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SOME WORDS FROM THE CODIRECTORS

This summer has been far from quiet for the PEP network. We continued to expand the scope of our activities with the launch of several new major initiatives.

To start with, PEP pursued its objective, not only to build research capacity in developing countries, but also to promote and support the use of existing capacity. Researchers from our CBMS and MPIA programs are working together to monitor and analyze the **impacts of the global financial crisis on developing countries**. More than a dozen countries in Africa, Asia and Latin America are participating in this study, which is undertaken in collaboration with the Australian Agency for International Development (AusAID), the Canadian International Development Agency (CIDA), the International Development Research Centre (IDRC), the International Food Policy Research Institute (IFPRI), the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), and the United Nations Children's Fund (UNICEF).

PEP's second area of expansion this summer was in the area of basic and advanced training. A second edition of the **PEP school**, which is being prepared for this autumn, will use online components together with a workshop in Dakar. This school, offered in French, specifically deals with techniques for simulating the impacts that macroeconomic policies and shocks have on national economies and on poverty. Another important training initiative was launched, with support from the United Nations Development Program (UNDP), on **capacity strengthening for poverty and social impact analysis in Sub-Saharan Africa**. Building on past PEP training activities, this initiative will generate and test a comprehensive package of training programs for use in future PEP schools.

We are very excited by the recruitment of **Anthony Shorrocks**, former director of WIDER, to help PEP with fundraising, incorporation and other strategic development activities as Director of Strategic Planning. We are also pleased to announce the launch of an entirely revamped **web site** designed to facilitate access to information on PEP studies, publications and researchers.

PEP researchers have also been busy carrying out our regular activities producing new research reports, working papers, policy briefs, national policy conferences, international conference presentations, journal articles and pursuing numerous ongoing projects.

We hope you enjoy reading this issue of PEP-Talk!

RESEARCH FINDINGS

Fiscal Policies Crucial to Making Trade Liberalization Pro-Poor in Ecuador.

Ecuador has been engaged in a process of economic policy reform featuring major changes in trade and tax policies since the early 1990s. The ultimate goals of these reforms are to create jobs, foster economic growth and reduce poverty in Ecuador. The analysis of fiscal policy changes has become a major issue since Ecuador adopted the U.S. dollar as its currency in 2000.

To contribute to this debate, a team of researchers financed by the PEP network conducted an ex-ante analysis of both the macroeconomic and poverty effects of removing all import tariffs on products from Ecuador's leading trade partner, the US. This reform is examined with the assumption that the lost tariff revenue is replaced by increasing the value added tax (VAT) and/or income tax rates so as to keep the government deficit unchanged.

The main findings of this study suggest that the impacts on the economy of these policy changes are small. All scenarios see limited, but positive, reductions in the rate of indigence (using the dollar-a-day poverty line) at the national level, but the impacts on the incidence of poverty (using the two-dollar-a-day poverty line) are mixed. With VAT adjustment alone, indigence and poverty rates rise in rural areas and fall in urban areas. At the national level, these contrasting effects produce a fall in the indigence rate with a rise in poverty.

These mixed results can be explained by the wage and employment effects of trade liberalization. The increases in real wages for those who remain employed or find employment are enough to lift some out of indigence, whereas the loss of employment throws others into poverty. All categories of wage earners other than skilled urban workers experience a small fall in income, as do self-employed individuals, contributing to higher poverty.

Table: Poverty impacts of trade liberalization

Below one dollar a day			
	Baseline	Flat VAT	Direct tax only
Total	14.87	-0.11	-0.49
Rural	22.72	0.26	-0.71
Urban			
Below one dollar a day			
	Baseline	Flat VAT	Direct tax only
Total	35.28	0.08	-0.38
Rural	49.55	0.39	-0.48
Urban	27.82	-0.08	-0.32

The self-employed suffer the most in terms of income, indigence and poverty. This is because the rural self-employed (mostly small farmers) are the poorest and allocate a larger share of their income to food consumption. Currently mostly exempted from the VAT, food would be subject to VAT under this proposed tax replacement scheme.

Much better poverty reduction outcomes are attained when only direct taxes are increased to make up for tariff revenue losses: both indigence and poverty rates fall. Indeed, since direct taxes affect the non-poor proportionately more, the income tax replacement scheme is progressive.

These contrasting impacts of VAT and direct tax adjustments highlight the importance of choosing an appropriate mechanism to compensate for lost tariff revenue under trade liberalization.

It is also important to note that adjustments take time. Short-term results will differ from long-term effects. This is particularly important for labor market effects. Efficiency gains coming from capital reallocation in a post-liberalization shock are also expected to contribute to growth and have poverty reducing effects in the long run.

Based on PMMA working paper 2008-19. Fiscal Policies and Increased Trade Openness: Poverty Impacts in Ecuador, by Sara Wong, Ricardo Arguello and Ketty Rivera

Is Trade Liberalization Good for Women in Uruguay?

Uruguayan data show significant gender differences in the labor market and in the distribution of household tasks. In the labor market, women earn lower wages, participate less and face a higher unemployment rate. At home, women spend more time than men doing domestic work and less in leisure.

A team of Uruguayan researchers examines the gender differentiated impacts of trade openness on employment, wages and time allocation, using a series of gender aware CGE models. Trade policy in a small country such as Uruguay can have a substantial impact on the relative demand for male and female workers and may therefore increase or reduce these gender differences. The team calibrated the model using a recent time-use survey in Uruguay.

Different tariff reform scenarios were simulated. Trade openness, defined as a unilateral tariff reduction on imports from all destinations, is found to improve the situation of women in terms of employment and wages. However, the precise impacts depend on the exact nature of the trade reform. If it results in an increase in net exports to Argentina, demand for female workers increases and gender wage gaps decline. However, if net exports to Brazil and the rest of the world increase, it is demand for unskilled male workers that increases.

Table: Gender-specific wage and employment effects of trade openness

Labor category	% Variation
Unemployment	
Female unskilled	-2.04
Male unskilled	-2.21
Employment	
Female unskilled	0.18
Female skilled	0.15
Male unskilled	0.05
Male skilled	0.08
Wages	
Female unskilled	0.30
Female skilled	0.40
Male unskilled	0.22
Male skilled	0.22

Integration into MERCOSUR is also found to have a positive impact on female participation in the labor market (see table). Furthermore, while trade openness favors skilled women most, integration into MERCOSUR is more advantageous to unskilled women in terms of employment, but not in terms of wage rates.

Other more direct gender policies, such as a subsidy for female workers, would be more effective than trade policy, especially given extremely high female unemployment rates. The government should likewise avoid increasing protection in female-intensive sectors as a policy to promote female employment. A simulation that imposes reference prices on female-intensive textiles and garment imports is found to improve employment for unskilled women, but this comes at the expense of reduced employment in all other labor categories due to the efficiency losses of reduced trade.

Based on MPIA working paper 2008-16: Trade Openness and Gender in Uruguay: a CGE Analysis, by María Inés Terra, Marisa Bucheli, Carmen Estrades

Polarization in Nigeria Found to be Mostly along Educational and Geographic Lines

Nigeria is a populous country with numerous ethnic groups that are prone to rivalry, polarization and social conflict, which threatens the country's cohesion. There is plenty of evidence of a relationship between polarization in the country and other negative phenomena such as high levels of inequality, rent seeking activities, corruption, weak institutions and widespread poverty. The question is how to structure the country in such a way that each ethnic or religious group and each individual Nigerian can become a stakeholder in development initiatives in order to rid the country of social tension, organized rebellion and poverty.

A team of Nigerian researchers empirically document the impact of regional income disparities in terms of inequality, polarization and poverty in their country. They then proceed to evaluate the consequences of alternative policy reforms. A distribution that is more concentrated in the "tails", i.e. a high concentration of very poor and very rich with few people in the middle class, is characterized as polarized. Several newly developed polarization indices are adopted to explain different aspects of polarization and provide insight into dimensions that are more pronounced and thus merit more attention for policy and research development.

Redistributive policies in recent decades are found to have successfully reduced inequality, polarization and poverty. This is particularly the case in urban areas and southern Nigeria, and is less so in rural areas and northern Nigeria (see table). Disparities between socio-economic groups have fallen faster than those within these groups. Indeed, persistent high level of intra-group similarity, hence positive feelings of members toward the group, suggests persistent bi-polarization in the country.

There seems to be greater polarization along geographic and educational lines than in other dimensions (whether comparing rural versus urban areas, occupational groups or gender). In terms of geographic polarization, disparities between zones rather than within zones predominate. Meanwhile, the growing population of secondary school leavers and the unemployed is found to significantly increase polarization and constitutes a potential source of conflict.

Duclos-Esteban-Ray polarization index

1996			
	Total	Inter-group difference	Intra-group similarity
Sector			
Rural	0.29	0.51	0.74
Urban	0.31	0.55	0.73
Geopolitical zones			
North east	0.31	0.54	0.75
North west	0.28	0.50	0.74
South east	0.30	0.52	0.73
South west	0.30	0.53	0.73
National	0.30	0.53	0.74
2004			
Sector			
Rural	0.24	0.39	0.74
Urban	0.25	0.42	0.74
Geopolitical zones			
South south	0.24	0.39	0.75
South east	0.23	0.37	0.75
South west	0.24	0.40	0.73
North central	0.25	0.42	0.78
North east	0.25	0.40	0.78
North west	0.24	0.38	0.76
National	0.25	0.41	0.74

The researchers conclude that the government needs to actively combat polarization in order to forestall conflict and social tension in Nigeria. Policies focusing on interregional disparities would likely be the most effective. Progressive tax regimes and an equitable regional distribution of infrastructure are proposed.

Based on PEP project PMMA-10832: Inequality, Polarization and Poverty in Nigeria, by Taiwo Timothy Awoyemi, Isaac Oluwatayo and Oluwakemi Adewusi

NEWS

General News

2nd Session of the PEP School: Training on Poverty and Economic Analysis

The PEP school is an annual 6-month training program organized by the PEP network in partnership with Southern institutions. Training is offered on monitoring and measuring poverty and on modeling the impacts of macroeconomic policies and shocks. Its main components are distance education, training workshops and technical support. Scientific expertise is provided by PEP resource persons. The primary goals are to:

- Enhance local capacity in monitoring, measuring and analyzing poverty;
- Improve understanding of the impacts that macroeconomic policy and shocks have on poverty;
- Contribute to effective design of national growth and poverty reduction strategies.

The "Consortium pour la Recherche Économique et Sociale" (CRES) in Dakar, Senegal, has taken the lead in establishing this initiative in Africa in collaboration with other African institutions. In June 2009, CRES launched the second session of the PEP school, offered entirely in French, on the theme of **Modeling the micro impacts of macroeconomic policies and shocks**. The workshop is scheduled for early December 2009 and it is still possible to register. For further information, consult the PEP web site (www.pep-net.org, "Events").

Impacts of the Global Economic Crisis on Children in West and Central Africa.

PEP-Africa successfully bid to lead this major UNICEF-commissioned study. PEP-Africa is working with local research teams in Burkina Faso, Cameroon and Ghana to simulate the impacts that the crisis and potential policy responses may have on various aspects of child welfare including income, caloric intake, school participation, child labor and access to medical services. The national teams are coached by an advisory group including several PEP researchers and resource persons - Ismaël Fofana, Sami Bibi, Massa Coulibaly, John Cockburn, Abdoulaye Diagne and Bernard Decaluwé - as well as Luca Tiberti from UNICEF's Innocenti Research Centre in Florence. The final report is due out in November or early December.

It is noteworthy that PEP-Africa was the only Southern-based institution among ten research centers invited to bid on this project, a sign that PEP is succeeding in promoting greater participation by local researchers in major studies concerning developing countries. A final report is due before the end of the year.

Anthony F. Shorrocks appointed as PEP Director of Strategic Development

Anthony F. Shorrocks, former Director of the World Institute for Development Economics Research (WIDER) of the United Nations University, has been appointed as Director of Strategic Development (DSD) for the PEP Research Network. Professor Shorrocks will lead PEP's fundraising activities, help explore PEP's options for legal incorporation and review the current draft of PEP's long-term strategic development plan.

Professor Shorrocks holds a B.Sc. in Mathematics from the University of Sussex and an M.A. in Economics from Brown University. He received his Ph.D. in Economics from the London School of Economics in 1973, and his thesis was awarded the Bowley Prize in 1975. He has previously held positions at the London School of Economics and the University of Essex. He has also been a Visiting Professor at Queen's University in Kingston, Ontario, Southern Methodist University in Dallas, the European University Institute in Florence and the New Economic School in Moscow. He is widely published on topics relating to income and wealth distribution, inequality and poverty.

Launch of new PEP web site

As the PEP network's scope and magnitude of activities continues to increase, a revamping of the PEP web site has become necessary. The new web site seeks to facilitate public access to information on PEP studies, publications and researchers. In addition to a more colorful presentation, it features tools to search the web site by theme and country of interest. We hope that the new web site will help promote PEP researchers and their PEP-funded studies to policy makers, researchers and other individuals and institutions interested in poverty issues. We encourage registered members to take this opportunity to update your profile and, in particular, to add your photo, short biography, CV and fields of specialization (see "PEP web site" below for instructions).

CBMS News

Monitoring and Mitigating the Impact on Poverty of the Global Financial and Economic Crisis

Selected communities in 15 countries over 4 continents, as listed in table 1, will serve as observation/sentinel points for the CBMS Network initiative on monitoring the impact of the global financial and economic crisis (GFC) on poverty.

Table 1: GFC sentinel sites

Country	Sentinel Sites
Benin	The 13th district in Cotonou and the So-Ava commune
Burkina Faso	2 urban sectors in the Yako commune, 2 urban sectors in the Diébougou commune and Kossodo in the Ouagadougou commune
Ghana	Dangme West District (Dodowa, Prampram, Ningo and Afienya) and the James Town township in Ashiedu Keteke
Kenya	Bura Division (Walesorhea, and Hirimani), Garsen Division (Tarassa and Golbanti) and Galole Division (Laini and Makere)
Lao PDR	19 villages in the Sepone and Toomlane districts
Nigeria	The Edem community in Nsukka
Peru	2 villages in Villa El Salvador
Philippines	14 villages across the country
Tanzania	17 wards and 1 village in the municipality of Dodoma, Lushoto ward in Lushoto district and Sultani ward in the municipality of Morogoro
Zambia	Chief Mungule's area (2 sections) and Kabwata in the province of Lusaka and Mikonfwa (6 sections) in Luanshya, in Copperbelt province

* Research partners from Indonesia, Vietnam, Cambodia, Bangladesh and one country from Oceania have yet to submit information

The initiative aims to assess the impact of the crisis on poverty in developing countries in Asia, Africa, South America and Oceania. Specifically, the impacts at the household and community levels will be analyzed using data from community-based monitoring systems,

which are being implemented in several countries to measure a number of dimensions of poverty. For instance, household welfare will be affected by a decrease in remittances and other private transfers from abroad. It is also widely recognized that the poorest and the most vulnerable groups in society are expected to be hit hardest by the crisis. Although households could adopt some coping mechanisms in the short run, these may have negative long term consequences, especially on women and children.

CBMS researchers from these countries attended a technical workshop in the Philippines in February, 2009 that yielded a number of achievements including:

- 1) A list of indicators that would need to be monitored to track the impacts;
- 2) A list of questions that need to be added in the survey questionnaire to capture the required information; and
- 3) Determination of the timing and frequency of data collection in order to provide timely data to policymakers.

Preliminary results are expected to come out before the end of the year and will be disseminated through the PEP-CBMS Network's website and newsletter. In addition, the results will be presented to the relevant policymakers and other stakeholders at a policy conference.

This initiative is funded by the International Development Research Centre (IDRC) and the Canadian International Development Agency (CIDA) through PEP's CBMS Network. Meanwhile, the participation of one country from Oceania is made possible through the support of the Australian Agency for International Development (AusAID).

MPIA News

New MPIA Initiative: Analyzing the Impacts of the Current Economic and Financial Crisis and Appropriate Policy Responses.

PEP's MPIA program has launched a multi-country research initiative on the impacts of the global economic and financial crisis on developing countries. The program is receiving financial support from AUSAID, IFPRI, UNICEF and PEP.

On June 9th, several MPIA researchers attended a one-day workshop in advance of the 12th annual GTAP conference in Santiago, Chile. This event focused on methodological approaches for analyzing the impacts of the current economic crisis on developing countries. The event was hosted by the Economic Commission for Latin America and the Caribbean, some of whose economists took part in the discussions. The International Food Policy Research Institute (IFPRI), represented by David Laborde, was also present and has announced its wish to be an active participant to the project.

The workshop was conducted by Bernard Decaluwé, Véronique Robichaud and Renato Flores. A common modeling framework for the study of the economic crisis was presented and discussed with participants. Three documents served as a basis for this discussion:

- Distributional Impact of Financial and Global Economic Crisis on Developing Countries: A survey (prepared by Ismaël Fofana, with Bernard Decaluwé and Renato Flores);
- The Impact of Global Economic Crisis on South Africa (prepared by Margaret Chitiga, Bernard Decaluwé, Ramos Mabugu, Hélène Maisonnave and Véronique Robichaud)
- The PEP Standard Model (prepared by Bernard Decaluwé, André Lemelin, Hélène Maisonnave and Véronique Robichaud).

PEP researchers selected to participate in developing the MAMS tool to study the pursuit of the MDGs in Senegal

A team of PEP-MPIA researchers from CRES (home of PEP's African office) were selected to participate in developing the MAMS ("Maquette for MDG Simulations") tool to study the pursuit of the Millennium Development Goals in Senegal.

This initiative, launched by the United Nations Development Programme (UNDP), aims to support attainment of the MDGs through socially inclusive macroeconomic policies. The Senegalese team will receive support from MPIA resource persons, specifically, H el ene Maisonnave and Bernard Decaluw e.

PMMA News

New Initiative for Strengthening Capacities for Poverty and Social Impact Analysis in Sub-Saharan Africa

The United Nations Development Program (UNDP) has agreed to support an initiative to strengthen capacities for poverty and social impact analysis in Sub-Saharan Africa. The initiative will build on the PEP research network's ongoing work, particularly by developing PEP schools. This follows from experiences in strengthening capacities for poverty analysis in Namibia in 2008, carried out by the Namibian Central Bureau of Statistics, the UNDP and Universit e Laval with support from the UNDP Thematic Trust Fund for Poverty Reduction.

The initiative will contribute to strengthened capacities for poverty and social impact analysis, enabling high quality ex-ante and ex-post assessments of the impacts that public policies, reforms and interventions have on the distribution of welfare. This will be achieved through a series of designated training programs offered in the classroom and online, and customized to individual country's analytical needs. It is envisaged that the capacity strengthening programs could evolve into a more permanent resource for countries to draw upon, in the form of designated research and training facilities. The project's specific objectives are to:

- (i) enhance the skills of researchers and officials to conduct poverty and social impact assessments using quantitative data and state-of-the-art methods;
- (ii) enhance the capacity of data producers to generate quality data and improve access to data;
- (iii) raise an interest among policymakers for better informed policymaking;
- (iv) foster national, regional and international networking in poverty and social impact analysis and policy influence.

EVENTS

National policy conferences organized by PEP researchers

Best Practices in Vocational Training Policies: Lessons from Research, Lima, Peru (August 27, 2009).



The objective of this conference, organized by **Miguel Jaramillo**, **Veronica Montalva** and **Jose Galdo** from Peru, was to bring together academics and policy makers to discuss lessons from research in two policy areas:

- 1- How to improve the effectiveness of vocational training programs,
- 2- How to enhance the equity of these programs.

A total of 27 people (excluding GRADE associates) from both the public policy and academic worlds were invited to the National

Conference. Officers from the ministries of Labor and Finance, as well as from the PROJoven Program, participated. There also were representatives from donor agencies and NGOs involved in training, such as ACIDI or CAPLAB, which has a training program for rural areas. Finally, a good number of academics also participated.

Trade, Gender and Equity in Latin America: Generating Knowledge for Political Action, Montevideo, Uruguay (May 7, 2009)



A national conference was organized by **María Inés Terra**, **Marisa Bucheli**, **Rodrigo Ceni**, and **Carmen Estrades**. The conference was co-organized with a Uruguayan research team that worked on a separate project financed by the IDRC, "*Trade, Gender and Equity in Latin America: Generating Knowledge for Political Action*" (International Gender and Trade Network (IGTN) – Centro Interdisciplinario de Estudios sobre el Desarrollo – Uruguay (CIEDUR)). The organizers were highly satisfied with the results. They gathered an audience from

diverse backgrounds, including students, professionals, public servants, policy makers and journalists. The conference consisted of two presentations and a roundtable in which participants from the government and social organizations discussed trade and gender policies. The general discussion mainly focused on the expected impacts of different trade policies on women's position in the labor market in the context of gender specialization in traded sectors in Uruguay, and on the fact that Uruguayan women spend more time than men doing domestic work, which undermines their opportunities in the labor market

Presentations by PEP researchers at international conferences

Presentation at the 6th African Finance Journal Conference, July 16-17 2009 at the Lagoon Beach Hotel, Milnerton, Cape Town, South Africa



Arsène Kouadio, researcher at the University of Abidjan, Cote D'Ivoire, presented his PEP research at the 6th African Finance Journal Conference on July 16 and 17, 2009 at the Lagoon Beach Hotel, Milnerton, Cape Town, South Africa. This conference was organized by the Africa Growth Institute and was sponsored by the African Development Bank, the Development Bank of South

Africa and the AERC. Under the theme Finance for Development, his presentation "*Agricultural policy and food poverty reduction in Côte d'Ivoire*" was appreciated so much that he has been invited by the University of Durban to do the same presentation in October, 2009.

Participation in the 12th Annual Global Trade Analysis Project (GTAP) Conference on the theme: *Trade Integration and Sustainable Development: Looking for an Inclusive World*

An important delegation of MPIA researchers attended the 12th Annual GTAP Conference in Santiago, Chile from June 10th to 12th, 2009. Many studies conducted under the MPIA program were presented in a special session organized by Selim Raihan. MPIA researchers were also present in several other sessions. Renato Flores organized a special round table on micro simulation techniques, with contributions from Bernard Decaluwe. Tom Hertel also organized a round table on "Capacity Building for Trade Policy Analysis", allowing Bernard Decaluwé to make a presentation of the PEP network's approach to capacity building.

Veronica Amarante and Martin Valdivia attended the 43rd Annual Conference of the CEA, May 29 to 31, 2009 at the University of Toronto, Ontario.

There were around 780 sessions centered on 26 themes. Two to three papers were presented and discussed in each session. Academics and decision makers from across the world attended the conference.

Six lectures on the cutting edge of different economic topics were given, as well as three conferences on different economic fields (development, labor and progressive economics) by keynote speakers.

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 researchers in the domain of poverty. This is available on the PEP web site ("Events", "Related Events").

NEW PUBLICATIONS

New Working Papers

Kossi Agbeviade Djoke, Ayawo Djadou, Amélie d'Almeida, Rachidatou Riffino, Togo, Profil de la pauvreté infantile dans quatre pays de l'UEMOA: une analyse comparative basée sur l'approche multidimensionnelle de la pauvreté (PMMA Working Paper 2009-01)

Aboubacar Kaba, Mama Keita, Ousmane Bah, Mohamed Lamine Doumbouya, Sékou Falil Doumbouya, Koulako Camara, Services sociaux d'éducation et de santé en Guinée: Effets redistributifs de la politique gouvernementale (PMMA Working Paper 2009-02)

New External Publications

Siddiqui, Rizwana Institute of Development Economics, Islamabad, Pakistan (2009), "[Modeling Gender Effects of Pakistan's Trade Liberalization](#)", *Feminist Economics*, 15:3:287 - 321.

This study uses a computable general equilibrium (CGE) model specifically designed to investigate the gender dimensions of trade liberalization's effects on production and consumption in Pakistan. The model employs various indicators to measure the gendered impacts of liberalization, including income poverty (Foster-Greer-Thorbecke [FGT] Indices), time poverty (leisure), capability poverty (literacy and infant mortality), and welfare (equivalent variation [EV]). The simulation results show that revenue-neutral trade liberalization in Pakistan increased women's employment in unskilled jobs and increased women's real wage income more than men's for all types of labor, but the division of labor remained biased against women. The study finds that Pakistan's trade liberalization adversely affected women in relatively poor households by increasing their workload, deteriorating capabilities, and increasing relative income poverty. However, the effects remained gender neutral or favored women in the richest group of households.

Arunatilake, Nisha and Priyanka Jayawardena, (2009), "[Formula Funding and Decentralized Management of Schools - Has it Improved Resource Allocation in Schools in Sri Lanka?](#)", *International Journal of Educational Development*

Using the experience of the Educational Quality Inputs (EQI) Scheme in Sri Lanka, the paper examines the distributional aspects of formula-based funding and the efficiency of decentralized management of education funds in the setting of a developing country. The study finds that the EQI fund distribution is largely pro-poor. However, the results show that allocated funds need to be fully utilized to reduce disparities. The study's findings support the hypothesis that qualified principals, adequate levels of human and physical resources, and state level monitoring and support are all needed for the school level educational management to succeed.

Belhaj Hassine, Nadia and Magda Kandil (2009) "*Trade Liberalization, Agricultural Productivity and Poverty in the Mediterranean Region*", *European Review of Agricultural Economics* 36, p: 1-29.

This paper explores the link between trade openness, agricultural productivity growth and poverty reduction in a panel of Mediterranean countries. Technical efficiency scores and total factor productivity indexes are computed using the latent class stochastic frontier model to account for cross-country heterogeneity in farming production technologies. The relevance of agricultural productivity gains for poverty reduction is investigated through joint estimation of real per capita GDP growth and inequality changes in a dynamic panel setting. The findings illustrate the positive effects of openness on farming efficiency and productivity and give strong support to the view that agricultural productivity growth is a channel for poverty alleviation.

Gunewardena, Dileni et al. (2009), *Glass Ceilings, Sticky Floors or Sticky Doors? A Quantile Regression Approach to Exploring Gender Wage Gaps in Sri Lanka*, in Ravi Kanbur and Jan Svejnar (eds.), *Labour Markets and Economic Development*, Routledge Studies in Development Economics, Routledge, London, 592 pp.

The authors analyze gender wage gaps across the wage distribution in Sri Lanka using quarterly labor force data from 1996 to 2004. Male and female wages are equal at the overall mean, but differ greatly between public and private sectors and across the wage distribution. They find that differences in the way identical men and women are rewarded in the labor market more than account for the difference in wages throughout the distribution. They find evidence of wider wage gaps at the bottom of the distribution in both sectors (indicative of "sticky floors"), but little evidence of larger gaps at the top of the distribution ("glass ceilings"). Wage gaps increase when taking account differences in occupation, industry and part-time employment status, consistent with females selecting into occupations that better reward their characteristics. Policies that address gender bias in wage setting - especially in the low and unskilled occupations - are indicated, while policies that address gender bias in hiring and in workplace practices are likely to be more appropriate than policies that seek to improve womens' productivity-enhancing characteristics in reducing the gender wage gap. The book was partly financed through funding granted by IDRC to the International Policy Center of Michigan University in 2006 in the framework of a research support project (n° 104025).

Du, Fenglian and Dong, Xiao-Yuan (2009), "*Why Do Women Have Longer Durations of Unemployment than Men in Post-Restructuring Urban China?*" *Cambridge Journal of Economics*, Vol. 33, Issue 2, pp. 233-252, 2009.

This paper provides the first systematic analysis of the reasons why women endure longer periods of unemployment than men in post-restructuring urban China. This analysis is based upon data obtained from a national representative household survey. Rejecting the view that women are less earnest than men in their desire for re-employment, this analysis shows that women's job search efforts are handicapped by a lack of access to social networks, unequal entitlement to social re-employment services, higher earnings losses when becoming unemployed and unfair treatment of women with respect to mandatory retirement.

Chemingui, Mohamed Abdelbasset and Chokri Thabet (2009), “*Agricultural Trade Liberalisation and Poverty in Tunisia: Micro-simulation in a General Equilibrium Framework*, Aussenwirtschaft, 2009-1, March”

The study tries to answer the following questions: Will exposure to world agricultural prices generate more or less poverty? To what extent will households be affected by changes in agricultural trade policies? Does multilateral agricultural liberalization matter more than bilateral changes? Results of simulations using a computable general equilibrium (CGE) model linked to household survey data suggest that trade liberalization has only modest effects on GDP, but has a substantial effect on poverty reduction. Moreover, the combined effects of global and domestic liberalization are more pro-poor than the effect of domestic liberalization alone. As a net importer of agricultural commodities, Tunisia may be expected to experience terms-of-trade losses from higher world agricultural prices. Given Tunisia's significant agricultural import protection policies, it is expected that the agricultural sector will lose from any trade liberalization that removes this protection.

New Policy Briefs

PMMA

[Profil de la pauvreté infantile dans les pays de l'UEMOA: une analyse comparative basée sur l'approche multidimensionnelle de la pauvreté](#) by Djoke Kossi Agbeviade, Amélie D'Almeida, Ayawo Djadou, Ruffino Rachidatou, Togo, August 2009 (Based on PMMA Working Paper 2009-01)

[Free Primary Education in Kenya: An Impact Evaluation Using Propensity Score Methods](#), by John Olwande, Esther Mwanzia, Stella Wambugu, Kenya, August 2009 (Based on a PMMA Working Paper)

MPIA

[Decomposing the Effects of Economic Policies on Poverty Trends in Cameroon: A Double Calibration Micro Simulated General Equilibrium Analysis](#) by Dorine Kanmi Feunou, Valérie Ongolo Zogo, Christian Arnault Emini, Maurice Henri Tadjuidje, Cameroon, March 2009 (Based on MPIA Working Paper 2008-18)

PORTRAITS OF PEP MEMBERS

Dilani Gunewardena, Sri Lanka



Dilani Gunewardena holds a Doctorate in Economics from American University, Washington, D.C and a B.A. (Honours) in Economics from the University of Peradeniya, where she is a Senior Lecturer. She teaches Development Economics and Labor Economics and has taught Gender Economics and Research Methods in Economics. Her research is mainly in Development Microeconomics and involves empirical analyses of large household datasets including Demographic and Health Surveys, Labor Force and Socio Economic Surveys and Household Income and Expenditure Surveys. She has worked on issues relating to measuring poverty, child nutrition, gender wage inequality and ethnic inequality in Sri Lanka and in Vietnam.

She was the lead researcher for the PEP project [“Glass Ceilings, Sticky Floors or Sticky Doors? A Quantile Regression Approach to Exploring Gender Wage Gaps in Sri Lanka”](#), which examined gender wage gaps across the wage distribution in Sri Lanka over a 9 year period using microdata from labor force surveys. The results of this project were highlighted on national TV and national news in Sri Lanka and subsequently received the second place award for Best Research on **“Women's Rights, Security and Development: Challenges and Opportunities”** at the 2007 Global Development Network (GDN) competition.

She also received a GDN award in 2000 for Best Research on "Escaping Poverty" for a paper co-authored with Dominique van de Walle on "Sources of Ethnic Inequality in Vietnam" subsequently published in the *Journal of Development Economics*.

She was the editor of the *Sri Lanka Economic Journal* from 2003 to 2005. She is the author of a book, *Poverty Measurement: Meanings, Methods and Requirements*, several chapters in books and numerous articles. She has several working papers in the World Bank Policy Research Working Papers, UNU-WIDER and the Poverty and Economic Policy (PEP) Research Network Working Paper series.

Dilani has been involved in the design of Policy Frameworks for Poverty Alleviation in Sri Lanka and in analyzing progress towards the Millennium Development Goals in Sri Lanka. She has consulted for the United Nations Development Programme, the World Food Programme, and the World Bank. She has taught short courses for the World Bank Institute's South Asia Region Workshops and participated in the South Asia Regional Consultation on the World Development Report 2000/1 (on poverty).

Dilani was a Fulbright Scholar to the University of California—Riverside in 2008 where she worked on collaborative research on child growth and child nutrition. She was also a visiting scholar at the University of Warwick in 2006 on a PEP-funded study visit.

She is an associate and member of the Centre for Poverty Analysis in Sri Lanka. She is currently a member of the PEP steering committee.

Wei QU, China

Wei QU holds a Bachelor of Engineering from Hehai University and works at the Institute of Agricultural Economy (IAE), Gansu Academy of Social Sciences (GASS) in 1991. In 2008, she earned a Doctoral Degree of Sciences in the field of human geography from Lanzhou University. Her major field of research is development economics, and she specializes in using household surveys and questionnaires to investigate the relationships between rural development and geographic environments, poverty reduction and rural labor resources, etc. Her research in recent years involves resettlement plans for rural residents affected by traffic projects, the effects of geographic restrictions on rural development, rural poverty alleviation patterns, rural economic development with water restrictions, analysis and countermeasure research for education infrastructure investments and villagers' autonomy in less developed regions.

She is currently a Senior Research Fellow and directs the Institute of Rural Development (IRD), GASS, and is a member of three professional societies: she directs the Association of Chinese Agriculture Economy, as well as the Association of Gansu Rural Finance Research and is the vice-president of the Association of Gansu Agriculture Economy.

In 2008, she received PEP funding for a project called the "Effect of Sexuality and Procreation Education on Health and Poverty Reduction of Girls in Rural China", which sought to show that an education with respect to sexuality and procreation can help girls protect themselves from abortion and sexually transmitted diseases (STDs) and reduces obstetrics and gynecological diseases, which improves health and human capital and can help them secure better career and income prospects.

Selim Raihan, Bangladesh

Dr. Selim Raihan, a faculty member of the Department of Economics, University of Dhaka, holds a PhD from the University of Manchester, UK. He is also the Executive Director of South Asian Network on Economic Modeling (SANEM, www.sanemnet.org). Dr Raihan's research works focus on issues related to international trade, macroeconomic policies, and poverty. Dr Raihan possesses expertise in micro- and macro-econometric modeling techniques and Computable General Equilibrium (CGE) models.

One of his recent published books is Dynamics of Trade Liberalisation in Bangladesh: Analyses of Policies and Practices. Some of his other recently published books include (along with co-authors): Venturing into a Quota-Free Regime: The Ready-made Garment Industry in Bangladesh, WTO and Regional Trade Negotiations Outcomes: Potential Implications on Bangladesh, Trade and Industrial Policy Environment in Bangladesh with Special Reference to Some Non-traditional Export Sectors, and Export Diversification for Human Development in the Post-ATC Era (published by UNDP Regional Centre Colombo). He contributed several chapters to Competitive Advantage and Competition Policy in Developing Countries (a book published by Edward and Elgar, London, 2007). He also co-authored a chapter in Poverty and the WTO: Impacts of the Doha Development Agenda (a book published by the World Bank, Washington in 2006).

Dr. Raihan has worked for several national and international organizations including the Asian Development Bank, UNDP, World Bank, PEP, IFPRI, Commonwealth Secretariat, ILO, IDRC and CUTS International and has also presented his analytical works at a number of national and international conferences. He led a PEP-supported project entitled "Modelling Gender aspects of Policy Reforms in Bangladesh: A Study in a Sequential Dynamic CGE Framework".

Jane Mariara, Kenya



Dr. Jane Kabubo-Mariara holds a PhD in Economics from the University of Nairobi. She is currently an Associate Director and Senior Lecturer at the School of Economics at the University of Nairobi. She is also on the board of directors with the Kenya National Bureau of Statistics. Her research interests are poverty analysis, the impact of climate change on agriculture, and environmental and natural resource economics. She has been the lead researcher in several projects supported by PEP and the African Economic Research Consortium (AERC). Her research activities have yielded publications in leading regional and international journals.

Her current research activities focus on multidimensional poverty analysis (focusing on maternal and child health and poverty) and the impact of institutional isolation on sustainable land management and household welfare.

She has previously consulted for the World Bank and the International Development Research Centre (IDRC), among other institutions. Dr. Kabubo-Mariara has also participated in and competently presented papers at many local, regional and international workshops and conferences including World Congresses in her areas of research. She is currently a member of the Environment and Development Economics editorial board and is an associate editor for the African Journal of Agricultural and Resource Economics (AFJARE). She has been a visiting fellow at the International Monetary Fund (Washington DC), The World Bank (Washington DC), the International Centre for Theoretical Physics (Italy), Cornell University (U.S.A) and Laval University (Canada).

Hot PEPpers: News of PEP members



Fenglian Du was promoted to full professor and associate dean at the Economic and Management School of Inner Mongolia University while working on a PEP-supported project entitled "*Why Do Women Have Longer Unemployment Durations than Men in Post-Restructuring Urban China?*". In 2007, Du was accepted as a Fulbright Research Scholar at Cornell University. **Jianchun Yang**, a member of the same PEP team, was also promoted to deputy director of the Division of Labor and Employment in the Department of Population, Social Science and Technology Statistics with the National Bureau of Statistics. The team stated that all of their promotions were aided by their participation in a PEP project.



Nadia Belhaj Hassine was promoted to Associate Professor of Economics at the University of Nabeul, Tunisia in December 2007. She has also been recently appointed as Senior Economist with the Economic Research Forum where she is leading some projects on Arab Development, notably directing an important project on Equity and Equality in the Arab countries. Nadia is currently leading a PEP project entitled "Agricultural trade liberalization, productivity growth and poverty alleviation: A General Equilibrium analysis". Thanks to her experience with the PEP network, such as her active participation in PEP meetings and the scientific support during the study visit, she was able to greatly improve her research capacities and develop her knowledge on poverty.



Jean-Bosco Ki, Deputy PMMA program director, was selected to become a Counselor at UNESCO Statistical Institute at the UNESCO office in Yaoundé (Cameroon). His activities mainly cover Central Africa. Jean-Bosco was the team leader for a PEP project entitled "Multidimensional Poverty in Senegal: Non-Monetary Basic Needs Approaches". Congratulations to Jean-Bosco!



Carmen Estrades got a BA in Economics from the University of Uruguay in October 2007. Her final dissertation was based on a CGE model that was similar to the CGE model built in two PEP-supported projects in which she participated: "Trade Openness and Gender in Uruguay: A CGE Analysis" and "The Effects of Increasing Openness and Integration to the MERCOSUR on the Uruguayan Labour Market: A CGE Modeling Analysis." In August 2008, she was promoted to Senior Research Assistant in the Department of Economics, Universidad de la República, Montevideo, Uruguay. She started working at the IFPRI, in Washington, DC at the end of August. We wish her the best of luck!



The project entitled: "*Impact de la Discrimination de genre sur la pauvreté et les inégalités au Cameroun: une approche distributionnelle*" has allowed the young **Pierre Joubert Nguetse Tegoum** from Cameroon to enhance his knowledge, bringing him to the position of Project Manager for the *Consortium pour la Recherche Économique en Afrique (CREA)*. Furthermore, he just won the gold medal for the best international award (Jan Tinbergen) for young statisticians in developing countries. This award was granted to him this August in Durban, South Africa. The results can be seen at <http://isi.cbs.nl/awards-prizes.htm>



Boniface Ngah Epo and **Francis Menjo Baye**, both of University of Yaoundé II (Cameroon), received the African Public Policy Award for their paper "Explaining Inter-Household Gender Inequality in Cameroon: An Oaxaca-Blinder Approach", which is drawn from a project supported by PEP. The award was presented at the 65th annual congress of the International Institute of Public Finance (IIPF), in Cape Town, South Africa. The award was granted by the German Federal Ministry of Economic Cooperation and Development (BMZ) and the Deutsche Gesellschaft Für Technische Zusammenarbeit (GTZ) on August 16, 2009 (www.iipf.org/apaw.htm). In addition, **Francis Menjo Baye** was promoted to the rank of Associate Professor at the University of Yaoundé II, Soa.



Leonardo Gasparini from Argentina, was named Fellow of the John Simon Guggenheim Memorial Foundation for year 2009. He is writing a book on poverty and inequality in Latin America. He was also named as a member of the scientific committee of the Society for the Study of Economic Inequality (ECINEQ) starting July, 2009



During the closing dinner of the 3rd Doctoral School and the 5th International Symposium this year, dedicated to "Energy, Climate Change and Sustainable Development" and held in Hammameth (Tunisia) from June 15 to 17, 2009, Professor Haddar Mohamed, President of the Association of Tunisian economists and director of the "Prospective, Strategy and Sustainable Development" (PS2D) Laboratory, awarded **Bernard Decaluwé** with a medal of honor for "his contributions to our knowledge of the Tunisian economy and his outstanding contribution to the training of several generations of researchers". Bernard Decaluwé received two beautiful art books as a token of recognition. Congratulations to Bernard!



The PEP network is very pleased to announce the birth of Araar ILYES, the third son of **Araar Abdelkrim** (PMMA Deputy program director). ILYES was born in Quebec City on Saturday July 26, 2009 at 14:07 and weighed in at 3.540 kg. The mother and the baby are doing very well. Congratulations to both parents and best wishes for a happy life for the beautiful baby.



The PEP network is also very pleased to announce the birth of Adam Bibi, the second son of **Sami Bibi** (MPIA Deputy program director) and Rim Chatti. Adam was born in Quebec City on April 6, 2009. According to the father, he is the most beautiful baby his age. Congratulations to both parents and best wishes for a happy life for the beautiful baby.

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 provides technical and financial support to developing country researchers who are 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)
- Login with your username and password (If you have forgotten your user name and/or password, click on the "Forgot your password?")
- Click on "Profile"
- Update your information and then click on "Submit" (at the bottom)
- You may even add your picture, CV, bio and fields of specialization. We strongly encourage you to do so as many people turn to the PEP network to locate researchers and other stakeholders involved in poverty issues. Please click on "Check if you want your CV, full address and phone numbers to be published on the Web site" if you would like this information to be available to PEP web site users.
- 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 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 related to their PEP project, including publication of a journal article, organization of a national policy conference and participation in an international conference. This additional funding is provided on a competitive basis. Details are provided in the **PEP Grants Manual**, available through a link under "Funding" and "Call for Proposals" on the PEP web site.

Online Literature Search Tools

The PEP web site offers a guide to online research tools (see "Links - Resources" on the PEP web site). In particular, this page presents the Research Database Service offered by our sponsor, the International Development Research Centre (IDRC), free of charge to all PEP-funded research teams (See "IDRC Research Database Service").

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For more information or to register, please visit: www.pep-net.org

If you have news you would like to share, please email us at 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!

The PEP network is funded by:

The International Development Research Centre (IDRC, www.idrc.ca) through its Globalization, Growth and Poverty (GGP) program.



The Canadian International Development Agency (CIDA, www.acdi-cida.gc.ca)



The Australian Agency for International Development (AusAID, www.ausaid.gov.au).



Our partner institutions are:

The Angelo King Institute (AKI, www.dlsu.edu.ph)



Consortium pour la recherche économique et sociale (CRES, www.cres-ucad.org)



Group for the Analysis of Development (GRADE, www.grade.org.pe)



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