



**SOME WORDS FROM THE CODIRECTORS**

**RESEARCH FINDINGS**

**NEWS**

**EVENTS**

**NEW PEP RESEARCH GRANTS**

**NEW WORKING PAPERS**

**PORTRAITS OF PEP MEMBERS**

**ABOUT PEP**

## SOME WORDS FROM THE CODIRECTORS

PEP is making huge strides in pursuing its vision of a world in which researchers living and working in developing countries have both the skills and the reputation to participate centrally in and influence national and international policy and research debates on poverty issues. Our support strategy seeks to remove the many obstacles that developing country researchers encounter in the research process, whether this is in terms of obtaining funding, accessing recent literature, interacting with other specialists, using recent and powerful software, gaining visibility both nationally and internationally, or receiving ongoing training and scientific support.

Helping us pursue this vision, PEP now has active regional offices in Asia (Manila), Africa (Dakar) and Latin America (Peru) developing their own research, training and dissemination activities, and supporting ongoing and new PEP-wide activities in their regions.

In addition to PEP's original three programs - CBMS, MPIA and PMMA - we are also happy to welcome a new program - The Policy Impact Evaluation Research Initiative (PIERI) - dedicated to rigorous analysis of programs and policies to alleviate poverty in developing countries. Finally, we are delighted to announce the arrival of two new core donors - The Canadian International Development Agency (CIDA) and the Australian Agency for International Development (AusAID) - who join our original champions, the International Development Research Centre (IDRC).

## RESEARCH FINDINGS

**Estimating the willingness to pay for community health care insurance in rural Nigeria**, by *John E Ataguba, Hyacinth E Ichoku and William M. Fonta*

The World Health Organization (WHO) identifies fairness in financial contribution as one of the goals of a good health system. This requires that people pay for the use of health services according to their means and that they make use of health services according to their needs. However, in Nigeria, payment for health care services is predominantly out-of-pocket and the poor and rural dwellers are not always able to afford them when they need them. Since these populations are precisely those with the highest prevalence of disease and illness, they need a way of paying for health care services.

The statistics show private financing of health care as still commonplace in Nigeria. Over 70% of health care payments come from private sources while about 30% is attributable to the government. As a result of this, in June 2005, the national health insurance scheme was launched such that medical costs would be distributed among different income groups.

While such health insurance can be very useful in increasing access to quality health services, it is not widespread in Nigeria, particularly for the poor. A team of Nigerian researchers explores the use of community health insurance, where households are required to pay for health services when they have the means to do so and not necessarily when they access them. This is to ensure that they can use these services when a member is sick. At the same time, it protects the poor and rural dwellers in Nigeria from financial strain when a member of their household is sick and needs care.

The researchers observe that households were very willing to participate in such a scheme, although they were not willing to pay enough to allow the insurance to fully cover the medical costs in the community. They are more willing to participate when they are told to pay with agricultural commodities rather than cash.

On the average, a rural household is willing to pay about 2,040 naira in cash per annum as a premium for the scheme. If paying in agricultural commodities, households are willing to pay about 4,042 naira worth of agricultural commodities per year.

The study found that female household heads, though willing to participate, are often constrained by the resources required to pay for the scheme. This is also the case for those with little education and accumulated wealth. Policy makers and others involved in the design of such insurance schemes must ensure that the poor and women are not obliged to pay insurance bills that exceed what they can afford.

Government efforts to increase health funding and provision of support to local schemes are also important to protect the poor. If such community insurance schemes are established in Nigeria, they should be integrated into the broader National Health Insurance scheme or microfinance schemes in order to ensure continuity, sustainability and viability.

*This work was published as Working paper PMMA 2008-10.*

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**Will Formula-Based Funding and Decentralized Management Improve School Level Resources in Sri Lanka?** *by Nisha Arunatilake and Priyanka Jayawardena.*

The education sector in Sri Lanka has come to appreciate the importance of decentralized decision making as a means of effectively responding to local needs and improving school performance. The Education Quality Inputs (EQI) scheme in Sri Lanka was one of the first schemes launched to improve school performance through decentralized financial decision making. Under the EQI scheme, schools are allocated a budget for purchasing educational resources based on a formula that takes account of characteristics and student population of schools. Is this scheme an improvement on the earlier funding and management models? Is resource allocation under this scheme equitable? A study using the school census and other primary and secondary data seeks to answer the above questions.

The study finds that the distribution of EQI allocation and expenditure is progressive – i.e. it favors poorer individuals – at the primary and lower secondary levels and it is equitable at the senior secondary level. However, at the collegiate level, especially science stream, it is regressive.

Descriptive analysis of EQI expenditure shows that, as intended, smaller schools, rural schools and more disadvantaged schools receive and spend more per student (see graph). However, around 20 per cent of these funds are left unspent. The study finds that allocating more funds to more disadvantaged schools alone is insufficient to reduce disparities as the inability of schools to fully utilize the funds holds back progress.

Some of the same factors that generated an uneven distribution of funds under earlier funding models also result in uneven utilization of funds under formula-based funding.

This shows that management capabilities are a necessary condition to improve resources at the school level, under any funding model.

The findings show that state level monitoring and support, effective local management capacity and adequate and competent human and physical resources are all needed for the success of education management at the school level.

*This work was published as working paper PMMA 2008-12.*

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**Tax Reform, Income Distribution and Poverty in Brazil: An Applied General Equilibrium Analysis**, by *Joaquim Bento de Souza Ferreira Filho, Carlton Vieira dos Santos and Sandra Maria do Prado Lima*

Tributary reform is a recurring subject of discussion in Brazil. In the last twelve years the debate on this theme has increased due to the frequent diagnostics pointing to the inefficiency of the Brazilian tax system, especially its indirect tax system. Since then society has recognized the need for broad fiscal reform, even though there is no general agreement on how it should be done.

The high number of different taxes and rates, which distorts the efficient use of resources by giving incentives to sectors benefited with smaller rates, as well as the cumulative incidence of some taxes, are regarded as the main source of inefficiencies in the system. Cumulative taxation distorts the price system markedly, since products with more intermediate steps in the production process (as is the case of the food industry) pay a higher tax rate, with obvious implications for welfare. This issue is of particular importance for the poorest.

To analyze quantitatively the problem, a study was conducted simulating the impacts on poverty in Brazil of three different indirect tax policies: reduction of indirect taxes on the main household consumption products; reduction of indirect taxes on the main inputs used in agriculture; and the reduction of indirect taxes on all products in a specific region (São Paulo state) in Brazil.

The study concludes that the reduction in indirect taxes on food seems to be the most promising in terms of poverty alleviation, since it generated the largest real income increase in the country. Due to the importance of the food sector in the Brazilian economy, this is also the policy that generates the larger positive effect on economic activity, with the best results on poverty and inequality indicators.

The cost of this kind of policy, however, sheds doubts about its feasibility. The policy seems to be too expensive in terms of tax revenue loss, when compared to the actual direct transfer policies underway in Brazil. This cost seems too high even if one considers that the administrative costs of the transfer policies are not included in the calculations (or all the inefficiencies that usually arise, as a matter of fact). Another important point to be noted here is that it would be hard to get a general agreement among states to implement these policies, since the tax revenue loss is unevenly spread across them. The poorer states would lose proportionally more than the richer states which, in the case of a compensatory policy regime through income taxes, would have to be net contributors to the poorer states.

*This work was published as working paper MPIA 2007-26.*

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**Agricultural Policy Reforms and Food Poverty Dynamics in Côte d'Ivoire**, by *Arsène Kouadio, Vincent Monsan and Mamadou Gbongue*.

Ivorian agriculture is characterized by low capital intensity, with the overwhelming majority of agricultural ventures being carried out manually. Meanwhile, private investment in agriculture is limited by lack of access to factors of production such as land, inputs (seeds, fertilizer, pesticides, manure, etc.) equipment, means of transportation, and lack of access to credit.

The Ivorian government is seeking to accelerate development and diversification, while respecting the policy of limiting the government's role in production and marketing. In this context, three Ivorian researchers have carried out an analysis of the impacts over time of incentives to promote private agricultural investment as a strategy to reduce poverty among agricultural households.

Their analysis focuses on calorie intake. This is an appropriate as limited access to food is the most acute problem in much of black Africa. In fact, calorie intake in many African countries is markedly lower than nutritional requirements. Malnutrition unfortunately continues to remain a reality throughout the African continent.

In general, food poverty is found to increase between 1985 and 1988, although there was a slight decline in 1987. This development is largely explained by the lack of an adequate supply of agricultural inputs for farmers that were involved in public programs.

Among households with initial caloric intake above recommended levels, the situation was found to deteriorate between 1985 and 1988. Those who were initially between the recommended and minimum caloric intakes stayed more or less stable. Finally, those who were initially under the minimum caloric intake experienced a significant improvement during the period. Overall, the progressive withdrawal of the state contributed to a decline in wellbeing among agricultural producers. This supports the claim that the elimination of agricultural subsidies in poor countries needs to be reconsidered if sustained reductions in food poverty are to be attained. Two main types of policy recommendations can be made on the basis of these results.

*1) Recommendations for agricultural policy*

The results of the research show that, despite the distortions at the macroeconomic level during the period of analysis, direct and indirect subsidies in the Ivorian agricultural sector had a positive effect on the living conditions of agricultural households. Therefore, in order to reduce poverty in agricultural regions, suggestions that can be derived from the analysis include:

Improving agricultural production by facilitating access to inputs. To this end, the state should a) take more measures to reduce taxes on agricultural factors of production and/or b) grant direct subsidies through the provision of inputs and bridging credit gaps.

Making support services free of charge while supporting the spread of good planning and management practices in the agricultural sector

*2) Recommendations for social policy*

One of the important results of this project is that household size is a key variable when implementing social policies that target reduced poverty in agricultural areas. Household size has both negative and positive influences on measures of food poverty. As such, controlling for the effects of household size becomes complex. In order to tackle this issue, the state must combine policies that target fertility with policies that improve the efficiency of agricultural labourers through technical training, supervision and good nutrition.

*This work was published as working paper PMMA 2008-07*

## NEWS

### CBMS NEWS

#### **CBMS - Philippines Announces the First Batch of Accredited National Trainers**

The CBMS Network Coordinating Team announced the first batch of accredited trainers for modules 1 to 4 in a simple ceremony held last October 24, 2008 at the Regalia Suites, Cubao Quezon City, Philippines. The first batch of accredited CBMS national trainers is from the central and regional offices of the Department of the Interior and Local Government (DILG).

The following accredited national trainers have been certified to have achieved the prerequisites set forth per training module:

#### **MODULE 1-Data Collection**

Lucita L.V. Dela Peña, DILG-BLGD  
Evelyn A. Castro, DILG-BLGD  
Sylvia A. Carvajal, DILG-BLGD  
Rudelita R. Remoroza, DILG-BLGD  
Charity V. Agbayani, DILG-BLGD  
Melanie P. Angulo, DILG-BLGD  
Ma. Olivia C. Brillantes, DILG Region I  
Francisco A. Vergara, DILG Region I  
Ma. Melita O. Villaruel, DILG Region IVB  
Ruth Fay B. Belarmino, DILG Region V  
Lauro A. Albon, DILG Region VIII  
Geraldine C. Maquelabit, DILG Region VIII  
Ginagene S. Vaño Uy, DILG Region IX  
Euchols P. Manacnis, DILG CAR  
Jocelyn C. Jayoma, DILG CARAGA  
Hja Helen P. Ahmad, DILG ARMM  
Alibaer M. Pangandaman, DILG ARMM

#### **MODULE 2-Data Encoding and Digitizing**

Lucita L.V. Dela Peña, DILG-BLGD  
Evelyn A. Castro, DILG-BLGD  
Sylvia A. Carvajal, DILG-BLGD  
Charity V. Agbayani, DILG-BLGD  
Melanie P. Angulo, DILG-BLGD  
Ma. Olivia C. Brillantes, DILG Region I  
Francisco A. Vergara, DILG Region I  
Ma. Melita O. Villaruel, DILG Region IVB  
Ruth Fay B. Belarmino, DILG Region V  
Excelsis Eligio B. Berango, DILG Region V  
Lauro A. Albon, DILG Region VIII  
Euchols P. Manacnis, DILG CAR  
Alibaer M. Pangandaman, DILG ARMM

#### **MODULE 3-Data Processing, Poverty Mapping and Building of the CBMS Database**

Lucita L.V. Dela Peña, DILG-BLGD  
Evelyn A. Castro, DILG-BLGD  
Sylvia A. Carvajal, DILG-BLGD  
Ma. Melita O. Villaruel, DILG Region IVB

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#### **New CBMS Initiative: Monitoring and Mitigating the Impact on Poverty of the Global Financial and Economic Crisis**

The CBMS Network is supporting a new initiative entitled "Monitoring and Mitigating the Impact on Poverty of the Global Financial Crisis". Although the global financial crisis originated in the US and spread to the European Union and some countries in Asia, the developing countries will not escape the adverse consequences. This project, therefore, aims to assess the impact of the crisis on poverty in selected developing countries in Asia, Africa, Latin America and Oceania. The project site in each country will serve as poverty observatories or sentinels for monitoring the impact of the crisis. The impact at the household and community level will be analyzed using data on the different dimensions of poverty obtained from community-based monitoring systems being implemented in these countries. Results of this study are expected to help policymakers in designing the necessary social protection programs, as well as in refining program targeting.

To that effect, some 30 researchers from Asia, Africa and Latin America attended the Technical Workshop on Monitoring and Mitigating the Impact of the Global Financial/Economic Crisis organized by the Community-Based Monitoring System (CBMS)

Network on February 17-19, 2009 at the Somerset Millennium Hotel, Makati City, Philippines.

The 3-day workshop was organized to discuss how the impact of the global financial crisis on poverty could be monitored using the CBMS methodology. The workshop involved a thorough discussion of the transmission mechanisms by which the global financial crisis can affect individuals, households and communities.

Invited representatives from CBMS implementing countries participated in mapping out frameworks of analysis and developing strategies to monitor the impact of the crisis. Economists and other technical experts also joined the workshop and shared their expertise on the topic as well as their insights on the international dimension, impacts on developing countries, transmission channels and policy options for governments.

The 3-day activity started with a policy conference hosted by the Philippine Institute for Development Studies (PIDS), together with the De La Salle University (DLSU)-Manila, the Australian Agency for International Development (AusAID), and the Poverty and Economic Policy (PEP) Network in the morning of February 17, 2009 at the National Economic and Development Authority (NEDA) sa Makati Building in Makati City, Philippines with Dr. Andrew Michael Spence, 2001 recipient of the Nobel Prize in Economics, giving his insights on the crisis via video conference.

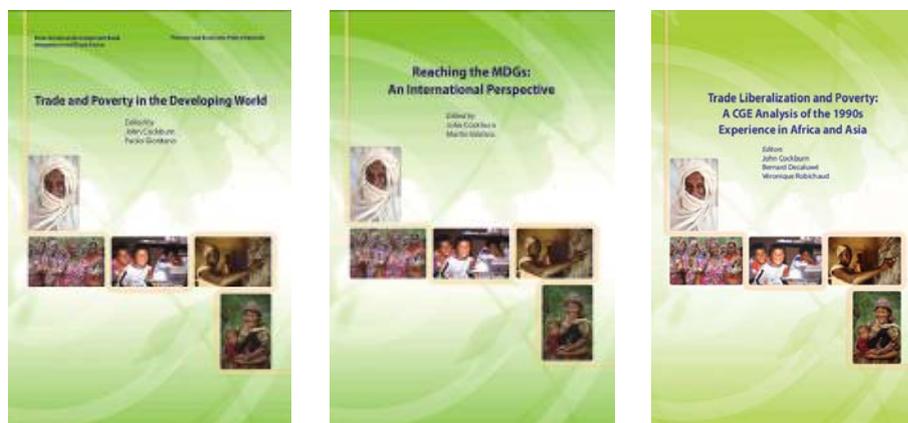
Other distinguished speakers included Mr. Diwa Guinigundo, Deputy Governor of the Bangko Sentral ng Pilipinas (BSP) and Dr. Benjamin Diokno, Professor at the School of Economics of the University of the Philippines. Meanwhile, Ateneo de Manila University Economics Professor Leonardo Lanzona commented on the development of sustainable programs for the poor through the use of better targeting, monitoring and evaluation systems and De La Salle University's Behavioral Sciences Professor Stella Go talked on the implications of the crisis for the overseas Filipino workers.

Dr. William Randall Spence, Executive Director of the Economic and Social Development Affiliates (ESDA), also attended the workshop and facilitated the session on Transmission Channels. Dr. Ponciano Intal, Jr., Professor at the DLSU and former PIDS President, on the other hand, facilitated the session on Household Coping Mechanisms and Government Responses while Tomas Africa, PEP Steering Committee Member and Regional Advisor for Asia, PARIS21 Secretariat, Organization for Economic Cooperation and Development, facilitated the session on Monitoring Strategy: How Often, When and Where.

Apart from the discussions on the global financial crisis, the 3-day activity was also designed to build the technical capacity of the various CBMS Teams in using the CBMS approach for monitoring the impact of the global financial crisis on poverty. In-depth discussions were held, producing a list of indicators to track the impacts of the crisis. In particular, impacts on men and women, and boys and girls will be monitored to capture the differential impacts of the crisis. Moreover, the workshop also generated a list of questions for the survey questionnaire designed to capture the required information; technical descriptions as to when and how frequent the data collection should be done to be able to provide timely data to policymakers; and possible areas within the participating countries that can serve as sentinel sites or poverty observatories of this global monitoring system.

## GENERAL NEWS

### Three new PEP books!



#### ***Trade and Poverty in the Developing World*, by John Cockburn and Paolo Giordano**

The selected papers presented in this book push back the frontiers of knowledge in the trade and poverty policy debate, while also addressing central methodological and conceptual issues.

Although they cover many different dimensions of the trade and poverty nexus, the authors concur, as a group, in drawing several broad and important lessons. First, while theory generally suggests that trade openness is both pro-growth and pro-poor, empirical evidence shows mixed results. The impact of trade reform on poverty appears to depend on a combination of pre-existing conditions – such as geography, market size, and institutional capacity – and complementary policies designed to help the poor participate in the positive opportunities that emerge while protecting them from the most harmful consequences. The mismatch between theory and available empirical evidence may partly reflect some strong modeling assumptions of dubious relevance for most developing economies, such as the presence of full employment, the existence of perfect labor mobility across sectors, and symmetries in cross-border market structures, just to name a few.

The second shared lesson is that the examination of trade-poverty links requires a combination of both *ex ante* modeling techniques and *ex post* econometric analysis. Both have important advantages and disadvantages. Modeling techniques, notably Computable General Equilibrium (CGE), are difficult to validate empirically and often require controversial and simplistic assumptions, which may strongly affect results. Robustness analysis should be used more systematically and many of the assumptions and critical parameters should be estimated and tested more rigorously. On the other hand, *ex post* econometric analysis confronts serious difficulties in isolating the impacts of trade from all the other forces at work within a given country. It also poses difficulties in identifying the channels through which trade affects poverty, where the source of trade expansion – agricultural, natural resources, manufacturing – may substantially modify its poverty impacts.

Third, studies must place a strong focus on micro analysis. Macro analysis, although useful in learning about average cross-national effects, does not allow for detailed, country-specific results, particularly when the poverty impacts caused by trade liberalization seems to be highly contextualized and contingent on multiple domestic socio and economic conditions. From a public policy perspective, all three lessons are extremely important as only robust empirical results can provide a solid foundation for recommendations on the design and implementation of a sound, pro-poor trade policy.

***Reaching the MDGs: An International Perspective*, by John Cockburn and Martin Valdivia**

The MDG movement has intensified since the UN Millennium Summit of 2001 when 147 heads of state endorsed this international effort and committed to foster progress in all eight MDGs. Multilateral organizations have supported this movement in various ways, especially in the development of indicators and the refining of commitments from key international stakeholders. However, seven years from the deadline of 2015, there is consensus that progress has been limited, notably in the case of the poorer countries with the worst initial conditions. Thus, much of the recent discussion focuses on the search for a proper assessment of the challenges ahead and the identification of clear action paths to overcome political, institutional and economic constraints that have limited progress so far, especially in poorer countries.

The papers selected for this volume were presented at the international conference “Reaching the MDGs: An International Perspective”, organized during the annual meeting of the Poverty and Economic Policy (PEP) Research Network that took place in Lima, Peru on June 12, 2007. The conference was organized by the Grupo de Análisis para el Desarrollo (GRADE) in collaboration with PEP, the Universidad del Pacifico, and the Network on Inequality and Poverty (NIP). Sponsors included the UN Development Programme (UNDP), the Corporación Andina de Fomento (CAF), and the Peruvian Ministry of Economics and Finance (MEF). Situated at the midpoint of the MDG process, the meeting was a good opportunity to assess the progress in the MDGs and the challenges ahead. Nearly 200 researchers, policy makers, representatives of multilateral institutions, and other stakeholders from Peru, Latin America, and other parts of the developing world gathered to listen to and debate a total of eight presentations by prestigious international experts from around the world.

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***Trade Liberalization and Poverty: A CGE Analysis of the 1990s Experience in Africa and Asia*, edited by John Cockburn, Bernard Decaluwé and Véronique Robichaud**

Very seldom does research produce cross-country findings based on comparable methods, particularly in an area as complex as the impacts of trade liberalization. And while much has been written about trade liberalization, empirical results based on comprehensive robust methods are relatively rare. This volume, stemming from the work and discussions of research teams in seven countries of Asia and Africa, provides special insight into a subject that has been at the center of debate about globalization for the past decade and more. Countries differ, and particular attention is paid to identifying how the specific characteristics of each country – initial tariff structure, trade patterns, relative factor endowments, production patterns, income sources and consumption patterns of the poor, etc. – shape the results. At the same time, some broad conclusions hold, and among these are lessons which are surprising and important:

- Trade liberalization increases welfare and reduces poverty marginally.
- Trade liberalization is pro-urban and may increase rural poverty.
- Industrial output increases relative to agriculture as a result of a stronger export response and greater input cost savings.
- Relative wages increase, returns to capital fall.
- Nominal income tends to fall most in rural areas.
- Nominal consumer prices fall more in industry than agriculture or services.
- Cost of living effects vary among countries and among rural and urban populations.

This volume also underlines the fact that trade liberalization does not take place in isolation. In particular, when tariffs are reduced, governments must either compensate for

the loss of tax revenue by raising other taxes, or reduce expenditures. The main findings are based on ‘revenue neutral’ simulations, where loss of tariff revenue is recovered by an increase in sales tax. Alternatively, using a direct (income) tax to recover lost tariff revenue does not significantly alter the overall welfare effects; which are still marginally positive in most countries. Poverty, on the other hand, even if marginally, now increases instead of decreasing in most countries. Moreover, rural and urban relative gains are often changed and more pronounced than with a sales tax.

This detailed analysis, based on disaggregated large-scale CGE models, shows that trade liberalization is more complicated than policy makers may want to admit, with numerous complex and opposing impacts on these economies that channel through the output, factor and product markets to influence household income and consumer prices. The main contribution of this volume is to point out some general trends and to explain carefully on what factors the poverty impacts of trade liberalization “depend”. Both in designing trade liberalization measures and in considering compensations for those who lose, the ability of policy analysts and policy makers to understand these factors is crucial.

The other principal contribution of this work is that its methods have been innovative in the field, combining the strengths of CGE models in capturing the complex interconnections among an economy’s product and factor markets with the strengths of household surveys in examining distribution and poverty. The result, as you delve into the country cases, is a rare look into a major dimension of globalization and poverty.

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## New Policy Briefs on the PEP Website



In a continuing effort to share the results of PEP-funded research with policy makers and other potential research users, PEP researchers continue to contribute to our policy brief series. PEP Policy Briefs are one-pagers that emphasize the key policy lessons from the research done by PEP researchers. They are primarily designed to stimulate informed debate about the research subject as well as facilitate evidence-based policymaking. Each brief provides the findings of a PEP-funded study, highlighting their policy implications and/or recommendations. These policy briefs outline important policy issues and provide evidence-based insights and recommendations in their regard. Each policy brief features a link to an underlying working paper, which develops the arguments in

more detail for interested readers. They can be downloaded free of charge from the PEP Website by clicking on the “Policy Brief” link on our home page: [www.pep-net.org](http://www.pep-net.org). Here are some of our most recent policy briefs:

- Trade Openness and Gender in Uruguay: a CGE Analysis
- Estimating the willingness to pay for community Health care insurance in rural Nigeria
- Bénéfices acquis et ciblage des pauvres dans les dépenses publiques de santé et d'éducation au Cameroun
- Household Wealth and Heterogeneous Impacts of a Market-Based Training Program: The Case of PROJOVEN in Peru
- Will Formula-Based Funding and Decentralized Management Improve School Level Resources in Sri Lanka?
- Agricultural Policy Reforms and Food Poverty Dynamics in Côte d'Ivoire
- Agricultural Trade Liberalization and Poverty in Tunisia: Micro-simulations in a General Equilibrium Framework

- Glass Ceilings, Sticky Floors or Sticky Doors? A Quantile Regression Approach to Exploring Gender Wage Gaps in Sri Lanka
- Tax Reform, Income Distribution and Poverty in Brazil: An Applied General Equilibrium Analysis
- Educational Attainment, Growth and Poverty Reduction within the MDG Framework: Simulations and Costing for the Peruvian Case
- Child Survival, Poverty and Policy Options from DHS Surveys in Kenya: 1993-2003
- Poverty Targeting and Impact of a Governmental Micro-Credit Program in Vietnam
- Impact of a Lower Oil Subsidy on Indonesian Macroeconomic Performance, Agricultural Sector and Poverty Incidences: A Recursive Dynamic Computable General Equilibrium Analysis

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### Big Improvements in the PEP website

PEP's intranet, which is used by all PEP-funded researchers and staff to communicate and manage their PEP projects, has recently benefited from a major revision. First of all, it has been made simpler and more user-friendly with standardized menus and general presentation. Second, proposals, projects and working paper stages of each project are now unified in a single intranet project. Finally, the new Intranet is more easily and rapidly maintained and modified, which has allowed us to develop a whole host of tools to improve and accelerate the management of PEP projects. We really appreciate all the time you took to give us your feedback, (positive and negative), to report bugs, to express your concerns by asking questions, giving suggestions etc.

We have now turned our attention to the public (internet) face of our web site with a view to making PEP research and researchers more accessible. We hope to be able to launch this new look early this Summer!

## EVENTS

### 7th PEP General Meeting (December 6-12, 2008) in Manila, Philippines



This year's meeting was very exciting as, after six years, we gathered in PEP's birthplace. With over 200 participants and 66 conference papers presented, these seven days of activities were very busy and stimulating!

The key objectives of this conference were to exchange views on how best to address the multi-faceted poverty issues and to find ways, on the part of the PEP Research Network, to contribute more to your efforts toward this end.

This year's meeting also featured three full days of advanced training on: Modeling the Poverty Impacts of Agricultural Shocks and Policies; Policy Impact Evaluation Techniques; and, Implementing the Sen Capabilities Approach.

In collaboration with the UNESCAP's Asia-Pacific Research and Training Network on Trade (ARTNeT), we also pursued our engagement with policy circles through the organization of a one day policy forum on the theme of Trade, Investment and Domestic Policy Coherence for Inclusive Growth with presentations by policy makers and international experts.

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### **Workshop on "Impact evaluation of poverty reduction programs", February 16<sup>th</sup> 2009 in Hanoi, Vietnam**

The participants at the workshop included, among others, staff from the Institute of Labor Science and Social Affairs, the Ministry of Labor, Invalids and Social Affairs, the Vietnam Bank for Social Policies and the World Bank.

One of the papers presented was "*Targeting and Impacts of Governmental Micro-credit Program in Vietnam*" funded by the PEP network and presented by Nguyen Viet Cuong of the National Economics University. The participants agreed with the main conclusions and recommendations of the report:

- The preferential credit program for the poor is designed to provide the poor households with credit at low interest rates without collateral.
- The program has had a positive impact on household expenditure. The program has positive and statistically significant effect on reduction of the poverty rate, poverty gap and poverty severity.

However, the participants questioned the analysis concerning the degree of success of the program in targeting the poor, which is based on data from the Vietnam Household Living Standard Survey. Participants from the Vietnam Bank for Social Policies felt that the micro-credit program covers a larger proportion of the poor. The research team was encouraged to explore more why the poor targeting happened. In addition, the Government should take measures to both reduce the leakage rate and increase the coverage rate, while keeping the program effective.

### **National Seminar disseminating results from the study entitled: "*Agricultural Trade Liberalization and Poverty in Tunisia: Micro-simulation in a general equilibrium framework*" by Mohamed Abdelbasset Chemingui**

The seminar lasted for a half-day in June 2008. The presentation of the PEP project was greatly appreciated by the audience, as was the financial and scientific support provided by the PEP network for this study. Highlights of the seminar included:

- The main Tunisian institutions involved in the conception and analysis of agricultural policies participated;
- The seminar coincided with the launch of a number of studies by the Tunisian ministries of Agriculture and Trade on the implications for Tunisian economy of liberalising agricultural trade at the regional and international levels.
- Furthermore, considering the current increase in world food prices, the workshop was of particular interest to policymakers, researchers and the media.

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**Conference: *Diagnosis and Strategies for Poverty Reduction in Cameroon African Regional Centre for Labor Management (CRADAT), Cameroon, March 28, 2008***



In order to disseminate the results of their research, PEP researchers from Cameroon organized a national conference on March 27, 2008, at the *Centre Régional Africain d'Administration du Travail (CRADAT)*.

The conference featured four presentations:

«*Decomposition of the Effects of Economic Policies on Poverty Trends in Cameroon: a Double Calibration Micro Simulated General Equilibrium Analysis*», Christian Arnault Emini.

«*Impact of Equivalence Scales on the Spatial Distribution of Poverty in Cameroon: A Dynamic Approach*», Luc Nembot Ndeffo.

«*Ethno-Cultural Diversity and Multidimensional Poverty Differentials in Cameroon*», Paul Ningaye.

«*The distributive impact of fiscal policy in Cameroon: Tax and benefit incidence*» Tabi Atemkeng Johannes.

«*The distributive impact of fiscal policy in Cameroon: Tax and benefit incidence*» Tabi Atemkeng Johannes.

The conference gathered 70 persons who were mostly researchers, policy makers, members of civil society, teachers and students.

The World Bank was represented by Abdoulaye Seck, Sr. Country Economist, whose interview was broadcasted on the French-language national televised news on March 28, 2008 at 8:30 pm, right after an interview with PEP representative, Emini Arnault Christian. Also, the same TV channel broadcasted an interview with Tabi Atemkeng Johannes on March 27 2008 on the English-language national televised news.

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#### Other national conferences organized by PEP members

- **Saibal Kar and Sugata Marjit**, *Issues in Growth and Poverty, Calcutta, India, (organized in collaboration with the Center for Studies in Social Sciences-Calcutta (CSSSC) and the World Bank), December 19-20, 2007*
- **Juan F. Castro, Gustavo Yamada and Martin Valdivia**, *Towards MDG Achievement Universidad del Pacifico, Peru, March 26, 2008*

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#### International Conferences attended by PEP members

- **Jane Mariara**, *International Conference on "Rethinking Poverty Making Policies that Work for Children", UNICEF-Graduate Program in International Affairs (GPIA) in New York, USA, April 21-23, 2008*
- **Marisa Bucheli**, *3<sup>rd</sup> IZA/World Bank Conference on Employment and Development" in Rabat, Morocco, May 5-6, 2008*

- **Maria Laura Alzua**, *International Conference on Policy Impact Evaluation*, Vancouver, Canada, June 5- 9 2008
- **Selim Raihan, Christian Emini and Nadia Belhaj Hassine**, *GTAP's Eleventh Annual Conference on Global Economic Analysis*, Helsinki, Finland, June 12-14, 2008
- **Chokri Thabet**, *European Association of Agricultural Economics in Ghent*, Belgium, August 26-29 2008PEP

### Related Events outside PEP

PEP continuously updates a list of events outside PEP that are judged to be of potential interest to PEP and other poverty researchers. This is available on the PEP web site ("Related Events Outside PEP").

## NEW PEP RESEARCH GRANTS

Following PEP's December 2008 7<sup>th</sup> annual meeting in Manila, Philippines, **thirteen new PMMA and MPIA research grants** were awarded. In addition **nine PIERI projects** were awarded grants at a selection meeting in Quebec, Canada in June 2008. In addition to substantial scientific and technical support, the recipient teams will receive a CAD 20,000\$ grant, and are eligible for additional financial support of up to 30,000\$ for various activities: participation in a PEP General meeting (to present their final report), participation in a four-week study visit to the institution of their choice, participation in an international conference, publication of a PEP working paper, publication of a journal article, and organization of a national policy conference. Congratulations to them all! Here they are:

### PMMA

**Luis Alberto Beccaria, Argentina**, Dynamics of poverty, labor market and public policies in Latin America

**Epo Boniface Ngah, Cameroon**, Spatial and Inter-temporal sources of Poverty, Inequality and Gender Disparities in Cameroon: A regression-based decomposition Analysis

**Kassim Dabitaou, Mali**, Genre et dynamique de la pauvreté des conditions de vie au Mali (2001 - 2006)

**Reuben Adeolu Alabi, Nigeria**, Marginal Benefit Incidence Analysis of Public Spending in Nigeria

### In collaboration with the Oxford Poverty and Human Development Initiative (OPHI):

**Jane Mariara, Kenya**, Multidimensional Poverty and Inequality Comparisons in Kenya: Analysis of maternal and child well-being

**John Ataguba, South Africa**, Analysis of the Missing Dimensions of Poverty Data in Developing Countries Based on Current Dataset: A case of Nigeria

**Azra Abdul Cader, Sri Lanka**, A pilot of OPHI's Internationally Comparable Indicators on Missing Dimensions of Poverty in urban, rural and estate communities in Sri Lanka

**Nadjarabeye Christian Beassoum, Tchad**, Pauvreté des capacités au Tchad : une exploration des dimensions manquantes des données dans la capitale N'Djaména

## MPIA

**Ricardo Arguello, Colombia.** Poverty Impacts of Freer Trade and Agricultural Policy Adjustments in an Opening Economy: the Case of Colombia

**Lacina Balma, Benin,** Dépenses publiques d'éducation et pauvreté au Burkina Faso: Une approche en équilibre général calculable

**Carlos Gustavo Machicado, Bolivia.** Public Expenditure Policy in Bolivia, Growth and Welfare

**Ngoc Q. Pham, Viet Nam.** Privatization and Poverty Reduction in Vietnam - Optimal choices and its potential impacts

**Yaxiong Zhang, China,** Setting up the uniformed social security system under huge rural labour migration in China: A quantitative analysis by SIC-GE model

## PIERI

**Veronica Amarante, Uruguay,** An impact evaluation of PANES

**Ghada Barsoum Egypt,** Assessing the Impact of Ishraq Intervention, a Second-Chance Program for Out-of-School Rural Adolescent Girls in Egypt

**Abdoulaye Diagne, Senegal,** Évaluation de l'impact des programmes de cantines scolaires et de déparasitage des écoles primaires rurales au Sénégal

**Leonardo Gasparini Argentina,** Assessing the impact of Argentina's Ley Federal de Educación on educational and labor outcomes

**Frederick Mugisha, Uganda,** Improving School Quality in East Africa: Randomized Evaluation of Policies to Create Local Accountability under Free Primary Education in Uganda.

**Germano Mwabu, Kenya** Improving School Quality in East Africa: Randomized Evaluation of Policies to Create Local Accountability under Free Primary Education in Kenya

**Wei Qu China,** Effect of Sexuality and Procreation Education on Health and Poverty Reduction of Girls in Rural China - The Case study in Gansu Province,

**Fabio Soares, Brazil** Estimating Participation and Spill-over Effects in Conditional Cash Transfer Programs

**Lan Anh Vu, Viet Nam,** Does training voucher help increase income of redundant workers of restructured state's owned enterprises in Vietnam?

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## NEW WORKING PAPERS

Twenty new working papers have been published since our last PEP-Talk, including nine MPIA working paper and eleven PMMA working papers.

## MPIA

**Rina Oktaviani, Dedi Budiman Hakim, Hermanto Siregar, Sahara Sahara,** Impact of a Lower Oil Subsidy on Indonesian Macroeconomic Performance, Agricultural Sector and Poverty Incidences: A Recursive Dynamic Computable General Equilibrium Analysis

**Mohamed Abdelbasset Chemingui, Chokri THABET,** Agricultural Trade Liberalization and Poverty in Tunisia: Micro-simulation in a General Equilibrium Framework

**Gustavo Yamada, Juan F. Castro, Arlette Beltrán, María A. Cárdenas**, Educational Attainment, Growth and Poverty Reduction within the MDG Framework: Simulations and Costing for the Peruvian Case

**Prakash Raj Sapkota, John Cockburn**, Trade Liberalization and Poverty in Nepal: An Applied General Equilibrium Analysis

**Bernard Decaluwé, Epiphane Adjovi, Véronique Robichaud**, Trade Policy and Poverty in Benin: A general Equilibrium Analysis

**María Inés Terra, Marisa Bucheli, Carmen Estrades**, Trade Openness and Gender in Uruguay: a CGE Analysis

**Rizwana Siddiqui, Abdul Razzaq Kemal, Rehana Siddiqui, Ali Kemal**, Tariff Reduction, Fiscal Adjustment and Poverty in Pakistan: A CGE-Based Analysis

**Christian Arnault Émini, Dorine Kanmi Feunou**, Décomposition des effets des politiques économiques sur l'évolution de la pauvreté au Cameroun : Une analyse en équilibre général micro-simulé avec double calibration

**Sara Wong, Ricardo Arguello, Ketty Rivera**, Fiscal Policies and Increased Trade Openness: Poverty Impacts in Ecuador

## PMMA

**Nguyen Viet Cuong, Minh Thu Pham, Nguyet Pham Minh, VU Thieu, Duong Toan**, Poverty Targeting and Impact of a Governmental Micro-Credit Program in Vietnam

**Jane Kabubo-Mariara, Margaret M. Karienyeh and Francis K. Mwangi**, Child Survival, Poverty and Policy Options from DHS Surveys in Kenya: 1993-2003

**Jose Galdo, Miguel Jaramillo and Veronica Montalva**, Household Wealth and Heterogeneous Impacts of a Market-Based Training Program: The Case of PROJOVEN in Peru

**Dilani Gunewardena, Darshi Abeyrathna, Amalie Ellagala, Kamani Rajakaruna and Shobana Rajendran**, Glass Ceilings, Sticky Floors or Sticky Doors? A Quantile Regression Approach to Exploring Gender Wage Gaps in Sri Lanka

**Damien Mededji**, Dynamique de la pauvreté urbaine au Bénin: une analyse en termes d'entrées et sorties

**Arsène Kouadio, Vincent Monsan, Mamadou GBongue**, Réformes de politique agricole et dynamique de la pauvreté alimentaire en Côte d'Ivoire - Agricultural Policy Reforms and Food Poverty Dynamics in Côte d'Ivoire

**Bernadette Kamgnia Dia, Simon Leunkeu Wangun, Christophe Tatsinkou and Josephine Afor**, Bénéfices acquis et ciblage des pauvres dans les dépenses publiques de santé et d'éducation au Cameroun - Acquired Benefits and Poverty Targeting in Public Spending on Health and Education in Cameroon

**Xiaohua LI, Yaohui Zhao, Lili LU**, Effects of Education on Earnings Inequality in Urban China: 1988-2003

**John E Ataguba, Hyacinth E Ichoku, William M. Fonta**, Estimating the willingness to pay for community healthcare insurance in rural Nigeria

**Verónica Frisancho, Dean Karlan, Martin Valdivia**, Business Training for Microfinance Clients: How it Matters and for Whom?

**Nisha Arunatilake, Priyanka Jayawardena**, Will Formula-Based Funding and Decentralized Management Improve School Level Resources in Sri Lanka?

## PORTRAITS OF PEP MEMBERS

### Sudarno Sumarto, Indonesia



Dr. Sudarno Sumarto heads the SMERU Research Institute based in Jakarta, Indonesia, which he also helped to establish.

SMERU is an independent institution for research and public policy studies that professionally and proactively provides accurate and timely information, as well as objective analysis on various socioeconomic and poverty issues considered most urgent and relevant for the people of Indonesia. The Institute is at the forefront of research efforts to highlight the impact of government programs and policies, and has

actively published and reported its research findings. Over time, SMERU's focus has expanded to include other areas of applied and economic research that are of fundamental importance to contemporary development issues.

Dr. Sumarto also lectures at the Bogor Agricultural University and Universitas Nusa Bangsa (Bogor). He was recently chosen to become the second Shorenstein APARC/Asia Foundation Visiting Fellow. As such, he will be in residence at Stanford University in the United States during the 2009-2010 academic year.

Dr. Sumarto has served as project leader for the *Pilot Project on Community Based Monitoring System in Indonesia* which was implemented in Parakantugu and Cibulakan in Cianjur, West Java and Kedondong and Jungpasir in Demak, Central Java from 2005-2007. The project was later expanded in 2008 to the City of Pekalongan in Central Java. One of the significant findings of SMERU during the course of the first project is that while 67 percent of poor households in one CBMS project site were able to get assistance from the Unconditional Cash Transfer program (one of the largest cash transfers in the world), 27 percent of households belonging to higher income quintiles also benefited from the project, indicating that the targeting of the beneficiaries of the program needs further refinement.

Dr. Sumarto has contributed to more than sixty co-authored articles, chapters, reports, and working papers, including "Agricultural Growth and Poverty Reduction in Indonesia," in *Beyond Food Production* (2007); "Reducing Unemployment in Indonesia," SMERU Working Paper, 2007; and "Improving Student Performance in Public Primary Schools in Developing Countries: Evidence from Indonesia," *Education Economics*, December 2006.

Dr. Sumarto has spoken on poverty and development issues in Australia, Chile, China, Egypt, Ethiopia, France, Japan, Morocco, Thailand, and the United Kingdom, among other countries. He has a PhD and an MA from Vanderbilt University and a BSc Cum Laude from Satya Wacana Christian University (Salatiga), all in economics.

He and his wife Wiwik Widowati have three children.

## Hot PEPpers: News of PEP members



sions in the capital N'Djamena.

Congratulations to **TABO Symphorien Ndong** who has joined the resident office of the IMF in Chad as economist and assistant to the Resident Representative on October 15, 2008, replacing Mr. YAMBAYE Nguéto who was appointed Senior Economic Adviser in the Prime Minister's Office in May. Mr. TABO is currently the Head of the Unit of National Accounts and Economic Studies at the INSEED (*Institut National de la Statistique et des Etudes Économiques et Démographiques*). He was selected following a competitive process. Mr. TABO has graduate degrees in Economics and Statistics. He was the team leader for a PEP project entitled *Who benefits from social spending in Chad? An incidence analysis based on survey data*, which has been published as Working Paper PMMA 2007-11. He is also a member of a team working on a newly-approved project on *Capabilities poverty in Chad: An exploration of the missing data dimen-*

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Congratulations also to **Adeola Adenikinju**, who has been promoted as Professor of Economics of the University of Ibadan, effective from October 1 2009. While the promotion exercise was going on, Adeola was also appointed as Special Assistant to the Special Adviser to the President on Energy Matters (2005-07). He was on Sabbatical Leave between 2007 and 2008 as Gas Policy Analyst with a World Bank-assisted federal government project called *Gas to Power Integrated Project*. A book he is co-editing on *Applied General Equilibrium Modeling In Nigeria* will be published shortly. He participated and led with Manson Nwafor a PEP project entitled *The Impacts of Trade Liberalization on Poverty in Nigeria: Microsimulations in a CGE Model*.

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## ABOUT PEP

### A Brief Overview of the Poverty and Economic Policy (PEP) Research Network

**PEP's Vision: A world in which developing country researchers contribute substantially to efforts to understand and combat world poverty.**

The Poverty and Economic Policy (PEP) Research Network brings together and provide technical and financial support to developing country researchers working to reduce poverty. PEP is managed by four principal partners:

- **African Office:** Consortium pour la Recherche Économique et Sociale (CRES), Université Cheikh Anta Diop, Dakar, Senegal
- **Asian Office:** Angelo King Institute for Economic and Business Studies (AKI), De La Salle University, Manila, Philippines

- **Latin American Office:** El Grupo de Análisis para el Desarrollo (GRADE), Lima, Peru
- **North American Office:** Centre Interuniversitaire sur le Risque, les Politiques Économiques et l'Emploi (CIRPÉE), Université Laval, Quebec, Canada

and is composed of four programs:

- Community-Based Monitoring Systems (CBMS).
- Modeling and Policy Impact Analysis (MPIA);
- Policy Impact Evaluation Research Initiative (PIERI);
- Poverty Measurement, Monitoring and Analysis (PMMA);

## PEP Web site

As a member of the PEP Network, you join the ranks of more than 6,000 policy makers, researchers, civil society representatives and other individuals interested in reducing poverty worldwide, who interact and network on the PEP website! Our website has registered over 250,000 visits to date. In order to ensure that we can keep in contact with you and share our newsletters and calls for proposals, we kindly ask that you keep your personal information updated on the website. To do so, please follow these simple steps:

- Open a session ([www.pep-net.org](http://www.pep-net.org))
- Login with your username and password (If you have forgotten your user name and/or password, click on the "Forgot username or password?" link and follow the instructions.)
- Click on "Profile"
- Update your information and then click on "Submit" (at the bottom);
- You may even add your picture (we encourage you to do so) by selecting it from your computer and then clicking on "Submit";
- You may also indicate the e-mail addresses at which you would like to receive PEP announcements and PEP-TALK;
- If you do not wish to be part of this mailing list any more, please deselect the box "I want to receive the PEP-TALK".

Thank you for taking the time to update your account and do not hesitate to contact us at [pep@ecn.ulaval.ca](mailto:pep@ecn.ulaval.ca) if you have any questions.

## Other Funding for PEP Researchers

All members of PEP-funded research teams are reminded that they are eligible to apply for additional funding for various activities: publication of a journal article, organization of a national policy conference, participation in an international conference. This additional funding is provided on a competitive basis. Details are provided in the **PEP Grants Manual**, which is available through a link on the "About PEP" page of the PEP web site.

## Online Literature Search Tools

The PEP web site offers a guide to on line research tools (See "Links" on the PEP web site). In particular, this page outlines the Research Database Service offered by our funder, the International Development Research Centre (IDRC), to all PEP-funded research teams (See "IDRC Research Database Service" on the PEP web site).

## Editorial Team

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For more information or to register, please visit: [www.pep-net.org](http://www.pep-net.org)

If you have news you would like to share, please email us at [pep@ecn.ulaval.ca](mailto:pep@ecn.ulaval.ca) and it will be our pleasure to publish it in the next edition of PEP-TALK.

**Please forward this newsletter to your colleagues!**

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**The PEP network is funded by:**

- **The International Development Research Centre (IDRC; [www.idrc.ca](http://www.idrc.ca))** through its **Globalization, Growth and Poverty (GGP)** program.



- **The Canadian International Development Agency (CIDA, [www.acdi-cida.gc.ca](http://www.acdi-cida.gc.ca))**



- **The Australian Agency for International Development (AusAID; [www.ausaid.gov.au](http://www.ausaid.gov.au)).**

