SP.723: D-Lab III: Dissemination: Implementing Innovations for the Common Good
Susan Murcott
Lecture Notes

Session 18, 4/19/07

Guest speaker: Rachel Glennerster, Executive Director of the Abdul Latif Jameel Poverty Action Lab (J-PAL) at MIT

- How to evaluate the impact of poverty programs
    - The Poverty Action Lab at MIT aims to reduce poverty through scientific evaluation of what works and what doesn't
    - Measuring the results of a project, getting good evidence, and getting the results out to policy makers
    - Part of the goal is to make a connection between research and policy

- Overview
    - Why is it so difficult to measure impact?
    - It's important to understand what constitutes good evidence and what constitutes bad evidence
    - For example, based on our findings, home-based water purification projects are far more successful than community-based water purification projects.

- What is J-PAL?
    - It was set up by three economics professors at MIT, but it's now a more expansive program that deals with policy, research, and a wide variety of approaches.
    - We look at poverty issues all over the world, trying to push rigorous science into the "softer" disciplines
    - We encourage other people and programs to use our more rigorous methods
    - We currently have around fifty evaluations going on in 12-13 countries around the world, including the U.S.

- Why is rigorous evaluation important?
    - We actually know very little right now.
    - For example, there's really not very good evidence regarding what's the best way to prevent the spread of HIV. People have very politically-charged discussions, but we don't actually know very much. If we know what's effective, we can spend the money more efficiently.
    - Rigorous evaluation is important for maximizing limited resources.

- Two main types of evaluation
    - Process evaluation
        - Did the intended policy actually happen?

- o Impact evaluation
  - ▪ What effect (if any) did the policy have?
- o We're mostly focused on impact evaluation, because that's where J-PAL's expertise is, but that's not to say that process evaluation isn't actually very important too.

- • Why is measuring impact so hard?
  - o To know the impact of a program we must be able to answer the counterfactual
    - ▪ How would an individual have fared without the program
    - ▪ But you can't have observed the same individual both with and without the program
  - o You need an adequate comparison group
    - ▪ Individuals who, except for the fact that they were not beneficiaries of the program, are similar to those who received the program
    - ▪ However, it can be very difficult to find an appropriate control group. The people who received the program were probably somehow different by definition, and that's why they received it. You can control for differences in age, gender, economic status,
    - ▪ It's much harder to control for something intangible like motivation.
    - ▪ To do a really good evaluation, you need to construct your project with randomized distribution, so that you have realistic experimental groups and control groups.
    - ▪ However, there are some trials that you can't randomize, such as macroeconomic policy.
  - o Common approaches (before and after, cross section)

- • Common evaluation strategies
  - o Pilot program – randomize who gets the pilot
  - o Gradual phase-in – randomize the order
  - o Program which is over-subscribed – apply a lottery to who gets the intervention and who doesn't
  - o Can sometimes evaluate national programs
    - ▪ Look at impact of school fees by subsidizing in some areas
    - ▪ Promote take-up or knowledge of policy for some people or in some areas

- • What should I do?
  - o Doing a high quality impact study is hard and expensive, and not worth it while your project is still in the pilot phase.
  - o Focus first on process and take-up. Once you have a set, functioning process, then you can turn to impact evaluation. It's better to realize your limitations than to try to do something and do it badly.

- o Understand the limits of non-randomized approaches; don't invest in a bad evaluation.
- o Learn from other good impact evaluations
  - ▪ What are the issues to look out for?
  - ▪ Lessons to improve my own program/innovation
- o Sometimes can test limited pieces more easily
  - ▪ E.g. test alternative promotion strategies
  - ▪ Long run impacts (e.g. health impacts) are much harder to study, but this has been done successfully

- Some of the lessons we have learned
  - o Absence rates of public service providers are a major problem
    - ▪ 30-40 percent absence rates are common throughout the developing world
  - o People respond to incentives
    - ▪ If people get paid whether or not they show up they don't show up
    - ▪ If paid on the basis of showing up, they show up
    - ▪ You have to be careful about how you design an incentive
  - o Collective action is a major problem
    - ▪ It may be better to pay someone for maintenance rather than have a committee in the village to maintain a system
    - ▪ Objective monitoring is better than monitoring by people
    - ▪ Major puzzles over take-up of new technologies
      - There are a lot of technologies in the developing world (such as fertilizer) that people could make a lot of money on if they chose to adopt them, but for some reason they don't choose to, even when they can afford it.
      - It doesn't seem like it's just a lack of understanding of new technology, because you can also look at the way cell phones have taken off in the area, and those are a much newer technology.
      - The problem seems to have to do with simple procrastination. If you impose a deadline, then people will be much more likely to do it.

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