



Why Evaluate anti-poverty program: The experience of J-Pal at MIT

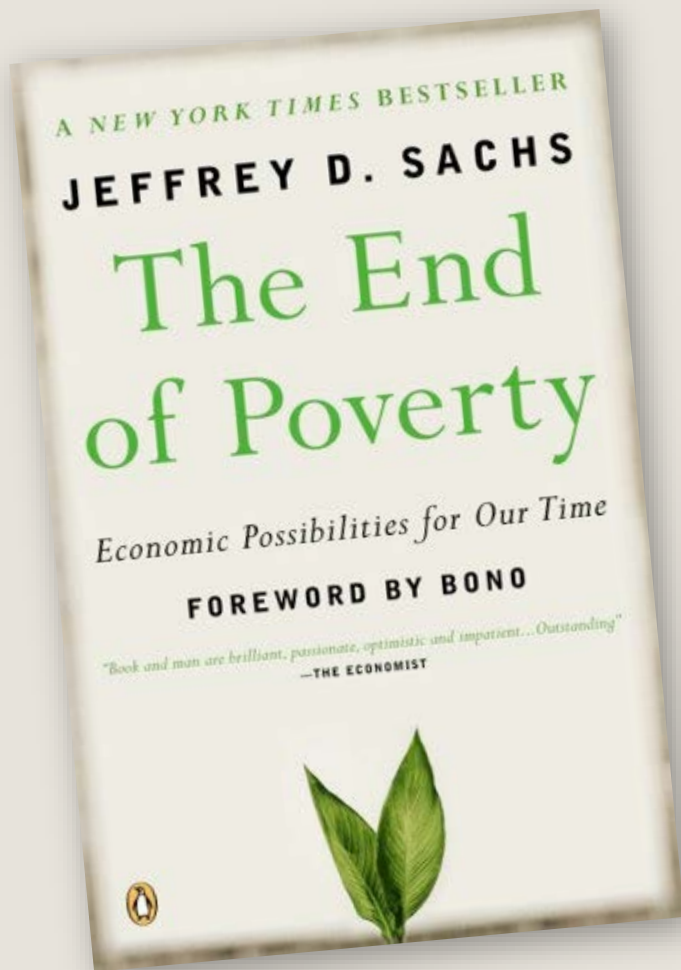
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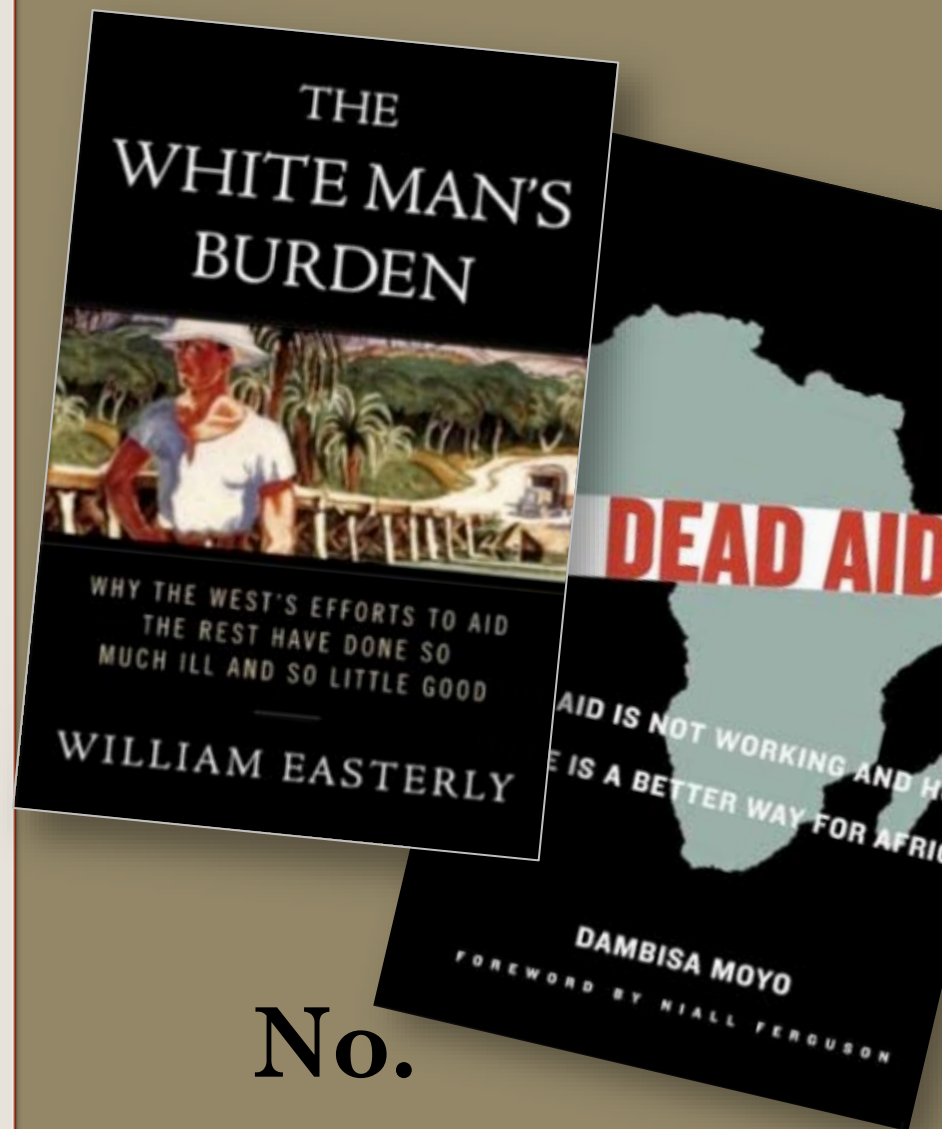
Co-Directors J-PAL



Can aid end poverty?

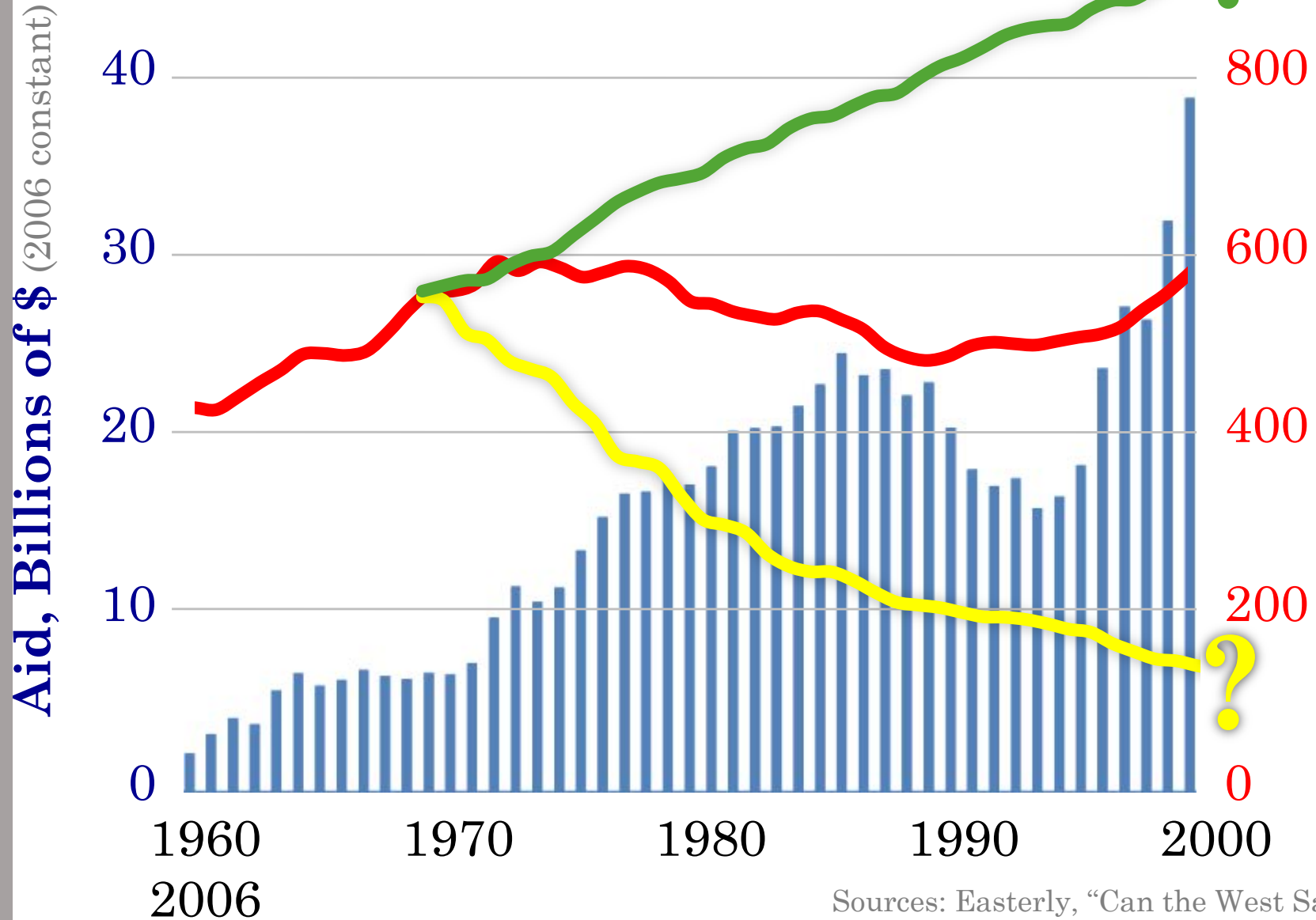


Yes.



No.

Aid and Income in Africa



Sources: Easterly, "Can the West Save Africa",



The evidence and CAUSALITY problem

Why do we need more rigorous evidence?

- There is surprisingly little evidence on many important issues in development
 - Expanding secondary education to all is very expensive. What are the returns to investing in secondary education
 - Many medical technologies are not taken up? Why?
- Many decisions are based on “intuitions” and “first principles”.

The problem is two-fold

- Our intuitions are faulty
 - Often based on ideology
 - “We should never pay people to do what they should on their own”
- And the general principles, even when correct, are too general
 - “Improving education is difficult without more resources”
 - What resources: teachers, books, charts, computers, curricula, training?
 - No theory will tell us the answer
 - The devil, alas, in the details
- Policy makers need to prioritize between different investments
 - Need to know not just if a policy works but the relative cost effectiveness of alternative investments

What is Causal Impact

- Causality Potential outcomes
 - What would be the outcome for a particular person (country, village, firm, cell, individual) if he were exposed to an intervention $Y_i(1)$
 - What would be the outcome for this same person if he had not been exposed to the intervention $Y_i(0)$
 - Causal impact of the intervention: $Y_i(1) - Y_i(0)$
- The difficulty:
 - We typically observe people, either when they have been subject to the intervention, or when they have not.

Measuring impact is hard

- Isolating the impact of a policy or program from all the other changes that are happening when the program is introduced. Is hard. What changes can we attribute to the program?
- Before/after evaluations compare outcomes before and after the program is introduced
 - Any changes are attributed to the program
 - But many things change over time, not just the program
- Cross sectional evaluations compare outcomes for those who did and did not receive the program
 - Differences in outcomes between participants and non participants attributed to the program

Selection

- Programs are started in specific places and at specific times for a reason, these locations are *selected*
- People choose or *select* to participate or not participate
- This selection process means that participants and non participants are on average different not just because of the program
- Nonparticipants are not always a good counterfactual
- Because people decide when to take up a program, participants prior to the program may not be a good counterfactual

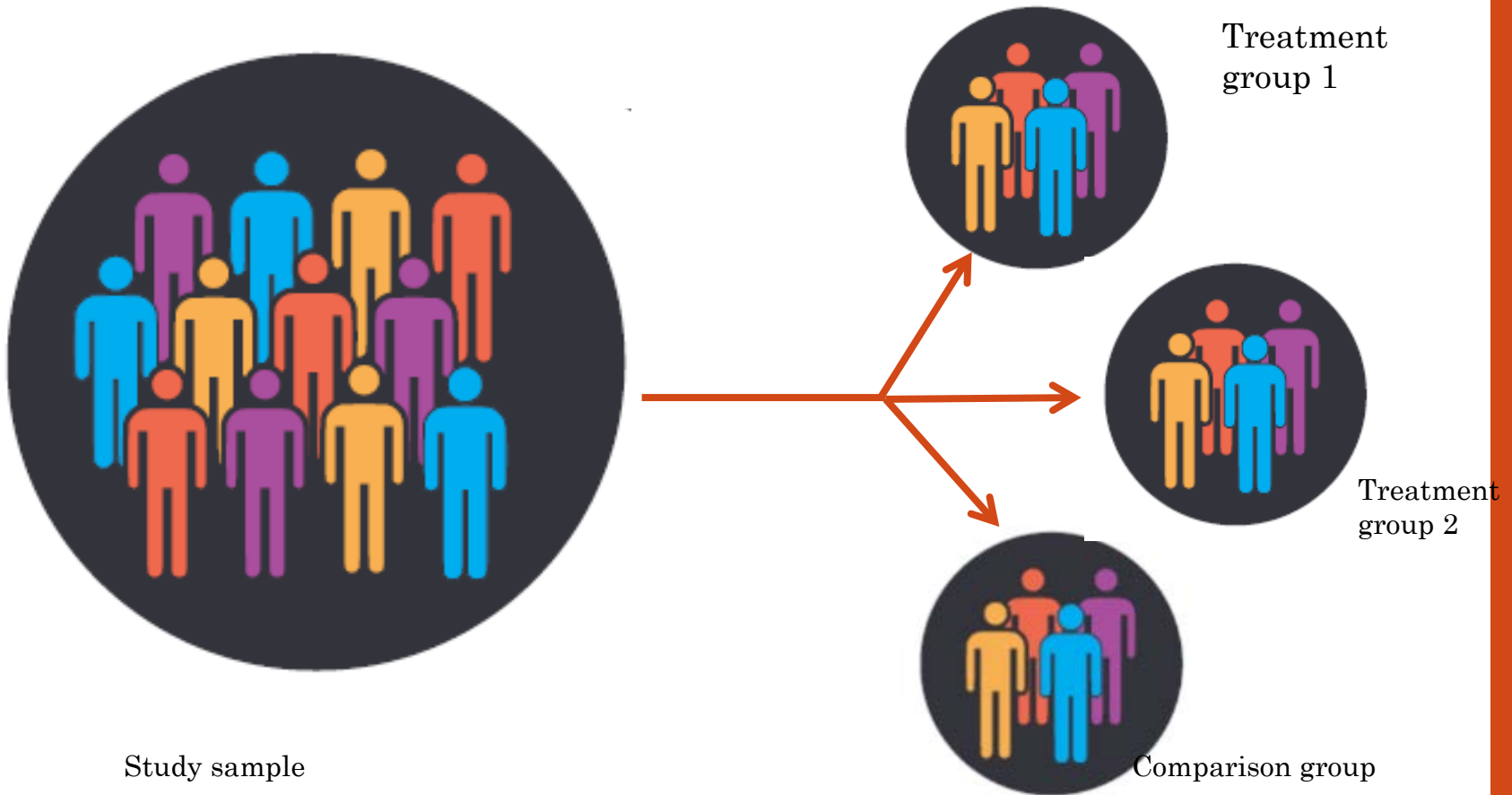
Estimating causal impact

- Estimating causal impact require creating or exploiting a situation where the selection bias is removed.
- In some cases it is possible because of the way the program was designed:
 - Gradual phase in in different regions
 - Strict discontinuity in eligibility
 - Randomization of participants
 - Randomization of encouragement or inducement to participate (e.g. randomly placed information campaigns)

Randomization and causality

- Participants and nonparticipants are chosen at random
- There is no reason, other than chance, that they are selected into the program
- On average, participants and nonparticipants have the same characteristics
 - they would, on average, have the same potential outcomes
- Any difference at the end is due to the program (or chance, hence statistical tests)

Randomization creates groups with similar characteristics

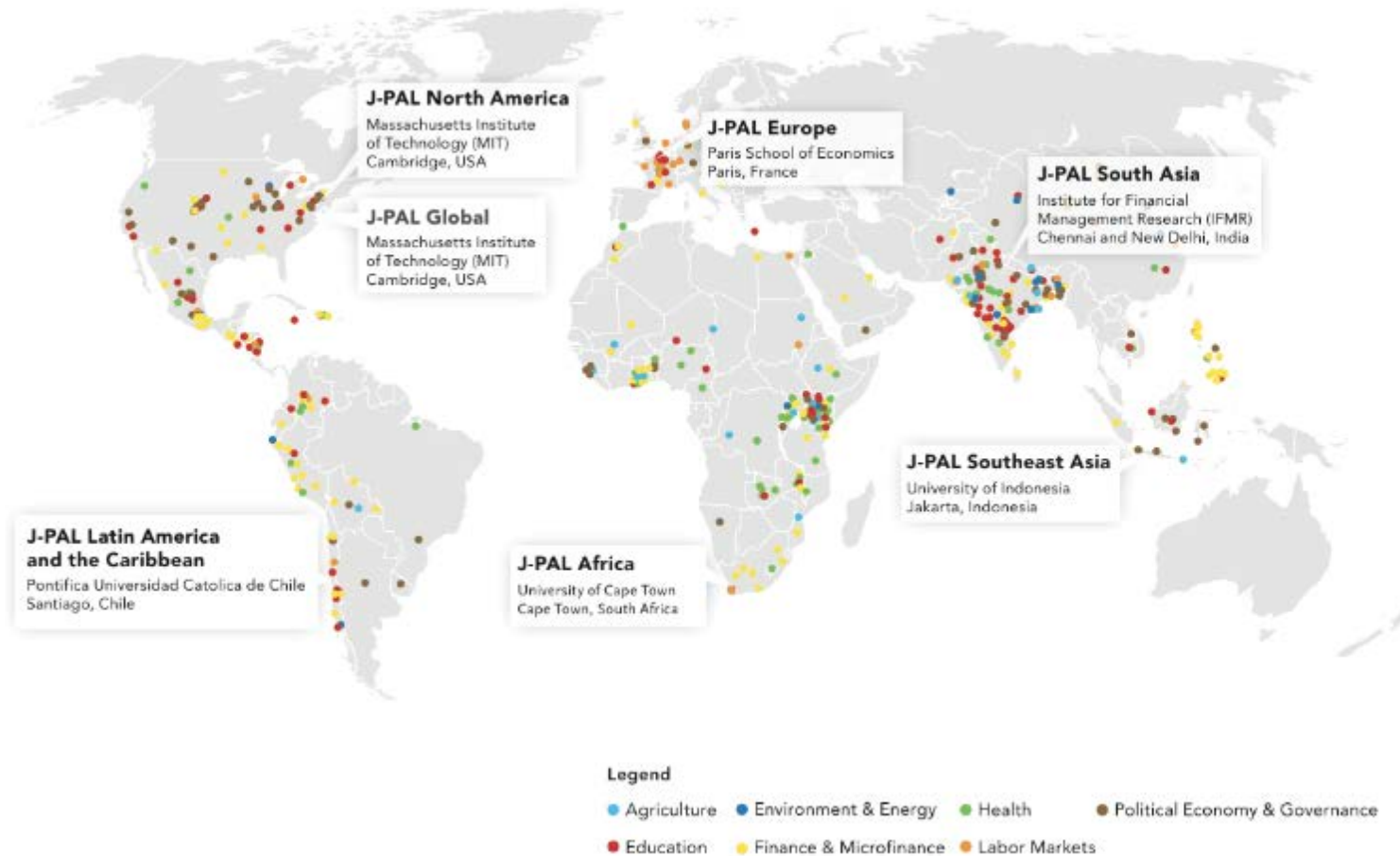


J-PAL : translating research into action



J-PAL has over 680 ongoing or completed evaluations in 62 countries.

Financial Access, Livelihoods, Education, Health and Governance.



**Myths, Insights
and Challenges:
What have we
learnt from these
experiments?**

Myth 1

Giving away things is throwing away money

How to immunize?



BILL & MELINDA
GATES *foundation*

Answer 1: How to immunize

Only **1%** of children were fully immunized



**Problem of the last
mile**

The New York Times

300 People Diagnosed With Mumps in Suburban NY

February 6, 2010

By THE ASSOCIATED PRESS

MONSEY, N.Y. (AP) -- More than 300

people have been diagnosed with the mumps in suburban New York as the nation's largest outbreak of the disease in years spreads.

A health official says 303 people in the Rockland County towns of Monsey and New Square have been diagnosed with the highly infectious disease. Almost all the cases are among Orthodox Jews.

Investigators say the outbreak started in 2009 at a Jewish summer camp in ... year-old boy

साफ जल और ताज
रोग मुक्त रहता है

दो बच्चों का लक्ष्य महान् ।
लड़का लड़की एक समान

कार्यालय

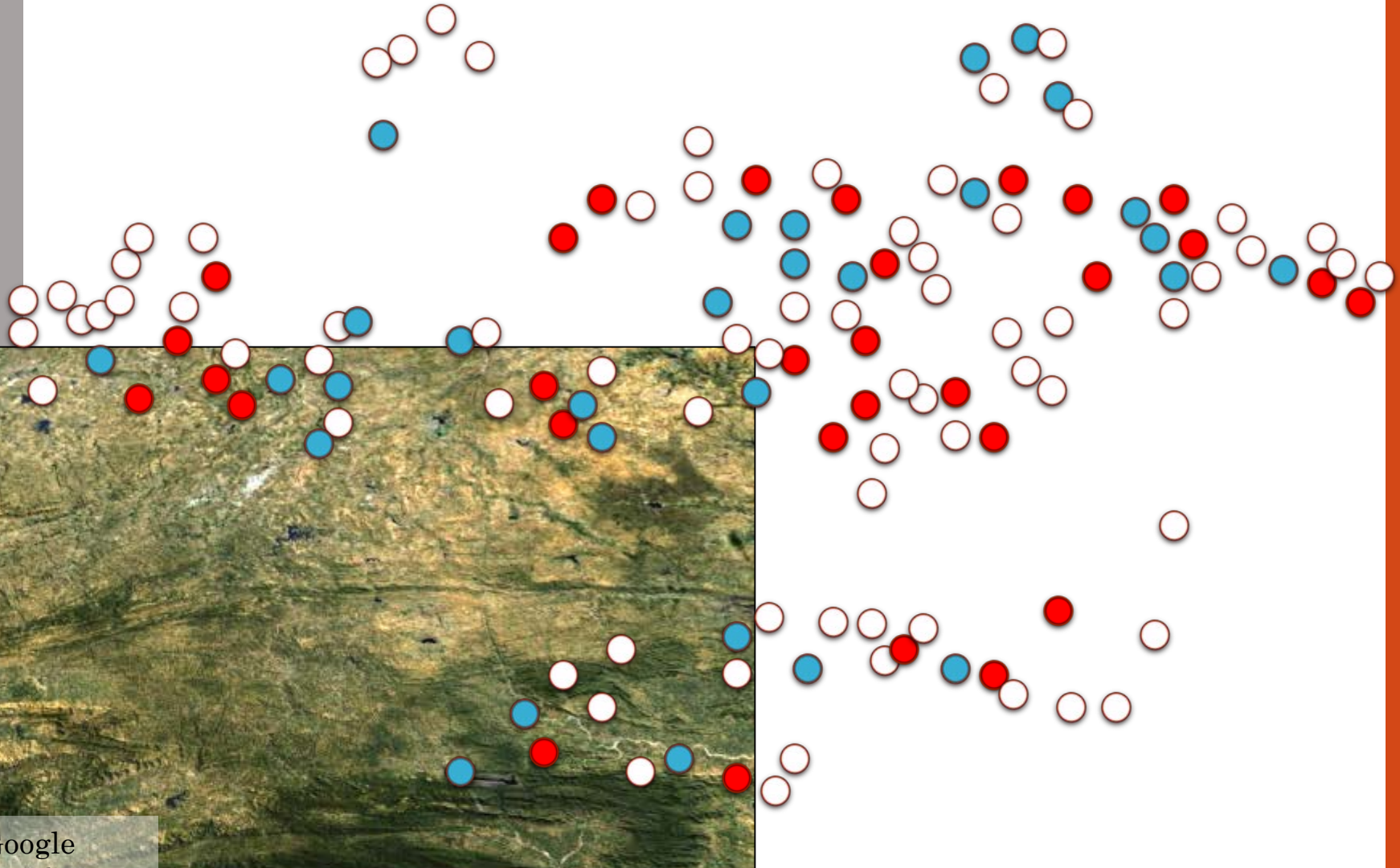
छोटा परिवार ।
सुखी परिवार ॥

पहले वर्ष में सन्धी टीके
शिशु का जीवन सुरक्षित

● Camps

● Camps with incentives

○ Comparison



- Camps
- Camps with incentives
- Comparison

Camp



Camp with incentives

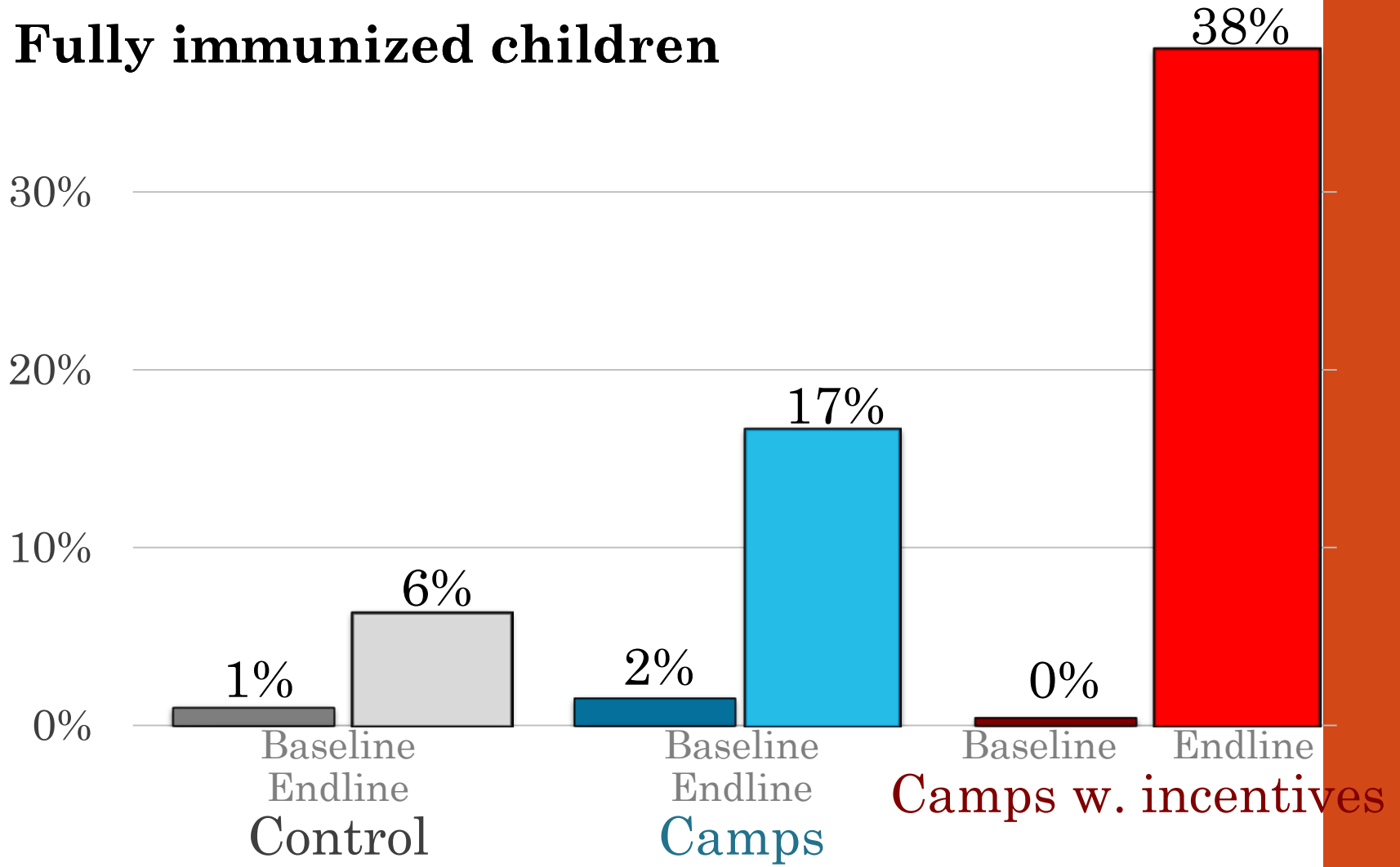


● Camps

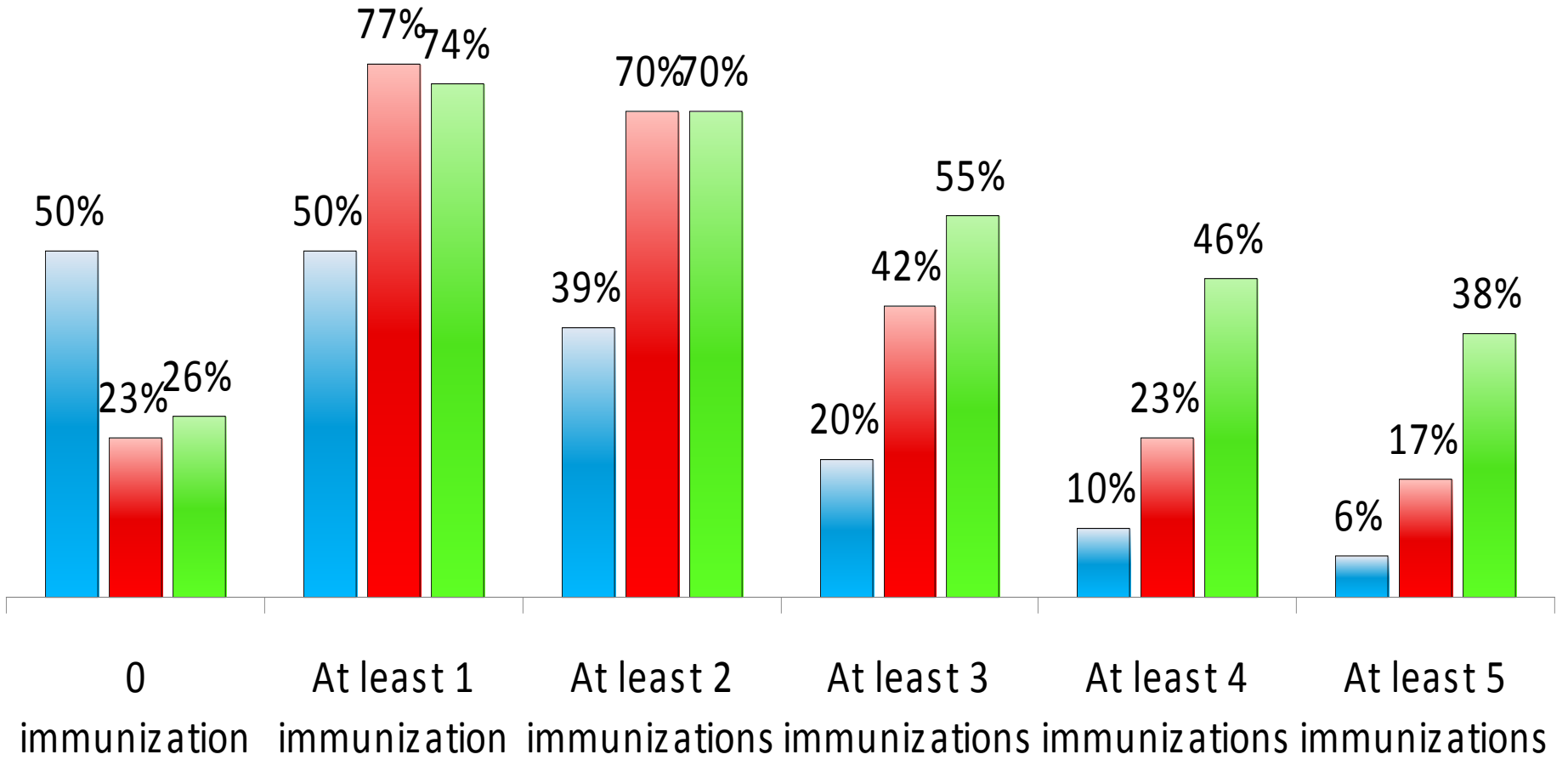
● Camps with incentives

○ Comparison

Fully immunized children



control Camp Camp + Lentils



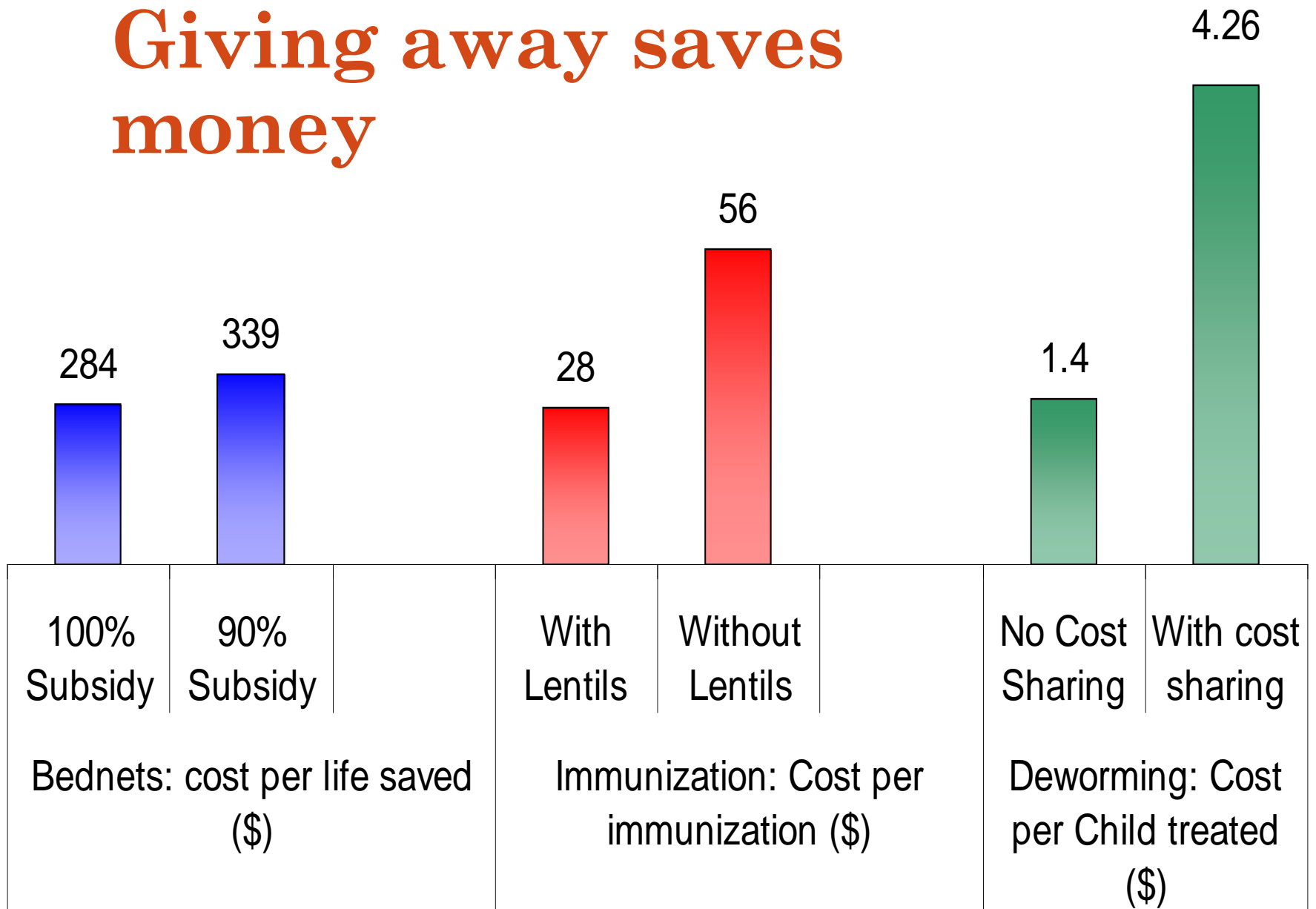
Cost per fully immunized child

An aerial photograph of a green, hilly landscape with a network of roads and rivers. Numerous small, semi-transparent circles in white, red, and blue are scattered across the map. Two large, semi-transparent circles are overlaid on the map: a blue one on the left and a red one on the right. The blue circle contains the text 'Camp \$50' and the red circle contains the text 'Camp w. incentives \$27'.

Camp
\$50

Camp w.
incentives
\$27

Giving away saves money



Myth 2

If you don't pay for something you don't value it

Malaria

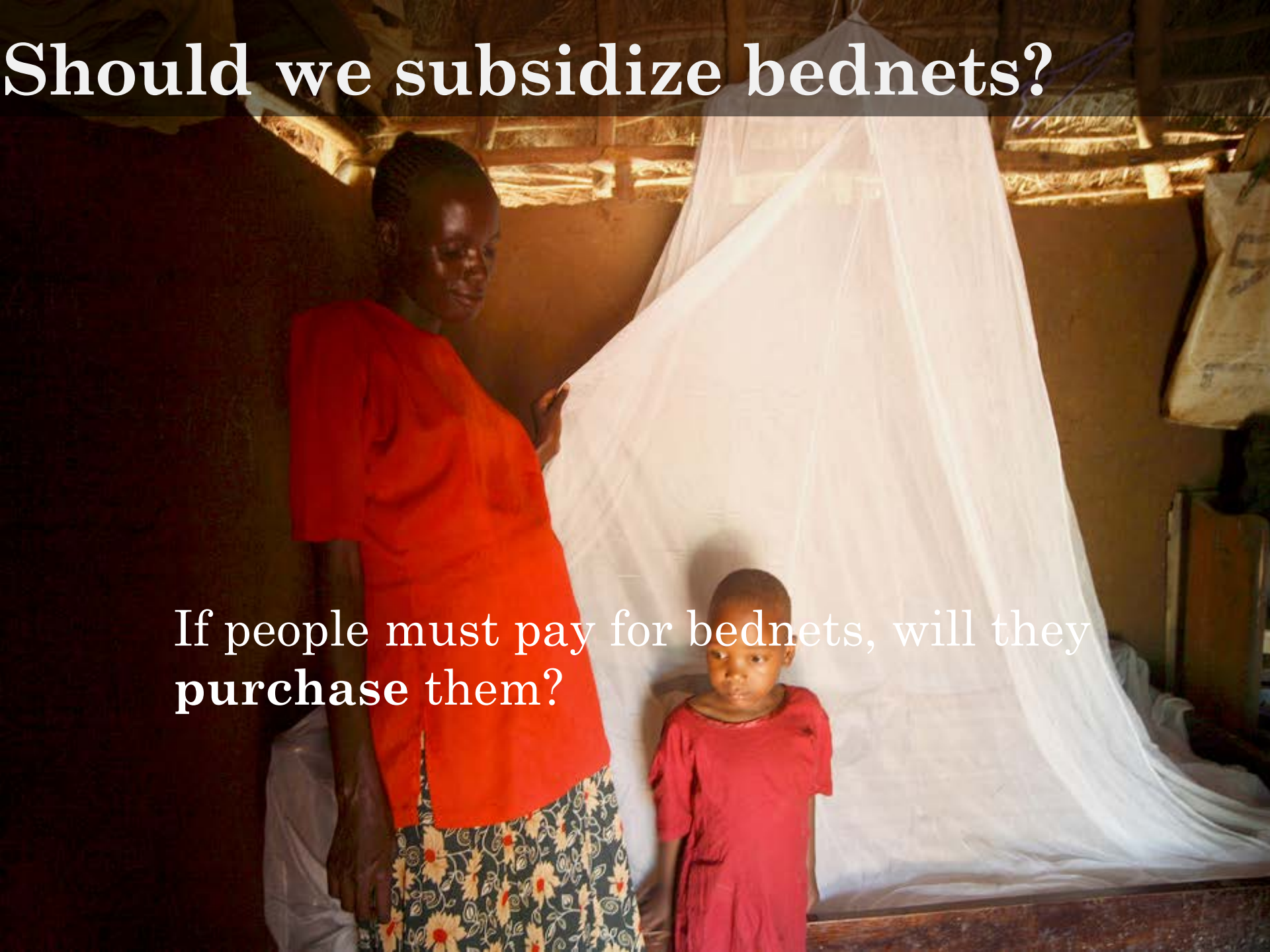
881,000 die each year

91% in Africa

85% under 5

Should we subsidize bednets?

If people must pay for bednets, will they purchase them?



Bednets or fishing nets?



When people get bednets for free, will they **use** them?

Photo: Minakawa et al. 2008,
“Unforeseen misuses of bed nets in
fishing villages along Lake Victoria,”

Handing out bednets

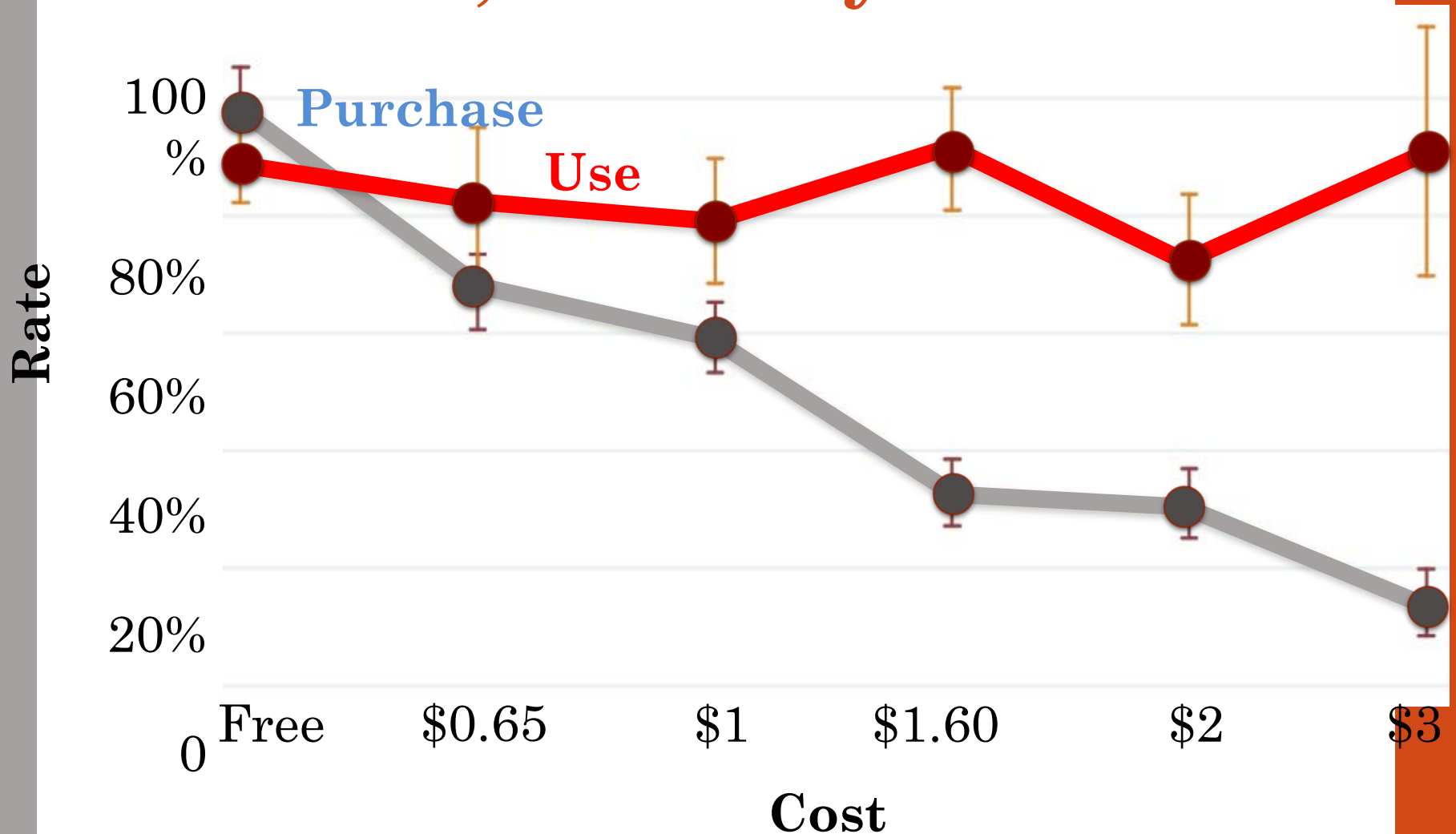


- Does getting it free **discourage** future purchases?

If people must pay for bednets, will they purchase them?

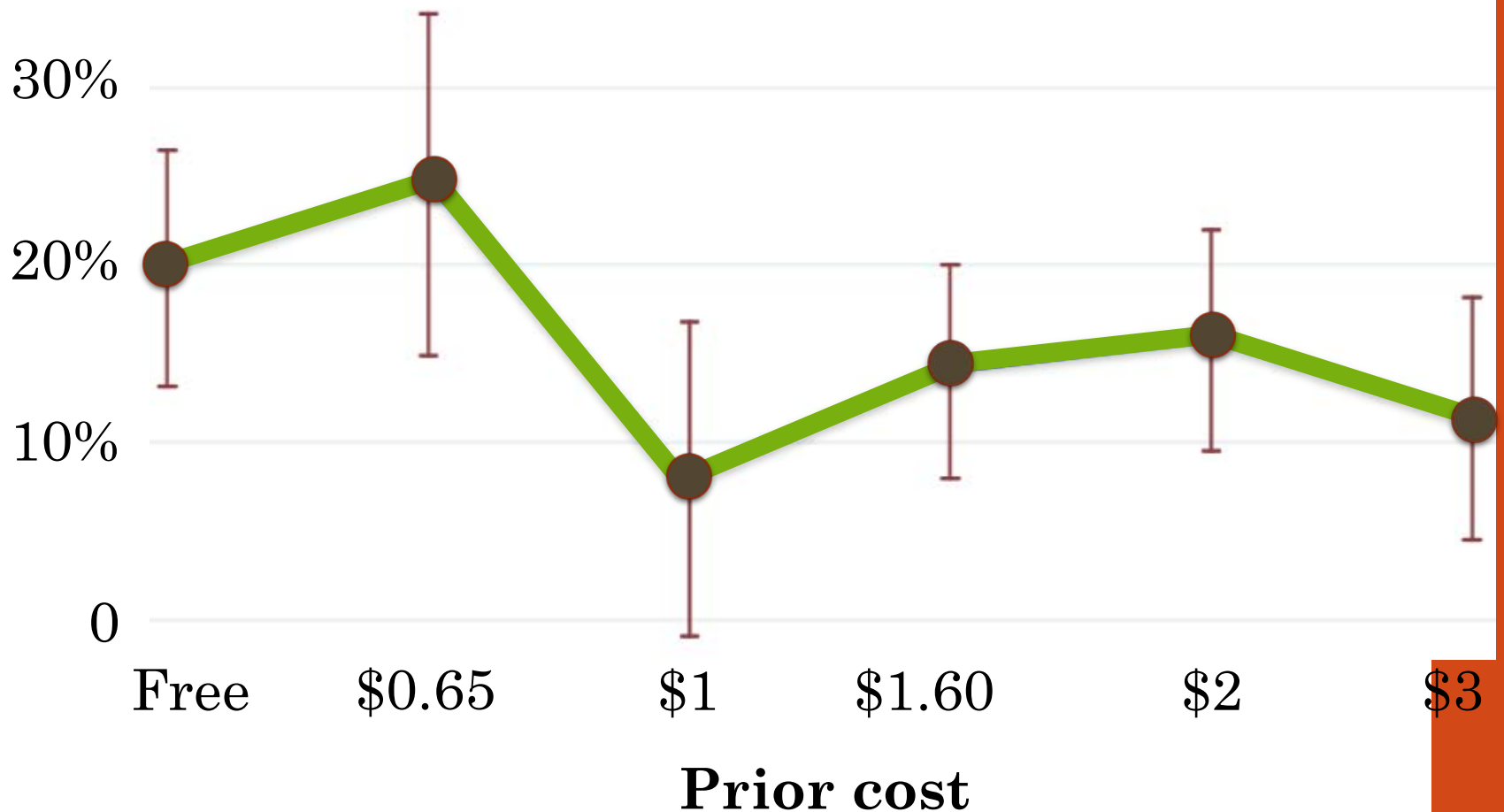


When people get bednets for free, will they use it?



Do free nets discourage future purchases?

Future purchase of net at \$2

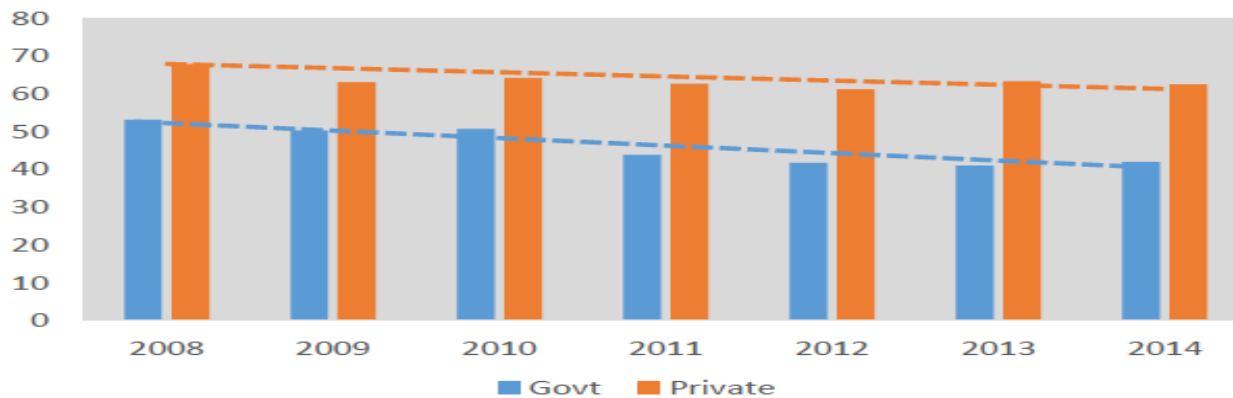


Insight 1

Children don't learn because they are not meant to be taught (not because there aren't enough teachers, teachers are not trained, teachers are underpaid...)

How to get children to learn

% Children in Std V who can read Std II level text
ASER 2008-2014
All India (rural)



Children can learn fast...



Children can learn fast...

- Local high school educated volunteers conducted evening learning “camp” for 2 months.
- The “teachers” trained for 3 days
- The children who attended camp gained one level
 - Bigger than the gap with private school students
- Similar results from 8 other studies

Why don't they?

- The universally shared (private schools/public schools) pedagogy is grossly inappropriate for a population of first generation learners
- Based on covering material rather than generating learning.
 - Right to Education in India legislates that schools must cover the government's syllabus
- No time in the schedule to help children catch up
- Those who fall behind stay behind
- And eventually drop out
- A system designed for the children of the elites



Insight 2

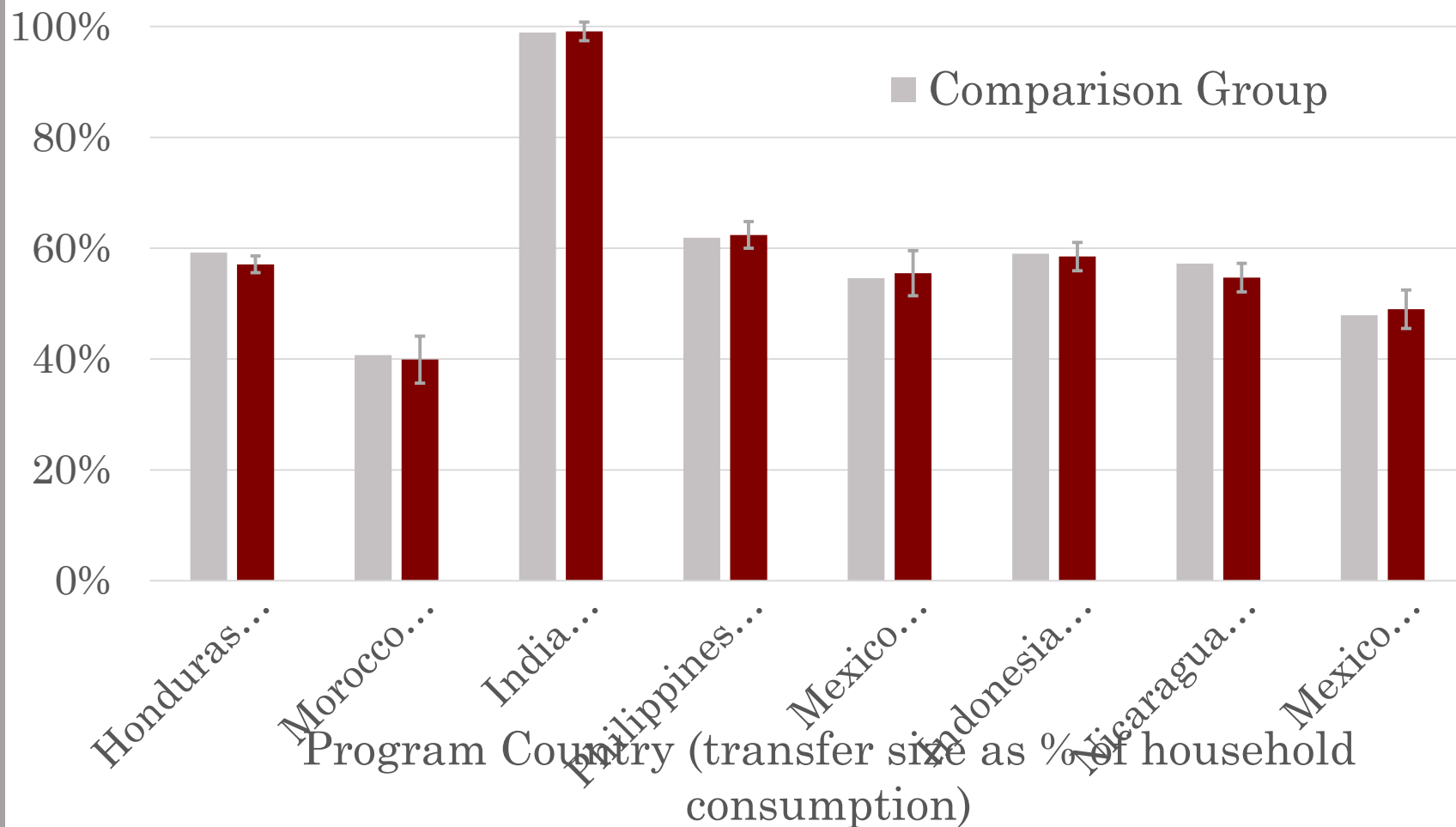
A little bit of generosity goes a long way



- Income subsidies make people lazy
- And the money goes into tobacco and alcohol

For every program, the effect of transfers on work is zero

Fraction Working



Effect of being given an asset: Year 2

	India (Bandhan)	Ethiopia	Ghana	Honduras	Pakistan	Peru
Consumption	↑	↑	↑		↓	↓
Income		↑	N/A		N/A	
Asset Value	N/A	↑	N/A		N/A	
Savings	N/A	↑	↑	↑	N/A	
Life Satisfaction						

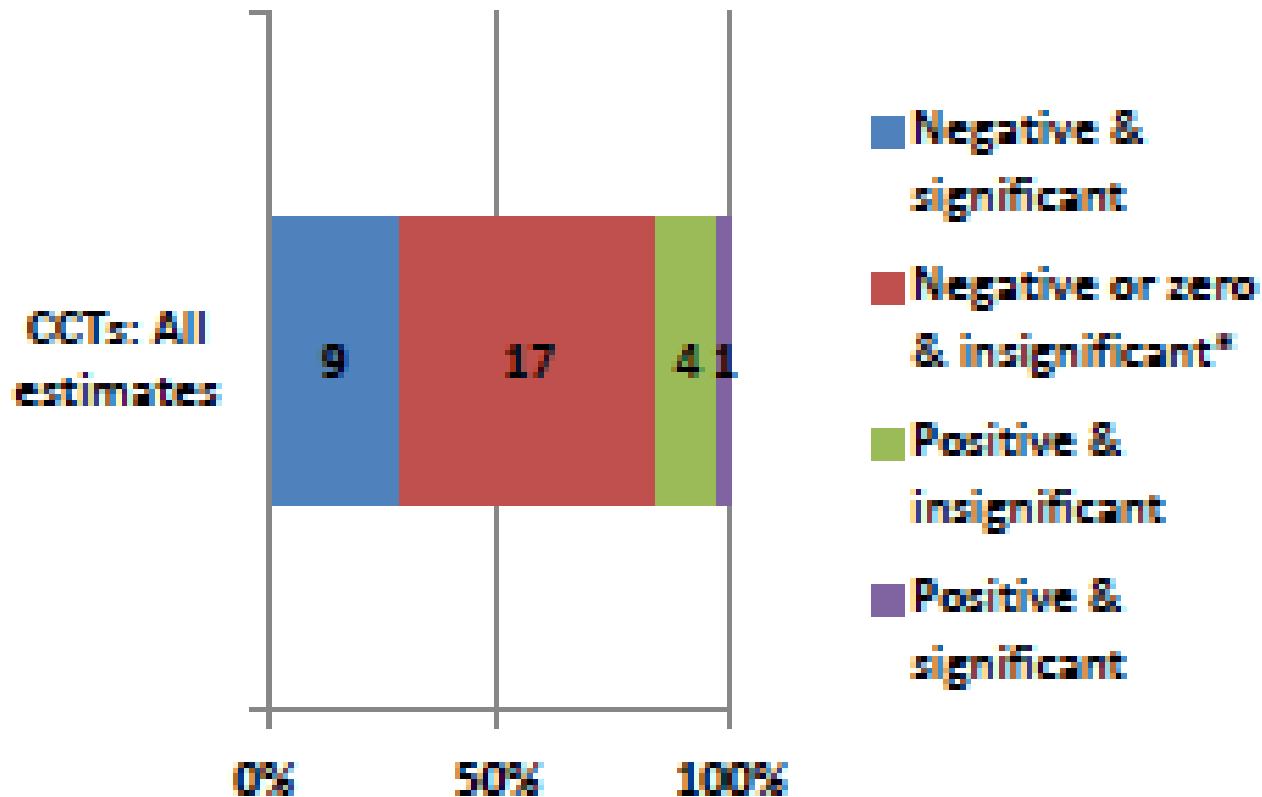
**Arrows represent statistically significant impact

Effect of being given an asset: Year 3

	India (Bamghana)	Ethiopia	Honduras	Pakistan
Consumption	↑	↑		↑
Income		↑		↑
Asset Value	N/A	↑	↑	
Savings	N/A			N/A
Life Satisfaction				

**Arrows represent statistically significant impact

The effect on spending on temptation goods of getting a cash transfer



Insight 3

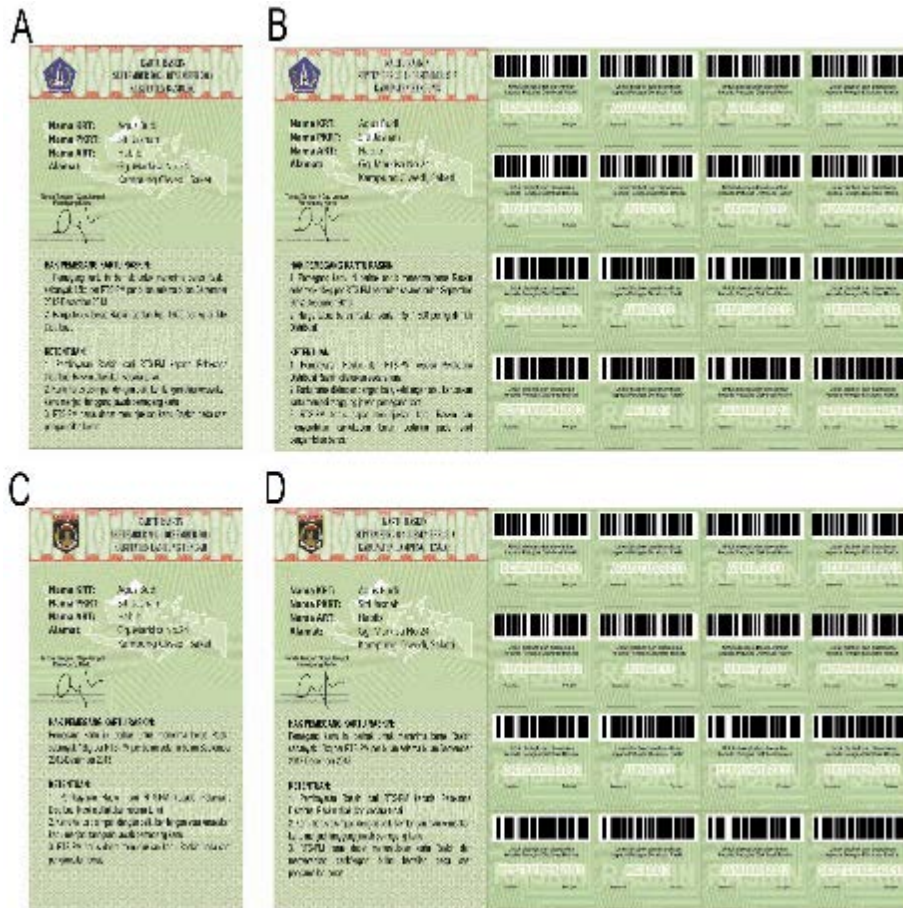
The power of small things

Raskin Program in Indonesia (Banerjee et al, 2015)

- They examine the Raskin program in Indonesia, which provides eligible households with 15kg per month of heavily subsidized rice
- information about the program among citizens is low:
 - Only 30% of eligible households know that they are actually
 - Raskin eligible, and beneficiaries believe the copay is 25% more than it is. Prices have been fixed for 7 years
- Eligible only receive 1/3 of intended subsidy

Question: Can a little of bit of information help eligible households claim much of the subsidy?

Distributed 4 kinds of cards in 378 villages



Results and policy outcomes:

- Only 28 percent of people actually received the card
- Yet the receipt of the card increased the amount of subsidy going to the eligible by 25%
 - The ineligibles were unaffected
 - Printing the price on the card captures another 25% or so of the subsidy
 - Making the card distribution public knowledge makes it even more effective
- The government decided to scale the version of the intervention with most info and publicity to 65 million beneficiaries!

A Challenge

What do you do about financial inclusion of the poor?

“The miracle of microfinance”: 2000s

The Seattle Times

Winner of Eight Pulitzer Prizes
Guest columnist

Editorials / Opinion

Microfinancing changes lives around the world — measurably

Microfinancing can help poor people around the world with small loans that can change their lives, writes guest columnist Brigit Helms. The anecdotes are plentiful but a new study shows the benefit.

Having worked in international development for 28 years, I have seen thousands of women like Kanti Yadav, a single mother who was able to take a loan from Unitus partner Mimo Microfinance in Dehradun, India, to start a tailoring business that supplements the small amount she makes selling plastic bangles. With the 50 percent increase in income, Kanti was able to take control of her household finances and send her kids to school for the first time. The positive impact a microfinance program has had on her family is undeniable.



The Nobel Peace Prize 2006

Muhammad Yunus, Grameen Bank

Today, Grameen Bank gives loans to nearly 7.0 million poor people, 97 per cent of whom are women, in 73,000 villages in Bangladesh. Grameen Bank gives collateral-free income generating, housing, student and micro-enterprise loans to the poor families and offers a host of attractive savings, pension funds and insurance products for its members. Since it introduced them in 1984, housing loans have been used to construct 640,000 houses. The legal ownership of these houses belongs to the women themselves. We focused on women because we found giving loans to women always brought more benefits to the family.

In a cumulative way the bank has given out loans totaling about US \$6.0 billion. The repayment rate is 99%. Grameen Bank routinely makes profit.

Financially, it is self-reliant and has not taken donor money since 1995. Deposits and own resources of Grameen Bank today amount to 143 per cent of all outstanding loans. According to Grameen Bank's internal survey, 58 per cent of our borrowers have crossed the poverty line.

Many success stories...

Yolanda took her first formal loan six months ago with Pro Mujer, one of Freedom from Hunger's credit associations. She has already paid off that first loan, and just borrowed another US\$287. Yolanda's esperanza? To sell more products and draw more customers through her door. People come down the hill behind her house, and from the surrounding neighborhood. She finds that the more items she stocks, the busier her business gets.

freedom
from Hunger



Joining Freedom from Hunger's Credit with Education program, Yolanda soon began to save, since each week she is required to deposit a small amount of her profit into her own savings while also making a payment on her loan. Her next investment will be in the education of her sons, Francisco, Luis and Eric, smart guys doing well in high school and grade school now, according to Yolanda, and ready for college after that.

Toward evening, men arrive in trucks to restock her supply of potato chips, snacks and drinks. "I learn a lot in the program's workshops," notes Yolanda. She now knows how to keep track of earnings and spending, and how to save money for emergencies. And what she learns

in her Credit Association group, "I share with my children," Yolanda notes, to help them prepare for their own professional future. Just like Mom.



Tools to Become Self-Reliant

Fatoumata Monomata lives in Burkina Faso, one of the poorest countries in the world, with an average life expectancy of 44 years.

Ever since Fatoumata was a child herself, she has known about a terrible disease called malaria. But she and her neighbors didn't know how it was spread, how to protect themselves from it or, when it would strike, what kind of medicine would help.
[Read More...](#)

The new usury

New Film: “Caught in Micro debt”

Posted on Nov 28th, 2010



On Tuesday November 30, our new film has world premiere. Watch it [here](#) (from 30/11 evening)

Give the poor a small loan – a so-called microloan so they can start a small business and lift them out of poverty.

For decades the Nobel laureates, Mohammad Yunus and Grameen Bank has been hailed for giving the poor a small micro loan to lift them out of poverty. The system has been copied all over the world.

But does microloans really help the poor and why did the Norwegian aid agency, Norad who donated millions of Dollars to Grameen Bank kept numerous documents secret ?

The film crew travelled extensively in Bangladesh meeting scores of poor micro loan takers and economists and development researchers like Jonathan Morduch, David Roodman, Milford Bateman and Thomas Dichter tells another side of the glamorous story on Microcredit.

The **documentary** is the Norwegian version of an international edition that will be available in the beginning of January.

And worse...

BBC News South Asia

16 December 2010 Last updated at 10:12

India's micro-finance suicide epidemic

By Soutik Biswas
BBC News, Madhav, Andhra Pradesh

Top Stories

- New Ukraine peace push launched
- Blo lorry driver cannot recall crash
- Twitter boss admits trolling before
- Family begged Syria son to return
- Twenty men charged with sex crimes

Features

- You v Ronaldo: How long for a top foot to earn your weekly wage?
- Censored search: What makes Google's autocomplete suggest...

THE SOURCE

HOT TOPICS WHAT BP THINKS ABOUT RUSSIA ARE PEUGEOT SHARES CHEAP? DEBT MAY

All posts tagged Caught in Micro Debt

1 - 1 of 1

Dec 6, 2010
11:39 AM GMT

Microfinance: Is Grameen Founder Muhammad Yunus a Bloodsucker of the Poor?

COMMENTARY By Parminder Bahra

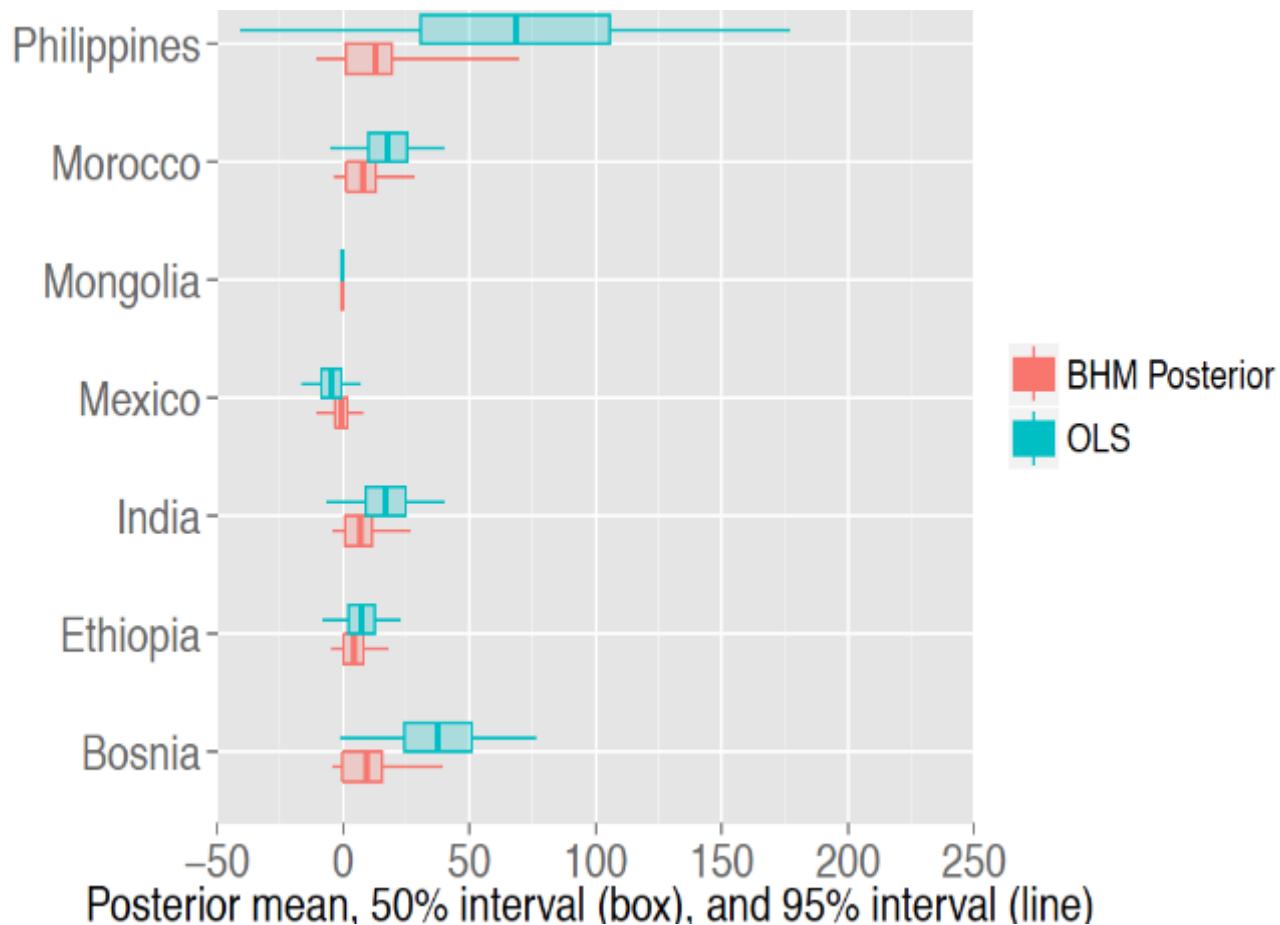
TAGS
CAUGHT IN MICRO DEBT
GRAMEEN
MICROFINANCE
MUHAMMAD YUNUS
NORAD
SHEIKH HASINA
TOM HEINEMANN
TOVE STRAND GERHARDESEN

You know you're in trouble when the prime minister of your country accuses you of [bloodsucking the poor](#). [Muhammad Yunus](#), the founder and managing director of [Grameen Bank](#), found himself on the receiving end of a blistering attack from the Bangladeshi prime minister, Sheikh Hasina, who has held the office since 2008, didn't stop there:

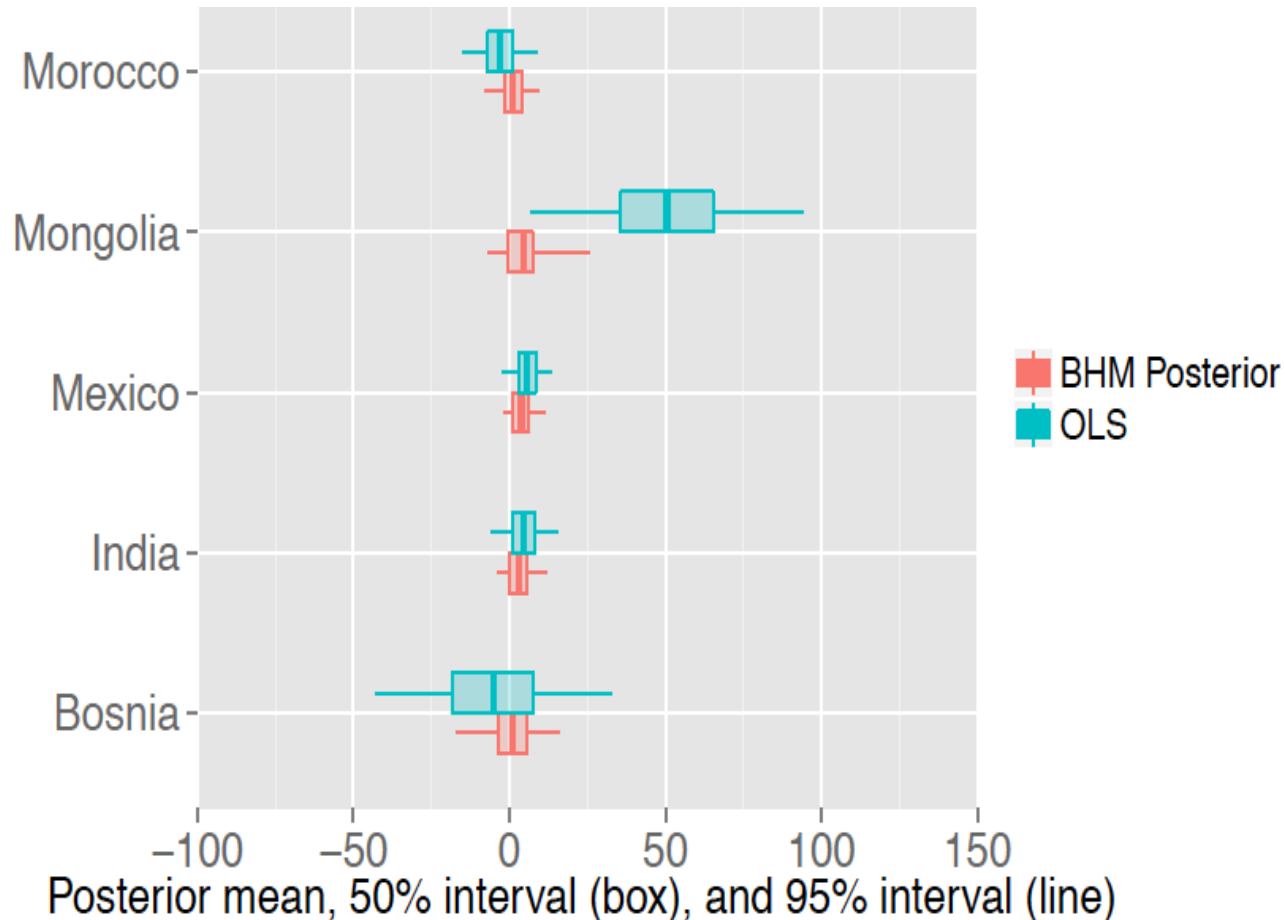


EPA
Nobel Peace Prize winning Bangladeshi professor of economics and founder of Grameen Bank, Muhammad Yunus

Results from RCTs: Profits



Results from RCTs: Consumption



The challenge

- There is lots of evidence that the poor are starved for credit
- But that does not mean lending a small amount to everyone who asks is the right answer
- More discrimination, bigger loans
- But how?

The fight against poverty

- Is like the fight against cancer
- There are many problems. Not one
- There are many snake oil salesmen. On all sides
- The truth is often uncomfortable. For every one
- But there has been enormous progress and a lot of that is as a result of good policies
- We can win.