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INNOVATIONS FOR POVERTY ACTION

INTRODUCTION TO RCTS:
WHY EVALUATE? WHAT IS IT AND HOW SHOULD WE DO IT?

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Imagine you're a policy maker in Mandalay…

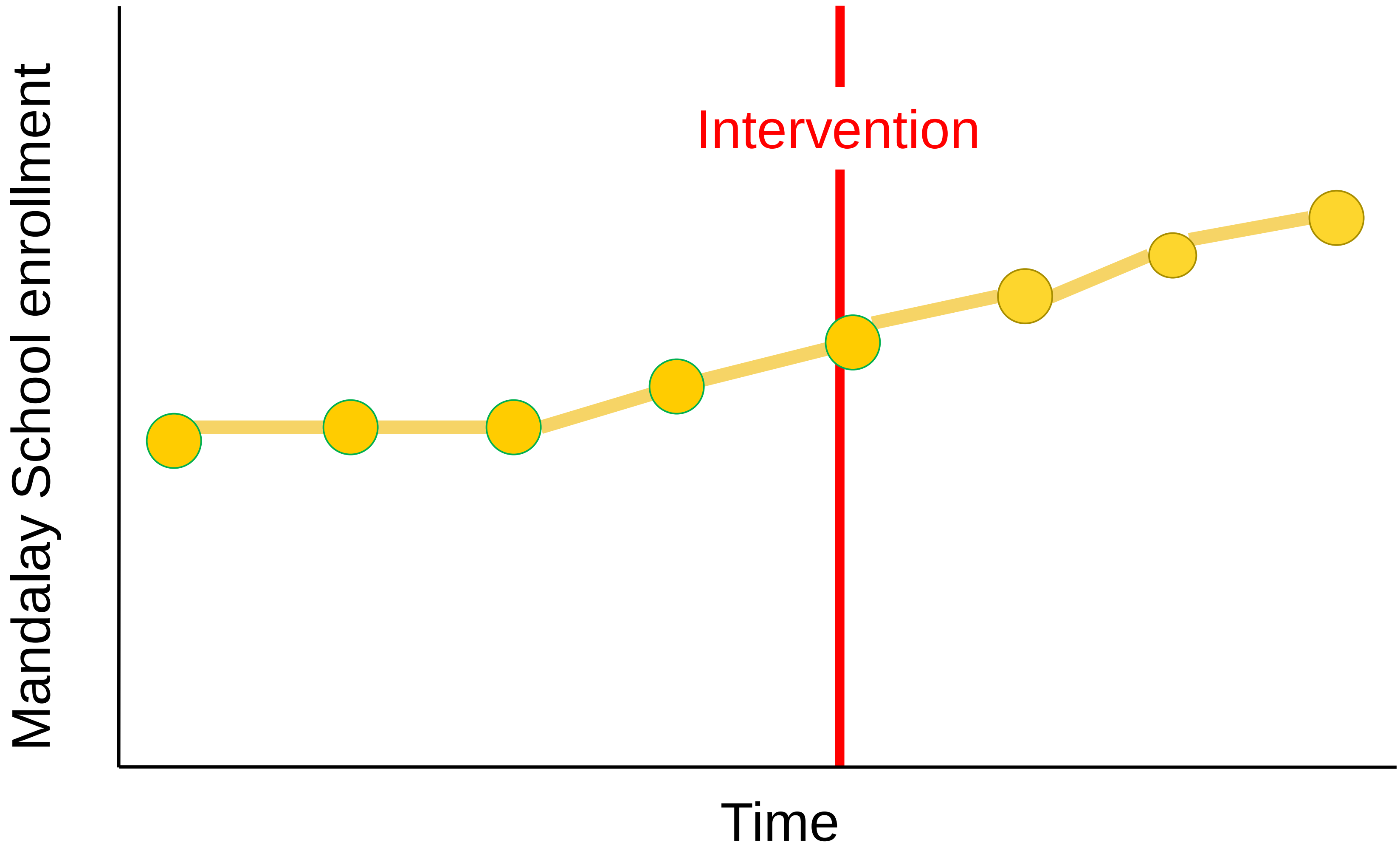
- You received 50,000 USD to increase the school enrollment. What would you do?

VS

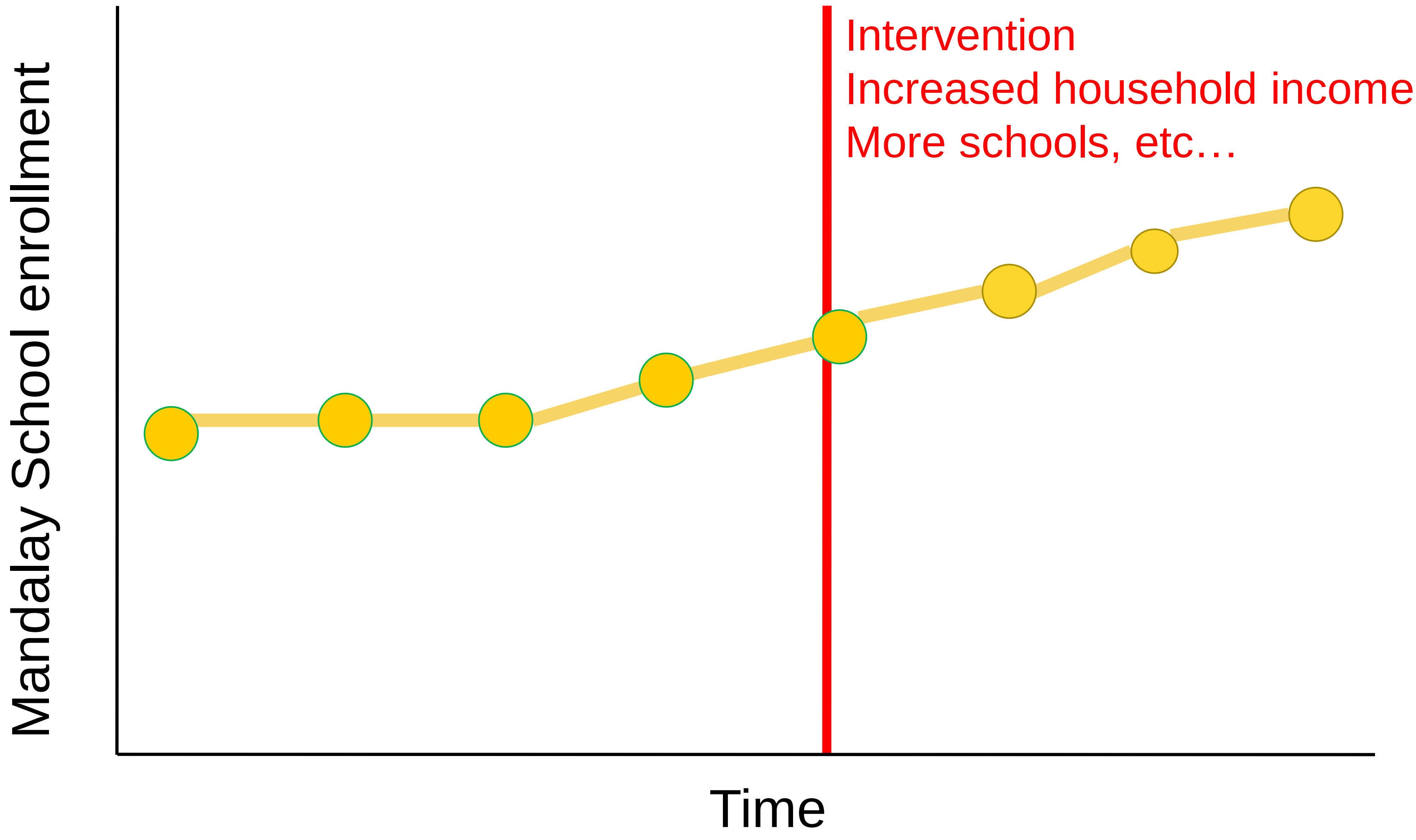
Free School Uniforms?

Free Lunch?

Did it work?



Did it work, really?



Question is…

- How do we know if the program indeed increased the school enrollment?
- Moreover, would it have been better if we did something else?

What we want to do

- Measure the impact of programs/policies
- Look for evidence of what works best to help the poor
- Evaluate potential solutions to poverty problems

How to measure impact?

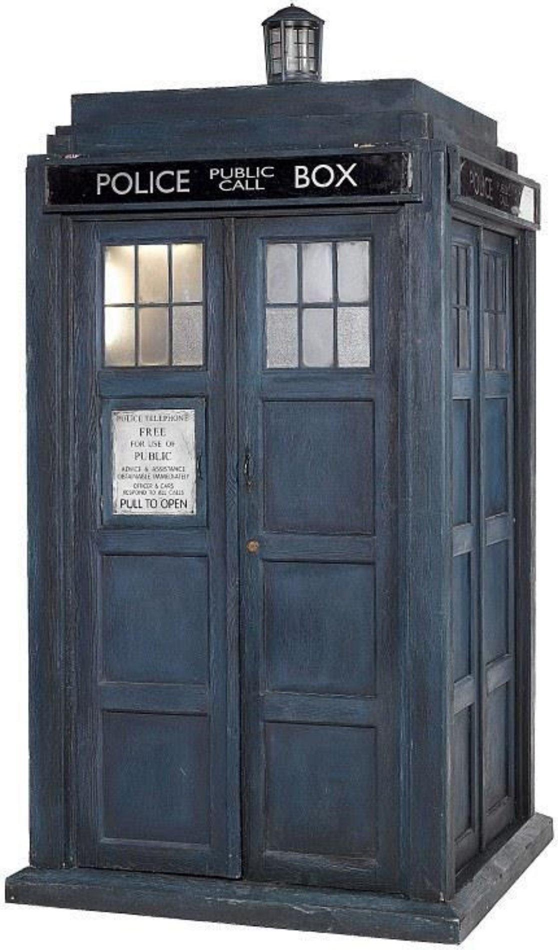
Impact is defined as a comparison between:

1. the outcome some time after the program has been introduced

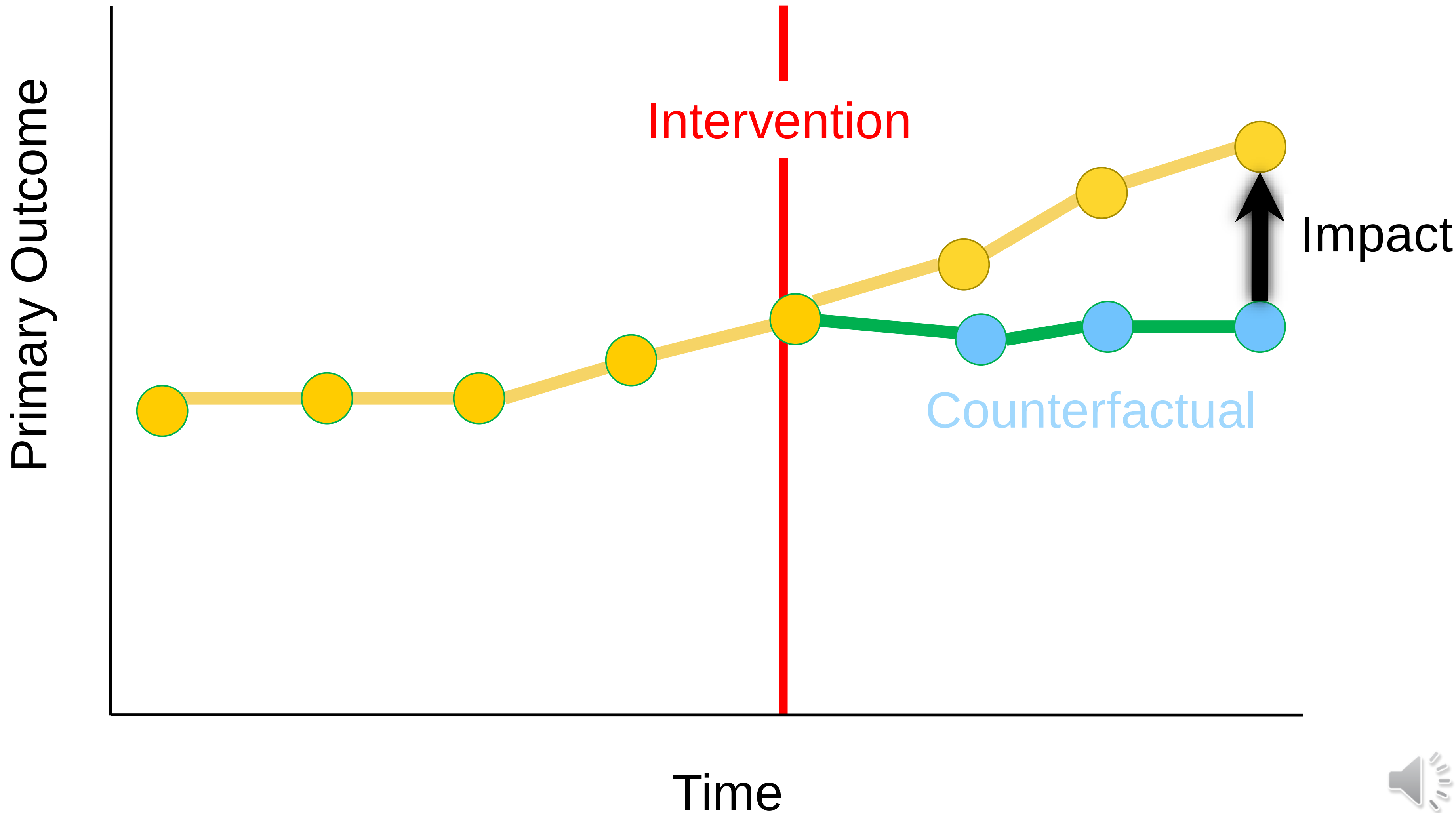
2. the outcome at that same point in time, had the program not been introduced (the ***"counterfactual"***)

Counterfactual

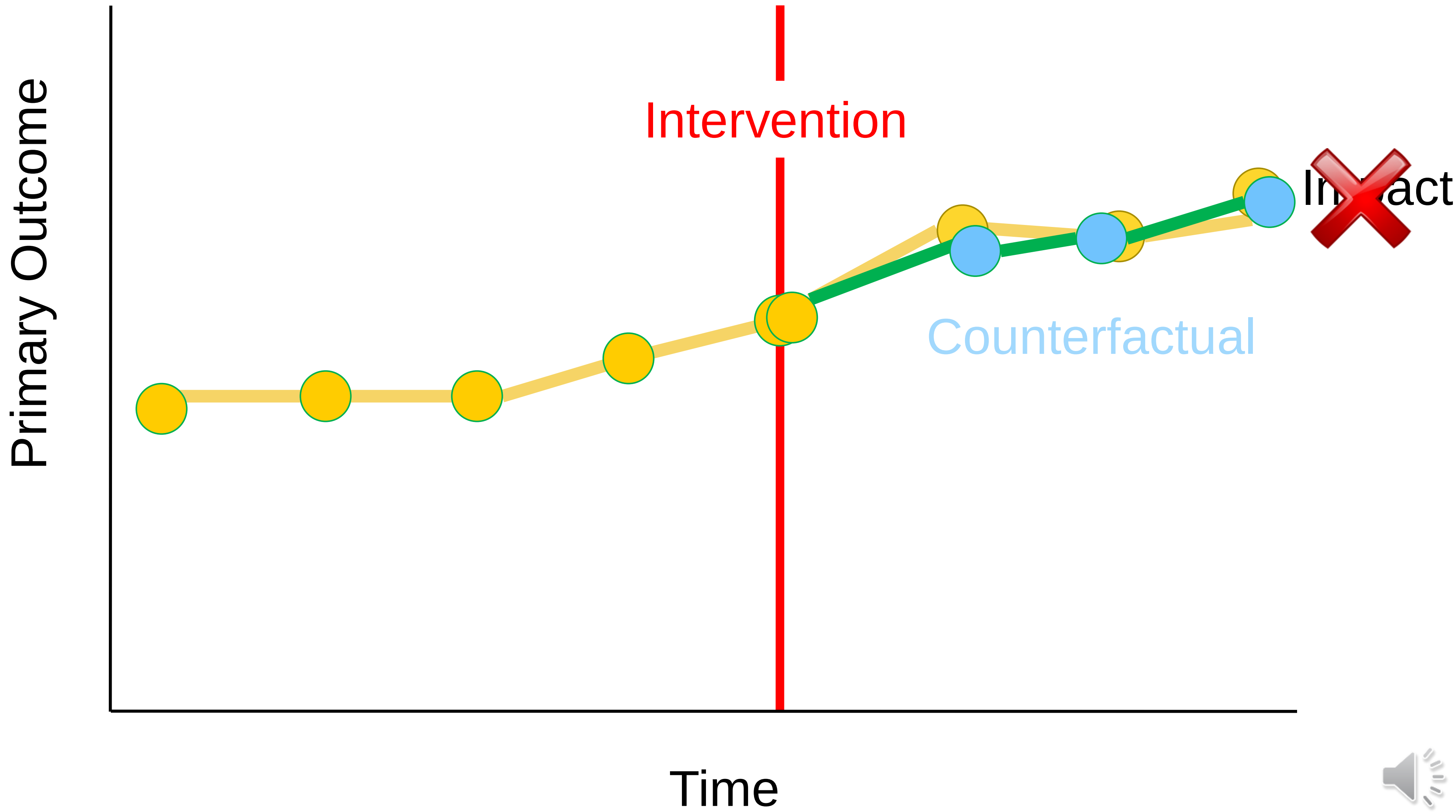
- The ***counterfactual*** represents the state of the world that program participants would have experienced in the absence of the program (i.e. had they not participated in the program)



Impact: What is it?



Impact: What is it?



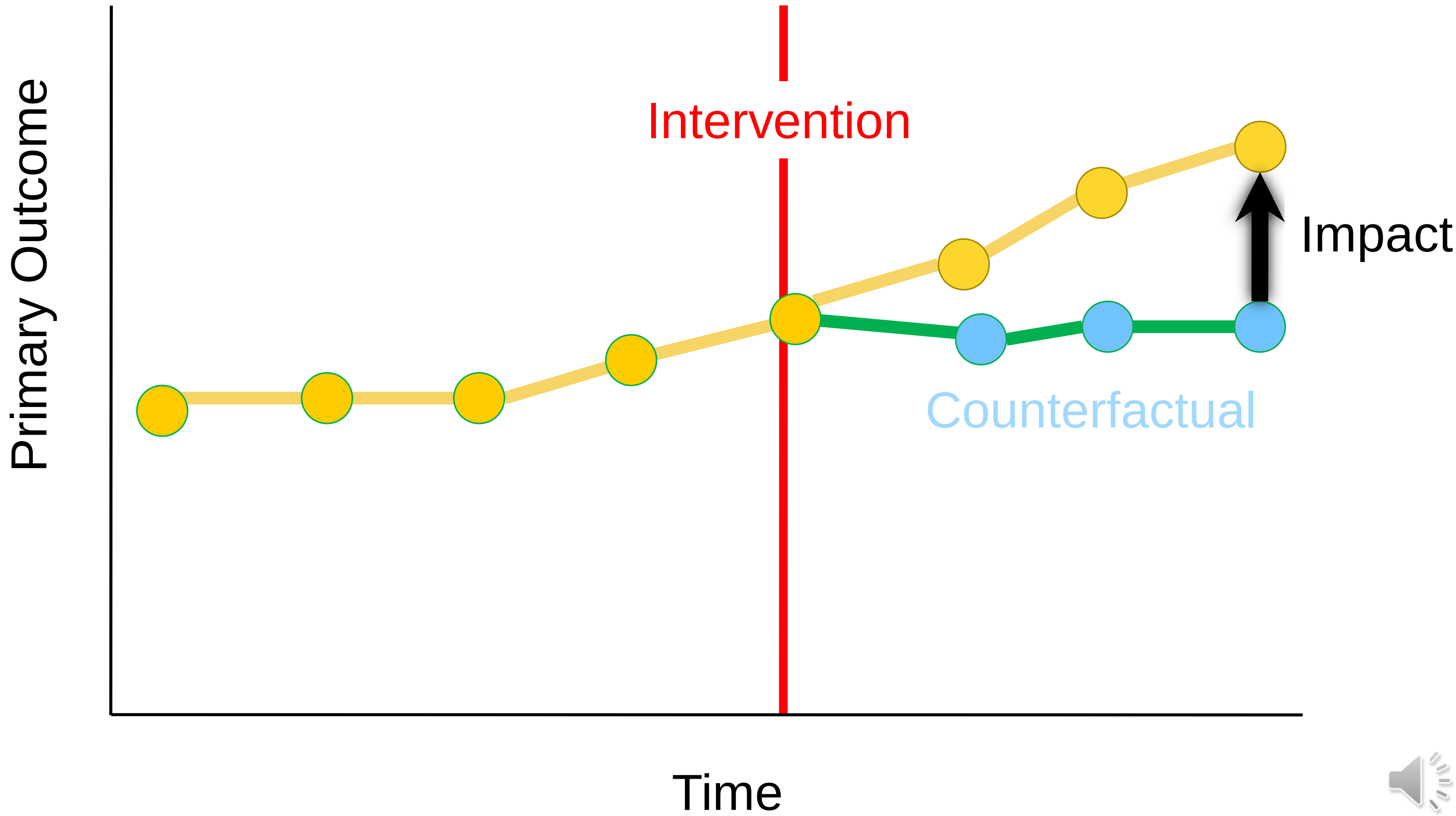
Counterfactual

- ***Problem***: Counterfactual cannot be observed
- ***Solution***: We need to "mimic" or construct the counterfactual

Constructing the counterfactual

- Counterfactual is often constructed by selecting a group not affected by the program
- Randomization:
  - Use random assignment of the program to create a control group which mimics the counterfactual
  - With random assignment, each person in the study has the same chance of being assigned to a group as another person. This ensures that as long as the two groups are large enough, they will on average be statistically identical
  - If it was well randomized, (theoretically) the only difference between the two groups would be the intervention
  - **R**andomized **C**ontrolled **T**rial (RCT)

Impact: Difference in outcome between treatment and control



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WOMEN'S ECONOMIC EMPOWERMENT THROUGH FINANCIAL INCLUSION

Background

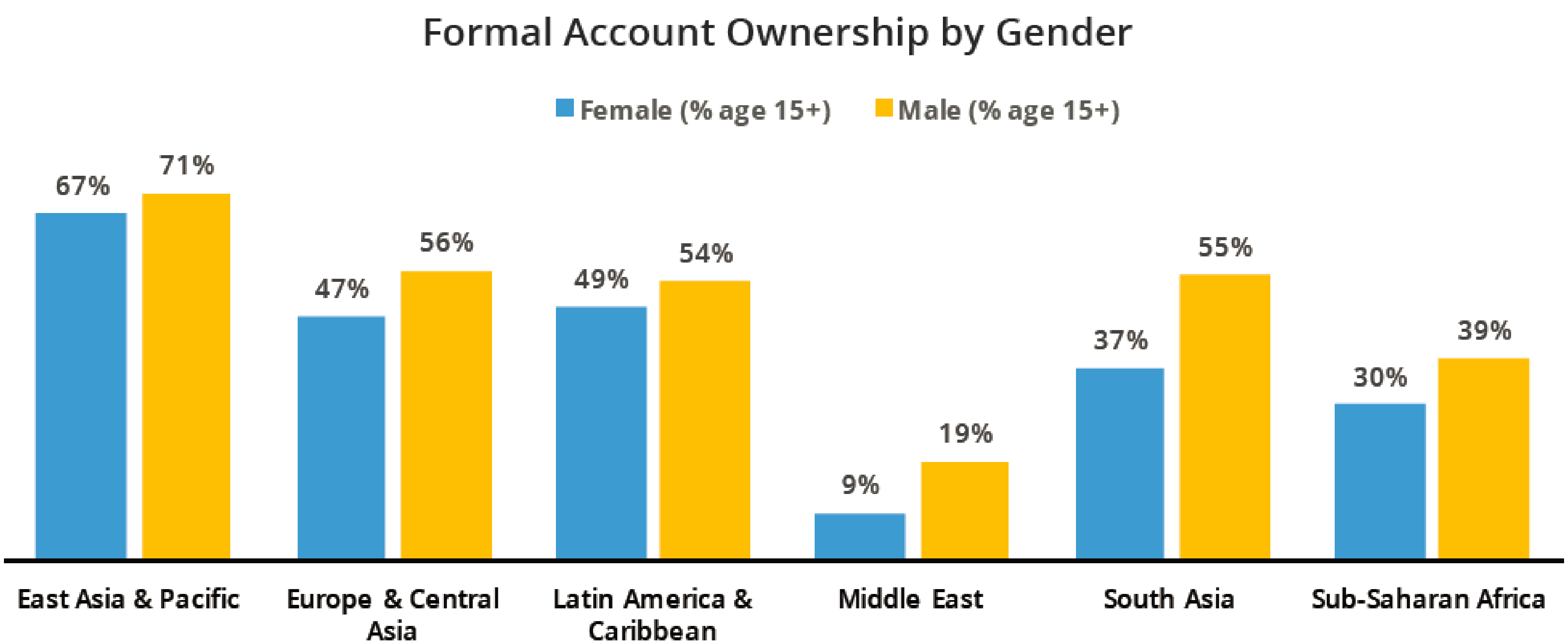
- Research shows that when people participate in the financial system, they are better able to manage risk, start or invest in a business, and fund large expenditures like education or a home improvement

Background

- Increasing women's financial inclusion is especially important as women disproportionately experience poverty, stemming from unequal divisions of labor and a lack of control over economic resources

Basic Measure of Financial Inclusion: Account Ownership

FIGURE 1



Source: 2014 Global Findex Database

Barriers to Financial Inclusion

FIGURE 2

Gender-Based Barriers to Financial Inclusion

Demand Side Barriers	Supply Side Barriers
Lack of bargaining power within the household	Inappropriate product offerings
Concentration in lower-paying economic activities	Lack of gender-specific policies and practices for product design and marketing
Competing demands on women's time related to unpaid domestic work	Inappropriate distribution channels
Lack of assets for collateral	
Lack of formal identification	
Reduced mobility due to time constraints or social norms	

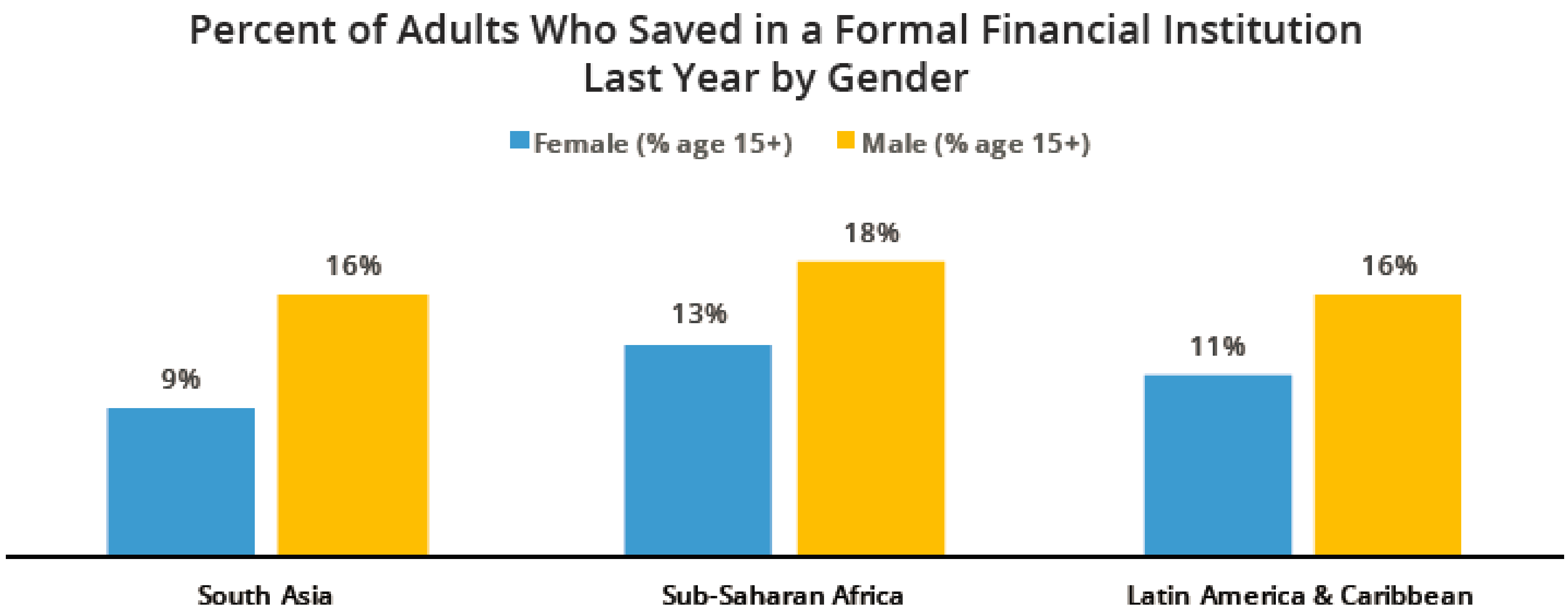
Lowering Barriers

- Savings
  - The ability to manage risk and smooth consumption in the face of shocks or loss of income

Lowering Barriers

- Savings
  - Women have limited access to savings

FIGURE 3



Source: 2014 Global Findex Database

1: Removing Barriers to Entry

- One barrier to access and use of formal savings accounts among women might be the costs associated with opening and maintaining accounts

- The offer of simplified, or no-frill, low-cost accounts may be a way to reduce this barrier to entry and improve account ownership among women

1: Removing Barriers to Entry

- Study in Chile
  - Intervention: a free savings account
  - Result (1) reduced short-term debt by 20%
  - Result (2) reduced consumption cutbacks associated with a negative income shock
- Study in Nepal
  - Intervention: no-fee accounts to female heads of household living in slums
  - Result (1) NO increase in assets
  - Result (2) increased spending on education, meat and fish purchases, and festivals and ceremonies
  - Result (3) increased schooling levels of daughters

1: Removing Barriers to Entry

- Study in India, Uganda, Malawi
  - Intervention: simplified saving accounts
  - Result (1) NO significant increase in savings
  - Result (2) NO positive downstream impacts such as on business investment, or expenditures on health or education

- Evidence on the impact of these simplified accounts is mixed – More work is needed to understand the specific barriers to take-up and usage of formal financial accounts among women in order to design products and policies with the highest likelihood for success

2: Understanding Different Preferences

- Women may demonstrate different preferences for levels of liquidity and privacy in their savings products, depending on:
  - their personal and household investment goals
  - their level of bargaining power within their households

2: Understanding Different Preferences

- Study in Rural Kenya
  - Intervention: offered married couples the opportunity to open up to different accounts: a joint account and individual accounts in the name of the husband and/or the wife
  - Result (1) large temporary interest rate subsidies on the individual accounts led to increased income via investments in entrepreneurial activities in the long run
  - Result (2) subsidies to the joint account had no impact on income but led to increased investments in household assets such as home repairs or livestock
- Study in Philippines
  - Intervention: offered a commitment (illiquid) savings account
  - Result: Increased expenditures on female-oriented durable goods such as sewing machines and kitchen appliances for married women with low bargaining power

2: Understanding Different Preferences

- Study in Kenya
  - Intervention: offered free ATM cards, which increased account accessibility and reduced withdrawal fees
  - Result: Individuals with a stronger position in the household (the majority, men) significantly increased usage of the accounts, while individuals with low household bargaining power (the majority, female) reduced account usage

- Certain product features, which may be intended to increase access, can actually lead to decreased usage as the additional liquidity that they provide may reduce a woman's control over the account

Conclusions

- Researchers should continue to explore barriers to take-up and usage on both the demand and supply sides, to determine the most effective design and distribution strategies for women, or the most effective combination of design features

- Future work should seek to understand the role of gender norms and intra-household bargaining power surrounding expenditures within the household and test for the best mechanisms by which products can help to increase women's bargaining power

THANK YOU!

Questions? Comments?

When is the right time to do an impact evaluation?

- When you have a good sense of needs, program theory, and process
- When there is an important, specific and testable question you want/need to know the answer to
- Timing--not too early and not too late
- Program is representative not gold plated
- Time, expertise, and money to do it right
- Results can be used to inform programming and policy

When NOT to do an Impact Evaluation

- Evaluating macro policies
- Unethical or politically unfeasible to deny a program while conducting evaluation, ie if a positive impact proven
- Program is premature and still requires considerable "tinkering" to work well; process not well-established
- Too small of a scale to compare into two "representative groups"
- Program has already begun and not expanding elsewhere
- Impact evaluation too time-consuming or costly and therefore not cost-effective
- Evaluation changes program such that conclusions cease to be valid

Developing an evaluation strategy

1. Determine key questions
2. Select top priority unanswered question(s) for impact evaluation
3. Establish plan for answering them, and to use these answers

- A few high quality impact studies can be worth more than many poor quality ones
- If you ask the right questions, more likely to use the answers
- If you know what you will do with the results, more likely to use them
- Replications – choosing the context carefully

What makes a good evaluation?

- Based on a model of change/logical framework
  - Who is the target? What are their needs?
  - What is the program seeking to change?
  - What are the specific reasons we think this intervention will cause such a change?
  - What is the precise program or part of program being evaluated?
- Tests this model in unbiased and definitive way
- Research design allows to answer the questions asked

What makes a policy relevant evaluation?

- Asks the right questions
  - For lesson learning
  - For accountability
- Has a clear plan on how to use the results

Doing impact evaluations well is not always easy….

Pitfalls of Impact Evaluations

- Too many questions, trying to learn too much
  - Hard to maintain quality and control
  - One simple well done clear evaluation with clear lessons more useful than tons of complicated or messy results
- Trying to make large claims or generalizations
  - Best to stick to what we know for sure
- Not planning early enough – does take time
- Not integrating evaluation into the program implementation plan

But when done well, we have…

- Confidence program is not making things worse
- Confidence of program impact
- Strong evidence your program caused the change
- Information about cost effectiveness
- Clear, easy to interpret results for donors, partners, policy makers, etc.

Punchlines

- A good evaluation can help:
  - Identify programs that are working
  - Identify which aspects of a program could be improved
  - Identify programs that are not working well
- Evaluations should define next steps, not just explained what happened
- **Evaluations can contribute to a more rational use of resources dedicated to poverty alleviation programs**