

**Public Policy C253 / ARE C253
Fall 2003**

**International Economic Development Policy:
Theory, Methods, and Case Studies**

Credits: 3 units

Mechanics

Offered by: Alain de Janvry, Elisabeth Sadoulet, and David Zilberman.

Time: Monday and Wednesday, 2.30 to 4.00 p.m.

Room: 250 Goldman School of Public Policy

Enrollment: Maximum of 30 students in Masters and Ph.D. degrees.

Prerequisites: Microeconomics and econometrics at the Master's level, or consent of instructors.

Office hours: Alain: Friday 2-3.30pm, Giannini Hall 211

Betty: Friday 2-3.30pm, Giannini Hall 213

David: Time to be announced, Giannini Hall 337

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Betty: sadoulet@are.berkeley.edu
David: zilberman@are.berkeley.edu

Requirements

Five case study papers and final examination.

Case studies will be developed by teams of 2 students.

Final examination will be closed book.

1. Five case study papers (60% of grade)

Case study 1: Poverty assessment and poverty reduction strategy for Guatemala.

Case study 2: Targeting conditional cash transfers for education: Progresa in Mexico.

Case study 3: Impact analysis of an educational program: Progresa in Mexico.

Case study 4: Stabilization policies and real exchange rate analysis of country of choice.

Case study 5: Outline and research methodology for a randomly chosen APA type project.

2. Final examination (40% of grade)

Course outline

1. What is development? Development indicators (1 class, Alain)
2. Poverty assessment: measurement and poverty reduction strategies (2 classes, Alain)
3. Analysis of inequality: measurement and inequality reduction strategies (1 class, Alain)
4. Household behavior and policy responses (1 class, Alain)
5. Targeting of program interventions (2 classes, Alain)
6. Cost-Benefit analysis for project appraisal (1 class, Alain)

7. Impact analysis of social projects (2 classes, Betty)
8. Transactions costs and institutions: microfinance institutions (2 classes, Betty)
9. Real exchange rate analysis (2 classes, Betty)
10. Stabilization and adjustment policies (1 class, Alain)
11. Price policy and welfare analysis (1 class, Alain)
12. WTO and regional integration (1 class, Betty)
14. Technological change and pollution (1 class, David)
15. Negative externalities and policy (1 class, David)
16. The economics of climate change (1 class, David)
17. Payment for environmental services (1 class, David)
18. Environmental and health risks and pesticides (1 class, David)
19. Water (1 class, David)
20. Biotechnology and intellectual property rights (1 class, David)
21. Development policy as a profession (1 class; Alain, Betty, and David)
22. Review questions (Alain, Betty, and David)

Reading list, Part I

1. What is development? Development indicators

UNDP. 2002. *Human Development Report*. Chapter 1: The state and progress of human development.

United Nations. "Millennium Development Goals". www.developmentgoals.org

David Lindauer and Lant Pritchett. "What's the Big Idea? The Third generation of Policies for Economic Growth". pp. 1-39 <http://muse.jhu.edu/journals/economia/v003/3.1lindauer.html>

- 2. Poverty assessment: measurement and poverty reduction strategies and**
- 3. Analysis of inequality: measurement and inequality reduction strategies**

- **Indicators of poverty, vulnerability, and inequality**

The World Bank. 2002. "Well-being Measurement and Analysis: Technical Notes".

Grootaert, Christiaan. 1995. "Structural Change and Poverty in Africa - A Decomposition Analysis for Cote d'Ivoire". *Journal of Development Economics* 47(2): 375-401.

Lok-Dessallien, Renata. 2002. "Poverty Profiles: Interpreting the Data", "Poverty Assessments", and "Review of Poverty Concepts and Indicators". The World Bank

- **Analyses of the determinants of poverty, vulnerability, and inequality**

Jalan, J, and Martin Ravallion. 2000. "Is transient poverty different? Evidence for rural China." *Journal of Development Studies* 36(6): 82-99.

- **The controversy on growth and the quality of growth**

Dollar, David, and Kraay, Aart. 2002. "Growth Is Good for the Poor". *Journal of Economic Growth* 7: 195-225.

de Janvry, Alain, and Elisabeth Sadoulet. "Growth, Poverty, and Inequality in Latin America: A Causal Analysis, 1970-94." *Review of Income and Wealth*, Vol. 46, No. 3, (Sept 2000)

- **Policies to reduce poverty, vulnerability, and inequality: types of programs, targeting of interventions.**

Lipton, Michael and Martin Ravallion, "Poverty and Policy". In J. Behrman and T.N. Srinivasan, eds., *Handbook of Development Economics*, Vol. III, 1995.

Case study 1: Poverty assessment for Guatemala.

Guatemala LSMS

<http://www.worldbank.org/lms/guide/select.html>

Guatemala Poverty Assessment Report

http://wbln0018.worldbank.org/LAC/LACInfoClient.nsf/Date/By+Author_Country/EEBA795E0F22768D85256CE700772165?OpenDocument

4. Household behavior and policy responses

- **Empirical analyses of household income strategies: on-farm and off-farm activities**

Lanjouw, Jean, and Peter Lanjouw. 2001. "The Rural Non-farm Sector: Issues and Evidence from Developing Countries". *Agricultural Economics* 26: 1-23.

de Janvry, Alain, and Elisabeth Sadoulet. "Income Strategies Among Rural Households in Mexico: The Role of Off-Farm Activities in Poverty Reduction." *World Development*, Vol. 29, No. 3, pp. 1043-56, (March 2001)

- **Vulnerability, risk management and coping strategies, and safety nets**

Dercon, Stefan. 2002. "Income Risk, Coping Strategies, and Safety Nets". *The World Bank Research Observer* 17(2): 141-66.

- **New approaches to rural development**

The World Bank. 2001. "Reaching the Rural Poor – An Updated Strategy for Rural Development".

5. Targeting of program interventions

van de Walle, Dominique. 1998. "Targeting Revisited". *The World Bank Research Observer* 13(2): 231-48.

Conning Jonathan and Michael Kevane. 2002. "Community-based targeting mechanisms for social safety nets: A critical review". *World Development* 30(3):375-394.

Sadoulet, Elisabeth, and Alain de Janvry. 2003. "Targeting and Calibrating Educational Grants for Greater Efficiency". <http://are.Berkeley.EDU/~sadoulet/>

4. Cost-Benefit analysis for project appraisal

- **Criteria for project appraisal: economic, financial, and social**

Brent, Robert. 1998. Cost Benefit Analysis for Developing Countries. Chapter 1: "Introduction to project appraisal and cost-benefit analysis" and Chapter 2: Investment Criteria". pp. 3-40.

- **Examples of project appraisal: tractor project in Pakistan, infrastructure investments (World Bank Development Report, 1994)**

The World Bank. *World Development Report 1994: Infrastructure for Development*, Chapter 1: Overview. pp. 1-12.

- **Monitoring and evaluation of development projects**

Prennushi, G., G. Rubio, and K. Subbarao. 2001. *Monitoring and Evaluation*. The World Bank.