

# PROJECT EVALUATION IN DEVELOPING COUNTRIES

## Econ 665 – Spring 2008

Department of Economics  
American University

### Instructors

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### Course Description and Objectives

This course provides an overview of the tools and approaches used to evaluate development projects, particularly those targeting poor households. The focus in this class is on quantitative methods and students are assumed to have some background in statistics/econometrics or be willing to learn the necessary techniques. While the emphasis is on projects funded through loans by multilateral development banks, the skills developed in this class are relevant for evaluating a range of projects and programs funded by international donors, governments and non-governmental organizations.

The general objective of this course is to provide you with the necessary skills to evaluate projects in developing countries. Towards this end, the specific objectives of the course are:

- To advance your understanding of the importance of evaluation in project design and implementation;
- To develop your skills in ex post impact evaluation of development projects so that you can ascertain whether they met their development objectives;
- To enhance your ability to evaluate the targeting of development projects;
- To improve your capacity to design and execute project evaluations;
- To create an ability to use evaluation to obtain lessons learned for the design and implementation of new development projects.

## Format and Grades

### Lectures

This class meets each Wednesday from 2:10 to 4:50 pm. You are expected to read the readings prior to lectures, attend all lectures and actively participate in class discussion. Attendance will be taken and class participation will be expected. Students missing more than two lectures shall receive lower marks for the course.

### Readings

There is no text for this class. The general approach to this class is to use practical examples to learn how to evaluate projects. Required readings will be assigned for each topic the week prior to covering the topic. The required readings will be noted on Blackboard and provided in electronic format or in hard copy. For each of the topics, students will be assigned one reading to examine in depth and should come to class prepared to answer questions on that reading.

For background reading on econometrics, you should look at Stock and Watson's *Introduction to Econometrics*.

### Blackboard:

Course materials, including most of the readings and assignments, are on Blackboard. **You are expected to check Blackboard for announcements on a regular basis.** This is particularly important prior to when assignments are due.

### Assignments

You are required to do four written assignments for this course. There are no exams in this course. Specifics of the assignments will be provided approximately two weeks prior to the due date. The assignments are as follows:

- The first assignment requires you to use experimental data to compare naïve (over time), first difference and difference-in-difference (double-difference) approaches to project evaluation.
- The second assignment asks you to use cross-sectional data, collected after a project was in execution, and take a quasi-experimental approach to project evaluation.
- The third assignment focuses on project targeting and you will be asked to conduct an empirical assessment of how well projects targeted the beneficiary population.
- For the final assignment, you will be asked to take an actual project funded by a multilateral development bank and design the evaluation for that project.

For the first three assignments, the necessary data will be provided on Blackboard. You must have access to Stata and must be able to use Stata in order to complete these assignments. For those that do not know Stata, you are strongly encouraged to attend special Stata sessions that will be offered at the beginning of the semester.

For each of these three assignments, you are expected to both analyze data and write up the results. **Grading is based primarily on the write-up of the results and not the data analysis.** You will be provided with the necessary information on how to do each write-up. For the final assignment, you will find a project that you will use as the basis for designing an evaluation.

Weightings and due dates: The weightings of the assignments in the final grade and the due dates are as follows:

<i>ASSIGNMENT</i>	<i>DUE DATE</i>	<i>WEIGHTING</i>
Evaluation using experimental data	Friday, February 8	30%
Quasi-experimental evaluation	Friday, February 29	30%
Analysis of targeting	Friday, April 4	25%
Project evaluation design	Friday, April 18	15%
<b>Total</b>		<b>100%</b>

Assignments are due by 11:59 pm on the due date. A hard copy may be turned into my mailbox across from the Economics Department office in Roper Hall or they can be submitted on Blackboard via the Digital Dropbox. **Emailed assignments will not be accepted.**

## Policies

- You are required to receive a passing grade in all assignments to pass this course. Failing to submit one assignment will result in failing the course.
- **Late assignments will not be accepted without an advance request for an extension.** Requests for extension should be sent to me via email and include the reason for the extension. Any extension of more than a few days or a failure to submit an assignment without an advance request for extension will require a note from a doctor (or similar authority) stating you were unable to submit the assignment on the required date. Failure to provide such a note will result in a zero for that assignment.
- For assignments 1-3, you are permitted to work in teams of 2-3 students (**no more**) to do the data analysis for the assignments, but the written portion of assignments must be done on your own. You must note on the cover page if you worked with someone on the data analysis. Assignment 4 must be done alone.
- Students are expected to adhere to American University's Academic Integrity Code.
- Grades are as follows: A=90-100%, B=80-89%, C=70-79%, D=60-69%, F<59%. Each letter category includes *all possible* pluses and minuses (e.g. B+=87-89%, B=83-86%, B-=80-82%).

## Topics

### **Topic 1: Introduction to project evaluation**

- What is a project? Targeting. Ex ante, ex posterior and ex post evaluation. Development effectiveness, indicators and the logical framework. Targeting vs. impact evaluation.

### **Topic 2: Overview of ex post impact evaluation**

- Approaches to ex post evaluation. Baseline and ex post. Treatment and control. Selection and unobservables. Randomization. Experiments and quasi-experiments. Intent to treat and treatment on the treated. Average treatment effect. Evaluation standards.

### **Topic 3: First-difference and difference-in-difference estimators**

- Problems with naïve evaluation. First difference (FD) and double difference (DD) approaches. When to use FD and DD. Potential problems. Randomized vs. non-randomized. Triple difference. Comparison to alternatives.

### **Topic 4: Matching (Quasi-experimental) methods**

- The motivation for matching. Program placement bias. Approaches to matching. Potential problems. Comparison to alternatives.

### **Topic 5: Instrumental variables**

- Self- selection and program placement bias. The need for an IV approach. Finding instruments. Potential problems. Comparison to alternatives.

### **Topic 6: Overview of project targeting**

- Mechanisms of targeting. Errors of omission and errors of inclusion. Measuring the effectiveness of targeting. Including targeting in an impact evaluation.

### **Topic 7: Analysis of project targeting**

- Mechanisms of targeting. Errors of omission and errors of inclusion. Measuring the effectiveness of targeting. Including targeting in an impact evaluation.

### **Topic 8: Designing impact evaluations**

- Including design in the project. Identifying indicators of impact. Experimental design and constraints. Creating a baseline. Sample size. Designing a survey instrument. Designing the ex post survey.

### **Topic 9: Meta evaluation and analysis**

- The purpose of meta evaluation/analysis. Evaluating multiple projects in the same area. Problems in conducting meta evaluation/analysis. Determining lessons learned.

### **Topic 10: The political economy of evaluation and practical considerations**

- The politics of evaluation. Evaluation and the project cycle. Data collection issues. Data analysis issues. Presenting findings.