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[First Printing]

More Than Good Intentions: How a New Economics is Helping to Solve Global Poverty [First Printing]

Dean; Appel, Jacob Karlan
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Dean; Appel, Jacob Karlan : More Than Good Intentions: How a New Economics is Helping to Solve Global Poverty [First Printing] before purchasing it in order to gage whether or not it would be worth my time, and all praised More Than Good Intentions: How a New Economics is Helping to Solve Global Poverty [First Printing]:

2 of 2 people found the following review helpful. Getting the Most Development Bang for the Philanthropic BuckBy Etienne RPI remember the first time I came across the results of a randomized evaluation of a development project. I was enthusiastic about what I read, and so I went to the head of the evaluation unit in the aid agency that was employing me. "Randomized evaluations? We do that all the time," was how she reacted to my pitch. "Our evaluation surveys pick up projects beneficiaries at random." Despite my efforts, she wasn't interested in learning more about randomized control trials, or RCTs. My failure to convince her was also explained by the lack of user-friendly texts about what these new research projects were all about. Now there is a wealth of survey papers, blog entries, and books that explain the matter in non-technical terms. More Than Good Intentions provides such an introduction to this fascinating new area of development economics, where academic rigor meets with philanthropic generosity to generate maximum impact in poor people's lives. The book has been described as the perfect tool for workers in this field to give to their friends and relatives in order to explain what they do. It certainly would have answered all the questions by aid bureaucrats about what randomized evaluations were all about and why we should do more of them. Talking about RCTs will put off a lot of people otherwise interested in development issues. The semantic should

not frighten them. The key word in RCT is "control", as in "control group": in drug testing, as in other RCTs, the control group is a set of people who don't get the treatment or policy measure being tested. "Randomized" means these people are picked at random within the target population, simply by flipping a coin. "Trial" suggests you proceed by trial and error: your evaluation gives you results about what works and what doesn't, in order to replicate, scale up, or tweak your project for maximum impact. RCTs have been around for a long time, but it is only recently that they have been applied to poverty reduction projects in developing countries in a systematic way. Dean Karlan was one of the early movers in the field, where the most authoritative academics are still in their thirties or forties and have gained awards and medals emphasizing their "genius", "outstanding contribution", and "intellectual leadership" at an early stage in their careers. Karlan's specific angle was, first, to apply the new evaluation tools to the business of microfinance, an area that has generated over-enthusiasm but was still under-researched, and, second, to use recent advances in behavioral economics to understand better how and why people make decisions the way they do. For those familiar with Thaler and Sunstein's book, Karlan uses "nudges" or gentle pushes to ease people's choices, and applies them to the fight against poverty. His co-author, Jacob Appel, is a field worker and a blogger endowed with a quick mind and a sharp pen. He holds the pen most of the time, but is referred as "Jake" in the third person by the "I" who narrates the book. Appel may be representative of a cohort of research assistants or RAs who seldom get proper credit for scientific breakthroughs, but who nonetheless play an indispensable role in making things happen. RCTs have offered a new generation of RAs tremendous opportunities to go to the field, design large-scale surveys, manage big budgets, and learn real-life economics. However, there are signs that the field of RCTs is crowding out already: the enthusiasm of pioneers and first movers has given way to large organizations and bureaucratic processes, papers describing research results are harder to place in top academic journals, and ambitious young minds are now actively looking for the next big thing. "The power of an RCT lies in its ability to give an objective, unbiased picture of the impact a program has on its participants," write Karlan and Appel. It turns out not so many people are eager to learn. NGOs usually don't advertise their programs by measuring how much difference they make in people's lives, but by putting nice pictures and uplifting quotes on their websites and promotion documents. When they indicate a metric, it is most often to emphasize how low their administrative costs are compared to overall services expenditures targeted at beneficiaries. But according to the authors, this is a very bad metric, and for several reasons. Some interventions simply cost more to manage than others: but if they have a strong impact, produce useful lessons that help increase project effectiveness, or help aid agencies overcome the "last mile problem", they are definitively worth the try. In addition, administrative cost figures are fairly arbitrary. Many items can be counted either as overhead or as program services. "The gray area of nonprofit accounting is just that--gray," write the authors. Another argument NGOs put forward for advertising their programs is to claim their ultimate goal is to achieve "sustainability". By this, they mean that after a while the program will walk on its own and will no longer need external support. This is a key argument in microfinance, where indiscriminate subsidies to poorly managed microfinance institutions can drive out the efficient ones, as bad money chases out the good money. I am also familiar with the argument of sustainability from personal experience. The same nonprofit organization would come every year to the subsidy window our aid agency was operating in order to help it market coffee and other "fair trade" products to rich customers. Every year the argument was the same: "you need to prime the pump, the market will soon take off, and we will no longer need your support," they said. This was an obvious example where a program should stand on its own, without donors support. But the truth is, many development programs cannot be sustainable. More Than Good Intentions gives many examples of such programs where you simply cannot pull the plug on the poor. An example that is famous by now is deworming, which can have a huge impact in the lives of families and school kids at the cost of eighty cents per person for a year. Deworming is a public good since much of its social benefit comes through reduced disease transmission. A case like this, where the general public benefits when an individual gets treatment, practically cries out for an intervention. As a randomized evaluation conducted by Michael Kremer in western Kenya demonstrated, efforts to replace subsidies with sustainable worm control measures were ineffective: a cost-recovery program charging the patients for the pill resulted in a massive reduction in take-up; health education did not affect behavior; and a mobilization intervention failed. At least in this context, it appears unrealistic for a one-time intervention to generate sustainable voluntary local public goods provision. Another example is bed nets that are designed to protect people from the bite of malaria-carrying mosquitoes. Like the deworming pill, bed nets also confer indirect benefits on the broader community by breaking the chain of disease transmission. Economists have long debated whether these nets should be distributed for free or for a charge. Based on the result of several experiments, the authors favor free distribution. But the point is, nobody argues that the nets should be distributed at full cost to the poor. They simply cannot afford it. The need to refumigate the nets regularly also calls for a long-term intervention: simply equipping families with bed nets is not sustainable. Many interventions the authors are concerned with address the so-called "last-mile problem". This is how Karlan and Appel describe it: "We have a perfectly viable solution, but we've failed to get it into the hands of the people who need it most." In public health, the last-mile problem refers to the challenge of ensuring that available medicines of good quality are accessible to and correctly used by the people who need them. Besides deworming pills and bed nets, other examples include nutritional supplements for expectant mothers and babies, chlorine diluted in

drinking water to prevent diarrhea, or agriculture fertilizers to increase crop yields. The key for delivering the goods to the people at the bottom of the pyramid is to take innovative insights from behavioral economics or marketing and to adapt them to the local context. Good intentions and products or services with a proven track record of life-enhancing efficiency are not enough: the poor have to choose to sign up for them; they have to "buy" them, even when these goods are available for free. This doesn't come easy to development workers and especially to aid bureaucracies. As the authors conjecture, "Maybe the reason we don't think much about the marketing of aid and development is that we don't want to feel like we are peddling something. It clashes with our idea of what aid should be." As noted, however, NGOs have become expert in the "dark arts" of advertising and marketing in order to gather contributions from rich donors and philanthropists. They try to make people feel good by doing good. The promoters of RCTs and efficient giving see an opportunity here: "How much more good could we do in the world if impact-informed giving came to be seen as the coolest thing of all?" Simply put, we ought to find out where our money will make the biggest impact, and send it there. This applies to the whole donor community, and not only for individual contributors. This is why aid agencies should also actively learn from RCTs, and apply their results to the fight against poverty.

1 of 1 people found the following review helpful. More Than Good Intentions By Abdulrahman The book More Than Good Intentions is very organized; chapters flow nicely and are easily connected. In their book, Karlan and Appel speak in a way that catches your attention and never gives it back to you; you will find yourself reading more and more as each chapter makes you wonder what is coming next. It is written in a language that paints a picture. Most of the time, you will feel like you are watching a video instead of reading. Karlan and Appel speak about a very complicated yet sensitive issue that is recognized universally; it is poverty. Just as what you might've guessed! The book tells their long journey to find a solution for poverty as they travel across the world. They mention techniques that could help poor people continuously changing their lives. They not only talk about how poor people should interact with society, but also how society can interact with the poor. I like their book because it relates a lot of aspects in our lives; it is not only to benefit the poor, but how to grow as a society.

0 of 0 people found the following review helpful. Focus on what aid programs the data shows are effective By J. Miller Very interesting; provides details on the aid programs that actually are shown to have a positive effect - shown by random controlled studies. Actual data can be surprising! Is thought provoking and makes the reader want even more information (for example, why don't doctors and nurses come to work? Especially if they are being paid, why don't they fulfill their duties to those who need their medical help? Can this situation be changed?) The book also gives data that subtly makes point that some people choose to not do what is good for them or their children; but point is that aid should provide useful opportunities to people, even if some don't opt in.