

DEV 401Y: Applications and Cases in International Development
Harvard Kennedy School of Government
Course Syllabus for 2019-20

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Class Meeting Times (Fall)

Speakers: Tuesday 2:45 - 4:00pm, L140

Classes: Thursday:

Group A: 8:45 – 10:00am, Rubenstein 304

Group B: 2:45 – 4.00pm, L140

Note: occasionally times may change owing to speaker availability; students will be advised accordingly

Course Assistants

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Enrollment for this course is for *all*, and *only*, first year MPA/ID students. Students will be assigned to two groups at the beginning of the semester; the purpose of this is to facilitate participation with a smaller class size. For each class day the same material, by the same teacher, will be taught to each group. There will be reassignments between the two semesters, to maximize the variety of potential interactions between students.

Course Objectives

1. To build an understanding of how to design practical policies to improve the lives of individuals in developing countries, mapping and analyzing the causal pathways influencing individual well-being, from economy-wide, sectoral, societal and household factors.
2. To illustrate the use of the range of concepts and techniques from other MPA/ID courses in the diagnosis of development change.
3. To analyze development challenges and potential solutions through the lens of the “policy design arc”, that assesses policy design choices in terms of an explicit values statement, a problem diagnosis and exploration of policy options through the lens of the “strategic triangle”—of “technically correct”, “politically supportable”, and “implementable” criteria.
4. To prepare students to be able to present persuasive and evidence-backed policy recommendations, both in written and verbal presentations.

Economic concepts and tools are powerful instruments for analyzing and interpreting the world. But for change to occur we also need to understand drivers of political decision-making and whether implementing organizations—government or non-government—have the capability to implement change, where “capability” encompasses personal motivation, organizational functioning and technical capacities. Development change occurs only when there is alignment between economic behavior, political processes and organizational capacity.

Throughout the course, the ultimate concern will be on the influence of development processes and policy choices on households—and individuals within households. This will sometimes involve an explicit focus on immediate influences on material or non-material dimensions of individual deprivation and well-being. At others it will involve assessment of sectoral developments and policies—such as in education, social protection or infrastructure—or economy-wide developments—as in aggregate growth, macroeconomic adjustment. This too would be grounded in an assessment of the influence on households and individuals across the distribution.

The course will involve the following activities to meet these overall goals:

1. **Deepen understanding of the *concepts and techniques* presented in the first year MPA/ID core courses (Micro, Macro, Quant, DEV 101 and 102) through discussion of specific cases in which these concepts are important to the interpretation of policy dilemmas and choices.** The timing of specific topics in the workshop will be designed, when possible, to parallel material being covered in other first year MPA/ID courses. This dimension of the course is intended to be illustrative, and to complement other courses.
2. **Introduce additional concepts (e.g. political economy, state capability, social behavior, civil society functioning, etc.) to augment the tools being taught in the core economics courses.** Some of these may be covered in other core courses and electives, particularly the second year. DEV401 will provide enough analysis of the concepts and issues in specific settings to allow us to interpret the political and institutional bases of policy change (or resistance to change). This dimension of the course is intended to be integrative.
3. **Use specific cases to discuss major, topical, issues in development thinking and practice.** This will include attention to issues and debates on topics such as growth, crises, inequality, the role of the state, risk management, service provision, accountability, and empowerment. Both topics and country examples will be necessarily selective, in order to allow us to go into some depth on each. In each domain, the approach used for DEV401 will be to explicitly

engage with two categories of question: 1) What is the developmental problem? Why do we care (e.g. efficiency, poverty, human dignity etc.)? 2) Is there a better policy alternative, and how can you get there, consistent with the causal processes in the triangle?

4. **Develop professional skills of succinct presentations of diagnosis and design in a policy-making context.** This will be achieved through preparation of assignments (policy memos and op-eds), participation in class discussion, and group projects.

These activities will build the basis for students to undertake their capstone Second Year Policy Analysis, in which they will be selecting a topic, undertaking the analysis, and developing coherent policy proposals.

Course Structure

The classes will involve a **mixture of presentation and interactive discussion** of particular cases of policy dilemmas and policy change. For the majority of sessions, there will be a focus on a specific domain of policy.

The course is also linked to the Speaker Series, which is intended to expose students to academics and development practitioners with experience on the core issues of development change. These are sometimes closely linked to the teaching of the week, at others are chosen because of the intrinsic interest of their experience and focus.

Especially in the first semester of the MPA/ID program, students will be under great pressure from other core courses. This course has been designed to accommodate that by having relatively modest out-of-class time inputs. However, to participate effectively **readings and other prescribed preparation work must be done for the case sessions before the class.** In other words, the time requirements for out-of-class work are low relative to other courses, but are required. In the readings we have indicated which are **background (optional)** and those that are **required**.

Pre-class quizzes will often be used to assess students' understanding of issues and perspectives, and constitute an important part of the pedagogy. These are also required.

The case material will be made available through the course web page on Canvas. Students will be assigned to groups of about five for each semester for group work, either in or out of class.

Course Requirements and Grading

The course is required and will be graded on performance over the whole year. The baseline for the class grade will be derived from specific grades for four policy memos, the joint task with DEV101 at the end of the first semester (75%) and the final group exercise at the end of the second semester (25%). This will then be adjusted up or down for excellent or weak class participation (including pre-class quizzes), by up to two points (e.g. from A- to B).

Policy Memos/Op-eds

After the introductory sequence, most cases end with the option of a written assignment. This will typically be a policy memo; sometimes it will be an op-ed or other piece of policy analysis. You may choose which topics you wish to submit, but **this must include two in the fall semester and two in the spring semester.** You are strongly encouraged to write at least one memo by the middle of the semester to be able to receive feedback that can help you improve your other fall semester memos.

You may write a third memo in each semester, in which case the grade of your weakest memo will be dropped (this is especially for students not used to writing memos).

The written assignments are intended to develop the practice of writing for a policymaker or policy-oriented audience. More details about how to write a policy memo/op-ed and grading will be explained in more depth in the first weeks of class. **The deadline for submission is 10am on the Monday ten days (two weekends) after the case discussion**, except when Monday is a holiday, in which case it shifts to Tuesday. Other adjustments are occasionally made, for example around mid-terms, and students will be advised. There will be a penalty of the equivalent of two points (e.g. from A- to B) for late submission, as meeting deadlines are an important part of professional practice.

Criteria for evaluating policy memos and op-eds will be the following:

Domain	Inadequate 3-4	Satisfactory to Good 5-6-7	Excellent 8-10
Use of concepts	Absence or incorrect use of concepts	Good use of concepts, well-integrated into story	Creative use of concepts that changes thinking of reader
Policy proposal	Lack of policy or weak argument	Well-developed policy proposal supported by a solid causal story from within-country or cross-country sources	Compelling policy with new insights; typically engaging at least two of economic, political and administrative issues.
Empirical support	Weak use of data	Good use of empirical material for both problem diagnosis and case for policy	Empirical material creates new insights and a compelling case for action
Presentation	Writing unclear, with lack of coherent narrative	Clearly written, easy to read, with effective presentation of concepts and empirics, accessible to both technical and non-technical readers	Sharp storyline, clear messages, compelling read, fully aligned to the interests, technical capacity and narrative of the client

Final Group exercises

In both the fall and spring semester, there will be one group project, undertaken by assigned, small groups of about five students. The group exercises will involve both a policy memo and a presentation in class. Students will receive a group grade for this.

It is planned that the fall semester project be joint with DEV101; details at the beginning of the semester. This is scheduled for presentation on Thursday December 5th and submission on Friday December 6th.

Class participation and engagement

Assessment of participation will be based on the **quality** of engagement in the course, both in class and outside. For within class, participation will be judged excellent if there are regular contributions that really deepen class discussions (as opposed to just expressing opinions.). Regular absence, lateness, use of electronics, failure to prepare and engage with quizzes or failure to effectively engage within the class **will be recorded by CAs and may result in a negative participation adjustment**. It is recognized that students are heterogeneous. We make allowances for this and provide support for the participation of all, in this important area of professional practice. Participation out of class will be assessed with respect to completing quizzes and other forms of interaction, for example on discussion fora.

Topics and Key Dates (Fall 2019)

* Please notice readings may be subject to change. Please check the Canvas page one week before class for the final reading list.

	Date	Topic	Faculty	Readings	Policy Memo due date
Development patterns and the history of development thought					
1	5-Sep	Course intro, with big picture intro on major development themes--historically, now and for the course.	EC&MW introduce; MW presents	Pritchett, Lant and Charles Kenny. Promoting Millennium Development Ideals: The Risks of Defining Development Down. Working Paper 338. Center For Global Development. (Background)	N/A
2	12-Sep	Policy change, public action, actors and the policy design arc	MW	Skills briefs on Policy Actors, Normative Frames and the Strategic Triangle	N/A
Poverty concepts, targeting and sectoral policy					
3	19-Sep	Poverty concepts and policy	EC	Teaching Note 1. Poverty measurement and policy: concepts and applications. October 2014. (Required) Show Them the Money: Why Giving Cash Helps Alleviate Poverty, Foreign Affairs. June 2014. (Background) Banerjee et al., "A Multifaceted Program Causes Lasting Progress for the Very Poor." Science 348, no. 6236 (2015). (Background)	Sep 30
4	26-Sep	Inequality and political economy	EC&MW	World Bank. World Development Report (2005/06) on Equity and Development. Executive Summary. (Required)	Oct 7
5	3-Oct	Education: India, quality, politics and implementation (could also do on Kenya)	MW	Banerjee, Abhijit, et al. 2016. From Proof of Concept to Scalable Policies: Challenges and Solutions, with an Application. Working Paper. NBER [focus on sections 1 and 3]. (Required) Banerji, Rukmini. 2015. How Do Systems Respond to Disruptive Pedagogic Innovations? The Case of Pratham in Bihar. RISE-WP-15/002 23. (Background)	Oct 21
	10-Oct	MID-TERMS			
6	17-Oct	Poverty reduction, human capital and behavior:	MW	Levy, Santiago. Chapter 1 and 2 in <i>Progress Against Poverty Sustaining Mexico's</i>	

		Mexico Progresa/Oportunidades Everyone meets in plenary (2:45-4:00)		<i>Progresa-Poor</i> [pp 4-32]. (Required)	
7	24-Oct	Social protection: Indonesia	EC	Hanna, Rema and Benjamin A. Olken. 2018. Universal Basic Incomes versus Targeted Transfers: Anti-Poverty Programs in Developing Countries. <i>Journal of Economic Perspectives</i> , 32(4), pp.201-26. (Required) World Bank. 2017. Closing the gap: the state of social safety nets 2017. (Background)	Nov 4
Understanding development challenges					
8	31-Oct	IMF program in action: Ghana	MW	IMF, Ghana, Staff Report for the 2017 Article IV Consultation, Fourth Review under the Extended Credit Facility Arrangement, Request for Waiver for Nonobservance of Performance Criteria, and Request for Extension and Rephasing of the Arrangement. August 2017 [pp 5-28 and 65-67]. (Required)	Nov 12 (Tue)
9	7-Nov	Political economy, growth and development at the country level: Ethiopia	MW	Bedasso, Biniam and Hallelujah Wondimu. 2018. State Fragility in Ethiopia: Transitory Improvements and Persistent Challenges. (Required) Salmon, Kinley. 3015. Industrial Policy in Ethiopia: Reforming the Process to Seize a Historic Opportunity. (Background)	Nov 18
10	14-Nov	Land rights and intra-household behavior: Peru	EC	Erica Field. Entitled to Work: Urban Property Rights and Labor Supply in Peru. <i>The Quarterly Journal of Economics</i> , 122 (4), pp. 1561-1602. (Required) Carrie B. Kerekes and Claudia R. Williamson. 2010. Propertyless in Peru, Even with a Government Land Title. <i>The American Journal of Economics and</i>	Nov 25

				Sociology. 69 (3), pp. 1011-1033.	
11	21-Nov	Political economy and policy issues for fragile states: Zimbabwe	MW	TBD	Dec 9
	28-Nov	Thanksgiving no class			
12	5-Dec	Country studies: student presentations		Joint with DEV101	Group assignment due Dec 6

Class Descriptions

Development patterns and the history of development thought

Introductory sequence. This will review the two overarching frameworks for assessing policy design that the course will use: first, the household (and individuals within households) as the central locus of both well-being and economic, societal and political influence on well-being; and second the “policy design arc” on how to structure thinking on policy design. This will be done in relation to review of patterns of growth and development, and patterns of thought in development, both at the level of economy-wide policies and specific interventions.

Thursday September 5

Growth and development: big patterns and alternative approaches

Class description: What is the most effective way of reducing poverty and improving the well-being of individuals and households—however well-being is defined? The session will categorize alternative broad approaches to reducing poverty, in terms of aggregate economic expansion, or “drive”, changes in sector-wide strategy, or “shift”, and specific targeted actions, or “kink”. It will relate these to the history of development thinking over the past few decades.

Thursday September 12

Policy actors, public action and the policy design arc

Class description: the class will present an overall framework for assessing development problems and designing policy action. This will be anchored on issues and influences on households and individuals, and then explore a sequence that starts with issues of values and problem analysis, and then works through the “strategic triangle” of technical, political and implementation issues, ending with an assessment of tradeoffs across policies.

Poverty concepts, targeting and sectoral policy

This sequence will illustrate descriptive and normative concepts of poverty and inequality in real world settings and outline alternative strategies of improving well-being.

Thursday September 19

Poverty concepts and policy

Class description: What do we mean by poverty and why should we care? What is the most effective way of reducing poverty? Applied poverty concepts will be linked to microeconomic concepts of utility and the expenditure function. The session will categorize alternative broad approaches to reducing poverty, in terms of aggregate economic expansion or “drive”, changes in sector-wide strategy or “shift”, and specific

targeted actions or “kink” and will relate these to underlying drivers of policy design and performance.

Thursday September 26

Inequality and political economy

Class description: This session will place household poverty within the theory and empirics of inequality. It will discuss the concept of inequality and how it has come on and off the development agenda over the past few decades. There will be a specific focus on its re-emergence into development discourse in the past decade, and the relationship between structures of inequality and the political economy and social dynamics of policy and behavior.

Thursday October 3

Education quality, politics and implementation: India

Class description: What determines the quality of basic education in rural India? How can it be improved? This session will turn to one central influence on the well-being of individuals and of inequality—the amount, and especially the quality of education. It will then use the example of education to explore the central development issue of service provision, especially how this relates to state level politics, bureaucratic functioning and interactions with NGOs. The case will also illustrate the role of information—including of observational data and RCTs—as inputs to policy design.

Thursday October 10

No class: midterms for other classes

Tuesday October 17

Poverty reduction, human capital and behavior: Mexico’s Progres a/Oportunidades/Prospera

Class description: How did the famous “invention” of conditional cash transfers in Mexico occur? This will take an iconic case of policy design and examine the implementation sequence from the perspective of the triangle, showing how this was “technically correct” in terms of models of household behavior, but that understanding the change also has to take account of Mexico’s political economy and state capability, both in its original design and its history over the past two and half decades.

Thursday October 24

Social Protection: Indonesia

Class description: How are poverty-oriented social protection programs targeted in concept and practice? The session will use the Indonesian case to take the economics of targeting and graduation concepts to real experience, illustrating welfare concepts (compensating variation), targeting principles (different errors, static and dynamic), approaches to graduation, and empirical results. This will be done through the prism of “is it technically correct?” and placed within the political and state capability context.

Understanding development challenges

This sequence will illustrate development challenges in relation to how markets, government and society “fail” to work in ideal ways, using country examples, and both macroeconomic and sectoral policies. This will pay particular attention political economy and its implications for policy design.

Thursday October 31

An IMF program in practice: Ghana

Class description: This case will take a country going through to an IMF-supported macroeconomic adjustment program and both illustrate IMF-style analysis in relation to core concepts and discuss policy choices. This will focus on the case of an IMF program in Ghana

Thursday November 7

Political economy, growth and development at the country level: Ethiopia.

Class description: What lies behind Ethiopia's impressive growth, after a long history of terrible growth performance? This case will examine Ethiopia through the prism of a general political economy of growth, in which policy, implementation and policy responses get worked through. Ethiopia's experience will be compared with experience of other countries, and linked to the triangle.

Thursday November 14

Land rights and intra-household behavior: Peru

Class description: Property rights are an important institutional element of an economy. We will study a nation-wide urban land titling program in Peru and discuss empirical evidence on the effects of property rights on incentives for individuals' productive investments, the development of markets, and distribution of resources within and across households. We will explore how property rights systems appear and evolve with cultural, political, and legal contexts over time, with a focus on gainers and losers from different arrangements.

Thursday November 21

Political economy and policy issues for fragile states: Zimbabwe

Class description: One of the most important issues of social welfare in development concerns countries that have "failed" in terms of developing the basic capacity of state functioning, often due to conflict; in development discourse typically referred to as "fragile states". The issues around interpretation and policy will be explored using the case of Zimbabwe, a case that went through a dramatic collapse in economic and social conditions.

Thursday November 28

No class: Thanksgiving

Thursday December 5

Country studies: student presentations

Topics and Key Dates (Spring 2020)

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Date	Topic	Faculty	Readings	Policy Memo due date	
Building State Capacity					
1	Jan 30	Review of group projects and plans for the semester	EC/MW	none	n/a
2	Feb 6	Cost-benefit analysis: Vietnam	EC	Esty, Benjamin, et al. "Nghe An Tate & Lyle Sugar Company." Case 9-202-054. HBS, May 2013 (Required)	Feb 18
Management of the Commons					
3	Feb 13	Community development and local cooperation: Forestry in Colombia	EC	Teaching Note: "Managing common property resources"	Feb 24
4	Feb 20	Climate Change	EC	TBD	Mar 3
Macroeconomic Crises					
5	Feb 27	Macro crises: Argentina	MW	Argentina crises case (Required) Argentina currency crisis student simulation guide (Required)	Mar 9
6	Mar 5	Macro crises: Greece	MW	Case: IMF, 2013. "Greece: Ex Post Evaluation of Exceptional Access under the 2010 Stand-By Arrangement." IMF Country Report No.13/156, June. (Required) Olivier Blanchard and Ashok Mody comments and opeds (Required)	Mar 23
	Mar 12	No class: midterms			
	Mar 19	No class: spring break			
Key Issues in Service Provision					
7	Mar 26	Private concessions and corruption	MW	Campos Nicolas, Eduardo Engel Ronald D. Fischer and Alexander Galetovic. "Renegotiations and Corruption in Infrastructure: The Odebrecht Case"	Apr 6
8	Apr 2	Revisiting the Bujagali Dam case	EC/MW	Bujagali dam case material	April 13
9	Apr 9	Community development and government services:	MW	Ensminger, 2013. "Inside Corruption Networks: Following the Money in Community Driven Development" Guggenheim, "Crises and Contradictions: Understanding the	April 20

		Indonesia and Kenya		Origins of a Community Development Project in Indonesia” (Optional)	
10	Apr 16	Design of pensions: China	EC	Teaching Note: “Reforming social security – the case of China” (Required) Dorfman et al., China’s Pension System (Optional)	Apr 27
Credibility and Signaling					
11	Apr 23	Credibility and the resource curse. Chad-Cameroon	MW	Teaching Note: “Investment and credible commitment the Chad-Cameroon Pipeline (and Mexico)” (Required)	May 4
12	Apr 30	Private concessions (2) <i>Note: will break into subsections for presentations</i>	EC/MW	None	Final project April 30

Other notes:

Two individual policy memos/op-eds are required in the Spring semester. Students may write an additional policy memo/op ed, in which case the grade will be based on the top two.

In addition all students will participate in a final group project due April 30. Each group will prepare a 10-minute PowerPoint and 2-3 page policy memo. This will involve assigned groups of ~5 people and will receive a group grade. More details will be provided later in the semester.

Unless otherwise advised, visiting speakers are on the Tuesdays, and teaching sessions on Thursdays. Policy memos are due on the Monday ten days after the teaching session; to be submitted on Canvas by 10:00 am.

Class Descriptions*Thursday January 30. Review*

Class description: This session would review the group work from the end-fall semester with a special focus on reflections on group dynamics, and then preview the semesters work.

*Thursday Feb 6**Cost-benefit analysis: Vietnam*

Class description: How do you quantify social returns to an investment and how do you weigh tradeoffs between social and financial returns? This case will explore the principles and applications of cost benefit analysis applied to Nghe An Tate & Lyle Sugar Company in Vietnam.

Management of the Commons

Managing the commons is a classic issue of economics, illuminated by both core concepts of game theory and careful institutional analysis of actual experiences. It is also often a highly political and distributional issue. This sequence will look at the commons at the very local level, and more globally, will explore the case of managing the consequences of climate change.

Thursday February 13

Community development and local cooperation: Forestry in Colombia

Class description: Introduction to overall issues around community development in the context of managing the commons (an issue to be taken up again on climate change). It will also be used to illustrate the use of experimental games and associated game theoretic concepts.

Thursday February 20

Climate change

Class description: This class will look at the issue of climate change through the prism of two sets of concepts: social cost benefit analysis with discounting, externalities and innovation; and the global problem of managing the commons in an inter-governmental context. Additionally, it will explore what instruments make sense to tackle climate change—the choice between regulation and price-based instruments, and between a carbon tax and tradable permits. What are some of the implications of using these instruments on international coordination.

Macroeconomic Crises

Macroeconomic crises are, unfortunately, a common feature of development. They have a mix of narrowly economic, political and distributional roots, and need to be understood through the prism of macroeconomic theory, politics and distributional consequences. In this sequence we focus in depth on two cases—Greece and Argentina.

Thursday February 27

The Argentine crisis

Class description: What were the origins of the Argentine currency crisis, and what were the policy alternatives? This session will explore the origins of the 2001 currency crisis in relation to both alternative theories, and, especially, the interests and perspectives the major actors in the key actors—the government, business community, households and the IMF.

Thursday March 5

The Greek crisis

Class description: This uses the Greek crisis to illustrate interactions between Greek's political economy, entry to the euro and the features of growth pre-crisis; the nature of the crisis and the response, including designs of IMF programs; the debates over design and the case for and against conditionality.

Thursday March 12

No class: Midterms

Thursday March 19

No class: Spring Break

Key Issues in Service Provision

This sequence will explore a diverse set of issues of in service provision, each of which can be seen through the prism of core economic concepts, but also require understanding of the political and institutional context and behaviors for both interpretation and policy design.

Thursday March 26

Revisiting the Bujagali Dam case

Class description: This session would revisit the case that was undertaken as simulation at the end of Math Camp. The purpose would be to bring the tools and concepts from the course to bear on this case.

Thursday April 2

Private concessions and corruption: the case of Odebrecht

Class description: This session would review the case of Odebrecht as a prism into understanding the relationship between contract awards in PPPs, corruption and organizational innovation. It would also serve as an introduction to concepts of PPPs as context for the group-based policy work for the end-of-semester project. (Cases to be assigned)

Thursday April 9

Community development and government services: Indonesia and Kenya

Class description: How can an external agent (government or donor) support community-based development? This will explore two cases with similar apparent overall designs and dramatically different outcomes.

Thursday April 16

Design of pensions: China

Class description: Illustration of concepts of intertemporal optimization in an economy-wide context (from macro), using as an example China's savings and pensions challenge. It would also illustrate institutional choices over pensions design in "multi-pillar" systems.

Credibility and signaling

This sequence will take some central issues in strategic interactions around credibility and signaling in a classic case of resource curse in which the political context is also a key factor.

Thursday April 23

Credibility and the resource curse: Chad-Cameroon

Class description: The concepts of credibility and signaling will be taken to a case of investment behavior in the context of a resource discovery, with a focus on the Chad-Cameroon pipeline and interactions with international agencies and multinational oil corporations.

Thursday May 30

Private concessions (2)

Class description: Group-based presentations of final projects.