Economics 373
Impact Evaluation in Developing Countries

Instructor: Paul Cichello
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Office Hours: T 2-3:30 PM; TH 10-noon or by appt.
Class Meetings: MW 7:00-8:15 PM; Maloney Hall, 429

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 228: 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 21st, assigned students will prepare a summary of one of the articles to be read in the following week. (You may choose from either the required readings or the optional readings listed.) 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 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 Saturday 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 3 pm on Tuesday December 3rd for all students. (In-class presentations and discussion begin on Wednesday, 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 October 2nd, October 30th and December 11th classes.

Final exam (30% of grade)
September 4: Introduction to Economic Development

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


September 9 and 11: Indicators of Poverty and Inequality

Ray, Chapter 8 (Poverty and Undernutrition) and Chapter 6 (Economic Inequality)


September 16: Econometrics Review: OLS, SEs, Conditional Mean and Omitted Variable Bias


September 18: 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)


September 23: Econometrics # 1 OLS: Fixed Effects and Difference-in-Difference Approaches

September 25 & 30: Asymmetric Information, Incentives and Capture of Resources


Oct. 2 & 7: Econometrics # 2: Instrumental Variables (2SLS) and Natural Experiments


October 9 & 16: Insurance, Risk and Vulnerability

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


October 21 & 23: Credit Markets and Microfinance Institutions pt. 1

Ray, Chapter 14 (Credit).


October 28 & 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 4 & 6: Credit Markets and Microfinance Institutions pt. 2


November 11 & 13: Health and Nutrition, Part 1


November 18 & 20: Health and Nutrition, Part 2


November 25: Regression Discontinuity (time permitting)


December 2: Education


December 4
Presentations

December 9
Presentations

December 11
Review for final

December 16 (2.5 hours)
**FINAL EXAM, 7:00 to 9:30 pm**

Additional Comments:

**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/publications/ucatalog/policy.shtml#integrity](http://www.bc.edu/publications/ucatalog/policy.shtml#integrity) 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. Please register with either Kathy Duggan (Kathleen.duggan@bc.edu) Associate Director, Academic Support Services, the Connors Family Learning Center (learning disabilities and ADHD) or Suzy Conway (suzy.conway@bc.edu), Assistant Dean for Students with Disabilities (all other disabilities). Advance notice and appropriate documentation are required for accommodations.