
All That Glitters Is Not Gold. The Political Economy of Randomised Evaluations in Development

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Group 9

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Introduction

- Development economics has embraced Randomized Controlled Trials over the past decades
- However, they also have certain weaknesses and shortcomings
- The authors discuss the methodological weaknesses of RCTs, as well as their political economy
- Political economy = “ the interplay between political forces (institutions, organized groups, individuals) and economic activities”

The rise of a methodology

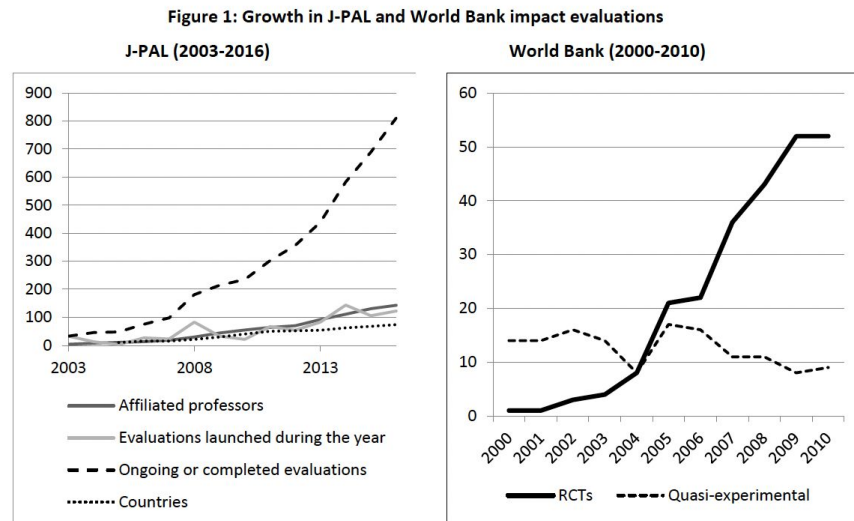
Theoretical and practical advantages of RCTs:

- More robust than other methods in quantitative evaluations to estimate magnitude of impact
- Demonstrating the direction of causality without complex econometrics
- Have changed the field by making national/development policies based on quantifiable impacts and thus directing funds to more effective programs
- Increased first-hand data collection in developing regions, economists are now not only limited to aggregated macroeconomic databases
- Developing countries are less marginalized in economics researches as RCTs brings the researches regarding these countries up to world-class level
- Good for ad-hoc analysis of projects or policies and for testing theories

The rise of a methodology

The rise of RCTs:

- Climbing proportion among other impact evaluation methods in the World Bank
 - RCTs account for 64% of 368 evaluations performed by the World Bank (by 2010) up from 20% in early 2000s
- Dominating the development policy impact evaluation industry & bringing in huge revenue
 - 2645 out of 4260 impact evaluations covered by the Impact Evaluation Repository are RCTs
 - IPA's annual revenue rose from US\$ 252,000 in 2003 to over US\$ 39 million in 2015
- Generated best-practice manuals and academic articles:
 - RCTs accounted for 31% of development economics articles published in top five journals (McKenzie 2016)



Source: Jatteau (2016) for 2003-2015, and J-PAL website for 2016 (updated 6 January 2017); IEG, 2012.

The rise of a methodology

Forces behind the rise:

J-PAL (Abdul Latif Jameel Poverty Action Lab)

- Founded in 2003 by MIT & Harvard researchers
- Works exclusively on RCTs and is recognized as a quality label in this field
- Has a network of 146 affiliated professors and hosts researchers
- Closely affiliated with IPA (Innovations for Poverty Action)
- 811 evaluations in 74 countries completed by 2017

The World Bank

- RCTS account for 64% of 368 evaluations (by 2010)
 - Rise from 20% to 64% in 2000-2004
 - Crowding out other approaches (Figure 1)

Specialised RCT funds

- DIME (Development Impact Evaluation Initiative)
- SIEF (Strategic Impact Evaluation Fund)
- GAFSP (Global Agriculture and Food Security Program, 30% of projects RCTs)
- I2I (Impact Evaluation to Development Impact)

Criticism of RCTs: internal and external validity

- **Issues with internal validity**

- Results only include the average effect on the entire group
 - Not possible to determine the median effect or effect by quintile
- Problems with statistical inference not addressed
- Random sampling may not be truly random

- **Issues with external validity**

- Often focus on impacts in the short run
- General equilibrium effects not taken into account
- RCTs cannot explain what led to the results

- **Conclusion:** RCTs may not always provide decision-makers with the information they need

Criticism of RCTs: interplay of stakeholders

The authors discuss four RCTs, highlighting issues in their implementation

- **Progesa/Oportunidades/Prospera programme (1997) in Mexico**
 - Treatment and control groups were not chosen at random
 - Motivations of different stakeholders result in pressure to present results as a major success
- **AFD micro-insurance programme in Cambodia**
 - Stakeholders' different priorities and interests resulted in less-than-optimal experiment
 - Low take-up rate, sampling not random, high dropout rate
 - Short timeframe

Criticism of RCTs: interplay of stakeholders

- **Contract teacher programme in Kenya**

- Results were not replicated when programme was scaled up
 - Groups willing to take part in RCTs may differ significantly from groups that are unwilling

- **Deworming programme in Kenya (late 1990s)**

- One of the most well-known RCTs in development economics
- Found both a direct and indirect link to improved school outcomes
- Problems with data found by a team re-analysing the results, leading to indirect effect results no longer being statistically significant

Political economy of a scientific enterprise

- Influence of power dynamics and interests of various actors
- Impact evaluations with RCTs as the used model have turned into an industry
- Demand generated by donor community and academic world
- Supplies shaped by scientific businesses and entrepreneurs

Funding:

- Aid financing from philanthropic institutions and private foundations

Political economy of a scientific enterprise

Power dynamics in research partnerships:

- Hard to publish papers using other methods in academic journals
- Securing funds for research easier with RCT
- RCT promoters try to silence their critiques

Interpretation of research findings:

- Other methods are often discredited
- RCT results often presented as major discoveries

Conclusion

- RCTs fall short in certain aspects, which are overlooked most of the time
- Despite certain shortcomings, RCT continues to reign as the gold standard for impact evaluations
- The paper does not intend to reject RCTs altogether
- Other methods need to be used and explored
- Strengths of other methodologies should not be undermined

Bibliography

Bédécarrats F., Guérin I., Roubaud F. (2019), "All That Glitters Is Not Gold. The Political Economy of Randomized Evaluations in Development", *Development and Change*, 50(3), pp.735-762.