Prof. Dal Bó and Finan spearhead global economies program to improve life in developing countries

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By Pamela Tom

Multi-million dollar grant will fund field experiments on institutions and development

Berkeley-Haas Professors Ernesto Dal Bó and Frederico Finan are leading a five-year, multi-million dollar research program to support randomized controlled trials that advance partnership programs between non-government organizations and local governments in developing nations.

Dal Bó says one of the challenges of improving policy and institutions is generating consensus about which programs work best. Randomized controlled trials provide an unbiased tool and critical data from the field to inform decision makers and help researchers determine how favorable results might be achieved on a larger scale in order to ultimately help more people.

“Government officials are thirsty to know what programs and institutional features deliver good results, and that is where matching governments with academics can help,” Dal Bó said. “Collaboration yields better programs and reliable knowledge about what works. At the end of the day getting public policy right is a huge step towards improving economic performance and quality of life.”

Dal Bó, the Phillips Girgich Professor of Business, and Finan, an associate professor of economics, are members of the Business and Public Policy Group at UC Berkeley’s Haas School of Business. They are joined by Edward Miguel, a UC Berkeley economist and CEGA faculty director. Together they will be leading multiple teams of researchers funded by this grant.

EDI unites economists and social scientists around the globe to study how positive institutional change can be achieved. Some research activities within EDI include developing pathfinding papers, institutional diagnostics, and case studies. The largest research component, led by CEGA, involves developing a coordinated portfolio of randomized controlled trials in low-income countries to understand the impact of institutional programs on development.

Non-governmental organizations, known as NGOs, implement programs to provide much needed services and education in developing countries. EDI’s purpose is to identify NGOs and local government officials who want to partner in randomized controlled trials.

The goal of the field experiments is to determine how effective programs can scale and survive over the long term, and in other locations.

“We want to fund experiments that depart from the frequent practice of deploying programs that bypass the local institutional channels. We want to generate projects that take place within the same channels through which they may be scaled up, for instance by directly partnering with governments. We also hope to see studies link with each other in various ways, to create a more cohesive and reliable body of knowledge,” says Dal Bó.

The program called, “Randomized Controlled Trials to Evaluate Strategies to Enhance the Effectiveness of Public Institutions in Developing Countries,” is already underway. In April 2016, Dal Bó and Finan held a “matchmaking” workshop in Washington D.C. to create partnerships between researchers and government officials.
In August, Dal Bó and Finan published a white paper, "At the Intersection: A Review of Institutions of Economic Development," that explains the role of institutions in development.

Funding applications are being accepted through Feb. 27. Additional calls for proposals will occur over the next three years.