Kojo Appiah-Kubi* asked about the justification of the study. Why do the authors use the calorie measure? Others studies could be used to compare results. Why not do a sectoral distinction in place of a geographical one? The method to calculate the indicator could be revised. The calorie intake must be considered by adult equivalent as the other variables such as income and not *per capita*. How is the poverty line calculated? Explain.

- *Sangui Wang* found that the poverty measurement is essential to target vulnerable groups and for policies. Generally, improvements in measures are efficient but costly. Then the contribution of this analyze is important. However, different indicators will give different level of poverty. He noted also a contradiction between calorie intake and anthropological indexes tables 1 and 2). The results on anthropological indexes are surprising. Explain it.

- *John Cockburn* would like to know what the motivation to use the calorie intake indicator is.
- *Evan Due* insisted on the importance of targeting. It could be interesting to compare with other analyses, which also study the calorific value and/or nutrition indicator. He had a discussion with Ganga of the Sri-Lankan team about the decomposition of indicators.

"The causes of transient poverty and its implication to poverty reduction in rural China"

**Presentation: Ximing Yue (PEP – PMMA-052)**

**Comments by Lucas Ronconi and Basanta Pradhan**

**Floor comments**

- *Lucas Ronconi* wanted to know how is the poverty measured in this study? By expenditures or by incomes? It could be interesting to make an analysis with both since the effects could be different. For the methodology, what kind of regression is done? It is important to know what approach is used for the interpretation of results. Are there fixed effects? Is the number of observed data different for the three models? What is the dependant variable in the model? Could you explain the difference between chronic and transitory poverty? What is the timing for policies?

- *Basanta Pradhan* had similar comments than Lucas. He suggested adding comparative tables to present the results from the different models. The regressions show that sectoral variation implies an increase of poverty. Could the author verify these results by adding or by taking out variables? For example, adding savings could have an effect on poverty. The authors must take into account the price variations. The interpretation of results must be improved.

- *Mrs Boucher (PNUD – Beijing)* suggested testing the impact of the anti-poverty program. The fact that the program does not affect people in the same way could explain the results. This is a transitory program and thus the employment created by it is also transitory. It would be very important in the Chinese context to have a good definition of permanent and transitory principles. There are many sources of income in China and this will influence poverty.

- *Cosme Vodounou* found the decomposition of the statistic interesting but would like to know more about its asymptotic properties.

- *Abdelkarim Araar* thinks that equations 2 and 3 are questionable and should be verified.

- *Swapna Mukhopadhyay* explained that the definitions of transitory and chronic poverty will be sensible to the poverty line. She suggested a sensitivity analysis.

"Multidimensional analysis of poverty in Ghana using fuzzy sets"

**Presentation: Kojo Appiah-Kubi (PEP – PMMA-113)**

**Comments by Swapna Mukhopadhyay and Frikkie Booysen**

**Floor comments**
Swapna Mukhopadhyay had some questions about macro and micro data. What part of population is living in the area under study? Why is poverty based on income not relevant in the study? Some of these critics apply also to the multidimensional approach. Concerning the decomposition of poverty, she suggested applying the max-min for the country instead the region. She proposed also to focus the policies.

Frikkie Booysen asked what is different with this approach. Some comparisons between results should allow better understanding of the contribution of this method. In the proposal, the author mentioned that he would estimate the transitory poverty but everything in the approach seem to be static. Furthermore, how can policy makers intervene considering the specificity of shocks?

Stephen McGurk Why can’t we point to the active sets in the fuzzy set analysis? A discussion in terms of policy is missing.

Boniface Essama-Nsaah recalled that activities and dimensions could influence the sets and then raised the fact that the question of targeting is also important.

Jean-Yves Duclos recalled that one of the priorities of the network is to facilitate exchanges. Then it is important that researchers respect the deadlines for sending papers to allow commentators to read and comment the final versions that are presented and to optimize these exchanges.

Abdelkarim Araar thinks that it is not possible to compare both multidimensional analysis (fuzzy set and factorial analysis) since with factorial analysis the dimension is reduced but this is not the case in fuzzy set analysis. Could the author explain how he will interpret the result obtained with the log-linear approach?

Lucas Ronconi found this approach particularly interesting since it could be applied when the researcher does not have information about the prices market.

Paul Makdissi makes it clear that this approach can also be applied in a unidimensional context. In one of his paper, he tested the robustness of the chosen function with a stochastic dominance approach. The author must be careful because if someone does not have a good but has money to buy it, there could be some redundancy.
• Paul Makdissi found the topic critical because there are constraints preventing individuals to access to credit. However, the author must take into account the risked aspects. The cost of financing could be also considered as well as the mode of financing. Paul recalled the different approach to measure poverty (relative, semi-relative and absolute) and did not understand why the author defines a relative poverty line for the informal sector since these people live in the same society than those living in the formal sector. Could the author explain how people have more difficulties with more sources of credit,. 

• Abdelkarim Araar suggests that the last point done by Paul is the consequence of small sample (2 observations for 4 sources and more).

• Claude Wetta thinks that the constraint relative to the informal sector is caused by the fact that people believe that informal sector promotes tax evasion.

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**NOVEMBER 6TH, 2003: CBMS PARALLEL SESSIONS**

No note

**NOVEMBER 6TH, 2003: MPIA SESSION 4: INVITED SPEAKERS-PAMS**

Morning chair: Maurizio Bussolo

"Tracking the Poverty and Distributional Implications of Macroeconomic Shocks and Policies"

Presentation: Boniface Essama-Nsaah.

Abstract

The Poverty Analysis Macro Simulator (PAMS) is a model that links standard household surveys (HHS) with macro frameworks. It allows users to assess the impact of macroeconomic policies—in particular those associated with Poverty Reduction Strategies papers (PRSPs)—on sectoral employment and income, incidence of poverty and income distribution.

PAMS (in Excel) has three inter-connected components:

1) A **standard aggregate macro-framework** that can be taken from any macro-consistency model (e.g., RMSM-X, 123, etc.) and whose task is to project GDP, national accounts, the national budget, the BoP, price levels, etc. in aggregate consistent accounts.

2) A **labor market model** with labor categories broken down by skill level and economic sectors whose production total is consistent that of the macro framework. Individuals from the HHS are grouped in representative groups of households (RHs) defined by the labor category of the head of the household. For each labor category, labor demand depends on sectoral output and real wages. Wage income levels by economic sector and labor category can thus be determined. In
addition, different income tax rates and different levels of budgetary transfers across labor categories can be added to wage income.

3) **An income growth simulator model** which uses the labor model results for each labor category to simulate the income growth for each individual inside its own group assumed to be the average of its group. After projecting individual incomes, PAMS calculates the incidence of poverty and the inter-group inequality.

PAMS can do historical or counterfactual simulations of:

- Alternative growth scenarios associated with different combinations of inflation, fiscal and current account balances; these simulations can allow to test trade-offs within a macro stabilization program;
- Different combinations of sectoral growth (agricultural or industrial, tradable or non-tradable goods sectors), within a given aggregate GDP growth rate; and
- Tax and budgetary transfer policies.

For example, PAMS simulates (in Annex 6) a baseline macro scenario for Burkina Faso corresponding to an existing macro program with the IMF and the World Bank, and introduce changes of tax, fiscal and sectoral growth policies to further reduce poverty and the levels of inequality vis-à-vis the base case. Hence, we make the case for the existence of several possible “equilibria” in terms of poverty and inequality within the same macro-framework.

"Growth, Distribution and Poverty in Cameroon: A PAMS Approach"

Presentation: Arsène Honoré Nkama.

Abstract

The central question of the study is to know what has been the impact of macroeconomic shocks and policies on Cameroonian living standard and which messages can we foresee in the future. The obvious objective of the study is to evaluate the impact of shocks and policies on the living standard of Cameroonian and project over a chosen time period the poverty and distributional effects of macroeconomic and structural policies on Cameroon populations. This central objective can be divided into three specific objectives:

- Update poverty profile in Cameroon
- Project Cameroon’s poverty indicators over a time period (2003-2015)
- Compare projected indicators with the millennium development goals

NOVEMBER 6TH, 2003: MPIA SESSION 5: NEW PROPOSALS

"Trade Liberalization and Poverty in Rural Areas in Tunisia: Microsimulation in a general equilibrium framework"
A Research proposal presented by Chokri Thabet.

Abstract

The research project proposed aims at clarifying and estimating the effects on the rural households of the reduction of barriers to trade on agricultural products through regional and multilateral trade liberalization. We mainly focus on the transition period when the adjustment to the new environment is taking place, trying to assess how the most fragile groups of the population will be affected by the reforms in the transition period. Using numerical general equilibrium and micro-simulation techniques, the project’s main objective is to model the external and domestic reforms and simulate their effects on rural households.

The following questions will be addressed:
How Tunisian economy will be affected by bilateral (Euro-Med) and multilateral (Doha Round expected agreement and CAP reform) agricultural trade liberalization (Euro-Med agreement)?
How these exogenous shocks are transmitted, through changes in relative prices and especially in agricultural terms of trade, to household incomes? And how these income changes affect the poor and the non-poor households in the rural areas? And at the micro level, how will rural households react to these macro changes? In other words how will their occupational choices be affected by the new environment? Tunisia is the country on which the analysis will be empirically focused. In this country poverty is very much a rural issue on which the ongoing liberalization program is likely to have significant bearing.

"Ouverture commerciale, détérioration des termes de l’échange, capital humain et pauvreté en Côte d’Ivoire : Analyse à l’aide d’un modèle EGC micro simulé"

A Research proposal presented by Souleymane Sadio Diallo.

Résumé

La décision de libéralisation de la filière café en 1998 et celle de la filière cacao un an plus tard consacre la naissance d’un nouveau système de commercialisation des principaux produits d’exportation de la Côte d’Ivoire. Ainsi, le système de stabilisation et soutien des prix qui avait prévalu depuis l’indépendance du pays en 1960, laisse-t-il la place à un système libéralisé gouverné par la loi du marché. Ce papier tente de comprendre les impacts des réformes entreprises à cet effet sur la pauvreté en Côte d’Ivoire. Nous analysons, dans un modèle EGC microsimulé, les effets de la libéralisation, notamment le démantèlement de la Caisse de stabilisation et de soutien des produits agricoles (CSSPPA) et des modifications des taxes à l’exportations du café et du cacao sur la pauvreté et le bien-être en Côte d’Ivoire.

Responses to official commentators (no other major comments)
• Précision: En ce qui concerne les exportations, il n’y a pas de subventions mais des taxes sur les exportations en Côte d’Ivoire et on veut voir comment la suppression de ces taxes affecterait l’économie.

• Suppression de CSSPPA ce qui aura 2 impacts :
  o Insécurité intérieure
  o Impact plus important de la variabilité du prix international sur l’économie de CI

• Pas de désagrégation du café et du cacao car la CSSPPA affect tout produit agricole
• CSSPPA : difficulté à stabiliser les prix pour une longue période, donc les prix sont fixés année après année ce qui explique l’importance relative de la variation des prix, malgré la présence de la CSSPPA, dans les données.

• Taxe : représente un frein à l’exportation mais aussi une réduction des recettes de l’État… à voir

• Pourquoi une seule simulation? En réponse à une critique lors de la réunion précédente. Ils demandaient de réduire et de procéder étape par étape afin d’être certain de mener l’étude à terme.

• MCS : Il existe une version désagrégée de 44 secteurs donc il est possible de désagréger davantage le modèle, mais il n’y a pas de terre dans la MCS pour l’instant… à voir.

"L’impact des changements technologiques sur la pauvreté au Cameroun: Une analyse en équilibre général micro-simulé avec double-calibration"

A Research proposal presented by Christian Emini.

The objective of this research is to analyze the effects of technological change on poverty, inequality and economic growth in Cameroon. The main question of the proposal is: What is the contribution of technological change to income and welfare increase and poverty reduction since 1994. The paper proposes to utilize a micro simulation CGE model with an alternative double-calibration approach.

Floor comments

• The term decomposition technique should be used instead of double calibration term.
• What are the real public intervention policies?
• Talking only about the technological change is reductive. The approach also involves CGE parameters.
• A conceptual problem, regarding the equations, was discussed.

NOVEMBER 6TH, 2003: MPIA SESSION 6: INTERIM REPORTS

Afternoonec chair: Madanmohan Gosh
"Trade Policies and Poverty in Zimbabwe- A Computable General Equilibrium Micro Simulation Analysis"

Interim report presented by Margaret Chitiga.

This report aims to achieve two objectives. First it establishes the impact of trade liberalisation on incomes, poverty and inequality in Zimbabwe. Second, the authors wish to do this using two different methodologies. In the first method they use a traditional CGE approach and then map results from simulations to household data to calculate poverty and inequality measures. The second method uses a micro simulation approach where household data is incorporated into the CGE model and simulation performed on the full data set.

Floor comments

- The description of trade structure should be improved.
- The closure rule description, the “numéraire” and the import and export statistics are missing in the report.
- The presentation of the model structure and equation was suggested.
- The definition and the determination of the poverty line were discussed.

"The impact of fiscal policy on Indonesian Macroeconomics Performance: Agricultural Sector and Poverty Incidences (A dynamic Computable General Equilibrium Analysis)"

Interim report presented by Rina Oktaviani

Core research objectives

In general, this research is directed to examining the impact of the fiscal policies on the macroeconomic variables, the performance of the agricultural sectors and the income distribution or welfare of low-income households. Specifically, the objectives of the research are to analyze the impacts of the fiscal policies on the performance of the economic sectors, particularly agricultural sectors in terms of the development of outputs, capital accumulation, employment absorption, wages, price forms, income distribution and also poverty incidence. The fiscal policy that is focused of the study is reducing the Oil and Fertilizer Subsidy.

Floor comments

- When subsidies are reduced, this has 3 effects:
  - Direct effect on the subsidized sectors (price increase, decrease in demand, in employment and in return unless demand is totally inelastic)
  - Indirect effect on the other sectors, those using the production as intermediate consumption
  - Consumption effect
- Why do we want to model this using a CGE? What do we want to model?
• We would expect an interesting dynamic impact: in the future, energy-using sector will change their consumption level of energy or change the energy source that they use.
• Important element: new capital stocks gained in the future come from saving on energy expenditures
• These elements and mechanisms are not well taken into account: should be integrated in the model.
• Which type of subsidy is considered? Implicit (e.g. export price higher than domestic price) or explicit (e.g. lower production cost)?
• The author argues that when oil price increases, production processes substitute labor for oil which pushes up remuneration of labor. She also might want to consider the possibility that labor becomes less attractive.
• (p.6) Where is petroleum as a consumption of households? Does it mean they do not consume any? Maybe it is included in the fertilizers, etc. It should, in any case, be mentioned more precisely somewhere in the paper.
• Removing subsidies increases government revenue… What happens then? Where the new revenue spent and what is the impact on poverty of these new governmental expenditures? In other words, what is the compensation principle?
• Why is energy not included in the production function?
• In this situation, firms would use production that is more energy efficient. It cannot be done properly if there is no substitution for energy.
• Might also have a technology shift for energy.
• Is it really possible to take all of these issues into account?
• Because ORANI external sector specification is used, there is a price making power instead of a price taking point of view. It seems inappropriate since developing countries generally do not have this power.

Responses to the comments

• It is possible to capture the substitution in the model since the input demand is influenced by relative prices.

• It is also possible, in the model, to effectively capture indirect, direct and consumption effect.

NOVEMBER 6TH, 2003: MPIA SESSION 7: INVITED SPEAKER

"The agricultural sector in the analysis of the poverty impact of macro policies and shocks: Issues and techniques"

Presentation by Hans Lofgren

Background Papers:
"Poverty and Inequality Analysis in a General Equilibrium Framework: The Representative Household Approach"
Hans Lofgren, Sherman Robinson and Moataz El-Said

This paper presents an approach for evaluating the impact of economic “shocks” on poverty and inequality that is based on a CGE model with RHs linked to a household module. The approach has been contrasted with the alternative of linking (including fully integrating) a CGE model and a household module that includes an MS model.

There are trade-offs between the two approaches although these are not yet well understood and blurred by the fact that each approach covers a potentially wide range of alternatives with overlapping boundaries. Additional research is needed, comparing the different alternatives and assessing the costs and benefits of additional complexity. A crucial issue is to determine the degree of household and factor heterogeneity that should be accounted for in order to capture the essential “livelihood strategies” pursued by different kinds of households in coping with changes in economic structure (production, employment, prices, and wages) arising from economic shocks and policy changes. The MS approach may better capture the impact of shocks as long as its household module in a realistic way incorporates heterogeneous household objectives and constraints and is fed income information that is sufficiently detailed. On the other hand, the RH approach requires fewer resources in terms of data, time, and skill, making it feasible to produce timely and cost-effective analyses in a wider range of policymaking settings.

"A Standard Computable General Equilibrium (CGE) Model in GAMS"

The purpose of this manual is to contribute to and facilitate the use of computable general equilibrium (CGE) models in the analysis of issues related to food policy in developing countries. The volume includes a detailed presentation of a static “standard” CGE model and its required database and incorporates features of particular importance in developing countries. The manual discusses the implementation of the model in GAMS and is accompanied by a CD-ROM that includes the GAMS files for the model, sample databases, simulations, solution reports, and a social accounting matrix (SAM) aggregation program. Although the volume provides a standardized framework for analysis, the analyst is not forced to make “one-size-fits-all” assumptions. The GAMS code is written to give the analyst considerable flexibility in model specification.

NOVEMBER 6TH, 2003: PMMA SESSION 4: INTERIM AND FINAL REPORTS

Chair: Jean-Yves Duclos
"Profil des inégalités de revenue au Sénégal" and "Profil de pauvreté féminine au Sénégal"

Presentation: Gaye Daffé (MIMAP – Senegal).

Comments by Atemnkeng Johannes Tabi and Fatima Bakass.

Floor comments

- Atemnkeng Johannes Tabi found the subjects interesting and relevant. However, he regrets that nothing was done in terms of policy recommendations. How will policy maker react in light of these results?

- Fatima Bakass confirmed the relevance of the topic, and confirmed the importance of results. However, she thinks that the analysis based on income is biased. She suspects problems in the comparison of poverty rates with different data bases. What is the means in the Senegalese society “head of households”? Who declares income in the survey?

"Dépenses publiques et inégalités d’accès à l’éducation au Burkina Faso"

Presentation: Souleymane Sikirou (MIMAP – Burkina Faso).

Comments by Atemnkeng Nelnan Fidèle Koumtimegué and Abdelkarim Araar.

Floor comments

- Atemnkeng Nelnan Fidèle Koumtimegué underlines the richness and the coverage of this work given the fact that the analysis is done with different methodologies. However, he noted the lack of justification relative to the selection of the methodology. For example, the distinction about public versus private education is mentioned but not considered in the analysis. The author could verify if poor used public and non poor private school. If this is confirmed, not taking into account this distinction could biased the analysis. The opportunity cost must be considered because for some groups it could be positive (e.g. farmers).

- Abdelkarim Araar suggested revising conclusion and recommendations. The evaluation of the unitary cost must be revised considering the regional aspects. He did other specific comments submitted written comments to the authors.

NOVEMBER 6TH, 2003: PMMA SESSION 5: NEW PROPOSALS

"The evolution of income distribution and poverty in rural China during reform: an Empirical evaluation"


Comments by Swapna Mukhopadhyay and Sami Bibi.

Floor comments
• *Swapna Mukhopadhyay* found the proposal relatively complete. The panel data seem to be available but how will the intertemporal comparison be done? Only six districts will be analyzed and they will face a problem with local prices. What kind of price will be chosen? What is the motivation of the decomposition analysis? Concerning the data reconstruction, will the authors do a sensitivity analysis? The proposal could have more analytical information.

• *Sami Bibi* asked why they will only use the Gini index to do the inequality analysis. The assessment of poverty line and the prices must be revised. They could use the stochastic dominance approach for comparison. Sami suggested adjusting incomes or consumption by adult equivalent. They could also analyze the dynamics through chronic and transitory poverty.

• *Evan Due* suggested taking into account the evolution of assets because the Chinese economy is changing. Are consumption expenditures already included in assets?

"Efficiency of public spending on elementary education in India"

Presentation: *Basanta Pradhan* (PEP – PMMA 147).

Comments by Swapna Mukhopadhyay and Paul Makdissi.

**Floor comments**

• *Swapna Mukhopadhyay* found this proposal destabilizing since the authors want to know why education is efficient in some provinces and not in other ones. She raised the problem of Indian reality relative to the number of professors in classrooms. India has aggregated data but how do they desegregate them? It is frequent to have school empty because children are educated by professors engaged by NGO. The quality of teacher is not observable. The data of the province are very limitative. The authors must use data relative to individuals and not districts.

• *Paul Makdissi* repeats the suggestion done by Swapna relative to the choice of individual data in place of districts ones. This even more important given the fact that the author will use the DEA approach. Furthermore, the assumption behind the DEA method is that the function is convex. However this hypothesis contradicts the externality framework. With this approach, the author implies efficiency.

• *Lucas Ronconi* found that the part coming back to teachers is high. How could the author explain this result?

• *Abdelkarin Araar* recommends doing a link between the decomposition by sectors and the objectives.
"The distributive impact of fiscal policy in Cameroon: Tax and Benefit incidence"

Presentation: Atemnkeng Johannes Tabi (PEP – PMMA 148).

Comments by Boniface Essama-Nsaah and Abdelkarim Araar.

**Floor comments**

- *Boniface Essama-Nsaah* found the topic relevant and well presented. The proposal is interesting from a conceptual point of view. However, the conceptual framework is unbalanced with the conceptual one. The author needs to ensure the links between them are there. The behavior aspect is analyzed only on expenditure side. Finally, why do the authors focus on educational side when they previously mention the behavior aspect is important? They should provide explanations for this.

- *Abdelkarim Araar* found the problematic attractive. Some details could be added on taxes such as the progressivity tax rates. The authors must assure that the redistribution through groups is well done. Why do they focus on public expenditure to target poor? They could look into other alternatives. Karim also suggested quantifying benefits.

- *Lucas Ronconi* Why do the authors limit the analysis to education and health? For example, why don’t they analyze the social insurance?
Chair: Sami Bibi

"Diversité ethno-culturelle et différentiel de pauvreté micro-multidimensionnelle au Cameroun"

Comments by Louis-Marie Asselin and Paul Makdissi.

**Floor comments**

- *Louis-Marie Asselin* confirmed the relevance of the topic but he had some questions about the methodology. He thinks that the *invariance of measure unities* is the main problematic. There is a problem at the conceptual level. The information is relative to perceptions of poverty but this is subjective. The objective poverty (from a list of indicators available in surveys) could be considered in two ways: for the entire population of Cameroon and for various groups (relative approach). There is also a subjective analysis of the poverty based on subjective indicators. Louis-Marie explained different methods to analyze the “objective poverty”. There important research potential with the database available.

- *Paul Makdissi* recalled the objectives using the structural equation modeling to identify the determinants of the perception of poverty through various ethnic groups in Cameroon. This approach is generally used in marketing and psychometric. This method seems to be relevant but in the PEP context, the author must improve the justification for using this method. The authors must be careful when using the capabilities approach because it could contradict the utilitarian approach since someone can see his welfare increase with less.

- *Sami Bibi* suggested discussing this approach in the context to what was proposed in Ravaillon (1998).

"A qui profitent les dépenses sociales au Tchad? Une analyse d’incidence à partir des données d’enquêtes"

Presentation: Nelnan Fidèle Koumtingué (PEP – PMMA 208).
Comments by Bonifasse Essama-Nsah and Abdelkarim Araar.

**Floor comments**

- *Boniface Essama-Nsah* found the presentation interesting but regretted the lack of methodological detail. It is a very good idea, which aims to explain the resource
allocation mechanism but there are two levels; implying choices and value judgment. There is a total allocation divided between public services such as health, education .... After this allocation, of services there will be another reallocation mechanism. But after making this choice, what will be the allocation at the regional level and also at the individual level. To do that, there is value judgment involved. Indeed, there are various sharing levels for the budget between regions and individuals. How to choose between compensation or rewards or both? The authors must provide detailed information on these issues.

- *Abdelkarim Araar* also found the proposal and his problematic interesting. However, he noted the lack of a poverty profile for Chad. For example, 40% of 4.1% of GDP represents what in relative terms? Furthermore, the methodology proposed does not allow achieving the objectives. The author will underestimate the marginal benefits because information will be available only for different regions and not at the national level. The authors will do a mistake if they do not take into account capital as the unit cost.

- *Gaye Daffé* thinks that the approach selected is not appropriate for the health sector since the household do not use this service in the same way as other services. How will health expenditure be assessed?

- *Samuel Kaboré* mentioned that even the supply information at the public level is available. There exist a cost at the micro level for the service (books …) and this cost could be discouraging for the poor. Also the non-poor will benefit more benefit. Furthermore NGO contribute a lot (schools …) and it is not sufficient to consider only the public budget.

- *Atemnkeng Johannes Tabi* asked about the regression that the authors plan to apply.

"Evolution et impact de l'inégalité sur la pauvreté au Bénin"

Presentation: **Damien Mededji** (MIMAP - Benin).

Comments by Abdoulaye Zonon and Sami Bibi.

**Floor comments**

Abdoulaye Zonon thinks that this problematic is relevant for Benin but is also relevant for others countries. This work can be very useful for others MIMAP researches. However, he should put his work in the PRSP context. In the PRSP, what is the information on inequality and what is the relevance of it in terms of economic policies? In the literature review there exist other papers more relevant than Dollar and Kray one. What are the policies actually effective in Benin? Abdoulaye suggested using Mahieu especially for the economic policy recommendations. The author proposed to do a transfer from rich to the poor. Is this really possible in the context of Benin? If so how? Same question for the price control in the context of the SAP. Be more operational in term of economic policies.
Sami Bibi recalled that Gini and Atkinson indexes are really different (different normative approaches) and the results could be inversed with various values of parameters. The consumption is given at the macro level and it would be preferable to use the consumption per capita. What is the unit chosen? Household? Individual? The surveys presentation is too short. There are many redundancies. The inequality is generally interesting in the welfare context.

Abdelkharim Araar explained the point done by Sami concerning the difference between Gini and Atkinson indexes. This comes from the form of the curves.

"Équité et dépenses publiques dans l’éducation supérieure au Burkina Faso"
Presentation: Abdoulaye Zonon (MIMAP-Burkina Faso).
Comments by Moustapha Djima and Cosme Vodounou.

Floor comments

Moustapha Djima mentioned that there are a lot of studies on education such as Sikirou’s one. The methodology is relatively clearly presented. The main objective could be revised. The author could improve the explanation on the data used in the study. For example, what is the sampling design? How will the author share results with policy makers how much of a priority is primary education?

Cosme Vodounou is surprised because results are based only on two equations but there exist other references to study this question. The sample is stratified and representative. From this sample, he assessed transfers and taxes. For the income taxes on working people, it will be difficult to calculate the taxes on income because the researchers only have information on the net wages. Are the indirect taxes calculated with the VAT?

Dorothée Boccanfuso asked for the motivation behind this research. Why does the author limit his research to higher education?

Samuel Kaboré wants to know if it is not possible to link the number of children in the household attending higher education and the cost to send these children to school.

Sami Bibi thinks that table 1 directly provides the answers to his problematic.

Claude Wetta insisted on the relevance of this study since primary education cannot be assured if higher education if faced with important problems.

Paul Makdissi confirmed that higher education is crucial to fight poverty. Investment in higher education is important but it is risky to analyze it from an equity point of view since generally it is inequitable in many countries.
• Dorothée Boccanfuso found that the table 1 does not support the motivation suggested by the author since other level are also inequitable.

• Abdelkarim Araar thinks that primary sector must be the priority to improve also higher levels.

• Paul Makdissi answered explaining that it is not sufficient to look for the people going to university since the social gains are in the forms of externalities such as forming teachers that will educate others in the inferior levels.

• Gaye Daffé found that the problematic must be deepened. Why doesn’t the author analyze the efficiency of public expenditures available for the higher level?

NOVEMBER 7TH, 2003: MPIA PARALLEL SESSIONS

Chair: Luc Savard

"Pauvreté et distribution de revenus au Sénégal : une approche par la modélisation en équilibre général calculable micro-simulé"

Dorothée Boccanfuso, François Joseph Cabral, Fatou Cissé, Abdoulaye Diagne and Luc Savard (Senegal national project)

Dans ce travail, nous présentons la première application de la méthode proposée par Decaluwé et al. (1999). En intégrant dix branches d’activités dans le modèle ainsi que la totalité des 3278 ménages de l’enquête sénégalaise auprès des ménages, le modèle que nous avons développé offre beaucoup de flexibilité quant à l’analyse de pauvreté et de la distribution de revenu. Il permet des modifications dans la distribution des groupes cibles qui n’ont pas à être retenus avant l’exercice de simulation. En effet, la présence de l’ensemble des ménages de l’enquête ne contraint pas le modélisateur à retenir des groupes de ménages particuliers, il peut aussi effectuer l’analyse de pauvreté et d’inégalité ex post à l’exercice de modélisation. Ceci s’avère important puisque cette flexibilité ne contraint plus le modélisateur à faire des choix pouvant être contestés par les éventuels utilisateurs des résultats.

"Libéralisation commerciale, pauvreté et distribution au Sénégal : une approche par la modélisation en équilibre général calculable microsimulé"

A Research proposal presented by Fatou Cissé.

Résumé

La recherche évalue l’impact sur les ménages des mesures d’instauration d’un tarif extérieur commun et d’une uniformisation de la TVA appliquées par le Sénégal dans le cadre des accords avec les pays de l’UEMOA. Le modèle d’équilibre général micro-simulé qui est développé a quatre caractéristiques : i) l’introduction des données de l’ensemble des ménages enquêtés ;
la prise en compte des transferts inter ménages ; iii) la désagrégation des branches en formelles et informelles et iv) la modélisation du marché du travail.
"Libéralisation des marchés agricoles et redistribution des revenus en milieu rural au Sénégal : analyse à l'aide d'une microsimulation en équilibre général calculable"

(Senegal national project).

A Research proposal presented by François Joseph Cabral.

Résumé

L’agriculture représente au Sénégal l’activité dominante pour une importante proportion de la population. Par ailleurs, la majeure partie des pauvres est concentrée en milieu rural au moment où un train de réformes est mis en œuvre dans le secteur agricole. Cette recherche a pour objet d’évaluer de façon quantitative l’impact d’une libéralisation des marchés agricoles sur la redistribution des revenus en milieu rural.

NOVEMBER 7TH, 2003: MPIA SESSION 9: INVITED SPEAKERS

"A preliminary assessment of the economic and poverty impacts of the Doha and FTAA agenda for Latin America"

Maurizio Bussolo

Abstract

Linking a global computable general equilibrium model with household surveys of Brazil, Mexico, Colombia and Chile, this paper estimates the initial impacts on the poor of regional and multilateral trade liberalization scenarios. This approach combines the advantages of using general equilibrium consistent changes in factor and good prices with the detailed information on household endowments and preferences provided by the surveys. Furthermore this methodology allows to decompose the total effect on poverty into growth and inequality components. Results show that due to their different initial positions in terms of trade protection, economic structure and poverty levels, the impacts on poverty are quite dissimilar across the four countries studied here, and that is also the case when growth and distributional effects are considered separately. The detailed analysis shows that, even when the aggregate poverty effects are closer, these result from diverse effects of opposite sign that can only be captured by accounting for the full heterogeneity in the household data. Such a richer analysis of the poverty impact may have implications for compensatory policy measures and even for the design of ultimately more successful trade reforms.
"Inequality Change in China and (Hukou) Labour Mobility Restrictions"

Shunming Zhang

Abstract

We analyze the Hukou system of permanent registration in China, which many believe has supported growing relative inequality over the last 20 years by restraining labour migration both between the countryside and urban areas and between regions and cities. Our aim is to inject economic modelling into the debate on sources of inequality in China, which thus far has been largely statistical. We first use a model with homogeneous labour in which wage inequality across various geographical divides in China is supported solely by quantity based migration restrictions (urban – rural areas, rich – poor regions, eastern coastal – central and western (noncoastal) zones, eastern and central – western development zones, eastern – central – western zones, more disaggregated 6 regional classifications, and an all 31 provincial classification). We calibrate this model to base case data and when we remove migration restrictions all wage and most income inequality disappears. Results from this model structure point to a significant role for Hukou restrictions in supporting inequality in China, and show how economic rather than statistical modelling can be used to decompose inequality change. We then modify the model to capture labour efficiency differences across regions, calibrating the modified model to estimates of both national and regional Gini coefficients. Removal of migration barriers is again inequality improving but now less so. Finally, we present a further model extension in which urban house price rises retard rural - urban migration. The impacts of removing of migration restrictions on inequality are smaller, but are still significant.
• *Ximing Yue* thinks that it will be difficult to evaluate the changes of poverty with only two periods. Some temporary shocks could increase poverty but these shocks will not necessarily be taken into account with the data.

• *Evan Due* considered the topics of transitory versus chronic poverty very relevant. However, the review could be completed to reinforce capacities. For example, the UNDP do a lot of work on these questions and collaboration could be profitable. Evan did some remarks on the Vietnam economic situation. This research could help policy makers and Evan hope that the participation of some of them to this meeting will facilitate exchange between researchers and policy makers. Furthermore, he suggested that issues of external shocks be considered such as migration.

• *Jean-Yves Duclos* wanted to know if the 2002 data is available because the authors do not say that in the proposal.

"Poverty, inequality and health in Sub-Saharan Africa: Evidence from the demographic and health surveys"

Presentation: *Frikkie Booysen* (PEP – PMMA 176).

Comments by Louis-Marie Asselin.

**Floor comments**

• *Louis-Marie Asselin* supports the proposed factorial analysis approach to respond to the problematic. The main innovation concerns the health context. Louis-Marie suggested trying other methods such as inertia or principal component analysis (Sahn and Stiffler). Some approaches are better with qualitative data. Authors could detail the list of health assets. The database is very important (25 surveys over 20 years). What are the most appropriate countries? There is significant work to do in the database in order to have it operational. The suggestion is to chose a benchmark year to avoid calculating the weight several time. Why don’t the authors focus only on three or four countries?

• *Jean-Yves Duclos* explained that this proposal is an example of use of various methods with multidimensional aspects and public expenditures. This is interesting. However, he would like to know what will be done on poverty? The inequality will be analyzed through concentration but what about poverty? Are factors through time or through countries? How will they do the link between the different approaches? There are qualitative and quantitative indicators in the surveys. How will the authors take this into account? Finally, what will be the criteria to choose indicators?

• *Swapna Mukhopadhyay* found that the strength of this proposal concerns the size of information that could be put forward on poverty and the link with poverty problem. It will be important to take into account that health difficulties can be intentional or not exogenous.
• *Sharmila Mhantre* thinks that AIDS is not only a health problem but also a social one. How will this aspect be considered in the research? For the dissemination strategy, the authors must have exchanges with NGO and other researchers working on this.

• *Kujo Appiah-Kubi* found that there is no information on income and expenditure. How will the intakes be calculated? He was curious about the availability of data.

"Poverty, inequality and rural taxation in China"

Presentation: **Mingxing Liu** (PEP – PMMA 11)

Comments by Louis-Marie Asselin and Dorothée Boccanfuso.

**Floor comments**

• *Louis-Marie Asselin* learned a lot during the presentation of the proposal. There are a lot of objectives and they need focus more. The third and fourth objectives are really important. The econometric model has some problems. There are a lot of data and a microsimulation approach could be relevant.

• *Dorothée Boccanfuso* See COMMENTS PMMA SESSIONS

• *Sangui Wang* insisted that it is crucial to have a good understanding of the reform. Need to explain why the system becomes less regressive and more efficient reforms could be more interesting to analyze.

"Poverty and employability effects of workfare programs in Argentina"

Presentation: **Lucas Ronconi** (PEP – PMMA 59).

Comments by Dorothée Boccanfuso and Evan Due.

**Floor comments**

• *Dorothée Boccanfuso* See COMMENTS PMMA SESSIONS.

• *Evan Due* found this proposal excellent. The topic is relevant on many aspects and particularly for the country. The programs are active since many years. Is the second database available? What is the signficativity of the drop in poverty? Could you explain more than the employment impacts of the programs? Evan suggested going further in particular with recommendations. Is it possible to determine the beneficiaries’ skills before and after the programs? Why don’t the authors use the income utility to assess the mean income gain? Do they take into account the migrations?

• *Frikkie Booysen* suggested reading literature of transfers to analyze the impact on poverty.
**NOVEMBER 7TH, 2003: PMMA SESSION 8: INDIVIDUAL MEETINGS BETWEEN RESEARCHERS AND RESOURCES PERSONS**

Program of work of this session:

<table>
<thead>
<tr>
<th>Hours</th>
<th>Group 1</th>
<th>Group 2</th>
<th>Group 3</th>
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<tbody>
<tr>
<td>14h15-14h35</td>
<td>Kaboré: Mensah an Daffé</td>
<td>Ronconi: Boccanfuso and Due</td>
<td>Booysen: Asselin and Samanthika</td>
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<td>14h35 – 14h55</td>
<td>Sikirou: Koumtingué and Araar</td>
<td>Wang: Mukhopaday and Bibi</td>
<td>Liu: Asselin and Boccanfuso</td>
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<tr>
<td>14h55 – 15h15</td>
<td>Mensah: Ningayé and Kaboré</td>
<td>Pradhan: Mukhopaday and Makdissi</td>
<td>Bakass: Mededji and Boccanfuso</td>
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<td>15h15-15h35</td>
<td>Appiah-Kubi: Mukhopaday and Booysen</td>
<td>Ningayé: Asselin and Makdissi</td>
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<td>15h35 – 15h55</td>
<td>Samanthika: Appiah-Kubi and Wang</td>
<td>Djima: Makdissi</td>
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<td>15h55 – 16h15</td>
<td>Yue: Ronconi and Pradhan</td>
<td>Koumtingué: Essama-Nsaah and Araar</td>
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<td>16h15-16h35</td>
<td>Vodounou: Essama-Nsaah and Wetta</td>
<td>Mededji: Zonon and Bibi</td>
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<td>16h35 – 16h55</td>
<td>Tabi: Essama-Nsaah and Araar</td>
<td>Minh: Yue and Due</td>
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<td>16h55 – 16h15</td>
<td>Daffé: Tabi and Bakass</td>
<td>Zonon: Djima and Vodounou</td>
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NOVEMBER 8TH, 2003: CBMS

No note

NOVEMBER 8TH, 2003: MPIA SESSION 11: MPIA RESOURCE PERSONS ARE AVAILABLE TO MEET RESEARCHERS IN PARALLEL TO STEERING COMITTEE MEETING

NOVEMBER 8TH, 2003: MPIA SESSION 12: TRAINNIG SESSION

- Nabil Annabi
  "Labor market modeling in CGE Models: Endogenous Labor Supply Unions and Efficiency Wages"

- Ismael Fofana
  "Micro-Simulation in Computable General Equilibrium: Procedure for Analyzing and Reconciling Data"
Program of work of this session:

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<td>9h00</td>
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<td>9h15</td>
<td>Wang (135)</td>
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<td>9h30</td>
<td>Pradhan (147)</td>
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<td>9h45</td>
<td>Tabi (148)</td>
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<td>10h00</td>
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<td>10h30</td>
<td>Minh (165)</td>
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<td>11h15</td>
<td>Booysen (176)</td>
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<td>11h30</td>
<td>Liu (11)</td>
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<td>11h45</td>
<td>Ronconi (59)</td>
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**PRESENTATION OF THE PEP WEB SITE**

This session has been programmed for the PMMA and MPIA subnetworks. Dorothée Boccanfuso presented the PEP website and gave instructions to the participants on how to access the proposal, comments, training material, bibliographic resources…. She also explained how to subscribe and contact resource persons or other researchers and how to exchange with them (memo, Email…). Dorothée showed how to subscribe and to download DAD software. She
insisted on the fact that this website will be the main management tool used by the Laval team and invited the participants to use it as much as possible.

TRAINING SESSION ON LATEST VERSION OF DAD SOFTWARE

Abdelkarim Araar and Dorothée Boccanfuso presented the new version of the software DAD (4.3). After the presentation of DAD’s environment and its possibilities to measure and analyze poverty and inequality (FGT, Gini, Theil, Decomposition, descriptive statistics, density function, non-parametrical estimation,…), they explained the new features of the software.

PLENARY SESSION 5: CLOSING CEREMONY

Stephen McGurk began the closing session by introducing the new IDRC-MIMAP team members: Sharmila Mhantre, Navsharan Singh and Raman Sohal. He commented on the quality of proposals and the work done by the PEP network and as well as the policy relevance of issues presented during the week. Stephen appreciates the scientific exchanges between researchers and resource person’s and also the spillover across the three sub-networks. IDRC’s president as well as the director of the Social Equity and Economics program area attended the closing ceremony.

Bernard Decaluwé followed with the closing remarks of the MPIA sub-network. He also mentioned the quality of proposals and thanked the resources persons of the MPIA network. He did a synthesis of what is important for welfare analysis in the context of macroeconomic policies. The poverty is a rural phenomenon. Furthermore, poverty is dynamic and it is relevant to understand the impacts of growth on poverty. The Laval team is presently working to develop appropriate tools in this area. For instance, they move from a static framework to a dynamic one to better analyze the impacts on poverty of macroeconomic policies.

For Jean-Yves Duclos the week was very rich. He congratulated the resource persons of the PMMA sub-network. Jean-Yves mentioned that the three main topics of the network are multidimensional analysis, public expenditure and dynamic of poverty and inequality.

Celia Reyes, the co-director of the PEP network presented what happened during the week for the CBMS network and thanked organisers, participants and resource persons.

John Cockburn, the co-director of the PEP network did concluding comments and explained the next steps for the invited researchers. They will be contacted in the next few weeks. He asked participants to send their comments prepared for the meeting. He remained researchers of the possibility to obtain grants for visits field and mentioned that all this is explained in the new PEP pamphlet. He insisted on the potential to interact between sub-networks. Swapna Mukhopadaday presented the future role of the gender network in the PEP Network since both project will collaborate in the future. John announced the next general meeting in Dakar in June with the possibility of training session before or after. John talked about the PEP strategies with the devolution process and consultation and dissemination. Finally he thanked the organizers and all the participants and made a wish that the work done in the PEP network will help reducing poverty.
PROGRAM

NOVEMBER 4TH, 2003: PLENARY SESSIONS

Morning Chair: Nguyen van Chan

8:30 - 10:00
OPENING CEREMONY
Welcome Remarks (8:30-9:00)
- Prof. Nguyen Van Chan, National Economic University, Hanoi
- Luc Savard, MIMAP Team Leader, IDRC

Introduction of Delegates/Meeting Program Overview (9:00-9:30)
- Celia Reyes, PEP-Co-Director, CBMS network
- John Cockburn, PEP-Co-Director, MPIA and PMMA networks

Keynote address (9:30-10:00)
- Tran Van NHUNG, Vice-Minister of Education and Training

10:00 - 10:30
BREAK

10:30 - 12:00
PLENARY SESSION 1: Invited speaker
Martin Rama (World Bank, Hanoi)
Globalization and Workers in Developing Countries
(Invited speaker)
Discussants: Adrian Panggabean, Asian Development Bank, Manila, Philippines, and Ponciano S. Intal, Director, Angelo King Institute, Philippines

12:00 - 2:00
LUNCH

Afternoon Chair: Le Danh Vinh, Vice-Minister of Trade

2:00 – 3:00
PLENARY SESSION 2: Presentation from MPIA
Nguyen van Chan (Vietnam)
Adjustment Costs in Labour Markets and the Distributional Effects of Trade Liberalization: Analytics and Calculations for Vietnam
(Vietnam-MPIA national project)
Discussant: Ramon Clarete, Director, Accelerating Growth, Investment and Liberalization with Equity (AGILE), Philippines

3:00 – 4:00
PLENARY SESSION 3: Presentation from PMMA
Basant Pradhan (India)
The Well-Being of Indian Households
(book based on MIMAP India project)
Discussant: Jean-Yves Duclos, Professor, Université Laval, Canada and PMMA network leader

4:00 – 4:30
BREAK
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<tr>
<td>4:30 - 5:30</td>
<td><strong>PLENARY SESSION 4: Presentation from CBMS</strong></td>
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<td>Vu Tuan Anh (Vietnam)</td>
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<td><em>Community-based poverty monitoring: a pilot implementation in Vietnam’s poverty observatories</em></td>
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<td><strong>Flora Ann Hillis and Francis Cauchon</strong> (CECI)</td>
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<td><em>Application of MIMAP poverty assessment to project monitoring</em></td>
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<td>Discussant: Nguyen Manh Cuong, Deputy Director of International Cooperation Department, Ministry of Labour, Invalids and Social Affairs</td>
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<td>7:00</td>
<td><strong>WELCOME DINNER (courtesy of NEU)</strong></td>
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<td><strong>NOVEMBER 5TH, 2003: PMMA PARALLEL SESSIONS</strong></td>
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<td><strong>Morning Chair</strong></td>
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<td>Paul Makdissi</td>
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<td>8:30 - 12:45</td>
<td><strong>PMMA SESSION 1: INTERIM AND FINAL REPORTS</strong></td>
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<td><em>(45-minute presentations, 30-minute break) - translation</em></td>
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<td><strong>Samuel Kaboré</strong> (Burkina Faso)</td>
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<td><em>Proposal: Relation entre qualité de la croissance économique et pauvreté dans les pays en développement : mesure et application au Burkina Faso et aux Philippines</em></td>
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<td>(Burkina national project)</td>
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<td>Discussant: Irène Mensah, Gaye Daffé</td>
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<td><strong>Fatima Bakass</strong> (Morocco)</td>
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<td><em>Structures agraires et pauvreté rurale au Maroc</em></td>
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<td>Discussants: Damien Mededji, Dorothée Boccanfuso</td>
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<td><strong>Irène Mensah</strong> (Benin)</td>
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<td>Discussants: Ningaye Paul, Samuel Tambi Kaboré</td>
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<td><strong>Cosme Vodounou</strong> (Benin)</td>
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<td><em>Report: Pauvreté et santé en milieu urbain : cas de la ville de Cotonou au Bénin</em></td>
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<td>Discussants: Boniface Essama-Nssah, Claude Wetta</td>
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<td><strong>Gaye Daffé</strong> (Senegal)</td>
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<td><em>Report: Profil des inégalités de revenu au Sénégal</em></td>
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<td><em>Report: Profil de la pauvreté féminine au Sénégal</em></td>
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<td>Discussants: Atemnkeng Johannes Tabi, Fatima Bakass</td>
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<td>12:45 - 2:15</td>
<td><strong>LUNCH</strong></td>
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<td><strong>Afternoon Chair</strong></td>
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<td>Boniface Essama-Nssah</td>
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2:15 – 4:30  PMMA SESSION 2: INTERIM AND FINAL REPORTS  
(45-minute presentations, 15-minute break)

Samanthika Ekenayake (Sri Lanka)  
*Calorie Insufficiency verses Income Poverty: Evidence from Low-Income households in Sri Lanka*  
(Sri Lanka national project)  
Discussants: Kojo Appiah-Kubi, Sangui Wang

Ximing Yue (China)  
*The Causes of Transient Poverty and its Implication to Poverty Reduction Policy in Rural China*  
(PEP research project pr-pmma-052)  
Discussants: Lucas Ronconi, Basanta Pradhan

Kojo Appiah-Kubi (Ghana)  
*Multidimensional Analysis of Poverty in Ghana Using Fuzzy Sets*  
(PEP research project pr-pmma-113)  
Discussants: Swapna Mukhopadhyay, Frikkie Booysen

4:30 - 4:45  BREAK

4:45 - 5:30  PMMA SESSION 3: INTERIM AND FINAL REPORTS  
(45-minute presentations, 15-minute break) - translation

Moustapha Djima (Benin)  
Report: *Pauvreté et sources de financement dans le secteur informel urbain au Bénin*  
(Benin national project)  
Discussants: Paul Makdissi, Souleymane Sikirou

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NOVEMBER 6TH, 2003: PMMA PARALLEL SESSIONS

Morning Chair  Jean-Yves Duclos

8:30 – 10:00  PMMA SESSION 4: NATIONAL RESEARCH PROJECTS  
(45-minute presentations) - translation

Souleymane Sikirou (Burkina Faso)  
Rapport : *Dépenses publiques et inégalité d’accès à l’éducation au Burkina Faso*  
Discussants: Nelnan Fidèle Koumtingué, Abdelkrim Araar

10:00 - 10:30  BREAK

10:30 - 12:45  PMMA SESSION 5: NEW PROPOSALS  
(45-minute presentations)

Sangui Wang (China)  
*The Evolution of Income Distribution and Poverty in Rural China during Reform: An Empirical Evaluation*  
(Proposal 10135)  
Discussants: Swapna Mukhopadhyay, Sami Bibi
Basanta Pradhan (India)
*Efficiency of Public Spending on Elementary Education in India*
(Proposal 10147)
Discussants: Swapna Mukhopadhyay, Paul Makdissi

Atemnkeng Johannes Tabi (Cameroon)
*The Distributive Impact of Fiscal Policy in Cameroon: Tax and Benefit Incidence*
(Proposal 10148)
Discussants: Boniface Essama-Nssah, Abdelkrim Araar

12:45 - 2:15  LUNCH

Afternoon Chair  Sami Bibi

2:15 - 5:30  PMMA SESSION 6: NEW PROPOSALS
(45-minute presentations, 15-minute break) - translation

Paul Ningaye (Cameroon)
*Diversité ethno-culturelle et différentiel de pauvreté micro-multidimensionnelle au Cameroun*
(Proposal 10136)
Discussants: Louis-Marie Asselin, Paul Makdissi

Nelnan Fidèle Koumtingué (Chad)
*A qui profitent les dépenses sociales au Tchad? Une analyse d'incidence à partir des données d'enquête*
(Proposal 10208)
Discussants: Boniface Nssah Essama, Abdelkrim Araar

Damien Mededji (Benin)
*Évolution et impact de l’inégalité sur la pauvreté au Bénin*
(Benin national project)
Discussants: Jean Bosco Ki, Sami Bibi

Abdoulaye Zonon (Burkina Faso)
*Équité et dépenses publiques dans l’éducation supérieure au Burkina Faso*
(Burkina national project)
Discussants: Moustapha Djima, Cosme Zinsou Vodounou

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NOVEMBER 7TH, 2003: PMMA PARALLEL SESSIONS

Morning Chair  Swapna Mukhopadyay

8:30 - 12:45  PMMA SESSION 7: NEW PROPOSALS
(45-minute presentations, 30-minute break)

Thac Minh (Vietnam)
(Proposal 10165)
Discussant: Ximing Yue, Evan Due
Frikkie Booysen (South Africa)
Poverty, Inequality and Health in Sub-Saharan Africa: Evidence from the Demographic and Health Surveys
(Proposal 10176)
Discussant: Louis-Marie Asselin, Samanthika Ekenayake

Mingxing Liu (China)
Poverty, Inequality and Rural Taxation in China
(Proposal 10011)
Discussants: Louis-Marie Asselin, Dorothée Boccanfuso

Lucas Ronconi (Argentina)
Poverty and Employability Effects of Workfare Programs in Argentina
(Proposal 10059)
Discussant: Dorothée Boccanfuso, Evan Due

12:45 - 2:15 LUNCH
2:15 – 5:30 PMMA SESSION 8: INDIVIDUAL MEETINGS BETWEEN RESEARCHERS AND RESOURCE PERSONS

NOVEMBER 8TH, 2003: MEETINGS
8:30 – 12:30 PARALLEL MEETINGS
MPIA and PMMA Subnetwork Steering Committee Meetings With Individual Research Teams
MPIA and PMMA resource persons are available to meet researchers in parallel to meeting with steering committees

12:30 - 2:00 LUNCH
2:00 – 4:30 PARALLEL MEETINGS
PEP Steering Committee Meetings
MPIA Training Session on Labor Market Modeling and microsimulations
PMMA Training Session on Latest Version of DAD software

4:30 - 5:00 PLENARY SESSION 5 : Closing Ceremony
Chair: Steve McGurk
Session Summaries
- Celia Reyes, CBMS network leader
- Bernard Decaluwé, MPIA network leader
- Jean-Yves Duclos, PMMA network leader

Future Directions of PEP Network
- John Cockburn, PEP Co-Director, MPIA and PMMA networks
- Celia Reyes, PEP Co-Director, CBMS network

5:00 – 7:00 FAREWELL COCKTAIL
# PRELIMINARY LIST OF PARTICIPANTS: 1ST PMMA/MPIA INTERIM MEETING

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<td>Jean-Yves</td>
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**COMMENTS PMMA SESSIONS**

**COMMENTS :** Structures agraires et pauvreté rurale au Maroc : Constats, relations causales et mesures de résorption

Fatima Bakass
Abdesselam Fazouane
Nouzha Zaoujal

Ce travail est un rapport encore très préliminaire de l’équipe MIMAP - Maroc. Le thème principal concerne le secteur agricole marocain qui joue un rôle déterminant dans l’économie du pays.

Il est toutefois décevant de ne pas voir clairement identifiés les objectifs de cette recherche. En effet, dans l’introduction, il peut sembler que les auteurs souhaitent savoir :

1- Dans quelle mesure l’agriculture a connu un changement dans ses structures agraires.
2- Vérifier l’efficacité des moyens mis en place pour surmonter les conditions climatiques.
3- Chercher le champ propice au développement de l’emploi en milieu rural.
4- Enfin, examiner les lieux de fragilité des structures agraires qui sont à la base du secteur agricole.

Or le plan de recherche proposé pour répondre à ces objectifs (et au titre d’ailleurs) ne semble pas adapté. En effet, ce papier dans sa version préliminaire s’attarde à :

1- Identifier les caractéristiques socio-démographiques de la population rurale marocaine.
2- L’exploration des structures agraires et les caractéristiques des exploitants travaillant dans ces structures.
3- Et finalement identifier les relations entre la pauvreté et les activités agricoles.
On ne voit pas comment ces trois points vont permettre d’atteindre les objectifs vaguement exprimés au début du texte. Aussi, les auteurs devraient reprendre l’introduction en définissant clairement la problématique et la motivation de ce travail, établir les objectifs de recherche liés à cette problématique et les moyens mis en œuvre pour atteindre ces objectifs. Tout ceci est trop superficiel dans la version actuelle du travail.

Dans la continuité, il manque des sections importantes habituellement attendues dans ce type de travail à savoir l’absence totale de revue de littérature sur le sujet. Il n’y a aucune référence faite dans le texte or il est bien connu que le secteur agricole marocain a déjà fait l’objet des nombreux travaux (directement ou indirectement) ne serait-ce dans le cadre de la première phase du programme MIMAP. De plus des programmes sont actuellement en place au Maroc telle la « Stratégie de Développement Agricole⁴ » dont les objectifs sont de présenter une stratégie exprimant les finalités et les objectifs de développement de l’agriculture et les plans d’action pour la mise en œuvre en associant l’ensemble des acteurs publics, privés, financiers, …. La lecture du document laisse à penser que ce secteur est isolé et abandonné par les autorités et les chercheurs scientifiques.

Ce document de recherche ne mentionne aucune méthodologie rigoureuse pour répondre aux objectifs. La lecture du document confirme le caractère purement descriptif du travail qui pourtant mériterait un approfondissement au niveau scientifique. Même dans la troisième partie portant sur les relations entre la pauvreté rurale et l’activité agricole, les auteurs se limitent comme ils le disent à du descriptif. Une validation empirique aurait pu être très facilement ajoutée à travers un modèle de variables qualitatives du type logit pour corroborer les résultats descriptifs. Pourquoi ne pas avoir vérifié si les facteurs tel l’accès à la terre, l’accès au crédit agricole,… étaient des facteurs explicatifs de la pauvreté en milieu rural. De plus ce manque de rigueur scientifique force les auteurs à faire des affirmatives du type « Ceci est un bon indicateur pour la différenciation entre pauvres et non-pauvres » ce qui n’ont aucune validité empirique. L’analyse multidimensionnelle proposée pour les versions ultérieures sera également un bon complément.

Un autre point est que la pauvreté est uniquement abordée sous l’angle de l’incidence. Or il est reconnu que la profondeur et la sévérité doivent également être considérés. Ceci pourrait d’ailleurs aider les auteurs à motiver leur recherche. En effet, dans l’introduction, il est dit que la majorité de la population vit en milieu urbain (notamment à cause d’un exode rural) et que 65% des 19% des pauvres marocains vivent en milieu rural. Le lecteur est donc en droit de se demander s’il est pertinent d’analyser la pauvreté rurale. Une analyse de la profondeur et de la sévérité pourrait mettre en évidence que la pauvreté en milieu rural affecte plus durement les ménages justifiant ainsi l’importance de cette analyse.

Quelques remarques sur des points précis :

- Il y a souvent des affirmatives très fortes. Par exemple à la page 4, on peut lire « le premier facteur qui favorise la baisse de la fécondité est sans contredit le recul de l’âge du mariage ». Soit ceci a déjà été vérifié dans une analyse et dans ce cas là il faut citer la

rénovation, soit il faudrait en faire la vérification pour la validation. Cette remarque s’applique aussi sur le point fait sur l’insuffisance de la baisse de la mortalité.

- A la page 7, il est soudainement question d’inégalité en conclusion de la section 1 alors que rien n’avait été présenté au préalable. Il serait intéressant de faire un rappel sur la situation marocaine en terme d’inégalité.

- Dans la section sur le secteur agricole, le texte fait ressortir que les aléas climatiques sont les seuls facteurs affectant le PIB agricole alors que la variation des prix mondiaux ou encore les exportations et importations sont également déterminantes. La question des échanges est cependant abordé mais de manière dissociée du PIB agricole. Il faut cependant préciser qu’il est reconnu que les aléas climatiques affectent fortement la performance économique du pays.

- Concernant ces échanges, les auteurs mentionnent les fluctuations des exportations alors que les importations connaissent également des fluctuations sur les mêmes années alors qu’on pourrait penser que les importations augmentent en période de baisse de la production intérieure. On peut remarquer aussi que sur la période 95-2000, les importations ont augmenté de 7.8% alors que les exportations ont connu une hausse de 22.5% (en valeur).

- Concernant la création des postes d’emploi : pourquoi s’intéresse t-on à la population urbaine occupée en 1998 et non pas à la population rurale voire totale ? de plus, il est erroné de faire la comparaison entre 90 et 2000 puisque les populations choisies ne sont pas les mêmes : 98 population urbaine et 2000 population totale.

- Certains concepts mériteraient d’être définis comme par exemple les statuts juridiques tels Guich, Habous,….

- Dans la section sur les caractéristiques socio-économiques, le nombre d’exploitations est exactement le même que celui des exploitants ce qui est en contradiction avec le texte qui parle de 99.8% d’exploitants physiques. Le tableau 7 donne la véritable valeur du nombre d’exploitants physiques.

En conclusion, ce travail est encore très préliminaire et certains commentaires pourront être facilement pris en compte dans les versions à venir. Ce travail est très descriptif donc très informatif (bien que certaines références pourraient venir conforter certains résultats). Cependant, il ne fait pas ressortir les contributions méthodologiques, empiriques ainsi que la porté de ce travail en terme de politiques économiques.

Il est également fortement suggéré aux auteurs de mieux justifier la motivation de leur analyse, de faire une étude succincte des déterminants de la pauvreté agricole afin de mettre en évidence les relations de causalité et enfin de donner des éclaircissement sur l’analyse multidimensionnelle qui est prévue (méthode et objectifs).

**COMMENTS:** Poverty, Inequality and Rural taxation in china

Tao Ran
This proposal fits within the PMMA network objectives in particular with the impact of public policy but despite the revision this proposal still needs complementary information.

The main objective is to analyze the impact of rural taxation on equality and poverty and the relationship between rural income growth, inequality and poverty. As Bernstein and Lü\(^5\) (2003) mention, “the financial burden imposed upon the Chinese farmer by local taxes has become a major source of discontent in the Chinese countryside and a worrisome source of political and social instability for the Chinese government”. The topic proposed by the authors could address these difficulties. Moreover, the problematic is very well argued as well as the contribution of this research. The reader clearly sees that the “excessive tax burden on farmers” is a major reason of poverty and inequality in rural areas. However, a better presentation of the rural taxation reform could be done since the implications of this reform seem to be broader than what the authors expose in the text. Indeed, while including an important reduction on farmers' financial burdens by curbing illegal levying, this reform seems to achieve other objectives such as:

- Introduce an initial regularization of the relationship in rural distribution by restructuring financial and taxation authorities in rural areas;
- A further improvement of grassroots democracy at village level;
- and also a promotion of institutional and educational reforms at township level contrary to what the authors mentioned in the text.

The tax reform was probably detailed in the previous studies done by Tao but the authors could give the highlights in this proposal. Moreover, a literature review on poverty, inequality and rural taxation reform could be added to the proposal.

One general remark is that in the text, it is not obvious to understand when the authors talk about the rural taxation before the ongoing reform and when they talk about the ongoing reform since 2000. This problem creates ambiguities about the contribution of this research. For example, in the “principal objective” this distinction is not done except to “draw policy implications for the ongoing rural taxation reform in China”.

The main problems in this proposal concern the methodology section:

- Isn’t the first point of objective 1 a repetition of what has already been done elsewhere? At the beginning of the proposal it is mentioned that “there has been a rich body of literature on poverty in China”. What is the use of describing the stylized facts of income growth, inequality and poverty in rural China? Does it provide an update? There are also similarities with the Chinese proposal of Mr. Wang.

- You propose in the second part of the first objective to decompose poverty with the Datt and Ravallion methodology. What will be the two period analyzed and with which rural taxation? Could you detail this part? Why did you choose Datt and Ravallion and not Kakwani 97 or Shapley decomposition (Shorrocks 99) to avoid doing the interpretation of the residue?

- In the third point, the total income of farmers will be decomposed with the Khan and al. (84) decomposition. Could you explain the highlights of this method? Shorrocks (99) applies the Shapley decomposition for income also that might be more appropriate.

- Finally, the last point of this first objective seems to have been done in Tao (2002) if we read the proposal. Why should you repeat this work?

- Concerning the objective 2, there are two main problems:
  
  o The suggested econometric model: the model is not correctly written. There exist two ways to do this: the first one is called” direct when you introduce “income” variable directly in the “poverty” equation. The second is to estimate the both equations simultaneously. A rigorous presentation of the estimated model and method (logit or other) could be added. This is necessary since this study is in a Panel data context. Furthermore, you could have some endogeneity problems between (explanatory) explicative and to explain (explained) variables.

  o What is the usefulness to find the impacts of the “past” rural taxation system and government regulations on rural income, inequality and poverty when we know it is not a good policy? It is know by researcher, politicians, rural population that the rural taxation in place before the ongoing reform is not efficient and was a source of poverty and inequality.

  o The proposed approach for the third objective is too vague. Why don’t you use the same method than for the second objectives? Why don’t you apply the benefit incidence method? For example, you could look for household who benefit from rural taxation reform. Moreover, with the matching method (Jalan and Ravallion 2003) you could asses the non observed data (situation of the farmers if they do not benefit the reform) and estimate the impact of the reform on these rural households. Another approach could be to take the panel data only for farmers touched by the reform and study the dynamic of income, poverty and inequality for them.

  o Finally in the last objective, you propose to investigate “the alternative policies that can be pursued in further adjusting rural taxation reform to help the poor on evaluation of the sustainability of the reform” you do not propose any method to analyse this. One way to achieve this objective could be to apply a CGE model. However, this cannot be done in this proposal but could be submit to the MPIA sub-network. What are your suggestions to answer to these objectives, which is extremely interesting for a point of view of policy makers?

In conclusion, the first part of this proposal is interesting. The problematic, objectives and contribution relative to others studies are clearly explained. We regret that the context of the rural taxation reform be superficial. The major problems are related to the suggested methods to
achieve the objectives set out by the authors. The authors must give more information and maybe some of the objectives could be suppressed such as the second and the fourth. Why not limit this research to analyzing the impact of the rural taxation on poverty, inequality and income of rural farmers.
The motivation and the objectives of this proposal are clearly exposed and the arguments are interesting. The authors want to analyze how well the program is targeted and its efficiency in reducing poverty and increasing employability, two expected effects of the workfare program “Head of household”.

1. The first objective is a descriptive one with an ex post analysis verifying that targeted groups really do benefit from the programs. It could also be interesting to verify if the targeted groups (the least skilled unemployed workers) are in fact those who need programs most and maybe revise and update these groups by considering the Argentinean crisis. It is not obvious that the criteria of targeting proposed in 1993 still apply in 2002.

2. The second objective concerns the impact on poverty or short poverty effects. This fits well with the PMMA network topics.

3. The third objective could also be a good contribution considering that one of the team members is specialized in labour markets in Argentina.

The following comments could be done relative to this proposal.

1. An update of the Argentinean economic situation must be updated. For example, in the text we read that “the economy is projected to decline about 20% in 2002”. On the INDEC web site, we could find updated projections. The GDP (annual % in 93 US$) is estimated at -10.9%. The expectations for the first two trimesters are respectively 5.4% and 7.9% (annual variation). This is interesting because these growth rate are higher than the GDP before the crisis (around 4% in 1998). This statement must be integrated in the analysis.

   An update could be also done for the unemployment and poverty indices since data are available up to May 2003 (next one will be October 2003 and could be also considered).

2. Remarks are made concerning the workfare program. The authors could be more precise on the history of this program and better explain why they decided to analyze it. I enumerate at least 21 programs between 96 and 2000 (INDEC web site). How can you be sure that the impact of others programs will not be assimilated to the program you are analyzing, namely “Head of Household”? Furthermore, some do not exist anymore, others changed such as “Trabajar” for example. Jalan and Ravallion (2003) present the

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same program that will be used by this team and explain its evolution over time. For example, the targeted groups seem to have changed since the beginning. In the first version of the program the targeted group was the middle-aged heads of household. It was decided not to impose this restriction on the new program. This information will be important particularly given the first objective of the proposal.

3. Another point concerns the data. It is mentioned that panel data dated from October 2000 to October 2002 will be used (5 passages). Data of May 2003 are available and probably the ones from October 2003 will be available soon. This update will be important for the analysis especially that the crisis effects are dieing down.

4. Several general observations can be done.

   ➤ First, it is surprising that this analysis will be done using the “benefit incidence” approach but nowhere in the proposal is this concept mentioned.

   ➤ The review of literature could present the highlights of this “benefit incidence” approach (but also others exiting methods to evaluate social programs). It would be interesting to know what is the motivation to choose the Rosebaum and Rubin (83), Heckman et al. (1997, 1998) and Jalan and Ravallion (99, 2003). This approach is the “propensity-score matching”. What are the strengths and weakness?

   In the PSM context which consisting of assessing the income gain that is the difference between household income with the program and that of households without it. There exist several other approaches to assess the “without data” or counterfactual approach and each method with pros and cons.

5. Some methodological remarks :

   ➤ It is mentioned that the Heckman approach will be used. But to apply this method two data bases are needed to match program participants to non-participants: the authors will use EPH but what will be the other data source?

   ➤ In the explanation of steps of methods what is the utility to compute the odd ratio? The reason is to weight the data because the sample of participants is over represented and the odd can replace the weights when they are unknown.

   ➤ In the assessment of G, it will be important to test (with Sargan – Wu – Hausman test) for selection bias in the matching estimator and possibly for heterogeneity. Indeed, some unobserved variables could jointly influence income and workfare participation conditional on the observed variables in the data used for matching.

   ➤ Finally, the assumption that “the crisis had a similar effect over the outcomes of participants and non-participants” is strong. For the external point of view, it seems that all households are not affected in the same way. Could you test this hypothesis?

   ➤ Concerning the assessment of employability affects, the analysis becomes dynamic and the authors want to apply the same PSM method. Is this the best way to achieve the objective? Some papers deal with dynamic benefit incidence and might be more appropriate methods:
In conclusion, this proposal looks interesting and innovative for the PMMA sub-network from a methodological point of view and the researcher has complementary skills to achieve the three objectives. In our view all suggestions made in this comment could be easily integrated in the proposal or report.

