

## IPS Roundtable

### "Evaluating Social Impact: Lessons from the Jameel Poverty Action Lab (J-PAL)"

By Professor Esther Duflo, Abdul Latif Jameel Professor of Poverty Alleviation and Development Economics, Department of Economics, Massachusetts Institute of Technology

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IPS hosted Professor Esther Duflo, founder and director of the Abdul Latif Jameel Poverty Action Lab (J-PAL), on 5 July 2010, to talk about the Randomised Evaluations (RE) methodology in assessing the impact of social programs. Professor Duflo also shared lessons from how RE has been applied in various countries.

The idea behind the RE approach in evaluating the impact of social programmes, is to use a carefully selected control group to measure the outcomes. For instance, when assessing the impact of a social programme, the RE approach will not only study the individuals who are enrolled in the programme, they will also find a control group of individuals with similar characteristics to the former, but they will not be enrolled in the programme. A comparison of the achievements of the two groups can give an indication of the effectiveness of the programme. Using the RE approach, one can also evaluate individuals with similar profiles in two different situations, one where there was a social programme available, and another where there was no social programme. This would be another method to arrive at the impact of a social programme.

Based on Duflo's observations, comparing an individual's reactions to a social initiative over a certain time period, is not a reliable estimate of a programme's impact. This is due to the influence of many variable factors which could have changed for the individual over the course of the programme. To combat this, the RE methodology has a credible and carefully selected control group, allowing a more comprehensive comparison between the two groups

of subjects - those who have been exposed to the programme, and those who have not. This would then enable a meaningful measure of the impact a social programme had.



By ensuring policy decisions made are based on scientific evidence, J-PAL's primary objective is to fight poverty. J-PAL is traditionally known for its work in developing countries, but has since broadened its reach to deal with poverty around the world. For instance, in France, J-PAL is involved in work dealing with urban poverty.



In relating J-PAL's work and RE's relevance to Singapore, Professor Duflo used examples taken from the French context to illustrate the use of RE in an urban setting. The first project Professor Duflo cited, dealt with measuring the impact of a programme which was aimed at helping long term unemployed citizens find jobs. J-PAL was tasked to examine if this program was effective as it was expensive to implement for a limited number of clients. RE was also used to compare the effectiveness between the government agency and the private sector entity that were running the same employment programme. The researchers wanted to find out which agency was doing a better job. To carry out the RE, a very large number of unemployed people were randomly assigned to a specific government agency, a specific private sector company and a control group. In their analyses, J-PAL observed that both the government and private sector programmes increased the chances of the client finding a job. The government program was also found to be cheaper and more effectively implemented.

RE is currently being implemented to study the British income allowance programme and the Canadian self-sufficiency programme. There are a wide variety of social programs which RE could be applied to. In an educational context, RE could be applied to study the issues that range from the prevention of absenteeism and addressing dropout rates, to ensuring students acquired appropriate skills. RE could also be used to help people face difficulties such as securing housing, and in addressing social issues such as access to free medicine, and income support.

Professor Duflo cautioned that like other methodologies, there are also limits to RE. Due to the necessity of involving a control group, not every policy could be tested. Furthermore, even after successful evaluations were carried out, political pressures could influence final decisions. Still, Professor Duflo believes RE provides a scientific basis which allows decision makers the ability to make better informed decisions.



In the lively discussion that followed, there were questions regarding the ethics of selecting a control group, and if the selection method would result in the deprivation of clients who were in need of help. Professor Duflo clarified that strict ethical guidelines are adhered to and the general approach is that for RE, experiments are constructed such that subjects are given additional access and resources, rather than have resources or access removed from them. As researchers and policy-makers in Singapore seek additional ways to help them evaluate the social impact of programmes and activities, the RE methodology shows much promise as another tool for impact evaluation.

For more about J-PAL and their work, please visit <http://www.povertyactionlab.org/>

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IPS is grateful to the Centre for Public Economics at the Civil Service College for presenting Professor Esther Duflo at this roundtable.

*Notes taken by Chang Li Lin, IPS Associate Director.*

