

Course Objectives

The international community has declared equity and poverty eradication fundamental goals of development. These objectives also define the metric by which to assess the performance of socioeconomic interventions. Furthermore, effective development policymaking creates a need for reliable methods of assessing effectiveness (ex ante or ex post). There should be, therefore, an intimate relationship between policymaking and impact analysis.

The Poverty Analysis Macroeconomic Simulator or **PAMS** is a flexible simulation tool, member of a class of policy models designed for the analysis of poverty and inequality in a general equilibrium framework. This version of the tool uses **EViews** as a computing platform and a general equilibrium model to represent the macroeconomy. The basic idea is to link recursively a computable general equilibrium (CGE) model to a poverty and inequality module built upon a parameterization of the Lorenz curve.

The purpose of this course is to provide participants a sound understanding both analytically and empirically of a variety of tools (including PAMS) relevant to the challenges analysts and policymakers face in socioeconomic policy design and evaluation.

By the end of the course, the successful participant will fully grasp:

- The Basic Syntax of EViews 5.1
- The Use of a Probability Model to Assess Impact
- The Logic of General Equilibrium Modeling
- The Numerical Implementation of Two-Sector General Equilibrium Models in EViews
- The Use of PAMS to Simulate Poverty and distributional Outcomes of Economic Shocks and Policies

Core Modules

Module 1: The Universe of EViews

- Basic Syntax:
 - Object Containers
 - Objects, Views, and Procedures
 - Elements of Programming
- Local Regression
- Propensity Score Matching
- A Brief Demonstration of EViews 5.1
- Exercises on Ex Post Impact Evaluation

Module 2: Building an Applied General Equilibrium Model

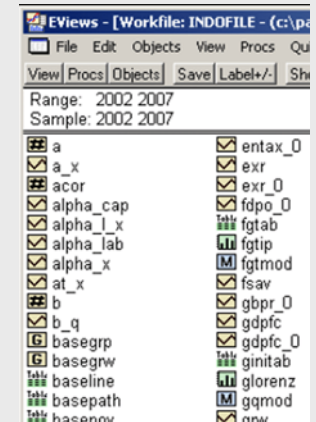
- The Logic of General Equilibrium Modeling
- Numerical Implementation in EViews

Module 3: Poverty and Distributional Outcomes of Shocks and Policies

- A Stylized Framework
- Poverty and Distributional Outcomes of the Dutch Disease
- Exercises:
 - Structural, Poverty and Distributional Impact of Changes in the Terms of Trade
 - Poverty and Distributional Implications of Budgetary Policy

PAMS is a flexible simulation framework designed to help analysts sort out the poverty and distributional implications of economic shocks and policies.

EViews stands for Econometric Views, a Windows application designed by Quantitative Micro Software (QMS) for general econometric analysis. The language is structured around the concept of object, a collection of related information and operations. It offers



both an interactive interface and a batch mode of command execution. The current version (EViews 5.1) offers a wide range of practical tools for statistical analysis, estimation (e.g., OLS, 2SLS, 3SLS, GMM, MLE, FIMLE), forecasting, simulation and data management. The available simulation tools can also be used to build and solve general equilibrium models (CGE). The same tools, when combined with those for time series and cross-sectional data analysis, make it possible to build and run macro-micro simulation models for the study of the poverty and distributional impact of economic shocks and policies.

Supplemental Lectures

A series of supplemental lectures will also be given by experts in the field of macro-micro modeling. For example:

- Maquette for MDG Simulations (MAMS)
- Distributional Impacts of Agricultural Growth in Pakistan: A Multiplier Analysis
- Ex-Ante Evaluation of Policy Reforms Using Behavioral Models
- Early Childhood Development and Integrated Programs: Evidence from the Philippines
- Winners and Losers from Trade Reform: Case Studies for China and Morocco
- Micro-Macro Modeling for South Africa

Teaching Approach

The course includes a series of lectures on relevant conceptual and analytical frameworks. These theories are then illustrated through a collection of case studies, which form the basis for hands-on computer sessions. Class participation is very much encouraged.



Team

Instructor and Task Team Leader

B. Essama-Nssah (PRMPR)

Pool of Guest Speakers

Carolina Diaz-Bonilla (DECPG)

Paul Dorosh (SASAR)

Francisco H.G. Ferreira (DECRG)

Delfín S. Go (AFRCE)

Elizabeth King (DECRG)

Hans Löfgren (DECPG)

Martin Ravallion (DECRG)

Course Coordinator and Teaching Assistant

Vijdan Korman (PRMPR)

Graphic Design Specialist and Webmaster

Alex Arenas (PRMPR)

Target Audience

Any interested World Bank/IMF staff, in particular, economists and analysts dealing with the issues of poverty and distributional impact of economic policies.

Course Registration

Registration for this course should be completed via the World Bank Learning Catalog:

<http://lms.worldbank.org>

Course Contacts

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Reference Materials

For the PAMS course materials, visit

<http://www.worldbank.org/pams>

For other PSIA Activities, visit

<http://www.worldbank.org/psia>

Simulating the Poverty and Distributional Impact of Economic Shocks and Policies within the PAMS Framework



Poverty Reduction Group (PRMPR)
Poverty Reduction and Economic Management (PREM) Network
The World Bank