

Annual International Conference 2014: “Development Economics and Policy”

Abstracts

Session 1A: Institutions and Conflict

Alexa Tiemann: Customary Land Rights and Contemporary Development in Africa

This paper investigates the persistent effects of pre-colonial ethnic legal institutions in Africa, using a new dataset compiled from historical ethnographic sources. I combine data on the various types of land rights (individual, communal, and others) for almost 60 ethnic groups with contemporary household survey data and find that land rights are highly persistent. Across Africa, historically communal land rights are on average associated with less land ownership today, but effects are different for migrants and non-migrants.

I then focus on historical land rights in Tanzania to investigate the mechanisms of persistence in more detail. Communal land rights (as opposed to individual rights) are still associated with less contemporary land ownership for non-migrants, and patterns are again different for individuals that have migrated to a different location.

These results also translate into different economic outcomes today. Migrants in areas with a tradition of communal land rights follow much less, while the effects are much smaller for non-migrants. Harvest output also varies with historical land rights but there are no longer sizeable differences between migrants and non-migrants. Outcomes also differ for places that were subject to resettlement. Although I cannot causally identify these effects, I control for a large number of alternative explanations relating to pre-colonial institutions. Overall, the patterns I find are highly specific and distinct, suggesting that historical ethnic land rights still play an important role in Tanzania, as well as in Africa.

Stefan Borsky (with P. A. Raschky): Renewable Resources, Ethnic Institutions and Regional Economic Activity: The Case of Maritime Fishery in Africa

Maritime fisheries in African coastal regions play an important role as a driver of economic and social development. Africa is also a highly fractionalized country and deeply-rooted ethnic institutions play a major role on how natural resources are managed. This paper constructs a novel panel dataset, which combines information on fish production with regional variation in economic activity. We use satellite data on nighttime light intensity to analyse the impact of shocks to fish production on subnational economic activity in 812 coastal regions from 31 African countries for 1992 to 2007. We address endogeneity by instrumenting fish production with yearly variation in sea-surface temperature. We find that a 10 % increase in fish production leads to a 3 % increase in contemporary regional economic activity. Further, we present evidence of the importance of pre-colonial political centralization on a regions vulnerability to contemporary negative shocks to fisheries. In particular, we find that a decrease in regional economic activity due to a negative shock to fish production is mitigated by up to 80 % in societies with strong pre-colonial political centralization.

Livia Schubiger: State Violence and the Transformation of Local Institutions: Evidence from Peru

What effect does state violence have on counterinsurgent collective action in civil wars? I study variation in state violence and counterinsurgent mobilization in the Peruvian armed conflict during the 1980s. Using geo-referenced data and two distinct identification strategies, I investigate how exposure to indiscriminate state violence affected the subsequent mobilization of ordinary citizens into civil defense forces at the community level. First, I combine propensity score matching with difference-in-differences estimation to account for observed and time-invariant unobserved heterogeneity between targeted and untargeted villages. Second, I rely on a spatial ‘fuzzy’ regression discontinuity approach that exploits the fact that state repression was largely confined – de iure and de facto – to specific districts and provinces. The results consistently suggest a positive effect of state violence on counterinsurgent collective action in Peruvian villages and towns. These findings support my theoretical argument, which holds that one common and particular type of state violence, marked by direct and collective targeting, is likely to promote counterinsurgent mobilization as a form of militarized local governance in irregular war. To my knowledge, this is the first study to systematically identify the effect of state violence on counterinsurgent mobilization at the community level. It provides novel and detailed insight into the impact of indiscriminate state violence on subsequent conflict dynamics, while at the same time contributing to the growing body of research on the consequences of wartime violence for local collective action and institutional change.

Session 1B: Finance I

Christian Ambrosius (with A. Cuecuecha): Do Remittances Increase Borrowing?

Christine Binzel (with E. Field and R. Pande): Does the Arrival of a Formal Financial Institution Alter Informal Sharing Arrangements? Experimental Evidence from Village India

How do processes of development, in particular the arrival of formal financial institutions, influence the risk-sharing capacity of village social networks? To shed light on this question, this paper exploits the randomized branch roll-out by a large rural bank in India. Improved formal financial access leads villagers to increase formal borrowing and reduce informal borrowing and gift exchange within the village. The substitutability of formal for informal borrowing is, in turn, associated with a decline of informal trust-based institutions: the risk-sharing capacity of informal networks falls and villagers are less likely to share resources with network members in non-anonymous dictator games. An overall decline in transfers is accompanied by a shift in transfers away from financial network links and towards social links, suggesting that the availability of formal financial services enables households to shift network investments towards members for whom they feel greater altruism.

Dorothea Schäfer (with S. Steiner): Financial Development and Employment – Evidence from Transition Countries

This paper studies the association between a country's level of financial development and firms' employment growth. We employ an incomplete contract model for evaluating this association. The model proposes that a high level of financial development affects the employment of firms with low managerial capital negatively, while firms with high managerial capital benefit from a more developed financial system. We test this proposition with data from the Business Environment and Enterprise Performance Survey covering transition countries in Eastern Europe and Central Asia. We use firm size as a proxy for managerial capital. Our findings confirm a non-linear effect of financial development on firm employment. Specifically, the smallest firms respond to higher levels of financial development with a reduction in employment, especially in countries at medium levels of financial development.

Session 1C: Public Administration and Regulations

Amrit Amirapu (with M.Gechter): The Effects of Labor and Industrial Regulations in India: Evidence from the Plant Size Distribution

This paper investigates the effects of a set of labor and industrial regulations by taking advantage of the fact that some of them apply only to establishments which reach a given employment size threshold. Using data from India's 2005 Economic Census, we observe that the distribution of establishments by size closely follows a power law, but with a significant drop in the distribution for establishments with 10 or more workers. Guided by a model based on Garicano, LeLarge and Van Reenen (2013) but augmented to include a theory of misreporting, we use this drop to estimate the implied costs of the regulation. We find that there is substantial variation in our estimated costs across states, industries and ownership types. Exploring this variation reveals that the states with the highest estimated costs are those with poor infrastructure and institutions (proxied by electricity transmission and distribution losses) and the lowest shares of state output and employment in manufacturing. Finally, we show that the patterns we observe have developed between 1998 and 2005, which is coincidental with a period in which India replaced a large number of organized jobs with casual and contract labor. Though this contemporaneity is not conclusive, it may suggest that the well-documented casualization of the Indian workforce has its impetus in size-based industrial regulations.

Julia Alexa Barde: How to Improve Access to Piped Water in Rural Areas? Evidence from User Associations in Brazil

This paper compares the increases in access rates to piped water in rural Brazil under two different management models. It finds that the implementation of small scale supply systems that are operated and maintained by user associations leads to a significantly higher increase in access rates in rural areas if compared to municipalities where comparable systems are implemented and operated by local governments. The latter show no different development from municipalities without specific rural projects. This result is interesting as it shows differences between two project types that are both closer to the users than

centralized systems. Preliminary results point to an accountability channel explaining the differences in performance. In municipalities in which a social group was requesting a new system before the local government started implementation and therefore awareness of government action was higher, the increase in access rates is comparable to the increase in municipalities with association projects. In order to overcome the endogeneity problem, I estimate a difference-in-difference specification using kernel matching. The treatment effects are robust to various specification changes and tests for structural differences between treatment and control group. The results show that decentralized water supply does not automatically lead to better results if accountability is low. Projects involving the users of the new infrastructure lead to better performance.

Günther Schulze (with B. Sjahrir and K. Kis-Katos): Administrative Overspending in Indonesian Districts: the Role of Local Politics

Session 1D: Climate Shocks and Health

Ramona Molitor (with S. Vollmer and S. Kumar): Children of Drought: Rainfall Variability and Early Child Health in Rural India

Barker's fetal origin hypothesis suggests a strong relationship between in-utero conditions, health and overall child development after birth. In this paper, we examine the empirical validity of this relationship in a resource-poor country like India. Using nationally representative population survey, we investigate the effect of drought on early child health. We find that drought experienced in-utero has negative effects on weight-for-age both for boys and girls. These effects translate into increased risk for children of being underweight and severely underweight. We also find evidence of heterogeneity in the effects. Children from poor and low caste households are more likely to be underweight and severely underweight than the rich and high caste children. Children of mothers with less than primary schooling are also severely affected by drought. Our results are robust to alternative definitions of drought.

Steffen Lohmann (with T. Lechtenfeld): The Effect of Drought on Health Outcomes and Health Expenditures in Rural Vietnam

This paper studies the impact of droughts on health outcomes and health expenditures in rural Vietnam. Given the increasing frequency of extreme weather events in Vietnam and many developing countries, it is crucial for policy makers to be aware of the economic impact of such shocks at the micro level. Using local rainfall data, the analysis directly links the incidence of drought to health shocks and health-related expenditures from a multiple-wave panel of rural Vietnamese households. Overall, the results suggest that individuals affected by drought display a deterioration of health conditions and have significantly higher health expenditures. The effect is found to prevail among households with a high degree of agricultural dependency and limited access to coping mechanisms such as selling assets or tapping off-farm income sources. The preferred estimates using an IV strategy reveal that drought-related health shocks can cause non-negligible additional financial burden for many

households vulnerable to poverty in rural Vietnam. This paper quantifies the immediate impact of drought on health conditions and contributes to the existing literature which has mostly focused on the long-term consequences.

Kati Schindler (with V. Groppo): The Impact of Extreme Weather Events on Child Health: Evidence from Mongolia

This paper investigates the impact of a devastating weather shock on child anthropometrics, using data from Mongolia. We employ a diff-in-diff strategy to single out the effect of an extremely harsh winter in 2010, which caused the death of about 20 percent of national livestock. Results indicate that cohorts of children exposed to the 2010 winter and who lived in districts in which the shock was particularly harsh are significantly shorter two years after the shock. The negative effect of the shock is strongest for children from herding households. Moreover, we explore the role of mitigation channels to cushion the impact of the weather shock. Both the amount of emergency aid delivered per district and the presence of an international organization in a given district relieves the negative impact of the shock. Similarly, households that have close ties to the local governor are better able to protect their children from the consequences of the shock. Our findings are robust to various estimation strategies and to different measures of shock intensity.

Session 1E: Migration I

Junaid Ahmed (with M. Mughal): How Do Consumption Patterns of Foreign and Domestic Remittance Recipients And Non Recipients Compare? Evidence from Pakistan

This study analyzes the differential consumption patterns of foreign and domestic remittances to migrant households in Pakistan using Working-Leser framework and propensity score matching. Findings point to differing consumption behaviour across foreign and domestic recipients. Foreign remittances are considered as fungible and spent in the same way as other sources of income. The budget shares of six out of eight spending categories examined for foreign remittance-receiving households are insignificantly different from non-receiving households. In contrast, domestic remittances are considered a less permanent source of income and are spent more on improving the households' human capital.

Mulubrhan Amare (with H. Waibel): The Impact of Remittances on Household Welfare Growth and the Development of Children Left Behind: Empirical Evidence from Rural Thailand

This study examines the impact of remittances on household welfare growth and the development of children left behind in rural areas using a unique set of household- and village-level panel data collected from 2,200 households and 220 villages in three provinces in rural Thailand. We use a dynamic structural income concept that involves less recall bias and measurement error to explore the long-term welfare growth impact of remittances. To control for unobserved heterogeneity and sample selection problems, we employ fixed

effects and instrumental variables in our estimations. The results suggest that remittances reduce the welfare growth of rural households. We demonstrate that remittances have a higher negative impact when the recipient households are structurally poor. We find evidence that remittances reduce the secondary school attendance of boys aged 13-17, but we find no evidence that remittances affect the school attendance of girls or the primary school attendance of boys aged 6-12.

Valeria Groppo (with M. Mendola): The Short-Run Costs of Moving: Internal Migration and Consumption Growth in Indonesia

The paper studies how internal migration impacts consumption in migrants' origin households in the short-run. We analyze the case of Indonesia, using the longitudinal dataset Indonesia Family Life Survey (IFLS). In particular, we use IFLS1997 and IFLS2000 and estimate how origin households' consumption growth in the period 1997-2000 is affected by these households having internal migrants in the same period. We tackle the endogeneity of migration via a difference-in-differences approach, coupled with the use of instrumental variables. While taking into account the endogeneity of internal migration, we also distinguish the effects of having a *current* or a *return* migrant. Our instrumental variable estimates indicate that having an internal return migrant significantly reduces origin households' consumption growth in the short-run. This holds independently of the consumption measure used as dependent variable. Differently, the effect of current migration depends on the consumption measure used. The negative impact of return migration is likely to be related to a lower income potential of migrants upon return.

Session 2A: Trade and FDI

Michael Hübler (with A. Glas): Which Indicators of Absorptive Capacity Enhance Import-induced South-North Convergence in Labor Intensities?

We hypothesize that North-South trade is associated with knowledge spillovers that create labor productivity gains depending on various determinants of Southern absorptive capacity. We use the novel World Input-Output Database (WIOD) that provides bilateral and bisectoral panel data for 39 countries and 35 sectors for 1995-2009. We examine growth in relative South-North labor intensities (South-North convergence) for 31 industrialized source and eight emerging recipient countries. We find robust evidence that the following measures of absorptive capacity (ordered by magnitude of the estimated coefficients) interact with imports so that relative labor intensity is reduced: economic freedom and political and civil rights, services, skills, scientific publications and patents as well as telephone and internet access. GMM and GLS estimations corroborate the results. Policies that support various of the identified determinants of absorptive capacity are more promising than policies that select only one. Elevating the absorptive capacity of emerging economies to the maximum level in the world would halve the South-North gap in labor intensities within a couple of decades if it were solely achieved through the trade channel.

Ralitza Dimova (with C. Yap): Preferential Market Access into the Chinese Market: How Good is it for Africa?

In 2005 China provided duty-free access to 190 items from 25 least developed sub-Saharan African (SSA) countries. Three years later duty-free access was extended to 454 items from 31 SSA LDCs. We find no evidence that China's preferential market access program for the least developed sub-Saharan African countries has helped these countries gain competitive edge over other exporters into the Chinese market. While there is evidence of decreased export bundle concentration and movement up the value chain for SSA countries involved in the program, the effect differs significantly across countries.

Krisztina Kis-Katos (with R. Sparrow): Poverty, Labor Markets and Trade Liberalization in Indonesia

We measure the effects of trade liberalization over the period of 1993-2002 on regional poverty levels in 259 Indonesian regions, and investigate the labour market mechanisms behind these effects. The identification strategy relies on combining information on initial regional labour and product market structure with the exogenous tariff reduction schedule over four three-year periods. We find that poverty reduced more in regions that were more strongly exposed to import tariff liberalization. Among the potential channels behind this effect, we highlight the formalization of the unskilled labour force and structural reallocation of labour. We also show that job formation and increases in unskilled wages were related to reductions in import tariffs on intermediate goods and not to reductions in import tariffs on final outputs. These results point towards increasing firm competitiveness as a driving factor behind the beneficial poverty effects.

Session 2B: Educational Attainments

Maren M. Michaelsen (with P. Salardi): School's out - Drug-related Violence and Education Performance in Mexico

In Mexico, violence increased dramatically after the previous government's declaration of the "war against drugs" in 2006, with devastating consequences for Mexico's population. We investigate the impact of violence on primary school performance. Using a panel data set on all primary schools in Mexico for the academic years 2006/07 to 2010/11 and detailed data from official deaths records, we estimate the impact of an increase in homicide rates in a certain radius around each primary school on standardised ENLACE exam results and explore several potential mechanisms through which violence may affect exam results. We find that violence reduces school performance through prolonged stress reducing the accumulation of human capital and acute stress affecting concentration during the exam. We also account for migration and changes in school quality, and find heterogeneous effects by subject and grade. The results suggest that the present situation will also have consequences in the long-run through an impediment of human capital accumulation.

Maria Kuecken (with J. Thuilliez and M.-A. Valfort): Does Malaria Control Impact Education? A Study of the Global Fund in Africa

Relying on microeconomic data, we examine the medium term effects of the Global Fund's malaria control campaigns on the educational attainment of primary schoolchildren in 22 Sub-Saharan African countries. Combining a difference-in-differences approach with an IV analysis, we exploit exogenous variation in different measures for pre-campaign malaria risk and exposure to the timing and expenditure of the Global Fund's malaria control campaigns. In a majority of countries, we find that the disbursements lead to substantial increases in grade level and/or reductions in schooling delay. The overall positive impact of malaria control on education is confirmed when disbursements from other major actors (including the President's Malaria Initiative and World Bank Booster Program for Malaria Control in Africa) are also taken into account.

Francesco Burchi: Women's Political Representation and Educational Attainments: A District-Level Analysis in India

Session 2C: Gender I

Concetta Mendolicchio (with E. Forlani and E. Lodigiani): The Impact of Low-Skilled Immigration on Female Labor Supply

This paper contributes to the literature on the impact of immigrants on native female labour supply. By segmenting the market by educational levels, we are able to investigate which native-born women are more affected by an increase of low-skilled immigrants working in the household service sector. We present a model of individual choice with home production and, using an harmonized dataset (CNEF), we test its main predictions. Our sample includes countries implementing different family policies. Our results suggest that the share of immigrants working in services in a given local labour market is positively associated with the probability of native-born women to increase their labour supply at the intensive margin (number of hours worked per week), if skilled, and at the extensive margin (participation decision), if unskilled. Moreover, they show that these effects are larger in countries with less family-supportive policies.

Florence Arestoff (with E. Djemaï): Women's empowerment across the life cycle and generations: Evidence from Sub-Saharan Africa

Does female empowerment evolve over the life cycle, and has it changed across generations? We use data from the Demographic and Health Surveys covering a sample of about 191,000 adult women to evaluate the age, period and cohort effects regarding individual attitudes to marital violence. Pseudo-panel data are constructed from repeated cross-sections from five African countries in the 2000s. The estimates show that, over the life cycle, women tend to think that marital violence is less and less justifiable, and that younger cohorts are less likely than older cohorts to view marital violence as justifiable, even controlling for education. In the full age-period-cohort decomposition, the age and period

effects are the most important. Age effects are driven by changes in labor-force status, household composition and parenthood.

Stephan Klasen (with J. Pieters): What Explains the Stagnation of Female Labor Force Participation in Urban India?

Session 2D: Risks and Behavior

Sabine Liebenehm (with H. Waibel, O. Gloede and L. Menkhoff): Changes in risk attitudes and vulnerability to idiosyncratic and covariate shocks - Evidence from panel household data in Thailand and Vietnam

In this paper we investigate changes in individual risk attitudes, measured by a survey-based item, over time among the rural population in Thailand and Vietnam. We utilize a unique panel data set of 2812 respondents from 2008 and 2010. We aim to identify potential factors that affect the change in risk attitudes. In particular, we aim to examine the relation between risk aversion and vulnerability to idiosyncratic and covariate shocks.

Juliane Zenker (with A. Wagener and S. Vollmer):

Many rural Thai households spend significant shares of their annual expenditure on lottery tickets while having poor knowledge about the properties of the game and upwardly biased prospects of winning the jackpot. By randomly informing households on the actual probability distribution of the Thai Government Lottery we test whether improved knowledge reduces lottery participation. Our intervention exogenously induces more precise perceptions of the lottery's odds in the treatment group. We show, however, that the willingness to pay for lottery tickets is not affected by that.

Christoph Strupat (with F. Klohn): Crowding out of Solidarity? – Public Health Insurance versus Informal Transfer Networks in Ghana

This paper delivers empirical evidence on how informal transfers are affected by a formal and country-wide health insurance scheme. Using the fifth wave of the Ghanaian Living Standard Household Survey, we investigate the extent to which the exogenous implementation of the National Health Insurance Scheme affects the probability of making or receiving informal transfers and their monetary equivalents. Our findings suggest that there is a significant crowding out of informal transfers. Members of weak transfer networks and individuals that run an enterprise are inclined to reduce their amount of remittances. We conclude that the provision of formal health insurance can reduce covariate risk in weak transfer networks and support business owners that are confronted by strong sharing obligations.

Session 2E: Shocks and Conflicts

André Gröger (with Y. Zylberberg): Internal Migration as a Risk-Coping Strategy: Evidence from a Typhoon

This paper analyzes how internal migration facilitates consumption smoothing of sending households. We identify objective variations in the flooded areas generated by a severe typhoon in Vietnam (Ondoy/Ketsana, 2009) by using daily satellite images with 250m-precision. We match such treatment with two rounds of a household panel survey and ask three questions. Do affected households receive remittances from temporary labor migrants? Do remittances come from already-settled migrants or from new migrants driven away by the shock? Finally, can hastily-sent migrants generate as much revenues as already-settled migrants? In a nutshell, the most affected households experience a drop in income per capita of 400 USD and they receive 130 USD from labor migrants. It is, by far, the most active risk-coping channel, but it is insufficient to alleviate the initial shock. Households with settled migrants receive more on average, but the other households react by sending migrants more often and, when they do so, the contribution of new migrants is similar to established ones. The new migrants that are hastily sent away by the typhoon are quite generous because (i) they find jobs very rapidly and (ii) they have similar characteristics as other migrants. However, their earnings are still 20% lower because hurriedness prevents them from sampling job offers.

Alisher Mirzabaev: Impact of Weather Variability and Climate Change on Rural Incomes in Central Asia

Dany Jaimovich (with A. Abdel Rahim and A. Ylönen): Forced Displacement and Behavioral Change: An Empirical Study of Returnee Households in the Nuba Mountains

Unique data gathered shortly after the end of the civil war in the Nuba Mountains of Sudan is used to compare characteristics of the households that returned after the conflict with those that stayed. We find that returned households seem to face worse economic conditions but tend to perform better on different health indicators. We explore the hypothesis that behavioral changes related to the distinct experiences during displacement can explain the latter result. Using a detailed set of variables related to hygiene and sanitary habits we show that returnees are more likely to adopt these measures.

Poster Session: Social Dimensions of Poverty

Luminita Postelnicu: Social Capital Accumulation and Poverty: A Theoretical Model

In this paper I build a theoretical model to show how social capital accumulates, and I explain its impact on poor individuals. Starting from the three layers of social capital (binding, bonding, and bridging) identified by the socio-economic literature, I look at the social capital accumulation from the perspective of: i) improvement of risk insurance arrangements, and ii) informational advantages. I show that social capital accumulation has

positive effects through better informal risk insurance and better access to new information. However, I point out that social capital accumulation and, hence, the stock of individual social capital is asymmetric. The accumulation of social capital unaccompanied by an increase in wealth is Pareto efficient, generating a poverty trap for the individuals with poorer informal risk insurance arrangements.

Veronika Bertram-Hümmer: The Role of Visible Wealth for Deprivation

Motivated by the lack of literature linking actual to perceived relative deprivation, the paper assesses the role of visibility in goods and assets vis-à-vis income behind perceptions of relative deprivation. Based on household survey data that includes unique information on perceived deprivation with a pre-specified reference group, we create an index of visible wealth by aggregating different goods and assets using principal component weights. We find that relative deprivation in visible wealth has a ten percentage point higher explanatory power for reporting a high level of perceived deprivation than that of income. The finding sheds light on the importance of the visibility of the objects of comparison on an individual's assessment of his relative economic situation.

Merle Kreibaum: Their Suffering, Our Burden? How Congolese Refugees Affect the Ugandan Population

The situation of refugees all over the world gets increasingly protracted, as civil wars in their home countries are not resolved. Especially in developing countries, the sudden inflow and long-term presence of refugees can represent a significant strain on infrastructure and markets. Uganda has an exemplary legal framework in its Refugee Act aiming at the economic independence from aid of refugees and the inclusion of public services for hosts and the displaced. Three waves of two different household surveys are used, in order to employ a difference-in-differences approach. In doing so, the natural experiment of two sudden inflows is exploited, while simultaneously controlling for long-term trends in refugee numbers. The findings presented here suggest that Uganda can benefit from its decades long experience in hosting refugees as well as its policy framework when it comes to the economic welfare and the public service provision of its nationals. Yet, there are small warning signals regarding social integration. This could motivate policy makers to look further into this issue and possibly increase efforts to reduce prejudices between the groups.

Poster Session: Aid and FDI

Bernhard Reinsberg: Which donors, which funds? The choice of multilateral funds by bilateral donors at the World Bank

The rapid growth of trust funds at multilateral development organizations has not received much attention in the academic literature. We consider the choice by sovereign donors among various types of multilaterally channeled funds. Taking the example of the World Bank, we distinguish between core funding through the International Development Association and trust funds, as well as different types of trust funds. Our argument builds on

the premise that a donor trades off burden sharing in larger funds versus the degree of preference matching in smaller funds. Our model generates the prediction that trust funds are a result of larger incompatibility of donor preferences and IDA activities. In addition, if donors cannot agree based on their bilateral aid preferences, they should engage in smaller trust funds. Using a sample of World Bank trust funds which received contributions from OECD/DAC donors over the last decade, we corroborate our main hypotheses. Moreover, we show that donors rely on specific kinds of trust funds to alter IDA policies.

Lisa Chauvet: Aid and Growth - Evidence from Firm-Level Data

This paper explores the impact of foreign aid on firms growth for a panel of 5,640 firms in 29 developing countries, 11 of which in Africa. Using the World Bank Enterprise Surveys data and controlling for firms fixed effects, we find a positive impact of foreign aid on sales growth. This result is robust to various checks, notably to the instrumentation of aid. We then identify the main infrastructure obstacles to firms growth and examine whether foreign aid contributes to relaxing those constraints. We find that electricity and transport are perceived as important constraints which tend to decrease the growth rate of firms, as well as the utilization of their productive capacity. Evidence on the impact of aid on infrastructure obstacles suggests that total aid and aid to the energy sector tend to decrease electricity obstacles. We also show that transport aid projects, geo-localized at the region level, tend to decrease the transport obstacles.

Binyam Afewerk Demena: New Wine in Old Bottles: A Meta-Analysis of FDI and Productivity Spillovers in Developing Countries

Empirical results of Foreign Direct Investment on domestic firms productivity spillovers are clearly mixed. This study reviews the intra-sectoral heterogeneity of productivity spillovers from FDI in a large sample of developing countries. I investigate publication selection bias, and estimate the underlying empirical FDI-spillover effects. I collect 1,545 spillover estimates conducted by 96 researchers from 74 empirical studies dealing with 31 developing countries for the period of 1983 to 2013. My results suggest that FDI-spillover effects are tainted with moderate to substantial publication bias. In combination with model misspecifications of the primary studies, the bias overstates the Meta-effect by more than 55 per cent of the actual magnitude of the effect. Once the biases have been corrected, the Meta-effect in the context of developing countries is economically significant. Most importantly, I find that spillovers and their sign depend systematically on the heterogeneity of method and publication characteristics. Results are robust for different methods, and the study has identified critical measurement errors of the previous Meta-Analyses.

Poster Session: Microfinance

Sefa K. Awaworyi: Impact of Microfinance on Poverty and Microenterprises: A Meta-Analysis

We conduct a meta-analysis to review 25 empirical studies with a total of 595 estimates of the impact of microcredit and access to credit on poverty and microenterprises. We formulate four hypotheses to examine the empirical evidence and to provide a general conclusion on the impacts of microfinance, while addressing issues of within and between-study variations. The hypotheses examined are: 1) Microcredit has a positive impact on poverty reduction (H1), 2) Microcredit has a positive impact on microenterprise performance (H2); 3) Access to microcredit has a positive impact on poverty reduction (H3); 4) Access to microcredit has a positive impact on microenterprise performance (H4). We consider consumption/expenditure, assets, income and income growth as proxies for poverty, and labour supply, business profits and revenue for microenterprise performance. Overall, we find no robust evidence of any significant impact on microenterprise performance. With regards to impact on poverty reduction, there is no evidence of any strong positive impact. Evidence mainly suggest an insignificant impact however, an exception can be made for impact on assets, which is positive but weak, with practically no economic relevant. Additionally, we find that impact on income growth is negative.

Wiebke Bartz: Borrower Opacity and Relationship Intensity - Evidence from Small Business Lending in Kosovo

Strong bank-borrower relationships are seen as a key instrument to overcome information asymmetries in small business lending. A measure for this strength is relationship intensity, i.e. the number of loans a client receives from a single lender. Making use of a Kosovar small business lender's credit portfolio from April 2000 until August 2012 containing some 67,000 bank-borrower relationships we investigate whether relationship intensity is driven by the degree of client opacity. We find strong evidence for this hypothesis: Clients for whom less information is available before establishing the relationship and smaller clients engage in more intensive relationships. However, this result only holds for sole proprietors. Moreover, we find evidence that the relationship between bank and borrower, irrespective of the legal form, is more intensive for clients operating in the agricultural sector, clients with working capital demand and clients that are relatively less credit rationed when applying for the first loan.

Viola Werner: Do Helplines Promote Contributions to Voluntary Micro-Pension Schemes? - Evidence from India

Representing the vast majority of India's labor force, informal sector workers are predicted to face increased risks of old-age poverty in the coming decades. In the presence of demographic change and socio-economic transformations, the traditional multi-generational household model that used to ensure family support during old age is slowly fading. Micro-pension schemes are one way to improve old-age income security. Aiming to fill the knowledge gap of how to promote voluntary contributions to micro-pension schemes, this study analyzes an observational dataset of 87,952 micro-pension customers of whom 25,014 (28.44%) customers were randomly selected for helpline calls. To estimate the impact of the

phone conversation with a helpline agent, we focus on an instrumental variable approach, taking into account that the decision of the customer to answer the call is endogenous. Assuming a homogeneous impact of the phone conversation with a helpline agent, the analysis shows no significant effect of the call on the saved amount over the analyzed time period. Allowing for heterogeneous impacts, however, a regional pattern is evident, indicating positive effects for customers in northern India, insignificant effects for customers in southern India, and negative effects for customers in western India. We propose a linkage between the provision of health care services and a customer's preference for contributing to a long-term commitment savings product as a potential explanation of the regional disparities. The unexplained negative effects in the western regions, however, underline the need for internal research at a disaggregated level.

Poster Session: Institutions

Carolyn Chisadza: Is Democracy Eluding Sub-Saharan Africa?

This paper analyses the modernisation hypothesis in the sub-Saharan African region. Using a sample of 48 countries from 1960 to 2010 and dynamic panel data analysis, we find a significant and negative relationship between income and democracy, an indication that the hypothesis may not hold in the region. We also investigate further by distinguishing between exogenous and endogenous democracy. The former explains whether external factors, such as the end of the Cold War, as well as regional influence, play a role in the process of democratisation in sub-Saharan Africa. Results indicate that the end of the Cold War has a significant influence on the democratisation process probably because of the pro-democracy policies advocated by international organisations, while regional organisations play no significant role in the region. We also obtain significant results for democracy when we proxy for international organisations with an IMF programme variable.

Angela Münch: Public Spending on Health as Political Instrument? – Regime-Type Dependency of Public Spending

The paper argues that the level of public spending on health varies according to the type of political regime in a country. A simple political economic model is applied in order to analyse the rationale of policy makers when implementing health care policy. An empirical analysis is conducted for 132 low- and middle income countries for the years 1995-2010. We find that 'tinpot' regimes typically spend less on public health care provision than democratic or totalitarian regimes. Moreover, public spending on health in neighbouring countries affects the level of public spending within the country. In totalitarian regimes, public spending on health is decreasing in the level of political freedom and increasing in the length of tenure of the regime. On the other hand, democratic regimes tend to spend more on public goods, including healthcare.

Juanita Vasquez: Triggering Social Norms towards Legality: An Experimental Approach

Policy makers face a big challenge when designing policies that succeed in having people comply with the law, especially where illegality is the norm. With a framed field experiment we study the effectiveness of two types of public policies in achieving legality and also look at their combined effect when interacted. We focus on policies that activate social norms within communities and those that use common deterrence mechanisms. We run our experiments in a coca growing area in Colombia, where we can study the impact of an alternative development program on the farmers' willingness to invest in coca and to establish mechanisms of social control. We exploit an exogenous rule that determines program participation to assess causality and run the experiments with beneficiaries and non-beneficiaries of the program. We find the program enhances coca reduction and increases internal social control. Internal control mechanisms decrease coca investments among program beneficiaries and social control is triggered when people observe other group members invest in coca. We interact exogenous punishment with internal compliance mechanisms and find that external punishments that make whole groups liable crowd-out internal control mechanisms; those that make individuals liable for their actions enhance internal social control. We conclude that giving farmers positive incentives to act legally can have positive feedback effects that enhance compliance and thus reduce the need to rely explicitly on costly external punishment which, in the case of coca growers, is highly detrimental to their productive and development potential.

Katharina Stepping: Are Autocrats More Environment-Friendly than Democrats? Investigating the Impact of the Regime Type on Environmental Targets in Developing Countries

The state is likely to play a crucial role in coping with major environmental challenges such as climate change, biodiversity loss and the degradation of ecosystems – in both developed and developing countries. Yet, empirics show significant differences in environmental outcomes between countries. This paper analyzes whether differences in reaching environmental goals can be attributed to different types of political regime, different levels of economic development, and different levels of state capacity, using cross-sectional time-series data for 132 countries from 2000 till 2010. As independent variable, we use the dimension Ecosystem Vitality of the 2012 Environmental Performance Index (EPI) in order to approximate a country's performance in reaching environmental targets. As main explanatory variables, the summary Polity IV score determines the regime type in a given country in a given year, per capita income represents the level of economic development, and ICRG's bureaucracy quality reflects a state's capacity. The results show that economic development has a non-linear effect on environmental performance: As an economy develops, environmental targets are less likely reached; after passing a certain threshold, economic development has a positive effect. But neither the regime type nor the state capacity has a statistically significant effect on environmental performance. Contrary to expectations, the effect of economic development does not interact with the regime type or the state capacity.

Jana Lenze: The Impact of Women's Labor Force Participation on Domestic Violence in Jordan

Enhancing women's participation in the labour force has been seen as a way to promote their empowerment which in turn is believed to enhance their well-being and well-being of their children. However, the empirical literature on the relationship between women's employment status and domestic violence is less clear-cut. Motivated by this ambiguity, this study explores the effect of women's employment measured by their participation in paid work outside the home on reported spousal violence, based on quantitative data from Jordan in 2007. A notable feature of this paper is that it controls for the potential endogeneity of women's employment which might bias the relationship between employment and spousal violence. Disregarding the issue of endogeneity, the first regression results suggest that woman's participation in paid work enhances violence by her husband. After controlling for endogeneity of female employment using instrumental variable estimation, however, these results turn out to be insignificant, which suggests that women's work status has no causal influence on marital violence.

Poster Session: Agriculture

Weyori Alirah Emmanuel: Agricultural Innovations Systems and Adoption Decision: Findings from a Study of Ghanaian Plantain Sector

The main objective of this study is to analyze social network and agricultural innovations development; and innovations systems and farm technology adoption linkages. The study uses a combination of Rapid Agricultural Appraisal Knowledge Systems and Social Network Analysis (SNA) to identify; map and analyze agricultural innovations system of plantain in Ghana. Second, we address the impact of the innovations systems on adoption of improved technologies through social network as a proxy to determine how the agricultural innovations system affects adoption using data from plantain farmers and stakeholders of plantain innovations in 7 villages in the Brong Ahafo and Central regions of Ghana. The study showed that the innovations are generally weak in Ghana and observed although farmers are central through interactions they have little to no influence in the innovations system perspective. The overall adoption of improved farm technologies is low. Weak innovation system, short shelf life, taste and cooking texture are some of the characteristic that hinder farm technology adoption. The social network capital of farmers, extension agents, crop research institute (CRI) and a combined index for all innovations actors all significantly influence adoption suggesting that public, private-public partnership should be strengthened to increase their interaction in the innovations system and thereby farm technology adoption.

Justice Akpene Tambo: More than Adopters: the Welfare Effects of Farmer Innovation in Rural Ghana

With the rapidly changing economic environments and numerous challenges hindering smallholders' adoption of externally developed technologies, it is often argued that farmers' innovations may be essential in the livelihoods of rural farm households and need to be promoted. Yet a rigorous assessment of the impacts of farmer innovation is lacking. Consequently, we analyse the effect of farmer innovation on household welfare, measured by farm and household income, consumption expenditure and food security. Using data from a recent field survey of rural farm households in northern Ghana and endogenous

switching regression which controls for non-random selection bias, we estimate the welfare gains for innovators from innovating, and non-innovators had they innovated. We find that farmer innovation significantly improves both household income and consumption expenditure for innovators. It also contributes significantly to the reduction of food insecurity among innovative households by increasing household food consumption expenditure, reducing the length of food shortages, and decreasing the severity of hunger. However, we find that the positive productivity and income effects of farmer innovation do not significantly translate into nutritious diet, measured by household dietary diversity. The results also indicate that farmer innovation would have heterogeneous welfare effects for non-innovators, had they decided to innovate. Overall, our results show positive and significant welfare effects of farmer innovation, hence, support increasing arguments on the need to promote farmer innovation as a complement to externally promoted technologies in food security and poverty reduction efforts.

Simon Lange: Coping with Drought: New Evidence from Rural Burkina Faso

Using two large panel datasets covering Burkina Faso's 2004 drought, this paper investigates farm households' ability to smooth consumption ex-post via savings in the form of livestock and grain storage. We find that livestock sales increase significantly in response to adverse rainfall and that the motive frequently stated for extra sales by households is the need to finance food consumption. Using deviations in rainfall to extract the transitory component of crop profit, we find evidence that shocks are nevertheless to a large extent passed on to consumption expenditure. In line with the literature, we find that some consumption smoothing is achieved via adjustments to grain stocks while households apparently fail to smooth consumption by adjusting livestock holdings. We argue that this seemingly contradictory finding is largely due to a decrease in the relative prices for livestock during droughts. This suggests that livestock sales as a strategy for consumption smoothing are costly. We also discuss problems that such general equilibrium effects pose to the identification strategy commonly applied in the literature.

John Ilukor: The Provision of Veterinary Services: Who Are the Influential Actors and What Are the Governance Challenges? A Case Study of Uganda

As a result of continued fiscal challenges from late 1980s to date, the government of Uganda liberalized and decentralized the provision of veterinary services. As a result, many actors are involved in providing veterinary services without adequate regulation and supervision. With the resurgence of infectious diseases, increased economic and health risks especially to the rural poor, there is the need to understand relational patterns of actors to ensure good governance and address emerging and re-emerging animal diseases risks. A participatory mapping tool called Process Net-Map was used to identify the relevant actors and assess their influence in the delivery of clinical and preventive veterinary services in both pastoral and intensive livestock production systems. The tool also served to elicit governance challenges in veterinary service delivery. The results reveal that important social relations in veterinary service delivery include the following: (1) cooperation between private veterinarians and paraprofessionals, as well as private veterinarians and government veterinarians in intensive production systems; and (2) cooperation between NGOs,

government veterinarians, and community based animal health workers (CAHWs) in the pastoral areas. Staff absenteeism, insufficient and unpredictable budgets, weak legislation, exclusion of technical staff from the decision making process and policy illogicality were identified as major governance problems veterinary service delivery. The paper concludes that given the existing fiscal challenges, the key to improving animal service delivery in Uganda is getting priorities, policies and institutions right.

Stefania Bracco: Food for Fuel or Fuel for Food? The Impact of Biofuel Production on the Interactions between Crude Oil and Food Prices

The aim of the paper is to analyze how the production of biofuels has affected the relationship between food and crude oil prices. The first part of the paper introduces the separate and joint challenges of the food versus fuel debate, commenting on motivations and policy implications, and presents a simple vertically integrated model to interpret the connections between food and fuel sectors. The second part shows a comparison with the related literature, in order to explain the novelty of the research and the techniques used to address the issue. With the aim of separating the global impact of crude oil prices on agricultural inputs' prices from the effect on food prices of an increased biofuels production, we first check for structural breaks in the fuel-food price relationship, considering the main commodities involved in biofuels production (maize, sugar, wheat, palm oil, rapeseed oil, soybean, sunflower oil) during the time period 1980-2013. After performing tests for stationarity/unit roots tests, such as Augmented Dickey-Fuller test and Phillips-Perron test, and determining the lag length by using the Schwarz, Akaike and Hannan-Quinn information criteria, we implement a Johansen cointegration analysis for the different sub-periods derived from the Chow break test. We find out that the production of biofuels strengthens significantly the cointegration between crude oil and food prices in the period 2002-2013. Finally, Granger causality tests show that the crude oil price increasingly Granger-causes the price of agricultural commodities, due to the biofuel link. We provide evidence that, in presence of biofuels, high crude oil prices put upward pressure on food prices. This implies the case for re-thinking the biofuels' incentives and targets set by the main producers.

Session 3A: Micro-Insurances

Marie-Catherine Riekhof: Estimating the Insurance Premium in Interlinked Credit-Output Contracts

This paper empirically analyses the special role of informal interlinked credit-output contracts. These contracts provide credits at apparently zero interest, but with agreements to pay the borrower below market prices on the output market. The set-up implies that interest payments are based on income flows. Based on data from an Indian small-scale fishery I calculate the implicit interest rate of these interlinked credit-output contracts, which turn out to be of similar size as micro finance rates. Empirical estimations show two opposing effects: on the one hand, the borrower pays the lender for sharing the income risk through interest payments based on income flows by means of an interest rate mark-up. On the other hand, in interlinked contracts, specialized productive assets - in this case fishing boats - take the role of a collateral and reduce interest rates.

Antonio Farfán-Vallespín (with B. Schubert and G. Schulze): The Effects of Credit-Life Micro-Insurance: Evidence from the Philippines

Kristina Czura (with A. de Janvry, V. Dequiedt and E. Sadoulet): Willingness-to-Pay for Micro-Insurance and Flexibility: Evidence from an Agricultural Investment Lab-in-the-Field Experiment in Senegal

Both researchers and practitioners increasingly recognize the importance of interacting savings, credit and insurance as risk coping tools for agricultural smallholders in developing countries. We study the impact of insurance on agricultural decision making and the willingness to pay for insurance in flexible and inflexible decision making scenarios in original lab-in-the-field experiments. Inflexible decision making scenarios resemble commitment to other financial instruments in our setup. Preliminary analyses show (a) little over-proportional effects of insurance on investments, and (b) higher value of insurance in inflexible decision scenarios. This suggests complementarities among different financial instruments, confirming the rising awareness among researchers and practitioners that a holistic approach to risk resilience is needed.

Session 3B: Health

Michael Schleicher (with L. Oberländer, A. Soares, G. Savadogo, R. Sauerborn and S. Klonner): Community-Based Health Insurance and Household Welfare - Empirical Evidence from Burkina Faso.

This paper evaluates the impact of a subsidy on community-based health insurance (CBHI) offered in 41 villages in Burkina Faso. While all households were offered CBHI, a 50 per cent subsidy on the insurance premium was offered to only the 20 per cent least wealthy households in each village. Each household's wealth status was determined upfront through community wealth rankings that were carried out village by village. Combining the wealth ranking data with a rich household panel data set, the subsidy assignment rule allows us to use a sharp regression discontinuity design to identify causal effects of the subsidy on insurance take-up, household expenditure patterns, and health outcomes. We find, first, that the subsidy resulted in a doubling of insurance enrolment implying that poor households' price elasticity of demand for health insurance is large and equal to about one. Second, we find that being eligible for the subsidy halves the incidence of healthcare related out-of-pocket expenditures. Third, regarding health outcomes, we find that the subsidy reduced the probability that a household reported at least one lost day due to illness by about forty per cent. We conclude that pricing of health-related micro-insurance products has large effects on both insurance take-up and household welfare in low-income contexts.

Ramona Rischke (with S. C. Kimenju, M. Qaim and S. Klasen): Supermarkets and the Nutrition Transition in Kenya

Many low income countries are experiencing a “nutrition transition” towards the consumption of more energy-dense, highly processed foods and beverages that are often high in caloric sweeteners, fat and salt. Changing lifestyles and urbanisation have coincided with a ‘retail revolution’, a rapid advance of supermarkets even in remote areas. Among the consequences of the nutrition transition have been expanding waistlines and surging rates of nutrition-related non-communicable diseases, including diabetes, heart diseases and certain cancers. Given the still prevailing rates of under-nutrition, affected countries face a double burden of malnutrition, and individuals that have overcome food poverty risk often remain health-poor. The effect of supermarkets on consumers’ diets and the nutrition transition remains unclear: By offering stable and consistent access to a wide range of foods with different dietary qualities, supermarkets could either discourage or contribute to the consumption of a well-balanced diet. This paper investigates the effect of supermarkets on consumption patterns using cross-sectional household survey data collected in Kenya in 2012. In order to establish causality, our sample was designed to be quasi-experimental in nature, with study sites differing in terms of supermarket access. We employ instrumental variable techniques to account for potential endogeneity due to selection effects regarding supermarket purchases. Our findings suggest that supermarket purchases increase the consumption of processed foods at the expense of unprocessed foods. Supermarkets are associated with higher expenditure shares and calorie shares of processed foods, and with increased per capita calorie availability. The latter effect is supported by lower prices per calorie for processed food items. Supermarket purchases have a positive effect on dietary diversity, but implications for the nutrient adequacy of consumers remain unclear.

Natascha Wagner (with S. Quimbo, J. Florentino, O. Solon, J. Peabody): Do Health Reforms To Improve Quality Have Long-term Effects?

We tracked doctors who had previously participated in a randomized policy experiment in the Philippines. The original experiment involved 30 district hospitals divided equally into one control site and two intervention sites that increased insurance payments (full insurance support for children under 5 year old) or made bonus payments to hospital staff. During the three years of the intervention, quality- as measured by clinical performance and value (CPV) vignettes - improved and was sustained in both intervention sites compared to controls. Five years after the interventions were discontinued, we re-measured the quality of care of the doctors. We found that the intervention sites continued to have significantly higher quality compared to the control sites. The previously documented quality improvement in intervention sites appears to be sustained; moreover it was subject to a very low (less than 1 percent per year) rate of decay in quality scores.

Session 3C: Aid and International Interventions

Toman Omar Mahmoud (with M. Acht and R. Thiele): Corrupt Governments Receive Less Bilateral Aid: Governance and the Delivery of Foreign Aid through Non-Government Actors

A core result of the aid allocation literature is that the quality of governance in recipient countries does not affect the amounts of foreign aid received. Donor countries may still give aid to poorly-governed countries because of a dilemma they face: those countries most in

need typically also lack proper institutions. This paper argues that donors try to resolve this dilemma by delivering aid through non-state actors. Using aid shares as well as absolute amounts of aid allocated through different channels and considering different dimensions of governance, we provide evidence that bypassing governments via NGOs and multilateral organizations is indeed a response to weak recipient state institutions. The effect is stronger in aid sectors where donors can more easily switch between channels, and for the group of donors that have been dubbed 'like-minded' to indicate their specific focus on recipient need.

Anna Minasyan: Encountering Donor-Recipient Cultural Differences in the Effectiveness of Aid

Cultural differences between foreign aid donors and recipients may damage the effectiveness of aid by giving rise to information asymmetry problem in aid transactions. I test this hypothesis empirically by augmenting a well-known empirical growth model of aid effectiveness with proxies for vertical (common ancestry) and horizontal (western education) cultural transmission, based on the theory of Bisin and Verdier (2001). Using extended panel data and estimation strategy in Clemens et al. (2012), I find that an increase of one standard deviation in Fst genetic distance (co-ancestor coefficient) reduces the effect of aid on growth by 0.11 percentage points. The economic growth is increased by 0.5 percentage points, with one percentage point change in aid, when a country transitions from western educated leadership to the opposite. The results are statistically significant at five percent and remain robust at ten percent level.

Michael Jetter (with J. C. Duque and S. Sosa): UN Interventions: The Role of Geography

This paper argues that military interventions passed by the United Nations Security Council (UNSC) are geographically biased. For every 1,000 kilometers of distance from the three Western permanent UNSC members (France, the UK, or the US), the probability of a UN intervention decreases by 4 percent. Thus, the probability of a military intervention by the UN is 42 to 43 percentage points lower in Malaysia or Indonesia, compared to countries like Spain or Mexico. It is possible that practical considerations are driving this result: Intervening closer to home may be cheaper and chances of a successful intervention might be higher, everything else equal. The fact that interventions are also more likely in smaller and poorer conflict countries also points towards practical considerations playing a role. We are able to rule out several alternative explanations for the distance finding, such as bilateral trade relationships, foreign aid flows, political regime forms, or the characteristics of the Cold War. Finally, the geographical bias disappears for weaker forms of interventions (such as imposing embargoes or sanctions), which require less to no presence of personnel or resource commitment.

Session 3D: Social Assistance and Welfare

Marie Boltz-Laemmel: Sharing the Burden or the Burden of Sharing: The Role of Sibship in Saving and Redistribution Decisions. Evidence from Senegal

Social solidarity, especially within the extended family, plays a preponderant role in the context of absent efficient financial markets and low formal public redistribution. These risk-sharing arrangements may however entail some inefficiency costs, through distortions in resource accumulation decisions. The present paper investigates the effect on savings decisions, of the informal redistribution within the Senegalese ex-tended family. Using a rich nationally representative household survey collected in 2006 in Senegal, I estimate the effect of redistributive pressure on saving and transfer decisions. The intensity of the sharing pressure is captured by two exogenous dimensions: the size of the sibship and the position held within this sibship - as measured by the birth rank. I provide suggestive evidence that a larger family pressure to redistribute induces larger out-transfers lower savings for the eldest siblings.

Ashwini Sebastian: Can Natural Disasters Affect Decentralized Targeting of Social Safety Net Resources Intended For the Poor? - Evidence from Earthquakes in Indonesia

Earthquake shocks are highly destructive in underdeveloped countries. Social safety nets may be particularly important for insuring households when informal transfers are incomplete and formal disaster insurance is missing. This paper examines inequality in the distribution of rice through a subsidized rice for poor program (RASKIN) with decentralized village level targeting, in the aftermath of earthquakes in Indonesia. I find earthquake affected villages benefit more from RASKIN. However, access of the poorest is nearly 12% lower relative to households in unaffected areas in the post earthquake period. The non-poor are more likely to participate by 6% to 13% relative to the poorest. While the non-poor face larger relative losses than the poor during an earthquake, both consumption and assets of the non-poor remain above the poor in level terms. I also explore heterogenous effects of village social capital on household access to RASKIN. It is widely believed that better social capital improves governance. However, in this case, higher pre-disaster social capital does not increase access of the poorest to RASKIN. The results of this paper suggest that decentralized targeting of social insurance may not be effective at reaching intended beneficiaries in the context of natural disasters.

Michael Christian Lehmann: (Adverse) General Equilibrium Effects of Cash Transfers

Session 4A: Finance II

Antonia Grohmann (with R. Kouwenberg and L. Menkhoff): Childhood Roots of Financial Literacy

Financial literacy is relevant as it predicts informed financial decisions – however, what explains financial literacy? The limited impact found in studies on the effects of financial literacy trainings motivates an investigation into the deeper roots of financial literacy, especially by examining childhoods of today's adults. We find that better "education of the

mother” and “parents’ encouragement to save” have a robust positive effect on financial literacy degree of adults. Formal education fosters numeracy which in turn supports financial literacy. Whereas numeracy improves calculation-based aspects of financial literacy, parental education improves rather more knowledge based aspects. This indicates that schooling and family background work through complementary channels to increase financial literacy.

Elena Groß (with R. Ntim): Evaluating the Impact of Internal Remittances on Financial Inclusion - Evidence from Ugandan Household Data

This study investigates the impact of internal remittances on financial inclusion. Financially including remittance receivers can both have beneficial effects on receiving households and enhance the development effect of remittances. However, the role of internal remittances has been neglected completely so far. Using panel household level data from Uganda for the period 2005 to 2011, this study examines the impact of internal remittances on ownership of formal saving accounts and use of credit. The main results from the fixed effects logit estimations are that internal remittances increase credit use, especially regarding formal or semiformal credit sources compared to informal sources. Internal remittances also have a positive impact on the ownership of formal savings accounts for households having a higher education background, but the impact is negative for households without any education. A secondary finding is that education levels appear to influence the relevance of gender roles for financial inclusion, where gender is less of a determinant of financial access among the more educated. Overall, the results suggest that internal remittances have the potential to catalyze financial inclusion in Uganda especially through more formal financial institutions.

Christa Hainz (with A. Danzer): Property Rights, Collateral and Interest Rates. Evidence from Vietnam

Session 4B: Agriculture

Kacana Sipangule (with J. Lay and K. Nolte): The Impact of Foreign Large-Scale Land Acquisitions on Smallholder Productivity: Evidence from Zambia

Esther Gehrke (with M. Grimm): Do cows have negative returns?

Markus Olapade with M. Frölich, R. Vargas Hill and E. Maruyama: Strengthening Producer Organizations to Unleash Productive Potential of Smallholder Farmers in Uganda

Session 4C: Social Ties and Trust

Stephan Dietrich (with M. Ibañez and S. Klasen): A Blessing in Disguise? On the Development of Social Ties

Despite the high human and economic cost of natural disasters and wars, it has been argued that extreme shocks can trigger positive processes of institutional change. However, the empirical evidence is mixed suggesting that in some cases shocks promote the development of social capital while in other cases it has the opposite effect. Which characteristics of shocks trigger social development? In this article we investigate the effects of the structure of shocks on social ties. The hypothesis is based on the assumption that repeated interaction of individuals promotes the development of social ties. Carried over to the context of informal insurance networks this suggests that successful collaboration after shocks increases social ties of its members. To measure the impact of shocks on social cohesion a three stage design is used. In the first stage social ties are measured using the Ring-Test of Social Value Orientation. The second stage is a repeated solidarity game in which a negative shock can destroy the income that participant had generated in a real effort task. In cases of a shock, non-affected participants decide whether to help affected participants. In the third stage a slightly modified version of the previous Ring-Test of Social Value Orientation is repeated, which allows to measure social ties of subjects before and after the treatments. The findings show that more frequent shocks strengthened social ties. However, the covariance of shocks reduced social ties compared to idiosyncratic shocks.

Mongoljin Batsaikhan: Trust, Trustworthiness, and Success in Business: Experimental and Field Findings from Mongolian Microentrepreneurs

Although recent literature tends to argue that social capital improves business outcomes, evidence of this claim in the context of business environment at the micro level is still quite scant. Using a unique data set from the field and lab conducted among microentrepreneurs in the retailing industry in Ulaanbaatar, Mongolia, this paper shows a robust positive correlation between trust and business success: the successful entrepreneurs in the field invest in trust in the lab more than the less successful ones. I also show that trust is highly profitable in this lab and that their investment in trust is close to the optimal amount of trust required to maximize revenue in the lab. In other words, successful entrepreneurs possess both “private capital” to access the predicted the level of trust and trustworthiness in the population, and the ability to optimize the level of trust to maximize their own revenue. On the other hand, trustworthiness itself is not associated with business success outside of the lab, with or without controlling for trust but it does predict the amount of loans in the real life.

Matthias Rieger (with T. C. Nguyen): Community-Driven Development and Social Capital: Evidence from Morocco

Community-driven development programs rest on the principle of development aid through active community participation. Their demand-driven and bottom-up nature of decision making is expected to promote pro-social behaviors. This paper studies the impact of one such program in rural Morocco on social capital. We use behavioral experiments in the field to measure social capital among households living in communes with and without the policy

intervention. Using a regression discontinuity framework, we find that community-driven development has a positive but weak impact on public goods contribution. This public responsibility increases with treatment intensity as proxied by the amount of total project spending. While the program has no effect on altruism, evidence seems to suggest that it reduces interpersonal trust. These mixed results signal that social capital responds rather slowly, if at all, to a shift from a centralized to a more localized decision-making process.

Session 4D: Migration II

Robert Poppe: Parental Migration and the Education of Children Left Behind

Tobias Stöhr (with M. Böhme and R. Persian): Alone but Better Off? Adult Child Migration and Health of Elderly Parents in Moldova

Increasing labor migration and simultaneous aging of societies are two important demographic developments many poor countries face. Elderly people who are left behind may experience a decrease in welfare when their children migrate. This paper investigates the effect of migration on various dimensions of elderly health using unique data from Moldova, which has one of the highest emigration rates in the world. We find positive migration effects on the body mass index (BMI), mobility and self-reported health. No effects are found on depression and cognitive capacity. We find evidence that these positive outcomes are linked to an income effect which leads to improvements in diet and identify a reallocation of time use from subsistence farming to leisure and sleep which may have further beneficial effects. These positive effects seem to compensate the elderly for decreasing social contact with their migrant family members.

Kristina Meier: Low-Skilled Labor Migration in Tajikistan: Determinants and Effects on Expenditure Patterns

It is often assumed that international labor migration from Tajikistan, while having no noticeable effects on investment (usually defined as medium and long-term consumption, such as education, or investment into housing or business), on average leads to an increase in short-term consumption, mostly food. In this paper, a simple household-level model determining the migration decision is developed and empirically tested. In a second step the effect of low-skilled labor migration on household expenditure shares is analyzed using 2SLS. While only weak effects of migration measured by a simple dummy are visible, repeating the analysis instead using the length of the migration spell, as well as its squared term reveals that labor migration apparently takes a while to "kick in" and be profitable to those remaining at home. The observed long-term effects on household consumption patterns, albeit being rather small, actually speak in favour of investment of remittances, with the respective shares increasing over time, while the budget share spent on food slowly decreases.

Session 4E: Gender II

Pia Naima Unte (with N. Kemper): Gender Disparities in a Real-Effort Field Experiment ... and the Plough?

We examine the gender gap in effort provision in a real-effort field experiment in rural Ethiopia. We find that women clearly outperform men in real-effort provision. We show that this gender gap is unrelated to the underlying compensation schemes and the gender-specific effects of household responsibilities, the leading effort based explanation of gender gaps in earnings. We argue that it is instead to be attributed to the division of labour and the formation of skills along gender lines which historically arose in areas where natural conditions favoured the introduction of the plough.

Virginie Comblon (with A.-S. Robilliard): How Sensitive are Female Employment Statistics to Survey Design?