

PLS 341

Politics of Development

Week 13, Lecture 2:

Development interventions and their efficacy

Recap

- Constellation of organizations responsible for the provision of development assistance
- Scale of development assistance and the direction of aid flows
- Substantial 'instrument-effects' of development assistance

Plan for today

- Effectiveness of development assistance intended to:
 - Spur macro / country-level development
 - Improve the wellbeing of communities, households, and individuals

Economic growth

Table 1. Main conclusions from our three meta studies

Type	Causal link	Conditional on	Conclusion	Significance	Section in this paper
Family A	Aid → investment		App. 0.25	Dubious, from 0	5
	Aid → savings		App. -0.65	Dubious, from -1	
Family B	Aid → growth		Positive, small	No	6
Family C	Aid condition → growth	Good policy	Rejected	No	7
		Aid itself (aid squared)	Positives small	Dubious	
		Eight more models	Not replicated		

Note: Aid either leads to increased investments or is crowded out through a fall in savings. Hence, the investment effect minus the savings effect should add to 1 when the BOP effect is added. Significance means that the investment effect is larger than 0, and that the savings effect is larger than -1.

Source: Doucouliagos, Hristos, and Martin Paldam. 2009. "The aid effectiveness literature: The sad results of 40 years of research." *Journal of Economic Surveys* 23(3): 433–61.

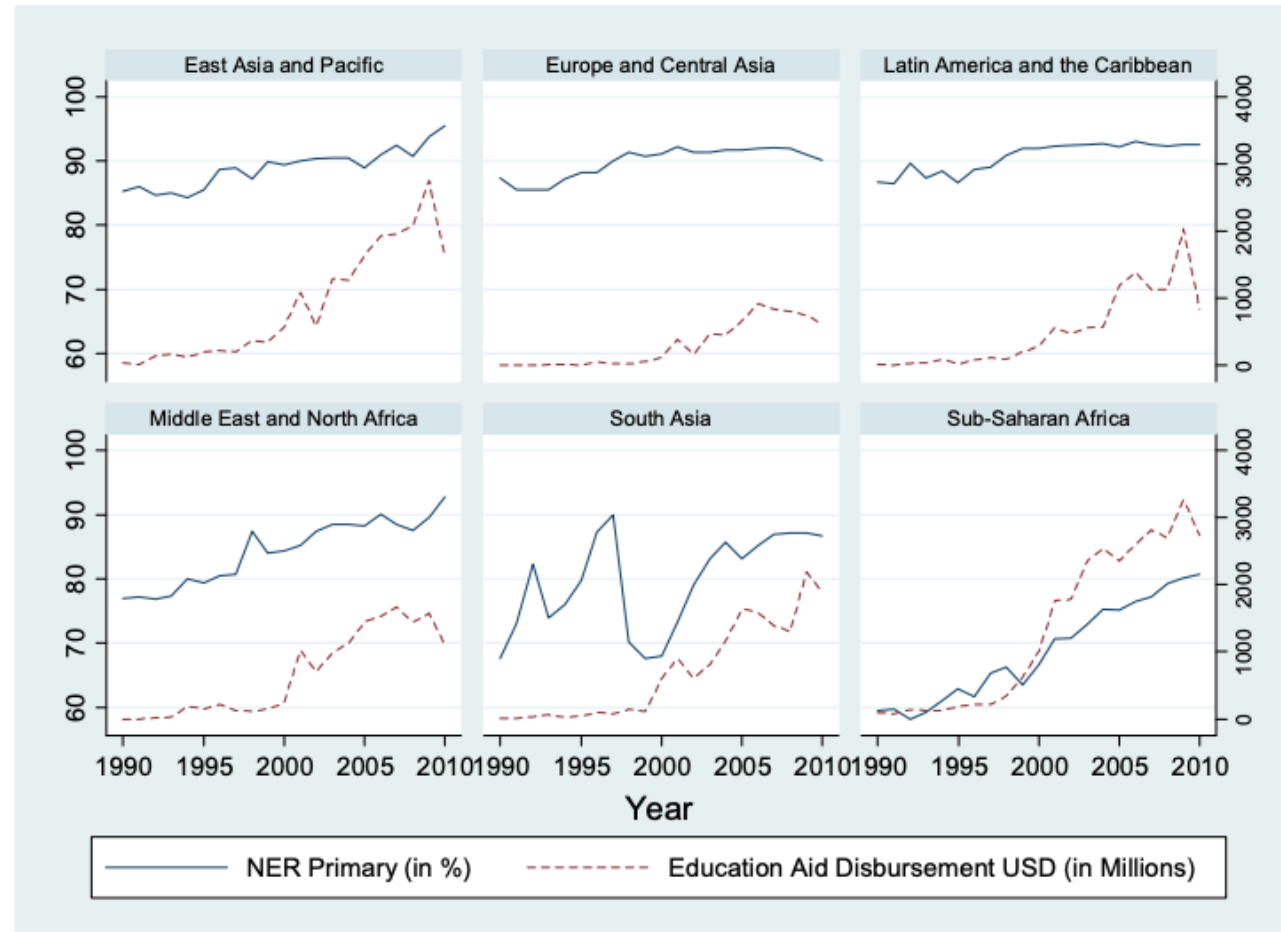
Economic growth

Table 1. Meta-analysis of the aid and growth literature.

Impact of aid on growth	Overall effect (BDL)	[95% CI]	Heterogeneity value (I^2) %	[95% CI]	Between study variance (τ^2)	N
Old period (1970–2004)	0.095	[0.083 0.107]	71.49	[69.31 73.51]	0.016	731
New period (2005–2011)	0.039	[0.032 0.047]	79.78	[78.62 80.88]	0.009	1,047
Full sample (1970–2011)	0.058	[0.052 0.064]	77.31	[76.28 78.30]	0.011	1,778

Notes: BDL refers to Bootstrapped DerSimonian-Laird random-effects model. Bootstrap of 10,000 repetitions is used in all cases. I^2 ranges from 0–100 per cent where a larger score shows a higher level of heterogeneity. Source: authors' estimates.

Education

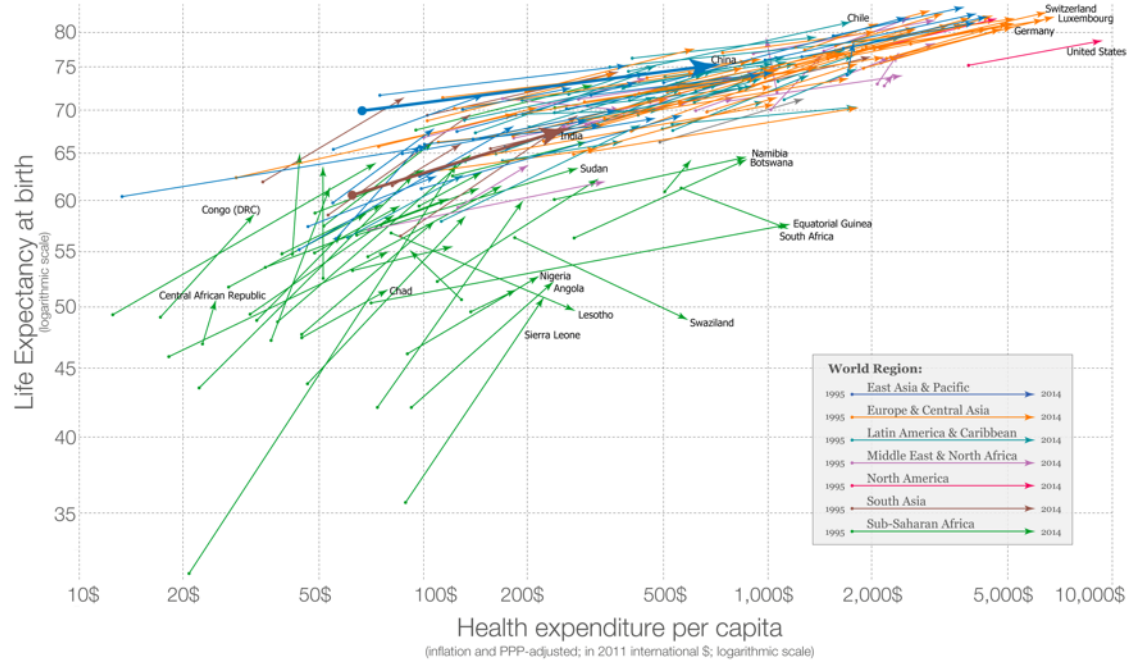


Source: Birchler, Kassandra, and Katharina Michaelowa. 2016. "Making Aid Work for Education in Developing Countries: An Analysis of Aid Effectiveness for Primary Education Coverage and Quality." *International Journal of Educational Development* 48: 37–52.

Health

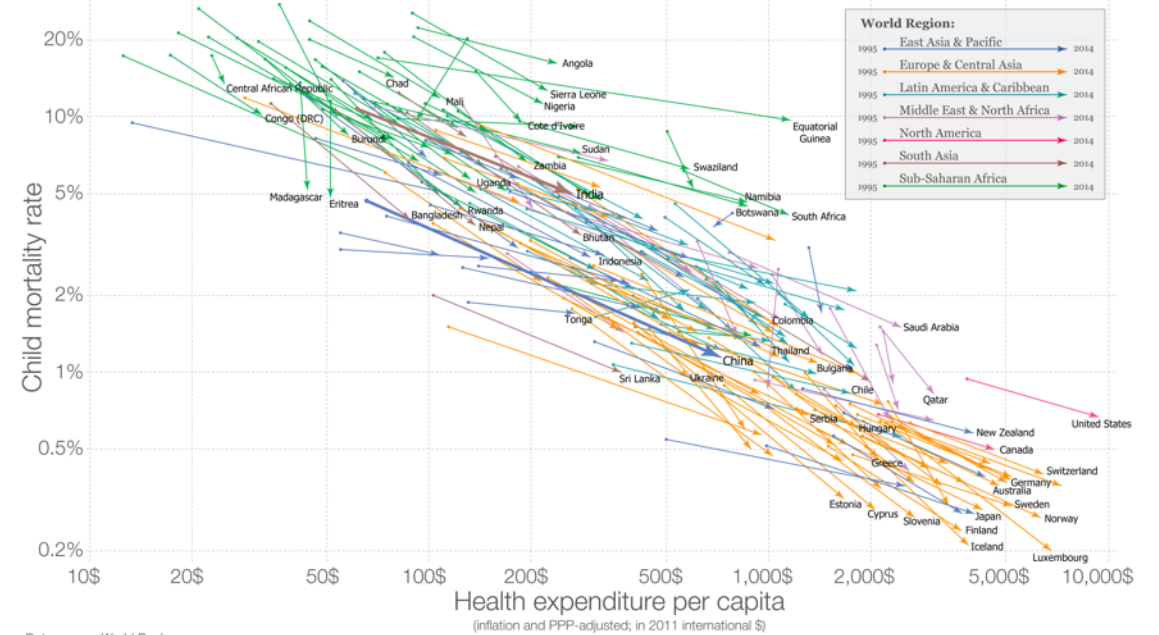
Life expectancy is increasing as more money is spent on health

The arrows show the change for all countries in the world, from 1995 (earliest available data) to 2014 (latest available data). [Not all countries are labelled]
 Total health expenditure is the sum of public and private health expenditures. It covers the provision of health services (preventive and curative), family planning activities, nutrition activities, and emergency aid designated for health but does not include provision of water and sanitation.



Fewer children die as more money is spent on health

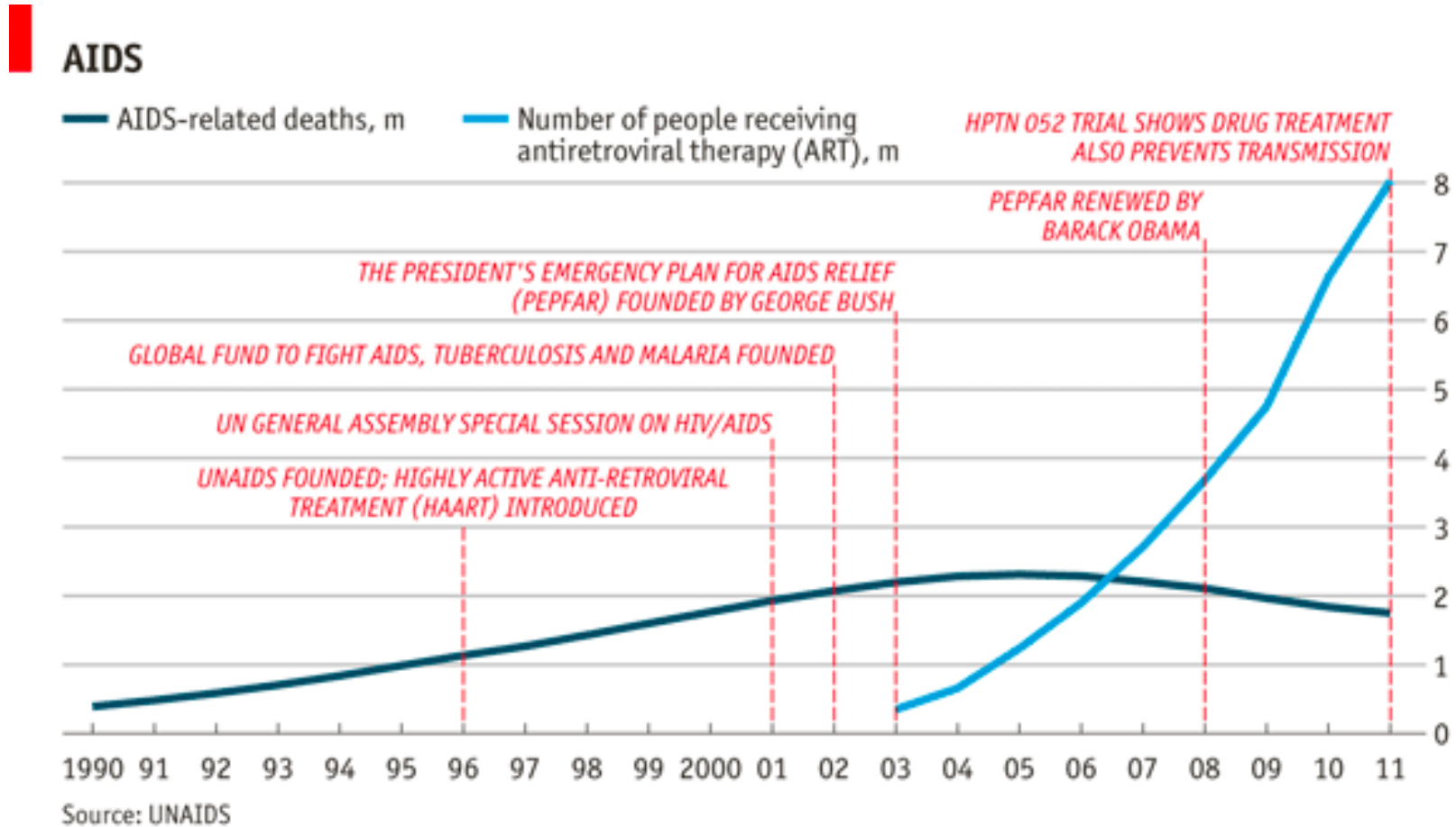
The arrows show the change for all countries in the world, from 1995 (earliest available data) to 2014 (latest available data). [Not all countries are labelled]
 - Child mortality is the share of children that die before their 5th birthday.
 - Total health expenditure is the sum of public and private health expenditures. It covers the provision of health services (preventive and curative), family planning activities, nutrition activities, and emergency aid designated for health but does not include provision of water and sanitation.



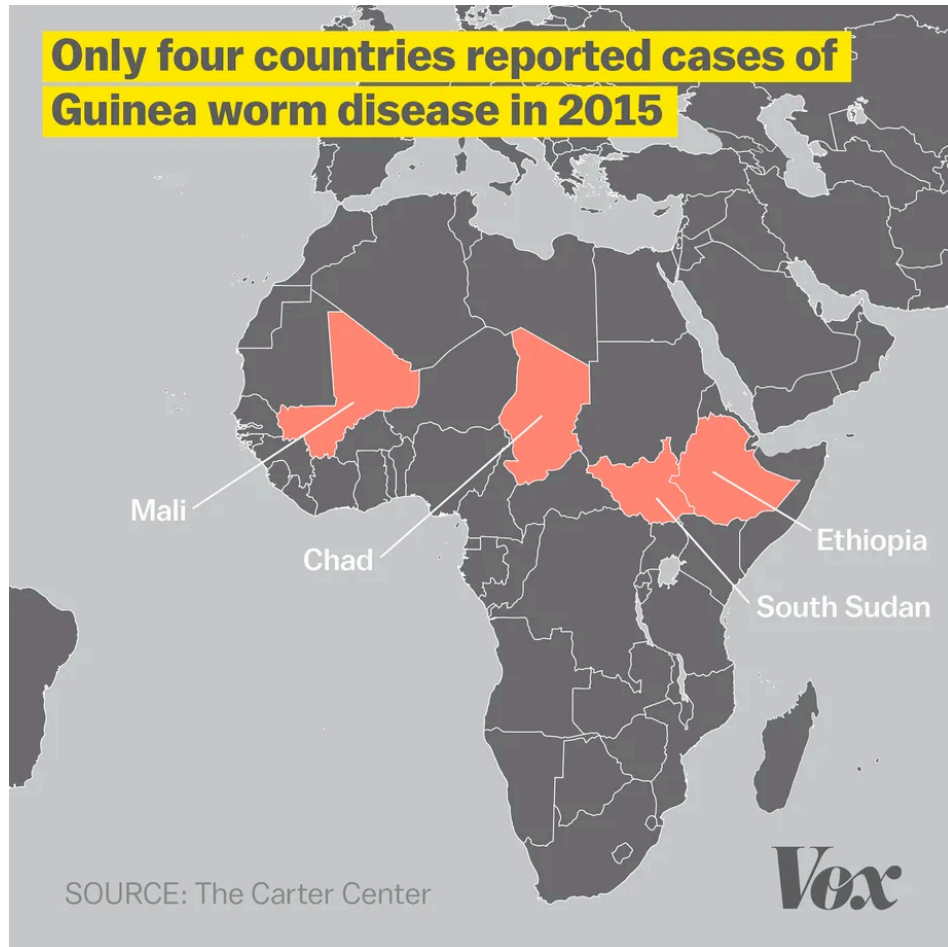
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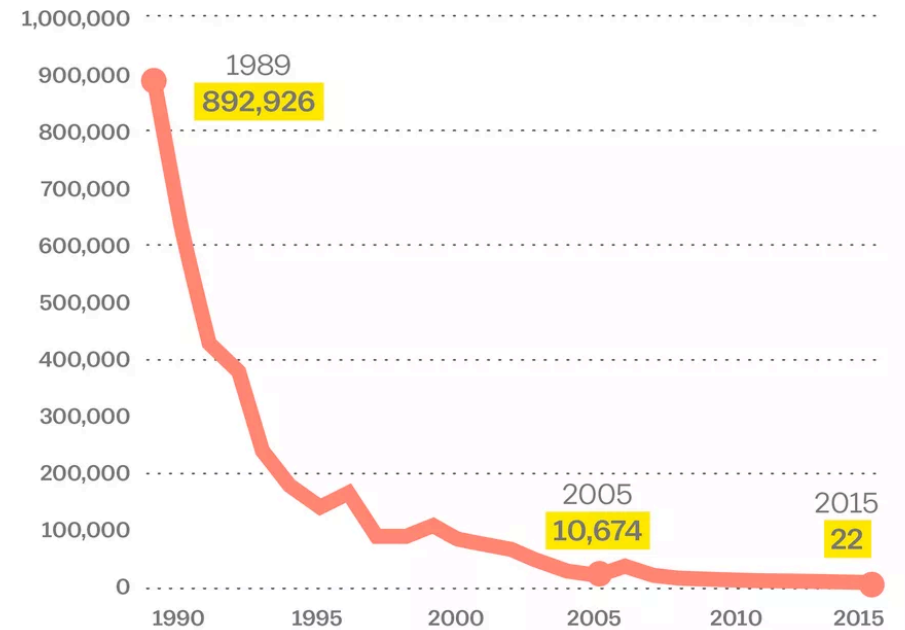
HIV / AIDS



Guinea worm



Guinea worm cases have plummeted over the last 30 years



Guinea worm



<https://www.youtube.com/watch?v=oCB1A2gFvuU>

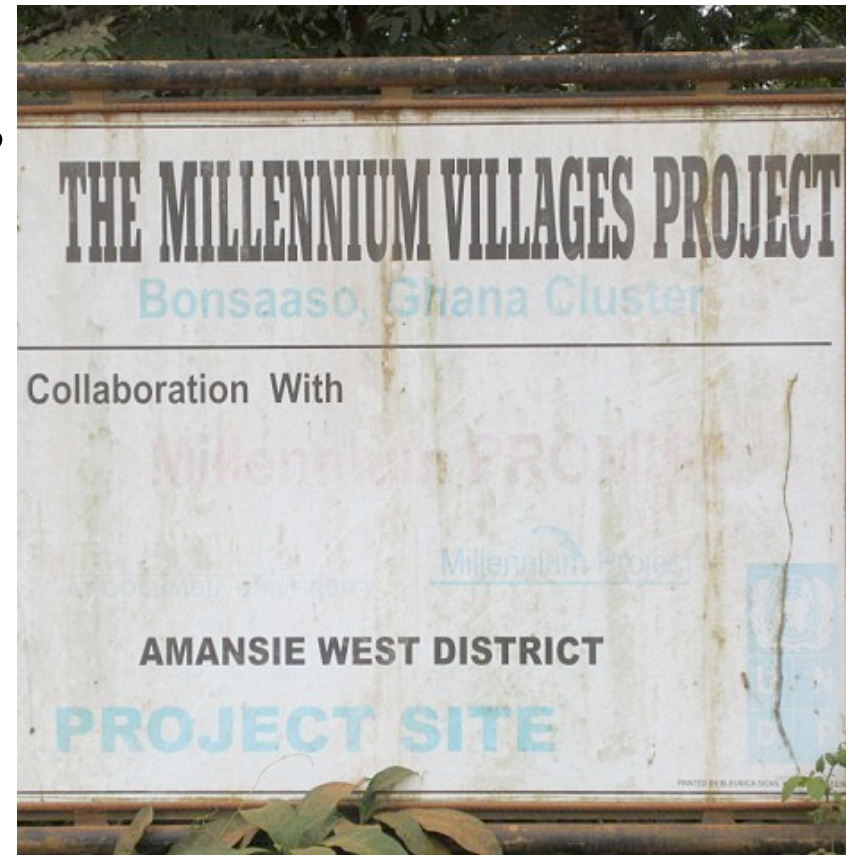
Millennium Villages Project



<https://www.youtube.com/watch?v=1SZGSz3dlfw>

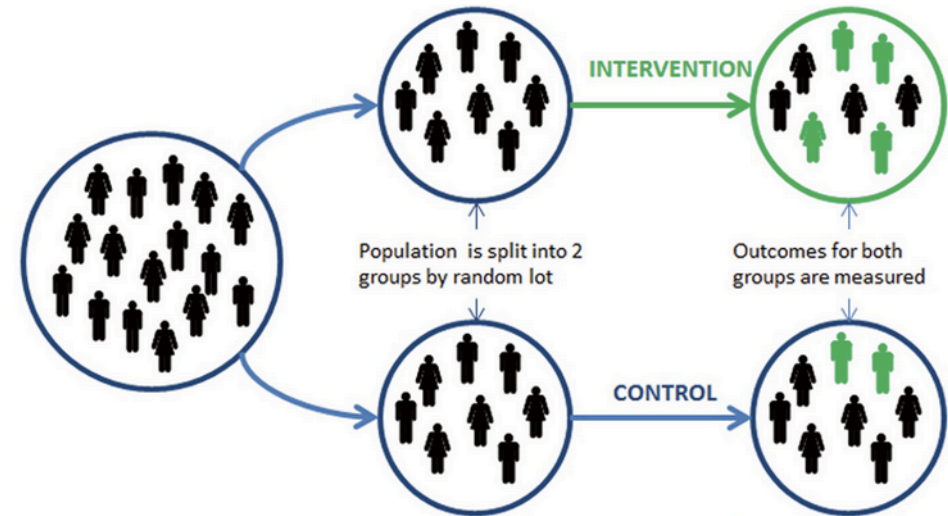
Millennium Villages Project

- Limited differences between Millennium Villages and host countries
- Impossibility of rigorous evaluation because of:
 - Subjective site selection
 - Lack of baseline data
 - Small sample size
 - Clemens, Michael, and Gabriel Demombynes. 2010. "When Does Rigorous Impact Evaluation Make a Difference? The Case of the Millennium Villages." Washington, D.C.: Center for Global Development.

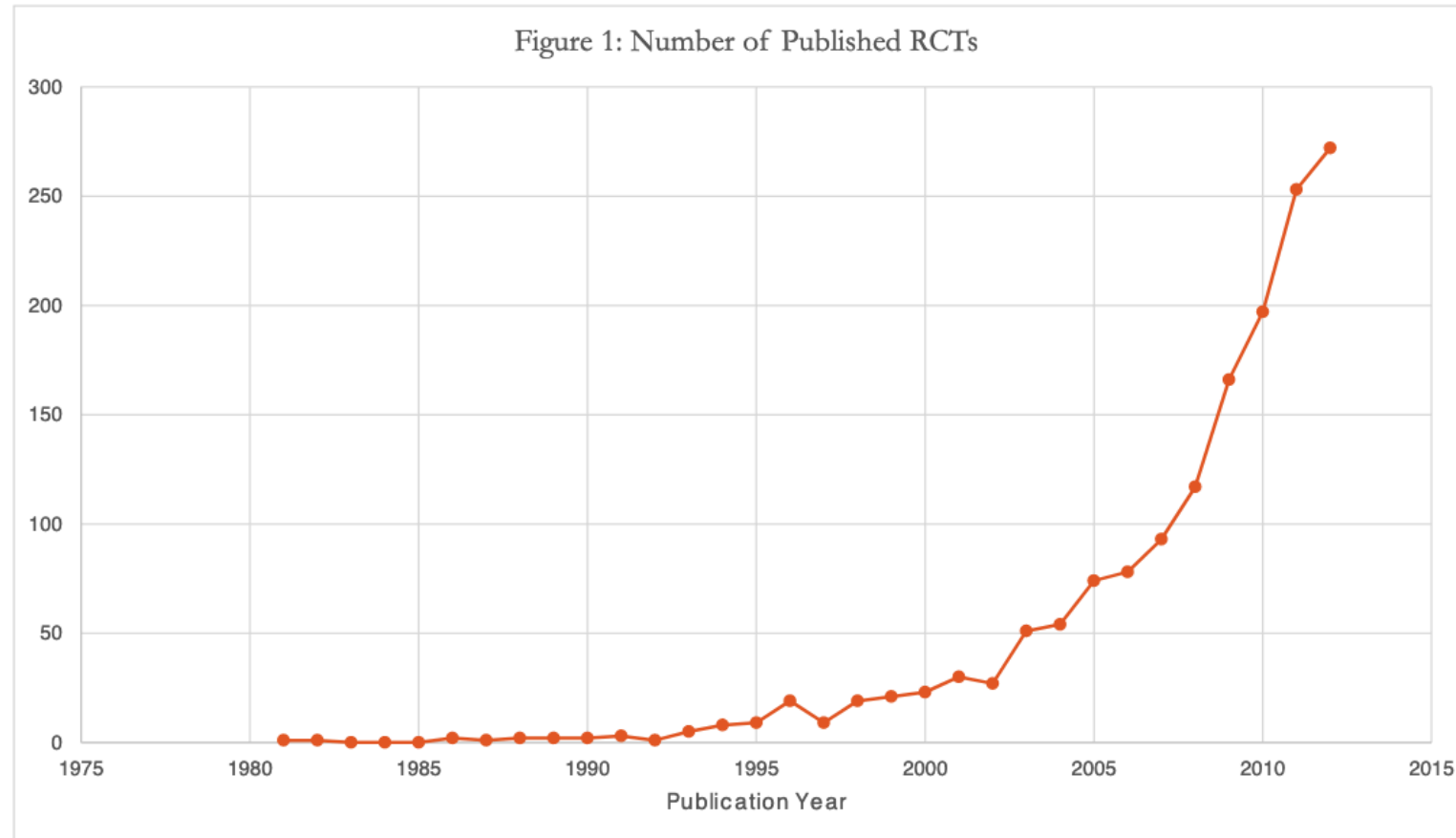


Randomized controlled trials

- Random assignment into treatment and control groups
- Advantages:
 - Compelling evidence of the existence of causal relationships and their strength
- Limitations:
 - Ethics and feasibility
 - Limited external validity
 - Inferential black box



Randomized controlled trials



Source: Cameron, D. B., Mishra, A., and Brown, A. N. 2015. "The growth of impact evaluation for international development: how much have we learned?" *Journal of Development Effectiveness*: 1–21.

Experimental evidence of aid effectiveness

- Duflo and Banerjee's evaluation of the efficacy of:

- Immunization

- Banerjee, A. V., E. Duflo, R. Glennerster, and D. Kothari. 2010. "Improving Immunisation Coverage in Rural India: Clustered Randomised Controlled Evaluation of Immunisation Campaigns with and without Incentives." *BMJ* 340(may17 1): c2220–c2220.

- Curriculum adaptation

- Banerjee, Abhijit, V., Rukmini Banerji, Esther Duflo, Rachel Glennerster, and Stuti Khemani. 2010. "Pitfalls of Participatory Programs: Evidence from a Randomized Evaluation in Education in India." *American Economic Journal: Economic Policy*, 2 (1): 1-30.

- Microfinance

- Banerjee, Abhijit, Esther Duflo, Rachel Glennerster, and Cynthia Kinnan. 2015. "The Miracle of Microfinance? Evidence from a Randomized Evaluation." *American Economic Journal: Applied Economics*, 7 (1): 22-53.

- Integrated interventions

- Banerjee, Abhijit. et al. 2015. "A Multifaceted Program Causes Lasting Progress for the Very Poor: Evidence from Six Countries." *Science* 348(6236): 1260799–1260799.
- Banerjee, Abhijit, Esther Duflo, and Garima Sharma. 2020. "Long-term Effects of the Targeting the Ultra Poor Program."

Conditional cash transfers

- E.g. Mexico's PROGRESA / Oportunidades / Prospera and Brazil's Bolsa Família
- 70% of countries
 - World Bank. 2018. "The State of Social Safety Nets 2018." Washington, D.C.: The World Bank.
- Evidence of substantial poverty reductions among beneficiaries
 - Fiszbein, Ariel, and Norbert Schady. 2009. "Conditional Cash Transfers." Washington, D.C.: The World Bank.



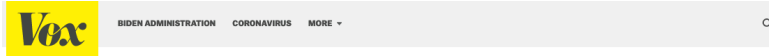
Unconditional cash transfers

- Strong positive impacts of GiveDirectly's UCT in Kenya on recipients' consumption and assets and for non-recipient households and firms

- Egger, Dennis, Johannes Haushofer, Edward Miguel, Paul Niehaus, and Michael Walker. 2019. "General equilibrium effects of cash transfers: experimental evidence from Kenya." Cambridge, MA: National Bureau of Economic Research.

- 43% of countries

- World Bank. 2018. "The State of Social Safety Nets 2018." Washington, D.C.: The World Bank.



A charity dropped a massive stimulus package on rural Kenya — and transformed the economy



Takeaways

- Transition to evidence-based development assistance
- Pitfalls of the prioritization of the technical problems —and solutions—in development