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June 14th, 2005: MPIA Session 1: PUBLIC SPENDING AND FISCAL POLICY

CHAIR: Marzia Fontana

PRESENTATION: Cathal O'Donoghue, (National University of Ireland - Ireland) “A tax-benefit microsimulation model for Brazil”, comments by Caesar Cororaton, International Food Policy Research Institute and Maurizio Bussolo, World Band/USA

Abstract:
This paper describes some of the steps take to construct a Brazilian tax-benefit microsimulation model BRAHMS based upon the XLMSM framework. The XLMSM framework aims to reduce the cost of developing microsimulation models in developing and other countries.

Floor comments:
- Ramon Clarete: Are you introducing statutory tax rate because the statutory and effective tax rate differ substantially.

PRESENTATION: Claudio Karl, University of Rosario – Colombia, “Fiscal Adjustment, Income Distribution and Poverty in Colombia”, comments by De Souza Ferreira Filho and Maurizio Bussolo

Abstract:
With this proposal we seek to consolidate the Colombian experience in public economics oriented tools and to make progress in the microeconomic simulation approach to evaluate government initiatives. The proposal’s spirit is motivated by the recent flourishing literature around the nexus between Computable General Equilibrium modeling and poverty analysis. We will build on the CGE research done in the country during the past ten years, improving both, the labor market modeling and the household specification, to be able to analyze the link between macroeconomic policies and poverty. At the same time we will start the implementation of household surveys simulation methodologies to evaluate in detail the outcome of economic policy in general, and fiscal adjustment in particular. Our aim is to study changes in household expenditure and characteristics, labor force participation and income generation. With this tool, future research, beyond the current research proposal, will develop a full integration between macroeconomic models and models of household behavior as captured in household surveys.

Floor comments:
- Marzia Fontana: Colombia has more rural population. Even if you succeed in putting rural sector, the problem may become worse because of nature of data.
- Bazlul Khondker: You talked about demographic model. Is it dynamic demographic model (like IMR?)
- Randy Spence: Methodology development – fiscal and social security – tax reform, health financing, pension...Amenable to O'Donoghue – type tax-benefit model (linked to CGE)? See problem in CGE with level at detail at fiscal policy.
- Quite clear on presentation: may be bit more on demographic- how fits migration etc.
- Scientific contribution good, basis for achieving it good.
- Policy relevance and potential for impact – good.
- Not clear on poverty measures / use of quantiles.
- Capacity building – important – students – check this part of proposal.
- Maurizio – interesting – support for portfolio of activities rather than one project – focus – agree, though not opposed to idea of MPIA providing part resources for a larger agenda – issue for MPIA Steering Committee.
- Basically in favour with modifications.

**PRESENTATION:** De Souza Ferreira Filho, University of Sao Paulo – Brazil, “Tax Reform, Income Distribution and Poverty in Brazil: An Applied General Equilibrium Analysis”, comments by Claudio Karl and Ramon Clarete

**Abstract:**
The main objective of this research is to analyze the effects of changes in the Brazilian indirect taxation system upon personal and regional income distribution in the country, and its importance for the poverty alleviation policies under way, in the short as well as the long run. In Brazil, the 1988 constitution redesigned the national tax system. Since then the “tax reform” issue has been recurrent in the national debate. This research proposal departs from the idea that due to the historical inequality in personal and household income distribution in Brazil and the enormous number of people still bellow poverty line, any change in the Brazilian tax system should take distributional issues into account. This is a very important issue in the present economic debate in the country, when the new federal government is trying to increase expending in personal transfers as a way of poverty alleviation strategy (the Zero Hunger Program). This kind of strategy must be regarded as a short term one, and must be complemented with more pervasive and market oriented policy changes, as the tax system could be. The general hypothesis to be tested is whether fiscal policy can be an effective instrument to help the poverty alleviation effort currently underway in the country. The analysis will be carried out with the aid of an inter-regional computable general equilibrium (CGE) model of Brazil, linked to a micro-simulation model developed by Ferreira Filho and Horridge (2004), and will be extended in a number of aspects. The methodology proposed guarantees consistency between the two models at use.

**Floor comments:**
Randy Spence: Regional – I need to understand better – presumably not 27 regions with inter-regional trade – more a characteristic of households (?) so can see results by region. (household survey is very large)
Personal income – some ability for intra-household analysis? Explore.
Positive reaction – policy relevance; methodology, but Orangi / GEMPAK problem.
Agree with Ramon on size of challenges in proposal – possibly limit?

**PRESENTATION:** Nitesh Sahay, Laval University, Canada “A CGE Approach to Modeling Health”, comments by Rizwana Siddiqui and Ramon Clarete

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

**Floor comments:**
Claudio Karl: What is the difference between this model and one for education? From a modeling perspective I feel there is no difference. Therefore, where is the difference? What about other feedbacks of health?
Brinda Viswanathan:
How do you measure health? That is, morbidity or anthropometric status. The former could be treated more like a flow variable while the latter is more like a stock variable. So it may take different time to reach an “equilibrium”?
Reference: Athunda & Shanmugham (forthcoming?). Looks at agricultural product and LEB using district level census data.
In India the problem quite often relates to access to health care facilities (lack of an institution or if present it is non-functional). How can this be incorporated into your model to make public policy more realistic? This lack of access is a huge issue as much as affordability to access the health services.
Ganga Tilakaratna: Very interesting and good presentation. The subject area of the paper is of great importance. However, the study lacks a review of literature on health.

PRESENTATION: Maria Laura Alzua (IERAL Fundacion Mediterranea – Argentina)
“Social Security Reform in Argentina: Impact on Poverty, Income Inequality and Vulnerability”, comments by Khashchuluun Chuluundorj and Cathal O'Donoghue

Abstract:
In 1994, Argentina introduced deep reforms to its social security system. Such reforms were part of a major program aiming at modernizing its economy, including establishing a currency board to reduce inflation, a huge privatization program, opening of the economy and deregulation. The results in terms of stabilization and growth were impressive. Capital inflows and investment also grew very fast. However, employment stagnated, poverty augmented and income distribution worsened. While it can be argued that the deterioration of these social indicators was to some extent the result of the economy being hit by external shocks (Tequila crisis, etc.), the transformation of the social security system also had a significant effect over the evolution of social indicators. In this project we will analyze the effects of the introduction of a new individual accounts in Pension System—which is under effect since 1994 - over poverty, employment, vulnerability and income distribution. While the macroeconomic effects of a change in the pension system is an issue that is relatively well addressed by the literature, its microeconomic effects are often neglected in the analysis. This project is a first step in conducting a thorough study of the effects of pension reform, and builds on previous work conducted by IERAL and contributes to the design of a new methodology that can be used to test the effect of other policy changes on poverty and income distribution. In the future we aim at developing a dynamic microsimulation model with macro model interaction for prospective analysis.

Floor comments:
Maurizio Bussolo: Labor supply incentive point: We need to spell clearly how reform in social security changes behaviour in labor supply. This can be done but in structural model and also in reduced form.
Bernard Decaluwe: You plan to make a modification to Robinson model. What type? You have very good dataset. Do you plan to use panel data?
How you will deal with the scenario: One of the parameters is the reform. How can you assume that parameter that you use in macro model (including reform) to simulate scenarios simulating without reform.
June 14th, 2005: MPIA Session 2: DYNAMIC MODELING OF POVERTY ISSUES

CHAIR: Ramon Clarete


Abstract:
The purpose of this proposed research is to explore the gender aspects of the welfare and poverty implications of policy reforms in Bangladesh in a sequential dynamic computational general equilibrium (CGE) framework. Our present research uses the most updated SAM of Bangladesh and is the first attempt to build a gendered sequential dynamic CGE model for the Bangladesh economy. We develop the ‘home production’ version of gendered CGE model for the Bangladesh economy. Our research tries to understand how gender interests are affected by greater exposure to trade and other policy reforms. We also explore the short-run and long-run impacts of policy reforms in the labour market, in the household and in a range of other institutions and the interactions among them. The main objectives of this proposed research are to examine the impact of: (1) Domestic trade liberalisation in Bangladesh; (2) phasing-out of Multi-fibre Agreement (MFA) on textile and garments; and (3) WTO Doha agreements on global trade reforms. To assess the effects of policy reforms at the sectoral level and poverty in a gendered framework in Bangladesh we will build a gendered social accounting matrix (SAM) for the year 2000, and use it in a sequential dynamic computable general equilibrium framework. We follow the representative household approach and use a household survey to estimate poverty effects of different policy shocks. The possible simulations are: (1) Full elimination of existing domestic tariffs, (2) phasing-out of MFA, and (3) WTO Doha global trade reforms. Simulation outcomes will be reported under price, volumes, income, consumption, welfare changes and poverty incidence within a gendered framework.

Floor comments:
Bernard Decaluwe: If we are looking at trade liberalization in long run, very little is through accumulation of capital, but more is due to expansion of production. With unemployment there can be problem. Trade liberalisation creates access to foreign market also leading to technological change in some sectors, probably more in export oriented sectors. FDI approach: to measure equivalent variation one closes the model by saying deficit grows at same rate as Current Account Balance. However, one of the arguments for doing trade liberalization is due to bringing in of more foreign capital, changing current account balance. So to capture impact of trade liberalization in economy and gender dimension, all these elements need to be incorporated.

Guntur Sugiyarto
Good approach in terms of modeling the gender aspect. However, my fear is that incorporating all these aspects is going to develop feminine kind of model. If we incorporate all aspects of gender in all aspects of CGE, it will destroy it, making it more feminine.

Ramos Mabugu
I have a question on 2 of the 3 simulations that you propose. You propose obtaining the simulations from running a global model (GTAP) and then implementing these shocks on Bangladesh. But since Bangladesh is part of the world model, are you not in fact doing “double” trade-liberalization since you shock again the Bangladesh economy separately.
PRESENTATION: Erwin Corong, De La Salle University - Philippines “Growth, Trade Liberalization and Poverty in the Philippines: An Integrated Sequential Dynamic CGE Microsimulation Analysis”, comments by Manson Nwafor and Bazlul Khandker.

Abstract:
The past three and a half decades bore witness to dramatic changes in Philippine trade policy landscape arising from both unilateral and multilateral agenda. In 1981, the country embarked on its Trade Reform Program (TRP) aimed at: (a) minimizing tariff dispersions between agriculture and industry; and (b) enhancing domestic producers’ efficiency to make them globally competitive. By 1994, the country ratified the GATT thereby resulting to further phases of TRP implementations in line with the WTO commitments. While trade liberalization may have contributed to enhanced productivity and growth in the Philippines, its impact on poverty however is still not apparent. This is so because the impacts of trade liberalization are often ambiguous and complex arising from resource reallocation effects that in turn bring about changes in factor income as well as consumer prices thereby resulting to variations in poverty dimensions and income distributional structure. This proposed research seeks to assess the economic and poverty impacts of growth and trade liberalization in the Philippine economy. Given the complexity and the economy-wide nature of the subject, this study will employ an integrated sequential dynamic CGE microsimulation model that will be solved under a sequential dynamic path from 1994 to 2020, in order to simultaneously capture the economic and poverty effects of capital accumulation and trade liberalization.

Floor comments:
Veronique Robichaud: I am little worried that we are trying to do things which are original; you want to have dynamic model but construct a business as usual path.
Nitesh Sahay: You mention in your presentation “updating every 5 years”. Could you clarify it?
Bernard Decaluwe: In doing dynamic micro-simulation, we lose lot of dynamics of it.
Organization of production – You could assume that capital and skilled labour are complement. This will bring in the different dimension of education.
Ramon Clarete: I think it is important to think that researchers have specific objective. It seems you have lot of work to do, but more appropriate would be to have a clear research question.
In terms of features: we should start with (unique to Philippines) the dynamics of growing share of population working abroad.
Touhami Abdelkhalek: Ideas are quite clear but there are too many of them. Too ambitious. He masters his subject quite well. He must proceed step by step as previously indicated.


Abstract:
The Paper is a preliminary draft report of analyzing poverty impact of WTO agreement. The main focus of the paper is to understand the trade shocks interaction with structural forces and the impact on poverty in Brazil. Authors also consider the interaction between the migration of labor out of agriculture and trade liberalization. A recursive dynamic CGE model is used for the simulation of Doha scenario and poverty effects are estimated using a microsimulation model. The analysis shows trade liberalization indeed contributes to structural poverty reduction.
Floor comments:
Nitesh Sahay: One point which probably could also be considered would be the factor of technology which was shared by Bernard earlier. In India after independence, one essential point that was central to any economic planning was the use of technology specific to Indian conditions, which implied using labour-intensive technologies. Else it would have created unemployment, something which was witnessed later in the post-liberalization period of the 1990s. Thus, this could as well be the factor responsible for increasing unemployment in a growing economy.
Ramos Mabugu: Question on simulation: I feel that there is a double liberalization shock because first you give a shock on the global GTAP model and then again on the local model.


Abstract:
The paper is on developing and testing of a gender aware CGE model for South Africa and it analysis the impact of fiscal policies and exogenous shocks on employment, income distribution and welfare. The study incorporates the non market activities in the standard structure of the South African social accounting matrix for 1998. The results of the study show that there is a direct loss for all workers, particularly for male workers resulting from the fall in leisure time and increase in market work due to trade liberalization furthermore the results suggest that trade liberalization may increase the time burden of woman substantially and it generates revenue losses for the South African government.
June 15th, 2005: MPIA Session 3: RURAL URBAN IMPACTS AND MACRO POLICIES

CHAIR: Luc Savard


Abstract:
The Philippines has undertaken substantial trade reform since the 1980s with little knowledge of the likely poverty impacts. A detailed CGE model is used in the analysis to estimate and explain these impacts. The actual tariff reduction that occurred between 1994 and 2000 is found to increase poverty, especially among the rural households. This results from the contraction of the agricultural sector as lower import prices induce consumers to substitute towards it.

Floor comments:
Ramon Clarete: Setting up of statutory out-quota tariff rates is one thing driving this model. What determines price is, however, in-quote or effective tariff rate. Its giving the impression that the whole agricultural sector is penalised.
Closure rule: Government budget is balanced. Who pays for public savings of the public sector?
There is a factor in the household savings function which adjusts automatically.
Conclusion coincides with reality. It lends credence to possible spurious correlation theories about negative aspects of trade liberalization.
Nitesh Sahay: Complementary policies need to be specified by simulating their results, for just stating them without carrying out simulation, can always lead to differing results in theory and practice.
Bernard Decaluwe: There was some discussion in Philippines over uniform tariff rate. If it is there, we don’t need a complementary tax; you can talk about it.
Claudio Karl: Nice paper! However, why are the big differences between table 13b and the one shown in the presentation. I feel that given the big variations shown in the paper, a bit of “calibration" occurred. One of the reason could be the use of GTAP elasticities which has been continuously considered as too high, some times, more than two times.
Please explain this and if it would be reasonable to have those big changes in poverty?
When you use households instead of individuals, the classification does not work properly given that household should be categorised by family characteristics. For example, female head with high dependency ration.
Randy Spence: Very large increase in Gini 1994-2000 – tell this story more.
Good explanation of results (first one really well explained in MPIA – Colombo)
May be say a bit in presentation about mobility of labor and capital, revenue compensation measure(s) for tariff reduction (closure p.11) – alternatives.
More detail useful on recommended government measures: 1) what kind of regional balance measures? 2) human development more intuitively clear.
Good on all 6 counts – just some suggestions for improvements on the margin.
Note – initial protection (1994) still double that of agriculture – might look at sequenced tariff reduction possibilities?
Table of contents needed.
Indicate welfare effects?
More on literature review.
Agree O'Donoghue – decompose micro effects more.
Ramon’s comments on 1) real initial protection and 2) other factors affecting agriculture (globalization debate) are very important I think.
Simulated economic policies are quite pertinent in the case of the Philippines. The methodology is quite standard and could be extended further. The presentation includes the main points it should cover. Well documented in the text for the uninitiated in modelling. Important to present methodological tools even if they are standard.

PRESENTATION: Hermanto Rachman, “The Indonesian Agency for Agricultural Research and Development - Indonesia “Analyzing the impact of the Uruguay Round Agreements on agriculture in Indonesia using CGE microsimulation approach ”, comments by Ramos Mabugu and Caesar Cororaton

Abstract:
This paper examines the impacts of implementing the Uruguay Round Agreement on Agriculture on the Indonesian macroeconomy, poverty incidence and income distribution. Quantifying the impact of the Uruguay Round will provide important inputs into the policy making process since the decision of government officials to grant or remove protection to industries or sectors is often influenced by the magnitude of their calculated effects. In addition, quantifying the income distribution and poverty impacts of such trade policy changes would help policy makers identify courses of action for enhancing their positive income distributional outcomes or reducing any unfavorable effects. The primary tool for analysis integrates a micro-simulation module to the WAYANG model.

Floor comments:
Nitesh Sahay: We often hear of top-down micro-simulation approach. However, if we just take 10 representative households, and distribute their income among 10,000 or even 10 lakh households, will it change the distribution from what we had for original 10 households? Erwin Corong: In your exercise of micro-simulation, you are concerned with within group or just between group, income distribution? Randy Spence: If is real simulation of Uruguay Round, need also 1) real accompanying policies in Indonesia, 2) much care in mobility, closure etc. formulations. How much (relatively) capacity building / policy analysis and recommendation? Doha useful – but may be important to do Uruguay in terms of model development and capacity building. Touhami Abdelkhalek: The economic policies the author wants to simulate are pertinent. The model proposed is not necessarily the most suitable for the job. The team seems to know what exists in terms of modelling, the data or the country

PRESENTATION: Saibal Kar, (Centre for Studies in Social Sciences, Calcutta - India) “Urban Informal Sector and Poverty Effects of Trade Reform in India” (mpia-10234), comments by Hermanto Rachman and Randy Spence

Abstract:
This proposal deals with identifying the effects of trade reform on returns to factors of production in the urban informal sector in India. In particular, the project aims at observing the impact of changes in informal wage on the incidence of urban poverty across various locations in India during the pre and post-reform periods.

Floor comments:
Maria Laura Alzua: I liked very much but one thing is missing. You talk lot about literature on informal sector but a test for mobility between formal and informal sector would be very useful. There is evidence that there are barriers to entry for informal sector workers in formal sector. If there is some mobility, then the rest of the model would follow.
Brinda M Viswanathan: About NSS data, it gives information on wages for persons employed in wage labor but it does not have information on those who are self-employed and they form large part of poor section so poverty analysis is difficult.

(Submitted later: The paper and presentation does not mention the fact that informal sector has a large proportion of self-employed. The self-employed dominate among the poor and hence are an important group to study on poverty. However, data on wages is not available among the self-employed.

Does the study proposes to include the entire informal sector or only a sub-section/sub-sector for whom the data on wages is available.

AUTHOR’S RESPONSE: The author has responded to this by confirming that the focus would be on the manufacturing sector and hence the issue of excluding self-employed does not apply.)

John Cockburn: Not using CGE model: The paper would not be rejected on that basis. The central idea is to link micro and macro issues.

Touhami Abdelkhalek: A complex (research) issue in principle. A high calibre team. This is a proposal for methodological innovations. Already very advanced in the job. Does this imply low risk? One must however be sure that is a new study (see the paper’s references).

PRESENTATION: Sohila Parvin (Allameh University) “The Impact of Macroeconomic Policies on Poverty and Income Distribution (The case of Iran)” (mpia-10458), comments by Angelo Taningco and Touhami Abdelkhalek

Abstract:
In comparison with other developing countries, Poverty has different view in Iran. The most important cause of it might be the oil income. It has provided a good economical situation to improve some of the poverty indexes in IRAN. The most important cause of poverty in IRAN could be pointed as:

1 - Economic recession and lack of availability of permanent employment.
2 - Large gap in income distribution and lack of propensity to invest by high income groups.
3 - Absence of development strategy with especial emphasis on poor employment. As IRAN economy must return to normal economic situation, so the adjustment policy has its more pression on the poor people. In order to consider the effects of macro policies, it is useful to establish an expanded model that covers most of the key Economic sectors. The aims of research:

1- The documentation of various policies that is used as the structural adjustment.
2 - Identification of the mechanism by which Macroeconomic policies affects the poverty and income distribution.
3 - Quantification and evaluation of trade offs between achieving objective of macroeconomic adjustment policies, and the minimum compensative cost to keep the poor in a situation before adjustment policy. Remarkable points of line study

1 - Consetract a CGE model for an oil exporter country.
2- By linking Macroeconomic policies with poverty and income distribution indexes. 3-By linking macroeconomic variables with poverty income distribution across different economic activities head of family.
3 - By using the CGE model to analysis of the Macroeconomic policies effects on income distribution and poverty

Floor comments:
Bernard Decaluwe: This is interesting exercise to understand Iran.
First look at country and then see if CGE works for it or not. Iran has some peculiar characteristics: 1. Lots of natural resources; 2. Lot of mechanism with government like subsidies to intervene; 3. Service sector has very low productivity and there are public and private production of services and there are interactions between the two.
Better to start with the 2 SAM ('91 & '00) and compare them and understand the structural changes.

John Cockburn: There is a lot of CGE work on Iran by Iranian researchers. PEP goes to develop capacity in developing countries. What is the possibility of collaboration between these senior researchers and the new team?

Josaquim Ferreira – Brasil: Your SAM does not account for returns to land. Is that included in capital returns? Is that factor state owned? If there are any kind of payments for land it could be included separately in the SAM, since it is part of the cost structure of agriculture.

Randy Spence: Clear presentation – interesting assessment of poverty and causes in Iran. Looks competent on literature and model development – but capacity development and technical support appear important.

Scientific contribution and policy relevance (potential) high.

Focus on (I think) trade liberalisation and current subsidies – important sets at relative price distortions: 1) efficiency and welfare gains important to measure, as well as distribution and poverty; 2) might think through mechanisms here more explicitly / specifically to make sure the model formulation will fully capture them.

Look more at household groups – for initial and subsequent research.

Support this proposal with 1) amendments (above, discussants); 2) good technical support. Bernard’s comments sounds right – start with structure of economy, develop economy-wide model.

But I suggest that team will need good / strong technical collaboration to do this – from PEP – from modellers in Iran? IFPRI?

PRESENTATION: Khashchuluun Chuluundorj (National University of Mongolia - Mongolia) “Impact of Privatization on Economic Growth and Poverty: A theoretical analysis” (mpia-10458), comments by Nitesh Sahay and Jim Smith

PAPER NOT PRESENTED
June 15th, 2005: MPIA Session 4: LABOR MARKETS, TRADE POLICY AND POVERTY

CHAIR: Randy Spence

PRESENTATION: Riswana Siddiqui (PIDE - Pakistan) “Modelling Gender Dimensions of the Impact of Macro Policies in Pakistan” (mpia-271), comments by Maria Laura Alzua and Marzia Fontana

Abstract:
The study will develop a gender aware CGE model on the basis of extended SAM (traditional SAM extended by complementary columns and rows for input and output indicators) and will be used to simulate the impact of economic reforms on women and men in terms of work load, consumption. That affects outcome or human development indicators.

Floor comments:
Bernard Decaluwe: It could be useful to have a system of equations in the index of paper, to understand the model.

PRESENTATION: Marisa Bucheli (Departamento de Economia – Udelar - Uruguay) “The effects of increasing openness and integration to the MERCOSUR on the Uruguayan labour market. A CGE modeling analysis” (mpia-255), comments by Nitesh Sahay and Maurizio Bussolo

Abstract:
The effects of increasing openness and integration to the MERCOSUR on the Uruguayan labour market. A CGE modeling analysis

Floor comments:
Saibal Kar: A small clarification: Table 3: What would be the explanation for import price decrease subject to devaluation.
Bernard Decaluwe: There is one sector – fixed employment. In the end, you need to have some sort of explanation between wages in the public sector and formal sector. We need a better understanding, probably one type of labor market.
Top-down approach – employment structures, wage rate is more important and other things are not considered.
If you have self-employed people, how do you measure wage rate.
Ramon Clarete: It would be useful if we can get equations.
Randy Spence: In the end, none of these scenarios generate any policy recommendations.

Written comments
Understanding and explanation of results (and working of model) very good.
Interestingly, no scenarios / simulations lead to any (robust) policy conclusions or recommendations.: 1) would we suggest further simulations given investment in model development?
Maurizio Bussolo: improvements – not major but agree: 1) specifics at how shocks introduced – seem to be problems. 2) others (formal / informal distinctions; unskilled efficiency wage?). 3) publication – expand part on labor markets, choose one formulation.
Bernard Decaluwe: labor markets – link from fixed sector to formal and informal.
Touhami Abdelkhalek: Some progress has been made in this project.

Abstract:
Many trade and development economists, policy makers and policy analysts around the world believe that trade liberalisation plays a vital role in reducing poverty in developing countries. However, understanding the links between trade and poverty is not simple. These links are complex. There exists a large body of theoretical and empirical literature on how trade liberalisation helps to promote growth and reduce poverty. The critics of globalisation, however, argue that developing countries’ integration into the world economy makes the poor poorer and the rich richer in developing countries. The most common criticism of globalisation is that it increases poverty and inequality. Much of the research related to the links between openness, growth and poverty has been based on cross-country regressions. In recent years, many critics have pointed out the limitations of these studies. These limitations of cross-country studies have given rise to systematic case studies using poverty-focused computable general equilibrium (CGE) models and the results of these case studies at least complement the results of cross-country studies. Sri Lanka provides another good case study as a first country in South Asia to open the economy. The purpose of this study, therefore, is to develop a poverty-focused CGE model for Sri Lanka. It is expected that the results of this study will provide a better understanding of the links between trade liberalisation and poverty that can make trade regime an effective mechanism for poverty reduction in Sri Lanka.

Floor comments:
Claudio Karl: It was mentioned in the presentation that Tsunami-related simulations are going or at least plan to be done. However, given the CGE model is one main instrument for the analysis, it is not suitable for the evaluation of structural changes or structural correcting policies. Given the name of Tsunami, it required a time-dependent model. Given there is no model that can really provide a clear replication of this phenomena, I suggest to leave these experiments out, even in consideration of the macroeconomic implications of the current and future events.
Randy Spence: Good on scientific contribution and policy relevance.
Plan integrated micro-simulation model, but here, first stage, top-down – is this sensible? Is it a lot harder to go straight to integrated?
PRESENTATION – Table 2 needs work / explanation – ‘Demand for Margins’, ‘Miscellaneous Equations’.
More on representation of Tsunami (formulation of shock for model) – (Marisa’s question also)
Generally in favour – most counts – strong on capacity and junior researchers.
Other collaboration in Sri Lanka? (Jeevika?); technical collaboration requirement – significant. Touhami, PEP resource persons can’t support.
Touhami – need specification of model (CGE), even though it is not the focus of the proposal.
Agree with Bernard also – macro-capital inflows – CGE (?), Dutch disease (?); more NB than tariff distortion / efficiency; but team should agree.
Labour market / poverty aspects still key
Bandara capable – benefit from econ / formulation help, or OK on their own?

The presentation discussed the possibility of using CBMS data in CGE modeling. It provided a rationale for the linkage, suggested a stylized structure for the link and
evaluated potential transmission channels, frameworks and approaches. The presentation aimed to stimulate discussion on the possible linkages and interrelations between CBMS and CGE and on the outcomes and implications of such linkages rather than propose a concrete strategy or model.

**Floor comments:**
Bernard Decaluwe asked what sort of information there is in CBMS to link it to CGE. Is there information on the volume/price of consumption, volume of work, wage rate etc. Further, what is the purpose behind linking CBMS to CGE?

Anne Sweetzer raised a concern about the purpose of the exercise. The point of doing things is to improve the situation for people and so without any decisions about who’s making what decisions and at what level this may not be very useful.

Randy Spence echoed these concerns, asking ‘why are we doing this?’ He asked if the main motivation for this was to do it for the sake of finding out what useful results come from it. He stated his understanding of CBMS as two-fold: providing data for resources allocation, primarily at the local level, and providing information that can be aggregated for national level decision making. The linkage suggested here between CBMS and CGE might be useful for the latter aspect of CBMS. The advantages of a modeling approach is that provides predictions about the future and this could be useful for communities.

Momar Sylla said that a community is not a country but CGE is at a national level. How can a national level model be used at the local level and vice-versa?

Marie-Odile Attanasso wanted to know the interest behind this. At the present state of data, is it at a usable level? No indicators on preservation so how can we have data on income/expenditure. This has several implications. We do not need complex data collections and models but need something concrete and usable. The jump suggested here is too much, too soon.

Ramon Clarete suggested that the discussion was hampered by the lack of knowledge between the two groups, CBMS and MPIA. A lack of extensive knowledge about the work, methods and techniques of the other group makes it harder to evaluate how a linkage would work.

Ponciano Intal Jr proposed that having a more detailed labor market component to CBMS could be used to forge a link using income determination equations. A community is more open than a nation so we can’t take an estimate from the community to the national level.
June 16th, 2005: MPIA Session 5: TRADE POLICY AND POVERTY

CHAIR: Touhami Abdelkhalek


Abstract:
The study examines the effects reduction of import tariffs will have on poverty and income distribution in Nigeria. As a prelude to tariff reduction, the government is currently assessing the implications of significantly reducing tariffs due, in part, to its 2001 agreement with Ghana to quickly implement the ECOWAS Trade Liberalisation Scheme. Moreover, with strong evidence showing that openness is beneficial to growth, Nigeria and other Less Developed Countries are being encouraged to reduce tariffs and be more open. It is unknown if these tariff reductions will lead to higher poverty levels. It is also unknown what the relative effects of the increases will be in the different socioeconomic groups – location, sector etc. Previous efforts to assess the economic impacts of import tariff reduction have been limited by static analysis. This gives short-term results in analysis of poverty effects. The study aims at using a Dynamic Computable General Equilibrium Model to run simulations that will indicate if there will be increases in the overall incidence of poverty and substantially uneven impacts on household income distribution and poverty incidence in different socioeconomic groups. Using a dynamic CGEM overcomes the limitation associated with static models. To ascertain poverty effects, the model uses representative households’ approach which adjusts surveys according to model results. Information from the study will provide guidance in tariff setting aimed at poverty reduction. Since 1988 the government has used 2 harmonized tax books to state import tariffs: the 1988-1994 and 1995-2001 tax books. The next tax book is being prepared. It is intended that the study will shed some light on the poverty implications of the different possible tax rates and influence the sequencing of tariff reductions vis-à-vis other complementary reforms. In this report we outline the study’s present findings.

Floor comments:
Randy Spence: Good interim report
Not sure identifying static-dynamic differences: 1) or that there are fundamental differences in kind here rather than in quantity over time; 2) clarify with help from resource persons; 3) minimum consumption level (household) – clarified by author.
ECOWAS, tariffs interesting – will Nigeria actually increase tariffs on many lines – or differential ECOWAS / Rest of World tariffs?
More emphasis on explaining / interpreting results relative to presenting results.
Urban / rural – what exactly is nature of micro-simulation?
Overall suggested clarifications – possibly further technical work (household disaggregation)
Souleymane Sadio Diallo: This is a matter of introducing an alternative closure by fixing the ratio budget deficit/GDP to see whether respecting the convergence criteria of the West African currency area (ZMAO) could have some impact on poverty.
Touhami Abdelkhalek (I am) Very comfortable with his model, but he must work on the dynamic and poverty analysis parts. Must be more explicit on transmission mechanisms. Will the unit be the household or the individual? How can decision-makers use these results?

Abstract:
This paper attempts to quantify the impacts of openness (Multilateral Trade System, Regional Integration in the UEMOA) when facing a deterioration in the terms of trade and a decline in public spending on health and education on poverty in Côte d'Ivoire. Using a micro-simulated CGE model, we analyse the combined affects of the changes introduced by these new developments on income distribution and poverty in Côte d'Ivoire.

Floor comments:
Bernard Decaluwe: Dynamic model and investments: \( \text{Savings} = \text{SH} + \text{SE} + \text{SG} + \text{BOC} \);
Investments are allocated between industries. Now, we know that SH is allocated to productive activities but rather to goods, land… SG usually goes to infrastructures. As to BOC, it goes to productive + profitable activities.
Nabil Annabi: I agree with Bernard.
Maurizio Bussolo: \( I \) is determined by \( \text{SG}_t - 1 \).
Touhami Abdelkhalek: Good motivation and important work. Descriptive part is too long relative to second part. Empirical and capacity-building contributions. Revise transmission mechanisms following simulations.


Abstract:
Cameroon recovered economic growth in fiscal year 1994/95 after a decade of recession which lasted from 1985 to 1994 (figure 1), and which brought with it a serious deterioration in the living conditions of households (Consumption per head fell by 40 % between 1985/1986 and 1992/1993). Following economic recovery, the annual growth rate of Cameroon’s economy has hovered around 4,5 % since 1994/1995 and average income, estimated in terms of expenditure per adult equivalent witnessed a 14,8 % increase in five years between 1996 and 2001, which represented an average animal increase of 2,8 %.

Floor comments
Bernard Decaluwe: Surprising results, since changes in poverty do not originate from policies, but essentially from what is not explained (only double calibration). It is important to simulate a number of changes in exogenous variables (PWM, PWE, E, BOC, LS, KS).
Veronique Robichaud: Additivity of shocks? Non-linear model; can one determine the % attributable to each one?
Ismael Fofana: Model: How similar changes and infrastructure

Abstract:
Paper and presentation in French: Translation discontinuous due to problems with the sound system. No abstract (in English or in French) provided in paper on PEP site, there is an introduction in French but appears to be too long to be included in lieu of an abstract, and since it’s in French couldn’t summarize it.

Floor comments:
Ismael Fofana: Factor of production = 2 but 5k observations. Is this disaggregation sufficient? Transferred nominal rates or ∆?
Abdelbasset discussed the level of production factors in the model and noted that 2 factors are not enough. If you choose nominal rates it is difficult, so one could consider taking a trend and applying that.

PRESENTATION: Mohamed Abdelbasset Chemingui (Kuwait Institute for Scientific Research - Tunisia) “Trade Liberalization and Poverty in Rural Areas in Tunisia: Microsimulation in a general equilibrium framework”(mpia-013) comments by Souleymane Sadio Diallo and Bernard Decaluwe

Abstract:
Using a static general equilibrium model with micro-simulation approach of the Tunisian economy, the aim of this research project is to assess the effects of alternative agricultural trade liberalization scenarios on the Tunisian economy and poverty in rural areas. Alternative scenarios of agricultural trade liberalization will covers the future of agricultural trade under the free trade agreement signed between Tunisia and the European Union, the recent CAP reform, and the expected outcomes of the multilateral trade negotiations on agricultural products under the Doha Round. The CGE model will be used at the same time for quantifying macro and sectoral changes related to each scenario in addition to the estimation of many indicators related to changes in poverty such as P0, P1, and P2.

Floor comments:
Ismael Fofana: Use the top down approach.
Written comments: A clear context (overall). The introduction is too long in my opinion (at least in the presentation). Many technical problems: 1) the data ; 2) the model ; 3) the results.
Abstract:
Starting from the established fact that the classical tools for measuring poverty have some shortcomings which more or less affect the results obtained from the quantification of this phenomenon, the present study has attempted to introduce, in the case of Senegal, the hard core concept which allows to get round the factitious inclusion/exclusion problem brought about by conventional indicators. The use of this indicator has highlighted the fact that one house hold out of 7, that is, 1 individual out of 8, lacks the income necessary to help him face his immediate needs, that he finds it difficult to access to modernity and, which is worse, that he has gloomy prospects due to a lack of qualifications and assets which may help him get out of poverty. This phenomenon is increasingly being found in the urban area, and it appears to be closely linked to rural exodus towards cities. Studying the hard core has also presented us with the opportunity to experiment with new poverty measures in the case of Senegal, namely, relative deprivation, and the composite index of wealth. Both of these indicators, like the monetary measure, have shown that poverty is an extended phenomenon in Senegal. In addition to yielding a preliminary profile of extreme poverty, the hard core concept introduced in the case of Senegal, provides an indicator whose evolution should be taken into consideration for a better evaluation of the effectiveness of the social development policy currently being implemented in the country.

Floor comments:
Cosme Vodonou: The robustness question. The significance of the hard core depends on the choice of the poverty line.
What justifies θ as the poverty line?
Karim: Hard core: several facets. A poor under several dimensions is poor in the hard core.
Go over the foundation of the research issue: facet of poverty or methodological issue? Why poverty under multiple dimensions does not take wealth into account? In the intersection isn’t there a risk for error?
Omar: ESAM II, the data were available on the way – his arguments centered on ESAM II.
Concerning aggregation: There is a problem with the data.

Abstract:
By showing that there exists a space of freedoms between capacities and functionings, the theory of “capacities lays the foundation for the micro-multidimensional approach to the study of poverty. In this perspective, the taking into account of the values of individuals or groups of individuals becomes the fundamental element. However, few research studies have demonstrated this dimension for it to be taken into consideration in poverty reduction policies. Therefore, our purpose in this study is an attempt to justify why Cameroon ethnocultural diversity should be a factor of differentiation for the concept of poverty, for its determinants and its indicators. When it comes to showing the divergences between
culturally different groups, the tendency is to apply classical methods such as the analysis of variance or discriminant factorial analysis – But their results are the most controversial in these situations owing to the significant biases imposed by the variance of measurement units in the different groups. We have therefore opted for Structural Equations Systems.

Floor comments:
Mohamed Ayadi: The presentation is better than the text. In the text, methodological originality is given prominence the wrong way.
What could be improved: capacities linked with cultural differences. Data used: survey, map: example:Structural equations analysis: relationship between concepts or latent variables ; in this context, they define many aspects of poverty (sociometry).
Use the concept of poverty rather than that of variable. A need to clarify the contribution of the method. Absence of a theoretical basis with a risk involved in using the results.
Interpretation too succinct. The document is too heavy. Calibrate the text on the presentation.
Habiba Djebbari: Interesting empirical contribution. Comments on the approach. The estimated model could deserve to be justified as to its theoretical basis. Origin of the indicators on which the study is based.
Method: This approach, which is less standard in econometrics cannot be modelled in a more standard way. Add an interaction term to estimate one equation rather than one for each group.
How is participation taken into account? Restriction on the sample: with a loss of variability.
Policy relevance: how is ethnic diversity represented at the regional level?
How is participation taken into account? Restriction on the sample: with a loss of variability.
Policy relevance: how is ethnic diversity represented at the regional level?
Luc Nembot: Several ethnic groups may live in regions that are one not their own. How has this been taken into account?
Sami Bibi: 37 indicators: 5 dimensions: how is this transition made?
How will the results be used to implement policies?
Karim Abdelkim: Continuity of the paper perception, or??

PRESENTATION: Borel Foko (UNESCO / Breda - Senegal) “Pauvreté et Inégalités des conditions de vie au Cameroun: Une approche micro-multidimensionnelle (Proverty and Inequality in the Living Conditions in Cameroon: A Micro-multidimensional Approach)” (Prop-Pep - 10243), Comments by Oumar Diop Diagne and Cosme Vodonou

Abstract:
Many studies on poverty in Cameroon focuses on monetary approach of poverty, considered most of the time as ‘endogenous’. With available data on households in Cameroon, Multiple Correspondence Analysis (MCA) can be use in order to compute a multidimensional non monetary poverty index. One can observe that this index is not built as a synthesis of different components of welfare and its structure depends on data used. We analyse this constraint, and propose an index with a better synthesizing ability, using Multiple Factor Analysis (MFA). This index can also be used for poverty and inequality monitoring.

Floor comments:
Oumar Diop Diagne: The subject is relevant since monetary analysis is limited
Empirical contribution for Cameroon. At which level will national analysis be carried out, or will it be done at different areas? Putting rural and urban areas together: problem of welfare comparability. In the construction of the indicator, to construct the literacy variable, they use two variables that could be redundant.
Hard core: Are 2 indicators sufficient to establish a hard core? (3 in the literature).
Cosme Vodonou: Reminder of the paper’s objective. Sequence of methodologies to respond to it. Ordered on the axis does not permit to say that on the left. You have the poor, and the not poor on the right. Carry out a descriptive analysis
Suggestion: integration of the monetary variable into the multidimensional approach by: MCA which integrates expenditures per head (in a discrete manner), then retrieve all the axes and proceed to carry out a MCA. There is no information loss – For the Gini index, they cannot use it, for this index is not invariant relative to a translation??
Karim Abdelkim: This remark is addressed to the 1st commentator: PRESENTATION of the methodological steps: why not use the COPA principle as a basis?
Kalilou Sylla: Framing (?) between objectives and methodology. For the profile, what are the tools: descriptive tools or econometrics? : Suggestion: econometrics.


Abstract:
The objective of this paper is to measure and analyse the evolution of multidimensional poverty in Tunisia between 1998 and 2001 using a non monetary approach. The welfare indicator used is a composite index constructed from the non-monetary indicators of household living conditions, using factorial analysis techniques. In a second step, we proceed to a more refined analysis at the level of each region and area of the country with the objective of taking into account the specificities of modes of life and needs. This research provides a new alternative for defining and studying poverty in Tunisia by considering the multidimensional nature of this phenomenon. Thus, our study stands apart from preceding ones which have adopted a one-dimensional approach in dealing with the same issues. Our results could provide new conclusions likely to help public decision-makers in the implementation of new poverty monitoring and reduction policies

Floor comments:
Kalilou Sylla: Good job on the scientific level. Given all these efforts, what will the impacts be in terms of economic policy? Revise the methodological framework.
For the determination of the threshold, 3 ways for measuring multidimensional poverty should be specified: give advantages and drawbacks of each.
Data quality: How are the questions formulated? Make a distinction between an indicator and an index in the text. The question of the determinants of multidimensional poverty should be addressed. This would contribute much, notably on the level of economic policy recommendations.
Cosme Vodonou: Carry out a dynamic analysis based on the non-monetary approach. Indicators will be based on household characteristics
This is innovative as far as the network is concerned and the methodology is adequate (the data are piled up). Comparisons will be robust. Suggestion: as an extension: sectoral decomposition (Ravaillon and Huppi) to give prominence to impacts, notably migration.
Others: Why not use major components?

Abstract:
The economic and social development policies implemented in the context of the fight against poverty have shown their limits, given the complexity of the poverty phenomenon, namely, that is not (exclusively) of a monetary nature but that is multidimensional. Unfortunately, if over time some research studies have permitted to measure the intensity of poverty by resorting to the monetary approach which has been characterized as being one-dimensional, there exists no studies which have dealt with the evaluation of multidimensional poverty to appreciate whether or not there has been a worsening of the state of poverty. To fill this gap, the present study therefore proposes to carry out an inter-temporal analysis of multidimensional poverty and inequality. The research interest of this study lies in the fact that it aims to enhance the analysis and understanding of the phenomenon of poverty by considering this time, a non monetary approach to the measurement of poverty and inequality. The methodology developed to achieve the objectives of the study consists of using a technique which permits to aggregate the different dimensions of non monetary poverty in order to construct a composite indicator of poverty. Starting from this index, the study will proceed to a comparative analysis over space and time of two phenomenon, namely, poverty and inequality.

Floor comments:
Konan Arsène Kouadio: The title mentions the wealth index, but in the document this analysis is based on the usual indices. The wealth variables and others should be described in relative to the wealth index.
The monetary poverty thresholds are mentioned in the text: these thresholds are very low. Is it possible?
Several approaches are mentioned, but we know neither the choice made, nor the justification for it.
What are the assumptions underlying the Sahn and Stiffel method of decomposition?
Will the unit be the household or the individual?
How can decision-makers use these results?
Sami Bibi: This paper is more of an empirical than a scientific contribution. It should include policy recommendations, and they do not appear in the present proposal
Search for attributes that cause poverty in this type of analysis. Construct an index in several stages by adding attributes to get marginal contributions.
The assumption of a fixed weight between 88 and 98 is strong. Wouldn’t be preferable to pile up the data?
Data description is incomplete. Do these surveys mention total expenditures? Income?
Be careful with the variables selected (bicycle, radio…)
Karim Abdelkrim: The index which cannot be broken down by factor: it is possible as compared with what Sami said
Chad: Data sources: households or individuals? Check whether access to health services is a pertinent factor.
Louis-Marie Asselin For the dynamic analysis. If we have several points over time, we must establish a weighting system in the base year and keep the weights constant during a certain period. We can, after 10 years, calculate the weights again. We must avoid doing this job over too often

PRESENTATION: Kalilou Sylla CIRES- Côte d'Ivoire « Une approche multidimensionnelle de la pauvreté appliquée à la Côte d'Ivoire /A Multidimensional Approach to Poverty Applied to Ivory Coast (pmma-174), comments by Salimata Faye and Louis Marie Asselin..
analysis of its determinants. For this study, the approach retained is that of basic needs to better apprehend the multinational aspect of poverty in Côte d’Ivoire. It assumes that “What” is lacking in the lives of the poor is a subset of goods and services necessary to attain some kind of quality of life. The main areas which satisfy basic needs are, among others: education, nutrition, health, sanitation, drinking water, housing, infrastructures, communications, life expectancy, access to energy, employment, having a stable income, etc. This is the crucial step for the continuation of the research. It conditions the step linked with the calculation of the composite indicator. It consists of identifying the most relevant dimensions of household poverty in Côte d’Ivoire according to the geographical stratification in the dispersion of poverty as carried out by the National Institute of Statistics (2?), and the sex of the household head. Primary data were gathered by the National Institute of Statistics of Côte d’Ivoire. The Survey on Household Living Standards (ENV 2002) is the main data source used in the present study. ENV 2002 data deal with a sample of 10800 households.

**Floor comments:**
Faye Salimata Ambitious work. Approaches relative to the calculation of the composite index have evolve. Decomposition on a socio-economic basis would be pertinent. Carry out a dichotomy based on the homogeneity of indicators.
Louis-Marie Asselin: 5 specific objectives, but only two have been realized up to now. Descriptive analysis is important. Its contribution should not be underestimated. The composite indicator is not a solution to all problems. It must somehow be constructed. The 23 indicators are not poverty indicators in themselves. Why use them? There are 4 or 5 indicators linked to nutrition. There is always a category “without object” and the weight associated with this category is often superior to other categories. One must go thoroughly into the subject.
Concerning the COPA criterion, some variables don’t satisfy this property. This should not be applied without checking out the necessary properties. For example, the ordinal structure must be respected for all the indicators.
A thorough job must be carried out in this research study.
Karim Abdelkrim: Wealth indicator: couple two indicators, e.g. area of residence and cattle: indicators quite close to each other5?), taken 2 by 2: COPA is also verified.
Faye, Salimata: To compare, the same thing should be done.
Chris Scott: General comment on these approaches. Strong similarities in these approaches. Take a look at the World Bank approaches. Governance is taken into account, but it is not observable. They use 6 dimensions to approximate it. They aggregate towards the top. How to aggregate? There are standard deviations which turn out to be more important than for the standard deviation of the aggregate (this is a result) (Kaufman and his studies on governance).
June 14th, 2005: PMMA Session 2: GENDER AND CHILDREN

CHAIR: Evan Due


Abstract:
In the past decade, China’s public enterprises underwent dramatic ownership reforms and labour retrenchment. While industrial restructuring is an inevitable feature of market transition, the reforms have affected men and women differently. Studies show that women have endured higher inactive and unemployment rates than men following the restructuring. The deterioration of women’s employment status makes the feminization of urban poverty a real possibility. This project studies the impact of industrial restructuring on the employment status of women in urban China using three nation-wide household surveys. The investigation intends to shed light on the following questions: 1) How has the public sector restructuring affected the labour force participation patterns of men and women? 2) Why do a large number of working-age women have left the labour force following the restructuring? 3) Why are women's unemployment spells are longer higher than men’s? 4) To what extent are the gender differences in labour force participation and unemployment spells attributable to differences in preferences and institutional factors and to observed characteristics? A better understanding of the nature of the fall in FLFPR and the causes of gender disparity in unemployment is of critical importance for the design of gender-sensitive public policies to alleviate the pain of economic adjustment borne by women.

Floor comments:
Jeff: Look over in detail the information available in the survey; It may have multiple uses in it. There is a risk involved in comparing the two periods since they are not in panel data form.

PRESENTATION: Brinda M Viswanathan (Madras School of Economics - India) “Trade Liberalisation, Internal Female Migration and Well-being in India”, (Pro-Pep-10376), Comments by Ignacio Franceschelli and Chris Scott

Abstract:
Trade liberalisation has changed the policy focus in India from ‘import substitution industrialisation’ to ‘export promotion’ industrialisation. Coupled with this is the Structural Adjustment Policies initiated since 1990 which have induced migration from the rural to urban areas. The migration literature is flooded with studies on male selective migration. But research studies on family migration (or female associational migration with males) and autonomous (independent) migration of females are few and far apart. Even here the process of migration decision making at the household level and the causes and consequences of migration have been dealt with and not its link with poverty.

The proposed work tries to link gender, poverty and migration through an analysis of a large-scale sample survey data of the National Sample Survey Organisation for the states of India. The aim is to compare the changes in the pattern of migration for the late 1990s with early 1990s to see the impact of reforms on migration of women. To throw light on the gender aspects it is intended to compare two states one, with high per capita income growth and FDI investment to the one with low per capita income growth and less FDI investment. The nexus between and among gender, trade, migration and poverty.
Floor comments:
Luc Nembot: Important subject. What is the structure of women employment in India?
Women employed in the goods and services export sector
Siwan: If data are available, look at the type of migration.

PRESENTATION: Dileni Gunewardena (University of Peradeniya, Sri-Lanka) “The gender wage gap in Sri Lanka” (Pro-Pep-10416), comments by Jasmin Suministrado and Swapna Mukhopadyay

Abstract:
Wage disparities between males and females are typically caused by differences in (endowments and returns to) education and experience, by occupational structure, and by differences in the demand and supply of male and female labour. Analysis of the gender wage gap for Sri Lanka provides useful insights because females in Sri Lanka enjoy an educational advantage over males, yet a persistent though small wage gap favouring males exists. Existing evidence indicates that the small size of the overall wage gap in Sri Lanka masks variation in the gender wage gap across occupations. While this underscores the potential significance of occupational structure in explaining the gender wage gap, the correlation between occupation and poverty indicates that the wage gap and its determinants will vary across the wage distribution. The core research objective of the proposed study is to better understand the nature of and the factors contributing to the gender wage gap in Sri Lanka. The study proposes to: (1) to construct a gender wage gap series for Sri Lanka using pooled individual records from quarterly labour force survey data (QLFS) for the past 9 years, (2) apply regression analysis to pooled individual records from selected years in this 9 year period to examine the determinants of male and female earnings, focusing on education, experience, occupational structure, sector of employment (public or private) and spatial location, using (3) quantile regression techniques to control for individual and job characteristics at different points of the distribution and calculate the part of the gap attributable to differences in returns to characteristics, and (4) a recently developed methodology to perform a detailed decomposition of the gender wage gap in order to identify the specific contributions of education, experience, occupational structure, and public sector employment to the gender wage gap; and to identify within each of these categories, what proportion of the gap is due to “discrimination” vs. endowment differences. (5) Finally, a well-known decomposition exercise will be performed to divide the overall gender gap into a portion explained by the distributional and pay differences across occupations and a portion due to distributional and pay differences within occupations.

Floor comments:
Adolf Mkembo: If a woman has the same characteristics as a man, she would want to be paid the same wage. If the attributes are different as is the case (e.g. maturity), can we speak of discrimination?

PRESENTATION: Martin Valdivia (GRADE, Peru), “Business Development Services for female microfinance clients in Peru: a randomized impact evaluation” (Pro -Pep-10422), comments by Sandra Fachelli and Steve Howes

Abstract:
The microfinance sector grew substantially over the past two decades with the hope of helping reduce poverty. Now, it is increasingly clear that the microfinance revolution may not be enough for the task and additional innovations are required, probably with the incorporation of other services. Our study analyzes the potential for joining microfinance and business development services to the benefit of poor female microentrepreneurs in marginal urban and rural Peru. We do that through a randomized experiment on clients of
village banks. We will be able to explore the effect of the intervention on different measures of the sustainability of the banks as well as on the growth of the businesses and the welfare of the clients. The last step will be to make policy recommendations based on discussions of the results with experts in the field as well as local practitioners.

Floor comments:
Swapna Mukhopadhyay Very interesting proposal. How was randomization made? Costs/benefits are important; but how were benefits measured? For costs, it is obvious. Why only women have been targeted and not men?
Chris Scott: Appreciation of the work. Randomization and control group. There must be 4 groups, which would enrich randomization (instead of 3)
Habiba Djebbari: Look at the impact on poverty.

PRESENTATION: Jahangir Alam Chowdhury (University of Dhaka, Bangladesh), « Child Malnutrition, Child Poverty and Gender Inequality in Bangladesh », (Pro-Pep-10424), comments by Fenglian Du and Cosme Vodonou

Abstract:
There is a literature gap in the area of child poverty in Bangladesh. This study aims to bridge this gap in literature. The study considers income and human poverty approaches to understand the extent and the severity of child poverty in Bangladesh. Besides child poverty, this study will analyze the child nutrition situation in Bangladesh. Three anthropometric techniques, height for age, weight for age and weight for height, will be used to understand the extent and the severity of child malnutrition in Bangladesh. The study also intends to analyze the gender inequality issues in child poverty and child nutrition in Bangladesh. A sample survey of 1000 households will be conducted to achieve the objectives of this study.

Floor comments:
Dileni Gunewardena Multidimensional nature of poverty - nutrition and a second aspect: division of the analysis
Incorporate theoretical aspects
How will the data be “matched” to existing data?
? (micro)
Others: Look at exploratory approaches before using econometrics.
Binary variable constructed from a qualitative variable: loss of information
Steve Howes: Poverty of households
The effect of nutrition constitutes an interesting debate, and the type of data to be gathered must clearly be known.

PRESENTATION: Luc Nembot Ndeffo (Dschang University - Cameroon), " Impact des échelles d’équivalence sur la répartition régionale de la pauvreté au Cameroun: une approche dynamique (Impact of Equivalence Scales on the Regional Distribution of Poverty in Cameroon: A Dynamic Approach)", (Pro-Rep-10249), comments by Paul Ningaye and Elias Ayuk.

Abstract:
1- Research Issue -The present study aims to analyze how the choice of an equivalence scale affects the spatial distribution of poverty, as well as poverty comparisons according to sex of household head in Cameroon. The study will be based on ECAMI and ECAM II survey data.
2- Objectives of the study- To evaluate the impact of the choice of a new equivalence
scale on poverty indices, according to its spatial distribution, and relative to the sex of the household head; to compare the 1996 poverty indices with those of year 2001 in order to analyze poverty dynamics in Cameroon between the two periods.

3- **Methodology** -The method used is that of objective scales. A unique equivalence scale for the two periods will be computed from the harmonized files of both surveys. It will comprise two elements: on the one hand, the differences in needs between children and adults, and on the other hand, an economies of scale factor translating adult equivalents in terms of the effective utilization of household incomes.

For household i, its equivalence scale (mi) will be: 

\[ m_i = N_i \theta \]

where Ni represents the size of household (i) in terms of adult equivalents, and \( \theta \), the factor of scale economies.

This new scale will permit to calculate new FGT poverty indices for each of the periods. These indices, on the one hand, will be compared to those obtained from conventional scales, and will permit to evaluate, on the other hand, the dynamics of poverty in Cameroon according to the different strata, the household head’s sex, and other socio-demographic characteristics.

**Floor comments:**

Johannes Tabi Atemnkeng: 96-01 different data. Is using the same scale for both years correct?

Sami Bibi: Where are the equivalence scales in poverty measures (presented by individual) included?

Swapna Mukhopadhyay: Monotone decreasing factor with household size as a choice. Be careful.
**June 15th, 2005: PMMA Session 3: PUBLIC SPENDING 1 – FISCAL AND OTHER**

**CHAIR:** Swapna Mukhopadhyay

**PRESENTATION:** Atemnkeng Johannes Tabi (Dschang University, Cameroon), “The Distributive Impact of Fiscal Policy in Cameroon: Tax and Benefit Incidence” (pr-pmma-148), comments by Sangui Wang and Abdelkrim Araar.

**Abstract:**
This paper jointly and separately examines the progressivity of tax and transfer (i.e. education and health) system. Using household survey evidence, the paper identifies and investigates the extent to which the tax structure and public spending in social domains transfer resources to the poor in Cameroon. Broadly speaking, the tax system is highly progressive while most of the benefits of public services particularly in education are poorly targeted. The distribution of primary education services is absolutely (per capita) progressive including some components of primary health facilities. Secondary education appears slightly progressive while the tertiary education is regressive. Health expenditure on main and secondary hospitals benefit the rich more than the poor. Policy makers can therefore rest assured that shifting the tax structure towards excises, VAT and gasoline taxes rather than import duties would be both efficient and equitable. The government can alleviate the plight of the poor by raising enough revenue from taxes to provide more health and education facilities to this population.

**Floor comments:**
Swapna Mukhopadhyay: Good paper and good comments which will help the team improve the document.

**PRESENTATION:** Pahan Prasada (University of Peradeniya, Sri Lanka), “Incidence of Commodity Taxation on Income Distribution in Sri Lanka», (Sri Lanka1-PMMA-7), comments by Ajitava Raychaudhuri and Eva Due

**Abstract:**
Commodity taxation constitutes an important component of the overall government revenue. In most developing countries where the formal tax base is not well established, taxation of goods and services via indirect tax instruments play a significant role in sustaining the state revenue flow. This paper focuses on an indirect effect of commodity tax instruments, i.e., their effects on the income distribution. It assesses the incidences of Goods and Services Tax (GST), National Security Levy (NSL) and Import Tariff on the different income deciles in Sri Lanka. The analysis was performed using the food and non-food expenditure data extracted from the Sri Lanka Integrated Survey conducted during 1999/2000. The concept of welfare dominance was adopted and Lorenz and Tax Concentration curves were used as analytical tools. The empirical analysis was concentrated on total of 49 commodities where 23 commodities were used to analyze the incidence of GST, 34 commodities to analyze the incidence of NSL and 14 commodities to analyze the incidence of Import Tariff. Commodities were selected according to the frequency of usage. The results revealed that GST on 16 items was progressive while 7 items was regressive, NSL on 11 items was progressive whereas 22 items was regressive and NSL on wheat displayed a special situation where the share of taxable consumption was exactly similar to the share of income. Import Tariff on six commodities was progressive and eight commodities was regressive. Of the regressive tax instruments on commodities 96 percent of them were imposed on essential goods whereas progressivity was visible among commodities which were highly consumed by higher income groups. Wide provincial variation was visible among commodities when incidence
of taxation was considered. These findings highlight the fact that targeting of indirect tax instruments with wide coverage could have a momentous impact on already significant inequality in Sri Lanka.

**Floor comments:**
Sami Bibi Congratulations. A clarification in the references: one of the papers deals with 2nd order dominance and not with 1st order dominance
Johannes Tabi Atemnkeng: Suggestion relative to one type of tax.
Chris Scott: In the presentation, disaggregation is interesting, but what is the overall effect of indirect taxation? Some goods derived from agriculture: can the auto-consumption part be isolated? He suggests to look at the impact of regressivity and at the level of poverty

**PRESENTATION:** Ajitava Raychaudhuri (Jadavpur University, India), « Design of a Pro-Poor Optimal Value Added Tax (VAT) System in a Federal Economy with Inter-Governmental Fiscal Transfer », (Pro-Pep-10328), Comments by Jeevika Weeraheva and Steve Howes

**Abstract:**
In the short run, economic policy change in the economy affects the income levels of different income/social groups mainly through prices of commodities they consume or income transfers. However, in many developing countries, income transfer schemes for the poor are usually constrained by the lack of information that government agencies have on the distribution of well being. This makes indirect taxation a predominant tool for social welfare policy in these countries. The problem of how to improve the design of indirect taxes and subsidies so as to meet both poverty and efficiency criteria then becomes an important element of poverty alleviation strategy.

The proposed study intends to develop a revenue maximization model to calculate socially optimal pro-poor Value Added Tax (VAT) rates in a federal economy, after endogenising inter-governmental fiscal transfer variables in an integrated theoretical framework. The pro-poor dimension will be accommodated by setting alternative very low rates of taxes for certain mass consumption commodities. It will, inter alia, contain a poverty and social impact analysis to study the impact of such a socially optimal tax reform on different income or social groups, by comparing different existing tax rates which do not address the poverty dimensions specifically.

**Floor comments:**
Sami Bibi: In the 1995 paper, the direction of reform is sensitive to parameter E. The choice of the demand system, the elasticity is not optimized and this poses a problem, and the suggestion is to use an AIDS system instead.

**PRESENTATION:** Konan Arsène Kouadio (CIRES, Côte d'Ivoire), “Investissements agricoles et dynamique de la pauvreté en milieu rural ivoirien (Agricultural Investment and the Dynamics of Poverty in Rural Ivory Coast)” (Pro-Pep-10476), comments by Luc Nembot Ndeffo and Elias Ayuk.

**Abstract:**
The main objective of this study is to show the importance of incentive policies to agricultural investment in the rural poverty reduction strategy. The data for this study will be drawn from surveys CILSS-LSMS (“Côte d'Ivoire Living Standard Survey” and from household surveys (ECVM), realized by the National Institute of Statistics (INS), respectively from 1985 to 1988, and in 1993, in 1995 and in 1998. A regression model of panel data with "rotation" will be used. This work will lead to the first use ever of the CILSS-LSMS survey data in the country with a panel perspective.
relative to agricultural investment and poverty dynamics in rural Côte d’Ivoire. The
determination of the relationship between Agricultural Investment and Poverty Dynamics
should provide an indication on the manner in which agricultural policy should be conducted
in order to improve the welfare of populations in Côte d’Ivoire’s rural areas. The study will
show the importance of panel data in the monitoring and treatment of poverty issues. Finally,
the results of this study will serve as control indicators in the evaluation of future rural
poverty reduction policies and based on this type of data.

Floor comments:
Cosme Vodounou: Conversion of expenditures into adult equivalents calories. Do the data
permit to convert the CFAF value into calories?
Samuel Tambi Kaboré: Capital variables: the link between capital and income is made
during the same period. Usually, there is a time lag.. The preceding year’s stock should be
used. Chris Scott: investment in land, improve water management (irrigation, keep the water
coming from precipitations).
There is the case of few producers
The shadow wage question
Net investment vs gross investment: highlight the difference.
The value of the capital stock may change and this has not been taken into consideration
(difference/region). Are there investments<0. These different variables must be taken into
account to improve the analysis.
Swapna Mukhopadhyay Take this into account, especially pertinent in Africa.
Elias Ayuk why can’t the plantation be monetized?
Chris Scott: Trees are not inputs but they may have impacts on the level of poverty.
The geographical dimension has not been given the required importance in the analysis.

PRESENTATION: Tabo Symphorien Ndang (INSEED, Chad), “A qui profitent les
dépenses sociales au Tchad? Une analyse d’incidence à partir données d’enquête
(Who Gains from Social Spending in Chad: A Benefit Analysis Based on Survey
Data)”(pr-pmma-208), comments by Borel Anicet Foko Tagne and Habiba Djebbari.

Abstract:
Knowing the distribution of gains linked to the provision of public services takes on a crucial
importance for decision makers in a poverty reduction policy context. This benefit analysis
study aims to identify public expenditure beneficiaries in the health and education sectors in
Chad. The method combines detailed budget data with household survey data to evaluate
public expenditure incidence according to living standard and residence area.
Such a study is crucial in the present context of the implementation of the SNRP and oil
exploitation, a context in which spending in these sectors is bound to witness a substantial
increase. The study looks into the distributive aspects of expenditures in these sectors and
the reforms under consideration. It will permit to identify the biggest recipients of these
expenditures, the impact of an expansion in spending in terms of distribution, and may thus
enlighten decision makers in the implementation of the National Poverty Reduction Strategy
(SNRP).

Floor comments:
Swapna Mukbopadbyay: says that she prefers a presentation to be better than the text. This
shows the evolution of the paper: this is better than the reverse.
She notes that the work is in progress, and that the result are already interesting.
Women poverty differs from the poverty of women household heads. Normally, a follow-up of
households should be carried out, but with multidimensional approaches; it would be
possible to use variables that permit women poverty analysis. Variables should be chosen
carefully.
Samuel Tambi Kaboré: women / men poverty: household heads are the ones the study deals with. This has an impact on the analysis. We should know the within household distribution to be able to speak of female poverty.

Elias Ayuk: A causality test has not been carried out. This is a matter of correlation analysis being carried out. Watch out for misuses of language.
Presentations:


**Abstract:**

Above all else, a healthcare system ought to embody equity and fairness in its financing arrangements. The extent of fairness inherent in a country’s health care financing system has great potentials for redistribution of resources. A regressive health care financing system would imply that the poor are paying proportionately more than the rich to sustain the health care system in the country. This has the potentials to escalate the resource gap between the poor and the rich particularly if the poor are also more needy of health care services. In many developing countries there are widening inequalities between the subsistent poor and the affluent rich. In the past one and half decades, rising inequality between the rich and the poor in Nigeria has become a major source of national and international concern. This study investigates whether or not the exiting health care financing arrangements and the structure of the health care market in the country improve or worsen income distribution in the country. To achieve this objective, the research uses two decomposition frameworks: the Aronson-Johnson-Lambert model and the Duclos-Jalbert- Araar model and uses that data specifically generated to provide the kind of information required. The findings show that the healthcare system is not income redistributive. People generally purchase their healthcare needs in proportion to their income or ability to pay. There is high level of horizontal inequity and re-ranking arising from the current method of healthcare financing. However, the extent of inequality is sensitive to assumptions made about household demographic composition and size economies of scale. The outcomes of the study are used to assess the relative advantages of the two decomposition frameworks. The study finds that the DJA model makes up for the critical weaknesses of the AJL model.

**Floor comments:**

No comments

**Presentation: Ronelle Burger (Stellenbosch University, South Africa), “Poverty, Inequality and Health in Sub-Saharan Africa: Evidence from the Demographic and Health Surveys”, (pr-pmma-176 ) comments by Paul Okwi and Siwan Anderson**

**Abstract:**

This paper aims to analyse trends in poverty and inequality in seven African countries using an asset index constructed from data from comparable, nationally representative surveys using multiple correspondence analysis. Improvements in the asset index are largely driven by progress in the accumulation of private assets, while access to public services has deteriorated. Continued efforts at the expansion of access to public services, particularly in rural areas, are thus required. Overall poverty has declined in five of the seven countries. The trends in urban and rural poverty for the most part mirror these trends in overall poverty. Five of the seven countries experienced an improvement in overall inequality. Only in Zambia has overall inequality increased. Experiences in regards to trends in urban and rural inequality are mixed. These results, however, should be interpreted with caution, given the various conceptual and methodological limitations of the asset index approach to poverty analysis.
Floor comments:
Steve Howes: Extension of what has been done in Africa. See it this way in the comparison with the World Bank.
Swapna Mukhapadhyay: In the rural area, the index chosen is unsuitable.
Cosme Vodounou: observes that there are indices with negative signs. How was the index calculated because of the logarithm and the possible negative value of \( x \)?

PRESENTATION: Levi O Mugilwa (Ministry of Planning and National Development, Kenya), “Health Care Services Utilization in Kenya”, (Pro-Pep-10010), Comments by Hyacinth Ichoku Ementa and Swapna Mukhopadyay

Abstract:
The study seeks to examine why some people do not seek medical care, and for those who seek care, it analyzes the factors they consider in making the choice of which type of facility to visit. The study also attempts to establish whether health facilities' features, or quality as perceived by patients affect the utilization of these facilities, and if so to what extent. The specific objectives of the study are: ***To find out the extent to which hypothesized health care determinants affect utilization rates in Kenya; ***To determine the extent to which these hypothesized determinants influence the choice of visiting private and public hospitals, dispensaries and clinics; ***To come up with policy recommendations on the changes both at the household level and service provider level, that can stimulate utilization for health care facilities in Kenya.

Floor comments:
Jeff: I agree with the comments. A methodological problem exists. Do we have some information on the distribution of health services in Kenya. The question of quality is important
Demand is significant, but what about the supply side? The Mexican case brought up by Chris Scott
Johannes Tabi Atemnkeng Multinomial Logit poses a problem. Why was it said that there was no information on facilities. There seemed to be some available during the presentation. It is possible to estimate prices. Some literature exists for it to be done.

PRESENTATION: Jasmin Suministrado (De La Salle University, Philippine), « Labor supply responses to income shocks under credit constraints: Evidence from Bukidnon, Philippines», (pr-pmma-229 ), Comments by Martin Valdivia and Siwan Anderson

Abstract:
The ability of households to insure consumption from adverse shocks is an important aspect of vulnerability to poverty. How is consumption insurance achieved in a low-income setting where formal credit and insurance markets have been observed to be imperfect or missing' Using new data from the Philippine province of Bukidnon, this research investigates ex post labor supply adjustments as one such smoothing mechanism, particularly in the presence of binding credit constraints. The overall goal of this research is to understand how labor supply is used to buffer transitory income shocks, and assess the role of credit constraints in the labor supply behavior of households. Labor is of particular interest because it is often said to be the only asset of the poor. This issue has further implications on which households are most vulnerable to adverse shocks. If credit-constrained households can use labor income to buffer income fluctuations, those that are disadvantaged in the labor market may even be more vulnerable than the credit-constrained. This group may include female-dominated households, households with high dependency ratios, and those with sickly or unhealthy family members.
Floor comments:
Chris Scott: A question of seasonality
Habiba Djebbari: 3 remarks based on the presentation. Sample selection issue how to make the comparison?
Decision made in households which are split-up, and impact in households that are not
Ronelle Burger: Originality of the split-up. How is separation undertaken: can be difficult

PRESENTATION: Nisha Arunatilake (Institute of Policy Studies, Sri Lanka), “Will school level decision making improve access to better education for the poor in Sri Lanka”, (Pro-Pep-10333), comments by Brinda M. Viswanathan and Siwan Anderson

Abstract:
In 1997-1998 implemented educational reforms aim to improve inequities in education system
Two main reforms:
• EQI and SBM
• aim to decentralize education decision making to school level to improve quality
EQI:
• Schools authorized to make decisions regarding identification and procurement of educational quality inputs since 2000 --- funds allocated accordingly
• Problems: equitable outcomes not obtained: schools unable to use funds, differences in ability of school authorities
SBM:
• Develop school boards (parents, teachers, past pupils) in 2006 – increase school autonomy and better identify needs

Overall aim of study to analyse impact of reforms
(1) Evaluate equity distribution of public spending at district, province, and national levels
(2) Analyze factors affecting financial resource utilization under EQI scheme
(3) Examine importance of school quality on outcomes
(4) Examine potential of SBM to reduce inequalities

Floor comments:
Dileni Gunewardena: There is a module available on the characteristics of households, and another one on schools (different census). It would be useful to work with them.
Ajitava Raychaudhuri: Indian experience: The number of professors may increase, but this is not sufficient.
Chris Scott: Can productivity, accountability and the responsibility of professors be modelled? There exists a thesis at Oxford under this subject (test score). The area(?) is important. We may decentralize on several dimensions
The private school effect could be important

PRESENTATION: Jeevika Weerahewa (University of Peradeniya, Sri Lanka), « Adjusting Monetary Measures of Poverty to Non-Monetary Aspects: An Analysis based on Sri Lankan Data », (Sri Lanka1-PMMA-8), comments by Ximing Yue and Dorothée Boccanfuso

Abstract:
This paper reassesses the status of poverty in Sri Lanka using a monetary measure which was adjusted for people’s perceptions about the social climate. Data collected by the Sri Lanka Integrated Survey was used to obtain incidences of poverty using cost of basic need
poverty lines and poverty lines adjusted for people's perceptions. The results reveal that the poverty measurements significantly differ with the two approaches though poverty ranking remains more or less consistent.

**Floor comments:**

*MIMAP Project*

Swapna Mukhopadbyay: Uncomfortable with this approach. The willingness to pay used in other contexts. This is the first time it is used in the poverty context. The poverty line is adjusted in accordance with characteristics but there is a problem involved in asking them how much they would be ready to pay to be far from a service: a risk is involved. Be very careful with the results.

Adolf Mkenda: Innovative. Suggestion: Look into another dimension for, evaluation of goods which are not on the market.

Sami Bibi: the method raises the poverty line. Let’s assume that we have the same income but no access. Who is poor, not poor.

Chris Scott: Hedonistic prices for access to education-health. 

By how much must income be increased to get out of poverty in terms of access: another evaluation method
June 16th, 2005: PMMA Session 5: POVERTY DYNAMICS AND PROFILES

CHAIR: Cosme Vodonou

PRESENTATION: Ximing Yue (Chinese Academy of Social Sciences (CASS), “The causes of transient poverty and its implication to poverty reduction policy in rural China”, (pr-pmma-052 ), comments by Xiuquing Wang and Stephen McGurk

Abstract:
The study focuses on two components of total poverty: chronic and transient poverty and made an investigation of their relative importance in total observed poverty, as well as the determinants of each component. We found that the transient poverty account for large proportion of total poverty observed in the poor rural area of China. By analyzing the determinants to two types of poverty, we found demographic characteristics of households, such as age of the head of households, family sizes, the labor's proportion in the number of family numbers, and educational level of the head of the households are very important to the poverty status of households. These factors matter more to chronic poverty than transient poverty, and have greater impacts on the poverty measured by consumption than that measured by income. Besides the demographic factors of households, other households' factors, like physical stocks, the composition of income and the amount of cultivated lands, also have significant effects on both chronic and transient poverty. It is also confirmed that change in cash holding and saving and borrowing grain are used by rural households to smooth their consumption. Attributes of community where the households reside are important to poverty.

With very few exceptions, we did not find that poverty program have significant impact on poverty reduction at the households level. We interpreted this as the poverty program benefiting more to the wealthy than to the poor in the poor area. The main reason for this could be poor targeting of poverty program at the poor.

Floor comments:
Chris Scott: In addition to the decomposition, provide information on the number of poor people in one or several periods: this would be informative and complementary.
Steve Howes: Preoccupation that poverty reduction is slow in China. This decomposition could explain that fact
Jean-Yves Duclos: In the regression, Table 6: the link between the level of poverty and the change in another variable. The level of something is explained by a change (variation). Give theoretical references on these links. There exists other papers where flows are explained by stocks. Consideration of changes in savings. When these changes are observed, we expect to have changes in incomes.
Some income share affects welfare and not total income. A decomposition of sources of income explains the effects on welfare.
Also surprised to see some variables in the model. Their presence must be justified.
Swapna Mukhopadhyay: Reference program: how can it be said that a program has had an impact without using a program of reference?

PRESENTATION: Sangui Wang (Chinese Academy of Agricultural Science, China) “Inequality and Poverty in China”, (pr-pmma-135), comments by Pahan Prasada and Stephen McGurk

Abstract:
The objective of this paper is to document the evolution of inequality and poverty during the reform period, and where possible, to draw conclusions concerning the role that transition has played in increasing inequality or reducing poverty. The centerpiece of our paper is
the assembly of three series of cross-section data sets that allow a relatively consistent calculation of inequality and poverty levels from the mid-1980s onwards.

**Floor comments:**
Chris Scott: An opportunity for the network to make a distinction between poverty and inequality, in addition to providing a lot of information on China.
Provocative points: Be self-confident in the presentation and discussion for, China is a particular case
There is a fundamental difference between poverty and inequality. Accept the fact that there could be a trade-off between the two.
Transformation into incentives: Growth: poverty reduction
Swapna Mukhopadhyay A lot of questions, what is the definition of “Household”. The characteristics of the data must be examined in detail “quality vs quantity”
Why is there so much inequality?
Adding a lot of information on China would be appreciated.

**PRESENTATION:** Xiuqing Wang (China Agricultural University, China) « Measuring Rural Poverty in China: a Case Study Approach », (Pro-Pep-10313), comments by Adolf Mkenda and Chris Scott

**Abstract:**
This research intends to use rural household survey data from three different provinces in China, Inner Mongolia, Gansu and Hubei. Data will be collected from the rural survey teams of the provincial statistical bureaux for the latest 7 years. The purpose is to calculate provincial poverty lines and their changes over time, to measure poverty, to derive and decompose the inequality index, to explain the characteristics of poverty between different types of regions, and to identify the key determinants of poverty both the regional and individual household levels. In addition, we also aim to conduct poverty dominance analysis so that poverty can be compared between regions, over time and among different groups of population. Poverty will also be decomposed into its growth and distribution components in order to study the effects of income growth and rising inequality on poverty variations over time. Special attention will be paid to the poverty situation of women and children and policy design that may benefit most the reduction of poverty in rural China. It is expected that the proposed project will greatly improve the team working ability, and hence the research capacity of the research institution and individual researchers, especially the young and female researchers.


**Abstract:**
The objective of the RSP is to build up a poverty profile in Tanzania using the 2000 and 1990/91 Household Budget Surveys so that meaningful comparisons of poverty between different regions and communities can be made and also to be able to assess the trend of poverty in the country between 1990/91 and 2000. The main thrust of the study would be the use of a more rigorous analysis that tests for sensitivity of results (e.g. attempt to use different adult equivalent scales, stochastic dominance tests to test sensitivity to reasonable variation of poverty line and for multidimensional poverty analysis) as well as establishing the robustness of the results.
Floor comments:
Karim Abdelkrim: For the first order, it cannot be verified, but it can be for the 2nd order. If a curve lies above the other, we can conclude. Verify the significance.
Swapna Mukhopadhyay: Equivalence scale: there are women and men living in all the regions. Pregnant women should be taken into account.
Inde: Look for explanatory variables?
Steve Howes: If there is no dominance, this may mean that it is perhaps univariate. This is an interesting result in itself in terms of the deception of multidimensionality.

PRESENTATION: Milu Muyanga (Egerton University, Kenya), "Rural Poverty Dynamics in Kenya: A Study of Rural Households Entering and Exiting Poverty", (Pro-Pep-10263), comments by Atemnkeng Johannes Tabi and Chris Scott.
This is a research proposal. The core research objectives include: need to measure the prevalence of rural poverty in 1997, 2000 and 2004, categorize the households according to whether they were above the poverty line in all those years, or whether they ended or exited during these years and then establish factors determining movement in and out. Also, measure poverty vulnerability and using all this, draw policy lessons. Scientific contribution, methodology, data and dissemination strategies have all been discussed in this proposal.

Floor comments:
Karim Abdelkrim: Chris’ criticism is very good but it does not correct the problem with the suggestion.
How to express permanent income is the main problem. Add a term to correct Chris’ proposition.


Abstract:
This study combines census, survey and biophysical data to generate spatially disaggregated poverty/biomass information for rural Uganda. It makes a methodological contribution to small area welfare estimation by exploring how the inclusion of biophysical information improves small area welfare estimates. By combining the generated poverty estimates with national biophysical data, this study explores the contemporaneous correlation between poverty (welfare) and natural resource degradation at a level of geographic detail that has not been feasible previously. The resulting estimates of poverty measures have improved by the inclusion of environmental factors and the poverty estimates appear to be more robust, as the standard errors show a decline.

Floor comments:
Inde: In most regressions, there are many interaction terms, and their interpretation is very difficult. Make an effort to explain the meaning of these terms.
Jean-Yves Duclos: Link between the environment and poverty: subject of interest (e.g. the link between the environment and income). Required changes in the environment and poverty.