Economics 3373
Impact Evaluation in Developing Countries

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Office Hours: M 10 AM-noon; Wed 10-11 AM or by appt.
Class Meetings: T-TH 3:00-4:15 PM; Gasson 307

Course Description

This course will help you understand the rationale for many government programs and non-government organization (NGO) interventions and how to properly determine the extent to which such programs have succeeded. Specifically, you will learn to better identify market failures, recognize incentive structures embedded within programs intended to overcome such market failures, and properly evaluate the impact of such policy interventions. Examples will come from developing country settings, though the skills are equally transferable to interventions in the United States. The course will cover fixed effects, difference-in-difference, propensity score, instrumental variable, natural experiment, and randomized experiment estimation techniques for evaluating program impacts across a variety of topic areas, including health, education, agricultural insurance and micro-finance programs.

Course pre-requisite

Students must have successfully completed EC 2228: Econometrics in order to take this course.

Readings

Required text:
(Available on Reserve at O’Neill Library.)

Other required readings are available on blackboard. Required readings should be completed prior to class so that you may be an active participant in the class discussions. (Recommended readings are denoted with an asterisk (*) on the syllabus.)

Readings include both conceptual/theoretical readings and empirical papers. You should try to understand the empirical work and results.
Course Grade

There will be four problem sets, two group assignments/presentations, and a final exam. Students are also expected to read all of the required readings before each class. They are also expected to actively participate in class discussion and blackboard discussion of papers.

Writing assignments and presentations (58% grade):

1. Written summaries and follow up comments (8% grade)
   Individual assignment
   => Starting September 25th, assigned students will prepare a summary of one of the articles to be read. (You may choose from either the required readings or the optional readings listed for a given topic.) Reviews are due at 2 PM, the Saturday BEFORE the article is listed on the syllabus so that others may comment on your review before class. The summary should be no more than two pages (usually just one page) and should include: a review of the main points of the articles; a discussion of how the article relates to the themes of the course; a brief description of the key technical techniques used (particularly empirical techniques); and any other comments useful to guide our discussion. Each student will write a summary at least twice this semester. You are also expected to comment on at least one article summary each week.

2. Four or five econometric problem sets (16% grade)
   You can work in groups of two, but each person must submit their own problem set.
   => Due dates vary: You will have at least one week to complete the problem set.

3. Analysis and presentation of a development success-story (10% grade)
   Group assignment
   => Due date varies: Each group will be assigned a topic. The presentations will be due at 6 pm on the Sunday before the specific topic is to be covered in class.

4. Grant proposal for evaluation of a development project (24% grade)
   Group assignment
   Note: You will make a formal written proposal for funding to analyze a government or NGO program/policy of your choice. A complete and specific methodology will need to be specified. Detailed instructions will be provided.
   ⇐ Due at 9 pm on Sunday December 2nd for all students. (In-class presentations and discussion begin on Tuesday, December 4th.)

Scheduling conflicts with presentation dates must be cleared with the instructor at least three weeks in advance of the scheduled date.

Class participation (12% grade)
You will receive grades for class participation after the September 27th, October 30th, and December 6th classes.

Final exam (30% of grade)
Tentative Schedule
An asterisk (*) denotes an optional reading

August 28: Introduction to Economic Development

Ray, chapter 1 (Introduction), chapter 2 (Economic Development: Overview).

August 30: Indicators of Poverty and Inequality

Handout on poverty and inequality indicators
* https://www.un.org/sustainabledevelopment/development-agenda/
* Ray, Chapter 8 (Poverty and Undernutrition) and Chapter 6 (Economic Inequality)

September 4 & 6: Econometrics Review: OLS, SEs, Conditional Mean and Omitted Var. Bias


September 11 & 13: Introduction to Empirical Policy Analysis

Deaton, Angus, 1997, Chapter 1 (1.1-1.3) in The Analysis of Household Surveys. A Microeconometric Approach to Development Policy, Johns Hopkins University Press, Baltimore, pp 7-40. (pp.13-38 in the online version)
Sept. 18 & 20: Econometrics # 1 OLS: Fixed Effects and Difference-in-Difference Approaches

September 25 & 27: Asymmetric Information, Incentives and Capture of Resources
* http://voxdev.org/topic/health-education/power-information-improving-school-performance

October 2 & 4: Econometrics # 2: Instrumental Variables (2SLS) and Natural Experiments
October 11 & 16: Insurance, Risk and Vulnerability

Ray, Chapter 11 (Markets in Agriculture) & Chapter 15 (Insurance).

October 18 & 23: Credit Markets and Microfinance Institutions pt. 1

Ray, Chapter 14 (Credit).

Oct. 25 & 30: Econometrics #3: Propensity Score and Randomized Experiments

* The *Journal of Economic Literature* (June 2010) and the *Journal of Economic Perspectives* (Spring 2010) have special editions dedicated to the controversy over the dominant role randomized experiments have gained in policy circles in recent years. They are interesting reads in fleshing out the bounds such experimental approaches can play in policy analysis. There is a desire among many leading critics that such experiments attempt to identify underlying structural parameters guiding outcomes (not just program impacts).

November 1 & 6: Credit Markets and Microfinance Institutions pt. 2

**Banerjee, Abhijit and Esther Duflo, 2010, “Giving Credit Where it is Due”, *Journal of Economic Perspectives* 24(3): 61-80.**


November 8 & 13: Health and Nutrition, Part 1


November 15 & 20: Health and Nutrition, Part 2

**Gertler and Boyce, 2001, “An Experiment in Incentive-Based Welfare: The Impact of PROGRESA on Health in Mexico”, mimeo, University of California at Berkeley.**


November 27: Regression Discontinuity (time permitting)


November 29: Education


December 4

Presentations

December 6

Presentations/Review for final

December 18 (3 hours)

**FINAL EXAM, 12:30 pm to 3:30 pm**

**Academic Integrity**

Cheating on any exam will result in

1. an automatic failure in the course and
2. reporting the incident to the College of Arts and Sciences as required by the University.

See [http://www.bc.edu/offices/stserv/academic/integrity.html](http://www.bc.edu/offices/stserv/academic/integrity.html) for a full discussion of the university’s policies and procedures regarding academic integrity.

**Accommodations for Learning Disabilities**

If you have a learning disability, you are strongly encouraged to request accommodations for this course. Exams are lengthy and have some time pressure. Please register with either Kathy Duggan (dugganka@bc.edu) Director, the Connors Family Learning Center (learning disabilities and ADHD) or Rory Stein (rory.stein@bc.edu), Assistant Dean for Students with Disabilities (all other disabilities). Advance notice and appropriate documentation are required for accommodations.