Training on Evidence-based Policymaking in Trade and Investment

Evidence-based policymaking (EBPM) means using high-quality quantitative and qualitative research when making policy decisions. Policymaking is inherently a dynamic process. Policymakers should therefore take advantage of available evidence at all stages of the policymaking process including before and after implementation and in the ex-post assessment of results. Research is used to guide the various stages of policymaking: identifying issues; choosing and sequencing of policy instruments; monitoring and evaluating achieved results; and, finally, forecasting future trends.

EBPM enables policymakers to make informed, balanced and transparent policy decisions and enhance the overall accountability of their actions. ESCAP/ARTNeT trainings on Evidence-based Policymaking in Trade and Investment illustrate how selected policy issues can be addressed through the most appropriate research approaches at different stages of the policymaking process. Our trainings promote the production and use of high-quality research outputs in trade and investment related policymaking.

Training courses are tailored to the specific needs of participants. Central topics that trainings cover include the following:

1. Descriptive Trade Statistics and Trade Performance Indicators

Trade performance indicators are crucial to the analysis of international trade. A trade performance indicator(s) is an index or a ratio used to describe and assess the performance of trade flows and trade patterns of a particular economy or economies over time or comparative analysis. [Trade performance indicators are most frequently obtained by using statistical data. Since trade statistics are available for most countries the indicators are also available as inputs, even if only of simple nature, for EBPM]

Objective of the course:

Our EBPM training introduces some of the most important trade indicators. Participants gain an understanding of: what the different indicators show; how indicators can be used to support policymaking; how to calculate indicators from available data; and where to find ready-to-use indicators. This course aims to provide a non-technical introduction to some of the issues faced by a beginner trade-policy analyst. The workshop uses both instruction and "hands on" exercises in which participants will be invited to explore concrete applications using real data.

Prerequisites and targeted participants:

The course should appeal to analysts and researchers trained in economics but with limited proficiency in formal theory and econometrics.

2. Computable General Equilibrium Models

Computable general equilibrium (CGE) models are numerical models based on general equilibrium theory. A CGE model consists of a set of behavioural relationships drawn from economic theory together with appropriate data. Together, these form a quasi-experimental setting where different policy scenarios can be considered before adoption. In the case of trade policy this allows analysts to estimate the impact that changes, for example to tariffs, will have on the production, employment, trade and welfare.

Objective of the course:

EPBM courses provide an introduction to CGE modelling and impart the tools that participants will need to master in order to conduct their own policy stimulations. Topics covered by the training include:

- The CGE Approach: basics
- Programming and modeling of Computable General Equilibrium Models through the use of the "General Algebraic Model System" (GAMS) software
- Construction of Social Accounting Matrices
- Developing micro-simulation modules

Prerequisites and targeted participants:

This course will suit experienced researchers or policymakers looking to deepen their understanding of CGE approaches and conduct their own policy simulations. An understanding of advanced economic theory and appropriate programming languages, such as GAMS, is required

3. Gravity Models

Gravity models are a useful tool used by trade economists to analyse trade-related policies. By linking trade flows directly with economic size and inversely with trade costs proxied by distance, the model captures some regularities in the pattern of international trade of help to policymakers when considering trade policy changes.

Objective of the course:

EBPM workshops introduce the gravity model and teach participants how to deploy the model to answer questions about the impacts of trade policy changes on trade flows. Participants will gain a solid understanding of the gravity model of bilateral trade, including: its theoretical basis; practical skills in applying gravity econometrics using Stata; and an appreciation of relevant data and estimation issues.

Workshops intersperse presentations with applied exercises in which participants can try out using gravity models to investigate policy issues using real data. In addition, participants will be required to work in groups to conduct an exercise tracing through all aspects of the gravity modeling process, from research design to presentation and interpretation of results.

Prerequisites and targeted participants:

The course should appeal to researchers working on applied-policy issues with an academic background in economics. Participants should also have some knowledge of formal econometrics. Additionally, some basic understanding of STATA is helpful.

4. Primary data collection and the uses of econometric approaches for data analysis

Evidence-based policymaking requires good-quality data and analytical skills. Data that has been collected from first-hand-experience is known as primary data. An advantage of using primary data is that researchers collect information to meet the specific needs of their study. However, there are different methods of collecting primary data. Each method has its relative merits and demerits. The investigator has to choose a particular method to collect the information. Most often, qualitative information is collected as primary data instead of statistical data.

Objective of the course:

The objective of this training is to provide a basis for choosing a data strategy and to identify best practice in primary data collection. The training aims to build the capacity of researchers on primary data collection and data analysis through the presentation of data collection, survey design and sampling methodologies that may be applied to trade research. To aid with data interpretation, the training also introduce some econometric approaches.

Prerequisites and targeted participants:

The course should appeal to researchers who wish to conduct primary data collection. Some experience in data collection or analysis may be useful.

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