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Qrupun nömrəsi: 1062

Mövzu 1: Innovative policies of Human Development, Role of Institutions and Markets, Private Sector Development

Familias en Accion is a programme run by the Colombian Government as part of an overall Social Support Network (RAS- Red de Apoyo Social). It is a conditional cash transfer, very similar to the Mexican PROGRESA/Oportunidades, and the overall goal is long-term poverty alleviation through investments in education and health care. It consists of a cash transfer to poor families conditional on children attending school and meeting basic preventive health care requirements.

A government bureaucrat raises the issue of conditionality and whether it is actually needed. She brings up the successful experience of a pilot study of an unconditional cash transfer with a similar goal of long-term poverty alleviation. Parents value education enough and just need budget constraints to be removed. Everyone is now confused.

At some point, a colleague from a funding agency suggests a simplification of Familias en Accion. The government should switch to providing unconditional cash transfers for all families, rural and urban, if their total income is below a certain level (call it cut-off X). The expectation is that this additional income targeting the poorest families will result in more household investments in health care and education. You are called to weigh in on the debate.

1. Begin by discussing the advantages and disadvantages of conditionality in light of what you learned in class about intra-household dynamics. Who should the programme target? How should the programme be customized to different economic contexts? (Note: bear in mind the specific context of Colombia with differential levels of government capacity across regions, but also the standard rural-urban divide) How should the programme be designed to provide the right incentives for the different agents?

2. Familias en Accion is a programme run by the Colombian Government as part of an overall Social Support Network (RAS- Red de Apoyo Social). It is a conditional cash transfer, very similar to the Mexican PROGRESA/Oportunidades, and the overall goal is long-term poverty alleviation through investments in education and health care. It consists of a cash transfer to poor families conditional on children attending school and meeting basic preventive health care requirements.

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1. The head of the government’s monitoring and evaluation team, who never misses an opportunity to push for evidence-based policy-making, tries to settle the debate by testing these two strategies in the field: conditional vs unconditional cash transfers. The team is now asking for your support in designing the best impact evaluation possible. Discuss a couple of options for the team and the relative merits of each

3. Think about common development policies: conditional cash transfers, unconditional cash transfers, micro-credit schemes, pensions and scholarships (which we discussed on the lecture). Provide a concrete example of how intra-household dynamics could undo or simply lead to unintended effects of one of these policies

4. An NGO is implementing a programme that provides scholarships for young girls to continue studying after completing secondary school (post primary school) in rural areas in India. All students finishing primary school were subjected to a standardized test, and the NGO determined that those who achieved a score of 70 (or higher) out of 100 would receive a fellowship. Competition was fierce and several students came very close to receiving the fellowship but the rule was enforced very strictly! The fellowship was meant to incentivize students to continue their studies. The project has been running for about 8 years and fellowship recipients and their cohort have now graduated from secondary school (if they continued their studies).

The NGO is now considering conducting an evaluation of the socioeconomic impact of the fellowship to determine whether they should continue to support this programme. There are two types of data available: data from a survey of school going children and data from a household survey, which were both conducted in regions where the fellowship was implemented and regions in which it was not. Both surveys collected information on household income, levels of education achieved, the composition of the household (number of siblings and etc.), occupational choices and wages, both for fellowship recipients and non recipients. You are asked to conduct this evaluation.

1. If you run the following regression to assess the impact the impact of the fellowship on student’s’ test scores suing the school level dataset:

Test Scores (i) =a+bfellowship (i) + error (i)

Test Scores (i): Test score obtained by student i

Fellowship (i): Dummy variable which is 1 if student i obtained a fellowship and 0 otherwise

1. What types of biases would you have to worry about and why?
2. If you run a similar regression to assess the impact of the fellowship on wages, but you use data from the household survey:

Wages (i)=a+bFellowship (i) + error (i)

Wages (i): Average wage earned by person i in the market place

Fellowship (i): Dummy variable which is 1 if student i obtained a fellowship and 0 otherwise

5. An NGO is implementing a programme that provides scholarships for young girls to continue studying after completing secondary school (post primary school) in rural areas in India. All students finishing primary school were subjected to a standardized test, and the NGO determined that those who achieved a score of 70 (or higher) out of 100 would receive a fellowship. Competition was fierce and several students came very close to receiving the fellowship but the rule was enforced very strictly! The fellowship was meant to incentivize students to continue their studies. The project has been running for about 8 years and fellowship recipients and their cohort have now graduated from secondary school (if they continued their studies).

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Based on the information provided above and the fact that you have a large sample of both recipients and non-recipients, what identification strategy would you suggest for the impact evaluation? Would you solve the endogeneity problems which may possibly occur? What are the underlying assumptions you would have to make for this identification strategy to succeed?

Mövzu 2: Investment in Credit Markets, Microfinance and banking sphere development

1. If mobile banking technology spreads faster in urban areas relative to rural areas, technology adoption in rural areas should be subsidized. Discuss and state whether above is true, false or uncertain
2. A microfinance report claims that income levels for programme participants is significantly larger than for non-programme participants in the same village and in neighboring villages. What concerns would you have regarding the evaluation of the programme effectiveness? How would you deal with these problems is you were designing the programme evaluation from scratch?
3. The relationship between corruption and development is complex. Causality between poverty and corruption could plausibly operate in both directions, or there could be a third variable which is correlated with both, giving the illusion of a relationship. Given this reality, what kind(s) of study designs (i.e. identification strategies) would be the most useful for generating effective policy conclusions. Discuss.
4. Describe types of corruption and propose policies which may potentially eliminate corruption level in the country
5. What are the moral hazard and adverse selection problem of micro credit. Describe ways on how microfinance (microcredits) addresses market failures

Mövzu 3: FDI vs International Aid: External Assistance and Finance

1. Investment in Social Capital. Describe good and bad sides
2. Describe the difference between FDI and International Aid. What are the advantages and disadvantages of each investment type?
3. Which factors affect flow of FDI to the country?
4. Describe how remittances and migration affect flow of investment in the country
5. Describe traditional critiques of International Aid (ODA).

Mövzu 4: Social Networks, SMMe. Modern approach to trade: Fair trade

1. The government thinks that patterns of social networks may affect access to labour market opportunities. Identify a hypothesis (conceptually) specifying how social networking patterns could affect access to labour market opportunities. How could you test this hypothesis?
2. Describe positive and negative selection of migration and the ways of its affect to remittances, fiscal burden and human capital accumulation
3. Describe the broader role of the private sector in development in terms of fair trade and social impact bonds.
4. How can social capital affect economic development? Describe at least 4 ways.
5. A fair trade movement adopts a market based approach to help producers in the developing world obtain fairer prices for their products. The Fair Trade label guarantees a higher price for the producer, as well as stable contracts and a fair trade cash transfer that producers need to collectively invest in better infrastructure for their communities. It is one of the fastest growing ethical movements in the world and by 2008 it already covered over 7.5 million producers. In order to become certified, a producer needs to be part of a cooperative of producers. You are called to the annual meeting of Fair Trade Foundation in London and the biggest concern voiced around the room is that we lack of any solid empirical evidence on the impact of Fair Trade on producers in developing countries. Household surveys covering producers in the developing world provide you with multiple indicators that attempt to capture socioeconomic wellbeing. You begin by running regression:

Socioeconomic outcomes=a+b fair trade certification +error

Socioeconomic outcomes represent: income, health status, education of the farmer

Fair trade certification represent 1 if farmer is fair trade, 0 if farmer is not fair trade

* What type of biases would you worry about? You look closer to the dataset, and find that there are two type of clusters: communities where everyone is certified, and communities where no one is certified. These two types of regions are almost identical in other observable characteristics. Could this be evidence of social learning in the adoption of Fair Trade Certification? Can you think of other explanations to this outcome

Mövzu 5: Behavioral/Cultural Economics

1. What is the role of history and culture in shaping economic development
2. Can you provide brief and intuitive explanation of how cultural norms and institutions can interact with economic growth and development to explain persistence of the effect of slave trade?
3. Can you provide brief and intuitive explanation of how cultural norms and institutions can interact with economic growth and development to explain persistence of the effect of inter-ethnic trade?
4. Can you provide brief and intuitive explanation of how cultural norms and institutions can interact with economic growth and development to explain persistence of the effect of culture of corruption?
5. Can you provide brief and intuitive explanation of how cultural norms and institutions can interact with economic growth and development to explain persistence of the effect of extractive labor institutions? (Hint: Mita study)