

Doctoral Workshop

Research Group on Development Economics

German Economic Association

16/Sept/2021
1 p.m. – 6 p.m.
(dinner at own expense)
17/Sept/2021
9 a.m. – 2 p.m.

TU Dresden, Festsaal der Fakultät, Hülße-
Bau Nordflügel, 3rd floor.
And Zoom:
<https://tu-dresden.zoom.us/j/2432855125>

Accommodation: rooms are reserved at www.gaestehausweberplatz.de (special rates). Please make your booking as soon as possible referring to “Workshop on Development Economics” at info@gaestehausweberplatz.de.

External guests can participate via <https://tu-dresden.zoom.us/j/2432855125>

Welcome

Welcome to the PhD Workshop of the Research Group on Developing Economics!

The workshop will be somewhat different to regular conference talks. The aim is to get a deep understanding of the research project instead of a short overview. Therefore, the format is rather a kind of “repeated brown bag seminar”.

Each paper is scheduled for **90 min** (50-60 min presentation, 5-10 min discussion, plus general discussion). I would like to ask all presenters to spend at least 15 min on the methodology (general aim of the method, relevant identifying assumptions, current application/implementation, r or Stata packages used, etc.). PhD students not familiar with the method should get an introduction to that method which is sufficient to understand its current application. This should allow us to discuss both the methodological limitations as well as the content of the paper. It might also help the presenters to reconsider the technical part of their work and potentially deepen their knowledge.

We start on Thursday (16/Sept) at 1 p.m. with three papers, and continue on Friday (17/Sept) at 9 a.m. with another three papers.

Contact

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Day 1: 1:00 pm

BE FRUITFUL AND MULTIPLY: AN ANALYSIS OF THE RELIGION-FERTILITY NEXUS IN SUB-SAHARAN AFRICA

Sarah Ferber (University of Tübingen), Renate Hartwig, Jan Priebe
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Discussant: Nina Kupzig

Sub-Saharan Africa is facing immense population growth over the next decades with potentially severe implications for economic well-being as well as the environment. Yet, while religion is a fundamental part of life for the vast majority of Africans, its role in fertility decisions has not been causally investigated nor has there been any conclusive evidence. To investigate whether there is a causal difference in fertility levels between Christians and Muslims in the region, we first estimate this relationship in a fixed effects framework employing data from the Demographic and Health Surveys. We do find a small but significant effect after including a vast set of controls. However, there remains the possibility of an omitted variable bias. Therefore, we employ the quasi-experimental method of a fuzzy spatial regression discontinuity design. We assign each ethnic group their major religious affiliation based on data from the Joshua Project and use the resulting border between Christian and Muslim ethnic groups as our cutoff. We find that Muslim fertility is higher and the result remains robust in most alternative specifications. Second, we investigate educational attainment as a channel. We employ a mediation analysis adapted to the fuzzy spatial regression discontinuity design and find that almost the entire effect is driven by differences in educational attainment. Overall, our results suggest that improving educational infrastructure as well as attitudes towards formal education among Muslims can significantly lower the population pressure in Sub-Saharan Africa.

Day 1: 2:45 pm

INNOVATIVE INDEX INSURANCE AND/OR FAMILIAR SAVINGS AS CLIMATE ADAPTATIONS: THE ROLE OF PEER INFLUENCES IN EXPERIMENTAL IMPLEMENTATION IN UZBEKISTAN

Laura Moritz (IAMO) Lena Kuhn, Ihtiyor Bobojonov, Thomas Glauben
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Discussant: Lukas Mogge

Index insurance is a promising climate adaption strategy. However, demand for it is low and little is known about related social dynamics and its influence on alternative risk instruments. This paper is the first to analyse detailed peer imitation in the simultaneous adoption of innovative index insurance and familiar precautionary savings. We present results from behavioral experiments with 199 Uzbek farmers, which approximate local farm conditions and offer marketable index insurance as well as a realistic savings option. Results indicate significant

and stronger group imitation effects (*bigger surrounding*) compared to neighbor imitation (*closer surrounding*). While this signals superior trust in other's perceptive skills, it requires a critical mass to establish credible innovation strategies. Additionally, credit uptake, trust and practical understanding positively affect index insurance adoption. Results suggest community-based extension interventions and offering credit-bundled products to increase innovation diffusion and thus improve climate resilience.

Day 1: 4:30 pm

THE EFFECT OF RISK PERCEPTION ON THE DEMAND FOR INDEX INSURANCE IN MONGOLIA

Lukas Mogge (PIK), Kati Kraehnert

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Discussant: Laura Moritz

This paper provides novel panel data evidence on how households' risk perception shapes demand for index-based weather insurance. The focus is on Mongolia, where index insurance is offered to pastoralists threatened by extreme weather events that cause high livestock mortality. Using a household fixed effects approach, we show that households are significantly more likely to purchase index insurance when they live in an area exposed to adverse weather conditions in the months preceding the sales period. Similarly, more pessimistic expectations on future weather are associated with higher insurance take-up. As insurance payouts did not play a major role during the study period, we argue that the observed relationship is driven by households updating their risk perception in response to recent weather risks.

Dinner: 7:00 pm

Day 2: 9:00 am

COMMUNITY MONITORING THROUGH SOCIAL AUDITS FOR IMPROVED PUBLIC PROGRAM DELIVERY?
EMPIRICAL EVIDENCE FROM THE INDIAN STATE OF SIKKIM

Paula von Haaren (University of Heidelberg)

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Discussant: Yuanwei Xu

To curb corruption and mismanagement of public funds, India stipulates for several public programs a form of community monitoring called social audits. This paper investigates whether the degree to which program beneficiaries are involved in these audits matters for audit effectiveness. To this end, I estimate the effects of social audits in the Indian state of Sikkim, where social audits are

conducted in a top-down manner, and compare them to effects found in existing research for a social audit design with higher beneficiary involvement. The analysis exploits the phase-in of social audits in Sikkim over four years, using an OLS and panel fixed effects approach to estimate the impact of successive social audit rounds in a public work program on reported irregularities in program implementation and on program outcomes. I find that the number of irregularities detected in social audits decreases significantly in all social audit rounds compared to the first audit. However, a shift from material to labor expenditure by 12 percentage points threatens the program's primary function as a social safety net. This result is corroborated by an insignificant but mostly negative impact on person days worked and a small significant decline in program enrolment. On top of this, additional audit rounds go hand in hand with a rising number of suspended and incomplete projects, which indicates that the higher material expenditure is channeled into inefficient projects. Finally, the results suggest that spatial proximity to communities which have completed an additional social audit is associated with learning effects, similar to having an additional social audit within one's own community. Overall, Sikkim's top-down social audit design performs slightly worse than a bottom-up approach.

Day 2: 10:45 am

THE IMPACT OF BLACK ECONOMIC EMPOWERMENT ON LISTED FIRMS IN SOUTH AFRICA

Matthias Busse, **Nina Kupzig (Ruhr-University Bochum)**, Tim Vogel
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Discussant: Paula von Haaren

BEE is an affirmative action program aimed to empower all historically disadvantaged individuals, and thus, decrease racial inequality. The program puts reformation pressure on firms and might strongly influence productivity. This paper examines how BEE affects the productivity of firms listed in South Africa using an extensive dataset covering a major share of listed firms between 2005 and 2019. The results show that BEE increases productivity and that these effects are mainly driven by investing in human capital and changes in the ownership structure. However, after controlling for endogeneity, the positive productivity effect of BEE becomes insignificant. In any case, we do not find evidence for the frequent criticism on BEE that it mainly leads to inefficient firm practices.

Day 2: 12:30 am

THE IMPACT OF FINANCIAL LITERACY PROGRAM AND SPILLOVER EFFECTS: EVIDENCE FROM RURAL WESTERN UGANDA

Jana Hamdan, Tim Kaiser, Lukas Menkhoff, **Yuanwei Xu (University of Münster)**
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Discussant: Sarah Ferber

We study the impact of a five-hour financial literacy program and the spillover effects on about 2,000 small business owners in rural Uganda using a two-stage randomized experiment. We first randomize the program at the village level, and then within villages we randomize the treatment intensity. One year after the program, the small business owners in the treated villages are more likely to have savings in their mobile money account or have formal savings, and they would have smaller outstanding loans. Those targeted in the treated villages have higher usage of mobile money, larger business profits and investments, and higher formal savings. However, we find evidence of negative effects on the spillover individuals regarding the use of mobile money and money transfers, and the negative spillover effects are stronger when the village had higher treatment intensity. This suggests that the future programs need to include all eligible participants to avoid negative spillover effects.