Economics 3373
Impact Evaluation in Developing Countries

Instructor: Paul Cichello
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Office: Maloney Hall, 342
Office Hours: M 10 AM-noon; TH 1-2:30 PM or by appt.
Class Meetings: MW 3:00-4:15 PM; Campion 236

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 29th, 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 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 3 pm on Sunday December 7th for all students. (In-class presentations and discussion begin on Monday, December 8th.)

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 1st, November 3rd, and December 10th classes.

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

September 3: Introduction to Economic Development
Ray, chapter 1 (Introduction), chapter 2 (Economic Development: Overview).

September 8 and 10: Indicators of Poverty and Inequality
Ray, Chapter 8 (Poverty and Undernutrition) and Chapter 6 (Economic Inequality)

September 15: Econometrics Review: OLS, SEs, Conditional Mean and Omitted Var. Bias

September 17: 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. 22 & 24: Econometrics # 1 OLS: Fixed Effects and Difference-in-Difference Approaches
September 29 & October 1: Asymmetric Information, Incentives and Capture of Resources


October 6 & 8: Econometrics # 2: Instrumental Variables (2SLS) and Natural Experiments


October 15 & 20: Insurance, Risk and Vulnerability

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


October 22 & 27: Credit Markets and Microfinance Institutions pt. 1

Ray, Chapter 14 (Credit).


October 29 & Nov. 3: 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 5 & 10: Credit Markets and Microfinance Institutions pt. 2

November 12 & 17: Health and Nutrition, Part 1
November 19 & 24: Health and Nutrition, Part 2


December 1: Regression Discontinuity (time permitting)


December 3: Education


December 8
Presentations

December 10
Presentations/Review for final

December 19 (3 hours)
FINAL EXAM, 9:00 am to 12:00 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 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.