PEP TALK

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SUCCESSFUL 2ND PEP GENERAL MEETING IN HANOI, VIETNAM
(NOVEMBER 4-8, 2003)

PEP held its second general meeting, from November 4th through November 8th, in Hanoi (Vietnam). Over 100 researchers and resource persons from around the world were reunited to present and discuss proposals, reports and invited papers. Special thanks to Ms. Maureen O'Neill, President of the International Development Research Center (IDRC, Ottawa), Mr. Tran Van Nhung, Vice-minister of Education and Formation of Vietnam, and Mr. Le Danh Vinh, Vice-minister of International Commerce of Vietnam, for their participation!

The meeting included 61 presentations, of which 18 proposals by new teams, 33 presentations by existing teams and 10 invited papers. In addition, there were several training activities and time set aside for individual meetings between researchers and resource persons. Programs and other information relating to this meeting are available on the PEP Web site (www.pep-net.org, under "Meetings and Workshops").

UPCOMING: 3RD PEP GENERAL MEETING IN DAKAR, SENEGAL
(JUNE 16-20, 2004)

Preparations for PEP’s next meetings are already in full gear. These meetings will be hosted by the Centre de Recherche en Économie Appliquée (CRÉA) at the Université Chiek Anta Diop of Dakar (Senegal) under the direction of Professor Abdoulaye Diagne. Professor Diagne is the director of the CREA and co-leader of the MIMAP national project in Senegal. The meetings will be preceded by a week of MPIA and PMMA training activities. All MIMAP- and PEP-financed researchers, including CBMS researchers, may apply to participate in these meetings following the procedures outlined in the PEP grants procedures manual ("Training and Professional Development Grants"), which is available on the home page of the PEP Web site (www.pep-net.org). We also encourage these researchers to provide us with suggestions on training activities that they would find useful. Some possibilities include:

- PMMA: Basic poverty analysis, public spending, DAD software
- MPIA: SAM construction, growth and dynamics, gender, DAD and poverty analysis
NOTE: The selection of proposals and papers for this meeting will be restricted to those submitted no later than MARCH 31, 2004. As it is often necessary to complete or revise submissions, we strongly urge all, particularly those submitting new proposals, to submit well in advance of this date, if possible.

GENDER CHALLENGE FUND

In collaboration with MIMAP’s Gender Network, we are pleased to announce the creation of a Gender Challenge Fund. This fund will allow PEP to award three additional small grants of CAN$20,000 each for projects dealing with gender issues within the MPIA or PMMA networks. This initiative builds on past efforts to include CGE modeling in the Gender network, on one hand, and to model gender issues in the MPIA network, on the other hand. Gender issues also play a prominent part in current and past PMMA network activities. Information on the gender network is available at:


We also encourage interested researchers to consult the gender material posted on the PEP Web site [www.pep-net.org], especially under “Research Groups”, “MPIA”, “Training material” and “Recommended readings”. Proposals for this Fund should be submitted through the normal channel of PEP’s call for proposals, as outlined below, with an indication that the proposal targets the Gender Challenge Fund. Requests for further information can be sent directly to pep@ecn.ulaval.ca.

PEP RESEARCH FINDINGS

CBMS SURVEY IN VIETNAM

To help in assessing poverty changes and the impacts of poverty reduction policies and measures on communities and households, a community-based poverty monitoring system (CBMS) was recently piloted in Vietnam’s poverty observatories. In 2002, the CBMS was implemented in 20 communes of 12 provinces that represent all large regional areas of Vietnam and include 4,029 households with a total of 19,710 people. This project identified 1,185 poor households or 29.4% of the total 4,029 surveyed households. The poverty rate in rural areas is 33.1% while in urban areas, it is 8.8%, indicating that poverty in Vietnam is indeed a rural phenomenon (Figure 1).

![Figure 1: Poverty Rate from CBMS Survey, Urban and Rural: Vietnam, 2002](image-url)
On average, monthly income per capita of poor households is approximately 70,000 Vietnam dong (VND), equivalent to only one-third of the average figure of the whole sample (216,000 VND). In terms of gender distribution, females make up 51.6% of the poor while males comprise 48.4%. Eighty-four percent of poor households have houses of low quality. This rate is 2.5 times higher than that of households that have temporary houses in the whole survey sample. Thirty-six percent of poor households do not have access to electricity while the average rate of the total sample is 13%. Water from dug wells accounts for 50% of total water used by poor households while the average figure of the total sample is 44%. Twelve percent of poor households have children of school age who do not attend school. The main reasons identified are the high expenses of education and lack of laborers in the family which makes it necessary for children to stay at home to help their family. The main reason for poverty lies in the lack of production factors such as capitals, land and production knowledge. Other factors, such as a large number of children and chronic illness, are also mentioned.

Apart from identifying who the poor are and establishing their profile, the results of the CBMS were also used to assess the following poverty reduction programs: support for health care, education, housing, and credit. The CBMS results show that 32.5% of poor households have access to free health examination and treatment, with the rate in urban areas higher at 61% than that in the rural areas at 30.4%. Although efforts are not wanting, the rate of poor households who cannot get access to medical service is still relatively high. In terms of education policies, among children from poor households, 49% pay reduced tuition, 35% are exempted from other education fees and 9% were given textbooks. According to the CBMS results, 2.7% of poor households received housing support in 2002. In 2002, according to the CBMS survey, 58% of poor households received loans with preferential conditions (low interest rate and no collateral) with the average amount of 3 million VND.


| TRADE REFORM FOUND TO REDUCE POVERTY IN THE PHILIPPINES |

In a recent study using an integrated CGE-microsimulation approach, MPIA researcher Caesar Cororaton concludes that tariff reductions in the Philippines between 1994 and 2000 were generally poverty-reducing. However, the reduction in poverty is found to be much higher in the National Capital Region (NCR), where the incidence of poverty is already lowest, than in other areas, especially rural areas, where poverty is much more widespread. Poverty gains are achieved primarily through a reduction in consumer prices, although household incomes also increase. Tariff cuts also lower the cost of local production and bring about real exchange rate depreciation. Since the non-food manufacturing sector is the most export-oriented sector in the Philippines, it emerges as the biggest beneficiary of trade liberalization. On the other hand, the agricultural sector contracts. As the poor derive most of their income from the agricultural sector, income inequality increases as a result of trade liberalization.

ECONOMIC GROWTH AND POVERTY IN BURKINA FASO

In Poverty Reduction Strategy Papers (PRSP) prepared by many developing countries under the initiative of the World Bank, economic growth constitutes the principal instrument of poverty reduction. Samuel Kaboré of the Burkina Faso MIMAP National team compares the respective impacts of growth and redistribution in various sectors and socio-economic groups on the evolution of poverty in Burkina Faso between 1994 and 1998. For this period, average real economic growth was 5% per year while the incidence of poverty actually increased from 44.5% to 45.3%.

Growth of real income per capita in rural areas contributes for approximately 83% to the variation of the poverty incidence between 1994 and 1998, as compared to less than 5% for urban areas. Income redistribution contributes, for less than 13%, to the reduction of poverty in rural areas, whereas it contributes, for less than 2%, to increasing poverty among the urban poor. The contribution of population change is weak, but represents a spatial transfer of poverty from rural to urban areas.

We note that in the agricultural sector approximately 89% of poverty variation is due to growth, whereas in the non-agricultural sector growth contributes less than 10% to the variation in poverty incidence. The redistributive effect in the agricultural sector contributes less than 6% to poverty variation. This effect increases poverty in the non-agricultural sector, although it represents less than 1% of this variation. Population changes in the agricultural sector tend to worsen poverty (approximately 7%). The analysis by agricultural subsectors shows that growth of real income in the food-producing sector contributes approximately 60% to the variation of poverty incidence, while that of the cotton sector amounts to between 19 and 25%.

In terms of poverty reduction policies, these results show that growth policies will have stronger impacts on poverty in rural and agricultural areas, in particular in the food-producing subsector, whereas redistributive policies should be considered in urban and non-agricultural areas.

HEALTH IMPROVES IN BENIN, BUT THE RICH-POOR GAP WIDENS AND INCREASING POLLUTION CAUSES CONCERN

Cosme Vodonou, who is a member of both the Benin MIMAP national team and the PEP steering committee, finds that health programs undertaken in Benin in recent years – sustained healthcare personnel training, vaccination campaigns, prevention and control of certain endemic diseases (malaria in particular) – have resulted in noticeable improvements in health status. Out of 1000 newborns, 136 children died before their first birthday in 1972, 123 in 1982 and only 94 in 1996. Meanwhile, life expectancy at birth went from 37.3 years in 1961 to 53 years in 1996.

Nevertheless, disparities are still very important between the poor and the rich in the city of Cotonou. Diarrhea prevalence in childhood is 2.7 times higher in poor households in comparison to richer ones. Hygiene conditions are crucial to the reduction of diarrhea prevalence. Children from households using cleaning products have 97% less risk of suffering from diarrhea than those who are not.

Concerning preventive health measures for children - such as vaccinations - mothers' behavior is related to their standard of life, their level of education, their age and religion. For example, women who went to high school or more are at least twice as likely to have their children vaccinated compared to those who did not go to school.
Also, there is a positive correlation between the incidence of acute respiratory infections and the number of vehicles in circulation in Cotonou. The very low proportion of health spending (less than 2%) in poor households makes them more vulnerable to pollution.

The author concludes that the Beninese government must focus its health programs on the poorest households, while continuing its air pollution reduction efforts undertaken in 2000.


**FOUR NEW CBMS PROJECTS APPROVED!**

After a thorough review by the CBMS Network Steering Committee, four new CBMS initiatives have been approved, namely: (1) Establishing a Commune-Based Poverty Monitoring System in Cambodia, (2) CBMS in Pakistan: A Proposal for the Pilot Project, (3) Proposal for Developing a Regular Local Level Poverty follow-up System (LLPMS) in Bangladesh, and (4) Implementation of a Community-Based Poverty Monitoring System in Ghana. These new projects shall be implemented by the local partners in the Cambodia Development Resource Institute (CDRI) in Phnom Penh, the Pakistan Institute of Development Economics (PIDE) in Islamabad, the Bangladesh Academy for Rural Development (BARD) in Dhaka, and the Center for Policy Analysis (CEPA) in Accra, respectively. CBMS work in Cambodia, Ghana, and Pakistan entails the development and pilot test of CBMS methodologies while the initiative in Bangladesh is an expansion of the earlier CBMS work done in the country. Full copies of these proposals may be viewed at www.pep-net.org, “Research groups”, “CBMS”.

Congratulations to these new CBMS teams!

Proposals from Benin and Laos have also been received and are being reviewed by the CBMS Network Steering Committee. Ongoing CBMS projects continue in Burkina Faso, India, Nepal, the Philippines, Senegal, Sri Lanka, and Vietnam.

**SEVEN NEW PEP GRANTS AWARDED!**

Seven of the eighteen teams who presented proposals in Hanoi have already been awarded a CAN$20,000 research grant by the PEP Network.

- **Babatunde ALAYANDE (Nigeria):** The Impact of Macroeconomic Policies on Income Distribution in Nigeria: analysis of Agricultural Sector Policies
- **Frikkie BOOYSEN (South Africa):** Poverty, Inequality and Health in Sub-Saharan Africa: Evidence from the Demographic and Health Surveys
- **Ramos MABUGU (South Africa):** Fiscal Policy Design in South Africa: an Intertemporal CGE Model with Perfect Foresight
- **Paul NINGAYE (Cameroon):** Ethno-cultural Diversity and Differentials in Micro-multidimensional Poverty in Cameroon.
- **Lucas RONCONI (Argentina):** Poverty and Employability Effects of Workfare Programs in Argentina
Congratulations to these new PEP Small Grant recipients!

A further eight teams were invited to make minor or major revisions to their proposals. Most of these proposals should be approved shortly. MIMAP-financed projects continue in Benin, Burkina Faso, Ghana, Morocco, Senegal, Sri Lanka and Vietnam. A new MIMAP-funded project, including MPIA and PMMA work, has also just been launched in Nigeria! Research is also underway in China, Ghana, Indonesia, Senegal, Tanzania and Zimbabwe on PEP-financed projects approved at the February 2003 Manila meetings.

**ONGOING CALL FOR PROPOSALS**

We remind interested researchers that proposals can be submitted to the PEP network at any time. A pre-selection committee analyzes proposals in order to determine whether they are complete and eligible for financing, to inform the researchers of the proposal's status and, in some cases, to provide some feedback on the proposal itself. Roughly two months before each PEP meeting (March 31st, 2004, in the case of the upcoming June meetings), a selection committee selects the best research proposals in terms of scientific contribution, policy relevance, concordance with PEP thematic areas and feasibility. These teams are then invited to present and discuss their proposals at the meeting. Taking into consideration that it is almost always necessary to revise and resubmit proposals once or more times before acceptance for presentation at a PEP meeting, we encourage interested researchers to submit proposals as early as possible. Furthermore, research teams are strongly encouraged to submit proposals and accompanying documents directly on the PEP Web site. Details are provided in the guidelines posted under "Call for Proposals" on the site. If this is not possible, please send all required information to the following email address: pep@ecn.ulaval.ca.

**OTHER PEP GRANTS**

All PEP researchers are reminded that they are eligible to apply for additional funding for the following activities:

- In the context of PEP research grants, funding can be requested to allow young members (aged under 30 years) of PEP research teams to participate in a PEP meeting.
- Training and Professional Development Grants: To finance the participation of a PEP team member in a training workshop, study visit or international conference related to their PEP research.
- National Conference Grant: To assist in financing the organization of a national conference related to their PEP research.

Details are provided in the Grants Procedure Manual, which is available on the home page of the PEP Web site.
PEP WORKING PAPERS

The PEP Network has begun preparing a PEP Working Paper Series. All final reports will be automatically considered for publication, with the author’s permission. Reports will be evaluated by an outside evaluator. We ask all MIMAP researchers who have completed reports in the MPIA, PMMA or CBMS Networks in the last two years to please ensure that all their final reports have been posted on the intranet section of the PEP Web site corresponding to their project.

ACHIEVEMENTS AND HONORS

Congratulations to Nabil Annabi (PEP’s CIRPEE-Laval project office) and Anyck Dauphin (IDRC’s MIMAP team), who both recently received their PhD degrees. Nabil’s thesis received the following high distinction from his thesis jury - "very honorable and highly commended, dissertation proposed for a prize and publication" - at the Université de Paris I Panthéon-Sorbonne. His thesis title is "The Effects of Trade Liberalization in Tunisia: A Dynamic General Equilibrium Model". Anyck received unanimous praise from her thesis jury at Laval University (Québec) for her "excellent" and "exemplary" thesis on "Collective Rationality of Multi-member Households: Theoretical Results and Applications to Burkina Faso".

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Also, PEP co-director John Cockburn was named Associate Professor at Laval University.

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All those who would like to share information, please send us an email (pep@ecn.ulaval.ca) and we will be delighted to include this in the next edition of PEP-Talk.

DAD, AN INNOVATIVE TOOL FOR INCOME DISTRIBUTION ANALYSIS

A new version of the DAD software – Version 4.3 – is now available, free of charge, on the PEP Web site. DAD is designed to facilitate the analysis and the comparisons of social welfare, inequality, poverty and equity across distributions of living standards. Its features include the estimation of a large number of indices and curves that are useful for distributive comparisons as well as the provision of asymptotic standard errors to enable statistical inference. Note that the previous version – version 4.2 – recently received a very favorable review by Qi Zhang (University of Chicago). To obtain this review, log on PEP Web site, click on « DAD Software », then on « DAD review by Qi Zhang ».

RECENT CHANGES TO THE PEP WEB SITE

The permanent PEP Web site (www.pep-net.org) continues to evolve quickly in both its Internet (public) and intranet (password required) components. While the changes made in the past few months are too numerous to mention, here are a few of the most important changes (with the links to select beginning from the PEP home page):

- PEP grants procedures manual in French and English ("Grants Procedures Manual")
- Invited papers from the Hanoi PEP general meeting ("Meetings and Workshops")
- First-year activity reports for all PEP subnetworks ("First-year Report")
• The CBMS section of the Web site is now up and running: “Research Groups”, “CBMS”. Further changes are under way, notably in the presentation of CBMS “Country Projects”.

• The national projects section, which concerns projects financed directly by MIMAP but receiving full technical support from PEP, is currently under major revision. Keep an eye on this! “Research projects”, “National projects”.

• The PMMA training material and recommended readings sections have been substantially revised: “Research Groups”, “PMMA”

• The MPIA training material and recommended readings section have also been updated, including the addition of material on agricultural sector modeling and the extension and revision of material on labor market and gender modeling: “Research Groups”, “MPIA”.

• PMMA-MPIA and CBMS brochures can be downloaded from the PEP home page. We encourage you to distribute these to your colleagues.

• Information on PEP resource persons for each subnetwork: “Research Groups” and “MPIA”, “PMMA” or “CBMS”.

In the true spirit of networking, our Web site has become one of the most important communication tools for PEP. In the intranet section, all papers, proposals and comments concerning PEP projects, whether directly financed by PEP- or MIMAP-financed, are posted. In particular, we have posted comments from the floor and designated commentators on all papers presented in Manila. These are accessible to team members and designated resource persons only. Team leaders receive an email each time a document is posted in her/his project. PEP researchers are responsible for keeping all this information up to date and posting all new documents for which they would like to receive comments. We encourage all PEP researchers to “login” to the PEP Web site, update your personal information (“Personal settings”) and regularly consult and update all documents posted in their project. Note that comments on documents can be viewed by first clicking on the document in question.

We are continuously working to improve this tool and welcome all comments and suggestions in this regard. We thank all those who have already provided ideas. We encourage all readers to subscribe to the PEP Web site through the “Subscribe” link on the home in order to be better informed of our activities. Please note that the PEP Web site is designed for optimal use with versions 5 or higher of Internet Explorer.

ONLINE LITERATURE SEARCH TOOLS

We remind all members of PEP- or MIMAP-financed projects that IDRC provides you, free of charge, access to a powerful package of research databases that includes Econlit (literature search tool) and Academic Source Premier (access to downloadable full-text articles from nearly 4000 scholarly publications). To obtain a username and password, please contact Jacqueline Prud'homme: jprudhomme@idrc.ca. You will need to indicate to her an IDRC project number and completion date. Please contact the PEP office (pep@ecn.ulaval.ca) or your team leader (for MIMAP-financed projects) to obtain these. Once you have obtained a username and password, you can access the database from the PEP Web site by clicking on "Links" (in the left-hand menu), "Online literature search tools" (bottom of the page) and "IDRC research database service" (bottom of the page). We also encourage you to look at the other links and online literature search tools along the way!

1 For those designated commentators at the Hanoi meeting who have not yet posted their comments, please do so as quickly as possible!
For your information, here are some upcoming events outside PEP that may interest some of you:

- **Capacity Building and Knowledge Networking on Gender, Macroeconomics and International Economics, GEM-IWG, Salt Lake City, USA, June 3-18, 2004 (257 kb).**
- **75 Years of Development Research: An International Colloquium at Cornell University, May 7-9, 2004, Sponsored by the Program on Comparative Economic Development [www.arts.cornell.edu/econ/75devconf/home.html](http://www.arts.cornell.edu/econ/75devconf/home.html)
- **Société canadienne de science économique, 5 et 6 mai 2004, 44ème Congrès annuel, Québec:** [www.scse.ca/scse/Affiche-2004.pdf](http://www.scse.ca/scse/Affiche-2004.pdf)
- **Ecomod courses and conferences, Intensive and Practical Courses in CGE Modeling with GAMS [www.ecomod.net](http://www.ecomod.net)**
- **Q-Squared in Practice: A Conference on Experiences of Combining Qualitative and Quantitative Methods in Poverty Appraisal. Toronto, May 15-16, 2004:** [http://132.203.59.36/PEP/PDFFiles/Q2PracticeCall.pdf](http://132.203.59.36/PEP/PDFFiles/Q2PracticeCall.pdf)
- **Fifth Annual Global Development Conference, New Delhi, January 28-30:** [http://ctool.gdnet.org/agenda_online.cfm](http://ctool.gdnet.org/agenda_online.cfm)

Note also that the following edition of the *Eldis Poverty Reporter* is especially interesting for MPIA researchers, particularly the paper by Bourguignon et al. [poverty.worldbank.org/files/11287_Bourguignon_Stern_Pereira_IMFConf_03_2002_Final.pdf](http://poverty.worldbank.org/files/11287_Bourguignon_Stern_Pereira_IMFConf_03_2002_Final.pdf).

### WHAT IS THE POVERTY AND ECONOMIC POLICY (PEP) RESEARCH NETWORK?

Created in 2002, the Poverty and Economic Policy (PEP) Research Network is a network of researchers working to reduce poverty. Specific objectives are to:

- Better understand the causes and consequences of poverty.
- Propose alternative strategies, policies and programs to reduce poverty.
- Improve the monitoring and measurement of poverty.
- Develop local research (and training) capacity in these areas.
- Develop new concepts and methodologies through fundamental research.

The network is composed of three tightly linked constituent networks. The first – Community-Based Monitoring Systems (CBMS) – designs and pilots community-based monitoring and local development systems aimed at poverty in its multidimensional sense. The second – Poverty Monitoring, Measurement and Analysis (PMMA) – aims to develop and apply analytical tools to measure and monitor poverty, and to analyze a wide range of poverty issues. The third – Modeling and Policy Impact Analysis (MPIA) – uses economy-wide models and analysis as a “laboratory” to identify and analyze the links between specific policies and shocks and their eventual impacts on poverty.