31 May 2012

**Indicative workplan for CRP2 activity on “Policy Options for reducing poverty and vulnerability in conflict-prone countries”**

1. **Summary of activity**

This research will examine policy options for enhancing economic resilience in three countries – Democratic Republic of Congo, South Sudan and Ethiopia - that have been exposed to a combination of conflict and weather and other types of shocks (e.g. high food prices in the world or in the region). Identifying such policy options requires integrating the microeconomic and macroeconomic dimensions of resilience into a common framework and linking policies to the household and community capacities to cope with external shocks. The three case studies will use primary and secondary data to understand household and community level resilience/vulnerability to these shocks.

1. **Revised budget**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Year 1 | Year 2 | Year 3 | TOTAL |
| Ethiopia | 61,699.26 | 63,642.20 | 65,666.83 | 191,008.29 |
| DRC | 121,620.75 | 53,763.98 | 44,641.10 | 220,025.83 |
| Sudan | 9,010.41 | 100,531.54 | 100,020.09 | 209,562.05 |
| Travel | 11,715.00 |  | 12,649.10 | 24,364.10 |
| WS | 3,514.50 |  | 5,857.50 | 9,372.00 |
|  | 207,559.93 | 217,937.72 | 228,834.62 | 654,332.26 |
| target | 207,559.75 | 217,937.74 | 228,834.62 | 654,332.10 |

Given the security situation and the need to have output by the end of 2012, the project on South Sudan is postponed to 2013. In terms of time allocation (in terms of month)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2012** | **2013** | **2014** | **Total** |
| **DRC** |  |  |  |  |
| **Jean-Francois Maystadt** | 4 | 2 | 2 | 7 |
| **Visiting TAMNEAC Researcher** | 6\* | 2\* |  |  |
| **John Ulimwengu** | 0 | 0 | 0 | 0 |
| **Ethiopia** |  |  |  |  |
| **Bjorn Van Campenhout** | 4 | 4 | 4 | 12 |
| **Derek Headey** | 1 | 1 | 1 | 3 |
| **Bart Minten** | 0 | 0 | 0 | 0 |
| **South Sudan** |  |  |  |  |
| **Jean-Francois Maystadt** | 0.25 | 2 | 2 | 4 |
| **Olivier Ecker** | 0.25 | 1.75 | 1 | 3 |
| **RA under TAMNEAC** |  | 4\* |  |  |

\*Under the supervision of John, under an annual cost of $56,346 divided into two between 2012 and 2013. TAMNEAC means Training and Mobility Network for the Economic Analysis of Conflict (TAMNEAC).

1. **Country-specific indicative workplans for 2012**
   1. **DRC**

**Two outputs** are foreseen for the first year and very complementary to the IFPRI Policy Support Activity:

* JF will take the lead in drafting a paper on the impact of conflict on food security, using the Demographic Health Survey 2007. A particular focus will be given to the gender dimension. A first draft is expected **by end of December 2012**.
* John will take the lead in conducting research on the need agricultural policies to address the food security challenges, underlined in the above work, with a prospective perspective (based on climate potential scenarios in the main agricultural producing regions of DRC). A first draft is expected **by end of December 2012**.

JF will go to DRC to meet stakeholders, with a view to define the next work projects for 2013 and 2014. The importance of the youth, of reintegration programs were discussed at the last DSG retreat and may be worth to be explored.

* 1. **Ethiopia**

In Ethiopia we will conduct primary surveys (market surveys of traders, brokers and pastoralists) to understand economic diversification and whether it contributes to resilience.

Livestock markets are in transition in Ethiopia because of important investments by the government, such as in roads, modern slaughterhouses, and communication technologies. This has major impacts on the livelihoods of pastoralists, one of the poorest and most vulnerable groups in Ethiopia. However, it is not well understood to what extent these investments have affected marker functioning and price formation in the country. Understanding the impact of these investments is important, especially given several new large investment programs that are planned in these areas. A study of these markets is especially interesting given a unique dataset of detailed monthly livestock prices in a large number of livestock markets that has been put together by ILRI over the last seven years. While understanding these prices has been started by ESSP, more work in this area would be useful. A contribution in this area can in particular be done by the combination of these livestock price data with a new (focus group) survey to be fielded on these livestock markets. The latter survey will get at the extent of the changes of different factors on these markets over the last seven years through recall questions.

This research could (initially) lead to two kinds of outputs. First, the data would allow for a descriptive analysis of the market changes in the last seven years. Such analysis could follow a similar structure as in the attached paper on cereal markets in Ethiopia. Second, the data would also allow for detailed regression analysis on the extent that price formation in these markets has been affected by these different changes over the last seven years (including construction of roads, emergence of modern slaughterhouses, and increasing use of the mobile phone). Two outputs are thus to be expected:

1. Structural transformation in livestock markets. It will largely rely on the results of the focus group interviews and will detail different changes that are occurring on these markets (quantity traded, how is trade done, role of mobile phone, seasonality in trade, transport costs, impact export,…). It will also look at structural changes in price formation in the last seven years (e.g. levels, seasonality, spatial margins, quality premiums, price ratios between different types of livestock, retail margins).
2. The determinants of price formation. Spatial margins would be looked at between livestock markets in Ethiopia in the last seven years. To better understand the causes of the improved marketing systems, panel data on wholesale market prices would be merged with data collected on transport costs, mobile phone access, slaughterhouses, numbers of traders, etc. Using market pair fixed effects models for the most important livestock products in Ethiopia (cattle, goats, sheep, camels), this research would look at the quantitative impact of each of these factors on price dispersion.

JF would like to visit the Addis office in 2012 to be sure the activities in the three countries can be understood (and presented) within an integrated framework on resilience.

* 1. **South Sudan**

The work will be postponed to 2013. However, a **workplan will be drafted by the end of 2012**. The first idea would be to prepare the following:

* Gather the necessary data, in particular, Sudan Household Health Survey and eventually, the South Sudan Education MIS.
* Link to a local collaborator
* Develop a concept note for two complementary studies in 2013:
  + - Qualitative description of three case studies based on fieldtrip and key informants’ interviews
    - Assessing the vulnerability to conflict and weather shocks. A particular attention will be given to pastoralist livelihoods and their resilience to shocks.