

# Incentivizing Development: Midline Report



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## Chapter 1. Overview of a Research Program with PPAF and Third Tier Organisations

### 1.1 Introduction

Policy in developing countries requires funding, planning and implementation. In most development contexts, the organisation responsible for obtaining funding and conducting high-level planning is not the same organisation responsible for program implementation. In Pakistan, for example, PPAF has a critical role in obtaining funding for programs, and in planning the overall objective for particular programs – but the programs themselves are then implemented through partner organisations and community organisations at different levels (first, second and third-tier organizations).

This can generate the potential for important incentive challenges – not just in Pakistan, but in any development context in which organisations that implement programs are different from organisations that design and fund them. Economists have an entire body of theory designed to think about just these kinds of situations.

We designed an experiment to help PPAF learn more about what makes these organizations successful, and how to encourage them to improve their effectiveness and reduce elite capture. We consider this to be particularly relevant specially during and after the phase of transition from direct funding and support to becoming independent, sustainable organizations in their own right.

### 1.2 The Project

The formation of Third Tier Organizations (TTOs), or Local Support Organizations (LSOs), to support and enhance the work of community institutions, is a major development and step forward in the work of Pakistan Poverty Alleviation Fund (PPAF) and its Partner Organizations (POs).

In this backdrop, we conduct a randomized experiment to test the impact of different factors on the performance of Third Tier Organizations (TTOs), or Local Support Organizations (LSOs). We measure performance of TTOs/LSOs on two dimensions: (i) **Governance and Inclusion** via active participation of men and women in the Executive and General Body of these organizations; and (ii) **Service Delivery** by TTOs/LSOs in various sectors including health, education, agriculture, disaster preparation and relief, employment/livelihoods, government assistance programs and legal rights.

We aim to understand what makes some TTOs/LSOs more successful than others, and how to support and encourage their achievements in a more hands-off way using non-financial incentives such that these organizations improve service delivery and broaden inclusion. These insights can help PPAF and the POs to find effective ways of supporting and guiding these organizations without increasing their dependence on PPAF and/or the POs.

## Chapter 2. Experimental Design

### 1.2.1 Sample

The baseline survey covered the 851 TTOs with all PPAF POs that were at least 3 years old at the time of the baseline. These span the entire country (Figure 2). PO agreement was secured to proceed with the experiment for 836 of these TTOs. At baseline, TTOs varied widely in their performance in terms of services and inclusive governance; Figure 3 shows the geographic variation on inclusion of women in TTO Executive Bodies. The project baseline report analyses TTO baseline activities, inclusion, and other characteristics in detail.

### 1.2.1 RCT Design

Based upon information collected in the baseline survey, the TTOs/LSOs were randomly divided into four treatment groups and a control group as follows:

Figure 1: Experimental Design

	Inclusion and Governance	Service Delivery
Self-Reporting	118	118
Self-Reporting + Non-Financial Incentives	118	118
Control	360	

Further details on each group are as follows:

- **Self-reporting-Inclusion and Governance**, in which TTOs reported their progress on a scorecard of indicators related to governance;
- **Self-reporting-Service Delivery**, in which TTOs reported their progress on a scorecard of indicators related to service delivery;
- **Self-reporting + Non-financial incentives - Inclusion and Governance** in which TTOs reported their progress on a scorecard of indicators related to governance and best performing TTOs were recognised for their work.
- **Self-reporting + Non-financial incentives - Service Delivery**, in which TTOs reported their progress on a scorecard of indicators related to service delivery and best performing TTOs were recognised for their work.
- **Control group**, in which PPAF and PO operations continue as usual.

The Experiment started in May 2015 and continued for a period of 3 years. During this time, TTOs/LSOs in the 4 treatment groups (as shown in Figure 1) reported their performance on a scorecard every six months, for a total of 6 rounds. In rounds 1 and 2, scorecard collection for all treated TTOs/LSOs was done telephonically. In rounds 3 and 4, scorecard collection for all treated TTOs/LSOs was done in-person by a specialised team of community resource persons (CRPs). In round 5, scorecard collection for a random one half of treated TTOs/LSOs was done telephonically while for the other half, it was done in-person by CRPs (with the exception of Balochistan, where all

TTOs reported their scores over the phone). During the entire duration of the experiment, an active hotline was maintained to respond to any questions or concerns from TTOs and POs about the scheme and to allow a means a communication with the CRPs.

### **1.2.2 Scorecard of Indicators**

Performance of treated TTOs/LSO in the Inclusion and Governance arm was assessed on the basis of a scorecard (shown in Panel A, Figure 2) for the following key performance indicators (KPIs):

- Number of female Executive Body (EB) members who participated in TTO/LSO decisions
- Number of male EB members who participated in TTO/LSO decisions
- Number of female General Body (GB) members who were informed about TTO/LSO decisions
- Number of male GB members who were informed about TTO/LSO decisions

Performance of treated TTOs/LSO in the Service Delivery arm was assessed on the basis of a scorecard (shown in Panel B, Figure 2) for the following KPIs:

- Number of females from the community who participated in public awareness campaigns
- Number of men from the community who participated in public awareness campaigns
- Number of females from the community who received services
- Number of men from the community who received services

All TTOs received workbooks (Figure 5) to be used to track and record their achievements, as well as to be used as a basis for field verification.

### **1.2.3 Field Verification**

In order to avoid misreporting, all TTOs/LSOs in the treatment group were informed at the beginning of the experiment about the chance of being verified after scorecard submission. One half of all treated TTOs/LSOs faced a 20% chance of verification (1 in every 20 TTOs) while the other half faced a lower chance of 1% (i.e. 1 in every 100 TTOs).

In the Inclusion and Governance arm, field verification of randomly selected TTOs/LSOs involved the following components:

- An in-person, small group meeting with EB members in which they were interviewed to assess whether they genuinely participated in TTO decisions that were recorded for the respective reporting period.
- A field visit of two villages in each Union Council. In each village, an in-person, small group meeting with GB members to assess whether they were informed about TTO decisions that were recorded for the respective reporting period.

In the Service Delivery arm, field verification of randomly selected TTOs/LSOs involved the following:

- An in-person, small group meeting with EB members in which they were interviewed to verify whether all the services reported on the scorecard have actually been provided by the TTOs during the respective reporting period.
- A field visit of two villages in each Union Council. In each village, interview of two key informants (not affiliated with the TTO in any way) to verify whether services were delivered as reported by the TTO. In case of physical infrastructure, the verification team visited the actual site of the infrastructure. For verifying other types of services, the team identified and interviewed 5 beneficiary households for each service.

#### 1.2.4 Recognition Ceremonies

At the end of each round, after scorecard submission and field verification was completed, some TTOs were invited to attend a recognition ceremony. Each ceremony was organised at the district level, attended by PO representatives and government officials. EB members of the invited TTO were awarded with a shield and certificates. The criterion for being invited to a recognition ceremony at the end of each 6 monthly reporting period was as follows:

- In the **Self-reporting + Non-financial incentives** arm, the top performing organization (with the highest score) in a comparator pool of 10 TTOs/LSOs was invited to a recognition ceremony.
- In the **Self-reporting only** arm and the **Control** group, one organisation in a comparator pool of 10 TTOs/LSOs was invited for a recognition ceremony on the basis of a lucky draw.

### Chapter 3. Results of Intervention

#### 1.3.1 Participation

Overall, the majority of treatment group TTOs participated in the scheme. The compliance rates in the intervention varied only slightly by province, except for Balochistan (**Error! Reference source not found.**). This can be attributed to the fact that CRP assistance was not provided in-person in Balochistan, as well as the remoteness of area and connectivity issues. TTOs that have been in existence for a longer period of time participate at a higher rate (Figure 7).

Within the treatment arms, the Services; self-reporting group participated most actively with close to 80 percent of the LSOs within this treatment arm submitting their self-reports for rounds 1-5. This was followed by the Governance; incentives group, Governance; self-reporting group and the Services; incentives group (Figure 8).

One concern about the reporting scheme was that the TTOs with Executive Bodies with lower education levels might have difficulty in recording their information and successfully participating. Figure 10 shows that TTOs of all education levels were able to participate successfully in the scheme, and in fact those with lower education levels have a slightly higher participation rate.

After several rounds of in-person assistance, half the TTOs (in all regions except Balochistan) were randomized into continued in-person assistance or telephone only assistance. The majority of TTOs were able to successfully participate over the phone without in-person assistance, which is an encouraging sign for the potential for this type of scheme to be continued sustainably (Figure 11).

### **1.3.2 Impact of Incentives on Self-Reported Achievements**

The data collected during intervention reveals that within both the groups; Governance and Services, it is the incentives treatment arm that reported a higher score when compared to their self-reporting treatment counterparts. This is to say that the service incentives arm reported more beneficiaries compared to the beneficiaries reported by services reporting arm (Figure 12). Likewise, the governance incentives arm reported more inclusion of EB and GB members in key decisions when compared to the inclusion reports of governance reporting arm (Figure 13). Endline survey data will confirm whether these differences represent real changes in achievements or simply an increase in reporting.

### **1.3.3 Impact of Verification on Self-Reported Achievements**

The impact of verification on self-reported scores is slightly different between the Governance and Services groups. Within the Services group, both the treatments arms with a low probability of verification, reported a higher score when compared their counterpart treatment arms that had a higher probably of verification (Figure 12). This suggests that some of the incentive effect may be driven by over-reporting in the absence of careful verification; some chance of verification is likely key to ensure that participants report carefully and avoid exaggerating their achievements. Within the governance group, there is no similar pattern (Figure 13). Again, endline survey data will be key to confirm how TTO performance and inclusion changed on the ground.

## **Chapter 4. The Endline Survey**

### **1.4.1 Data from first phase of data collection**

The preliminary phase of data collection from the endline reveals that TTOs experienced substantial change between baseline and endline. TTO Executive Bodies changed composition, with some keeping the same group of EB members leading the TTO, others with partial turnover, and others with complete turnover of leadership (Figure 14). This varied geographically, with TTOs in interior Sindh showing more consistency in leadership than in other regions (Figure 15). This change often resulted in change in women's representation on the EB, with some TTOs increasing owmen's representation and others decreasing (Figure 16); TTOs in Balochistan showed a particular increase in women's representation (Figure 17).

A preliminary listing of TTO activities in the first phase of baseline activity also showed substantial changes in TTO activity levels, with an increase in activity levels for many TTOs in AJK and Balochistan (Figure 18).



## **1.4.2 Data and analysis from main endline survey data collection**

The remainder of the Endline survey will collect detailed information about all aspects of TTO leadership, activities, and relationship with the community. This will establish how the self-reporting, incentives, verification and recognition have changed TTO activity on the ground.

In particular, the endline survey will gather detailed information on the following:

### **TTO activities**

- What kind of activities have TTOs been undertaking and in what sectors have they been operating? What is the status of actual and planned activities that were reported at baseline and what additional activities have TTOs undertaken since then?
- How many people are being served by these activities?
- What is the cost in terms of money and time of each type of activity?
- Have the incentive schemes
- Have recognition ceremonies in the scheme changed the activities carried out by TTOs, through higher levels of motivation or linkages?

### **TTO inclusion**

- How has representation and active involvement of men and women on the TTO Executive Body /General Body changed over time?
- Has the governance treatment encouraged broader and more inclusive governance?
- Has the governance treatment changed the match / mismatch between TTO activities and priorities of individual EB members from disadvantaged groups (e.g. is it the case that women are on the EB, but the TTO is mainly working on areas that interest the men?)
- Have recognition ceremonies in the scheme changed TTO governance, for example by increasing peoples' interest in serving as a leader on the TTO EB?

### **Contribution of TTOs towards community needs**

- How much do community members see the impact of TTO activities in their areas?
- Are the impacts of the TTO incentive schemes on TTO self-reported activities in the RCT intervention reflected in what community members report in the field?
- Which types of villages are more / less likely to be served by TTO activities? Do the incentive schemes change this?

### **TTO linkages with government**

- To what extent are TTOs lobbying or creating linkages with government for provision of services?
- To what extent are TTOs carrying out services that government might normally provide – i.e. filling the gap for absent or limited government provision?

## **Chapter 5. The PO Experiment**

We complement the main experiment on ‘reporting and incentives’ with a study aimed at understanding how POs respond to performance information of TTOs/LSOs on KPIs, if PO officials find this information useful for making decisions and whether the information adds anything to POs’ existing understanding of TTO/LSO performance? These questions are fundamental to understanding how information diffuses through large organizations.

We plan to conduct the donor experiment with designated PO officials from Regional offices, District Offices, Tehsil Offices and Field Units. Within the experiment, we will vary the information provided about field conditions for TTOs, how information flows up and down the hierarchy between senior and junior officials; and the conditions in which decisions are made to assess how it affects engagement of PO officials with TTOs/LSOs. This is carried out through a series of choices offered to PO officials between different TTOs for potential recognition; with a given respondent, we vary whether detailed TTO level data is provided and how it is presented and summarized (Figure 20). The goal is to understand how data can best be presented to PO officials so that they can use the data for decision-making when making policy and programmatic decisions to support community institutions across Pakistan.

We conducted an extended pilot with PO officials in 3 districts; Chakwal, Bahawalpur and Bahawalnagar in April, 2018. The pilot highlighted the wide variation in the baseline access to / use of data by PO officials (Figure 19). Respondents used a combination of the data provided and other factors to guide their choices of TTOs (Figure 21). Respondents generally felt the data presented was credible, although more junior officials (who directly interact with TTOs in the field) had more mixed views of the quantitative data (Figure 22). Regression analysis of the pilot results suggests that PO officials use information on KPIs when choosing recipient TTOs/LSOs, and that more senior officials, who have less access to direct observation from the field, use this data to substitute for the direct recommendations of their juniors. This has important implications for the potential for Pos and PPAF to use structured data collection and reporting to support decisionmaking by middle and senior management.

We have now updated the full sample frame for this experiment and plan to roll out the final PO experiment by September 2021.

## **Chapter 6. Timeline of activities**

- August – November 2014: Baseline survey
- March to April 2015: Training and intervention roll out
- May to October 2015: Reporting round 1
- November 2015 to April 2016: Reporting round 2
- May to October 2016: Reporting round 3
- November 2016 to May 2017: Reporting round 4
- May to October 2017: Reporting round 5
- November 2017 to April 2018: Reporting round 6
- April 2018: Donor Experiment Pilot
- May 2019: Endline Phase I Data collection starts
- September 2019: Endline Phase II Data collection starts
- August 2021: Endline Phase III Data collection starts

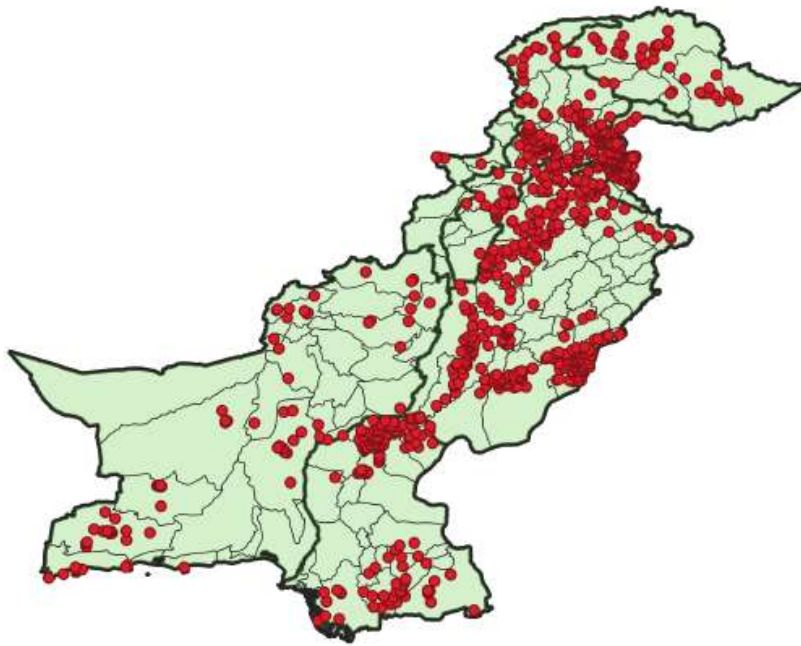


Figure 2: Geographic distribution of the sample

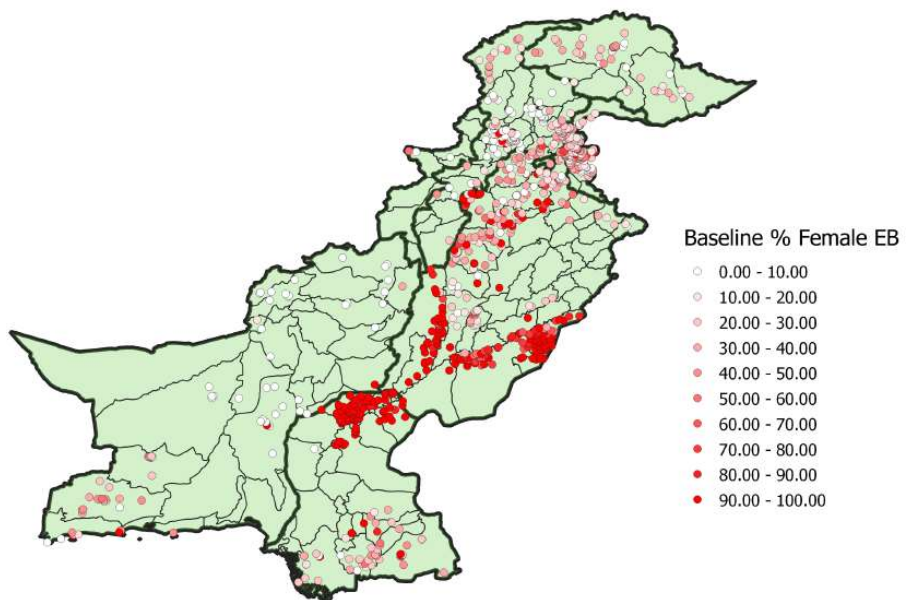
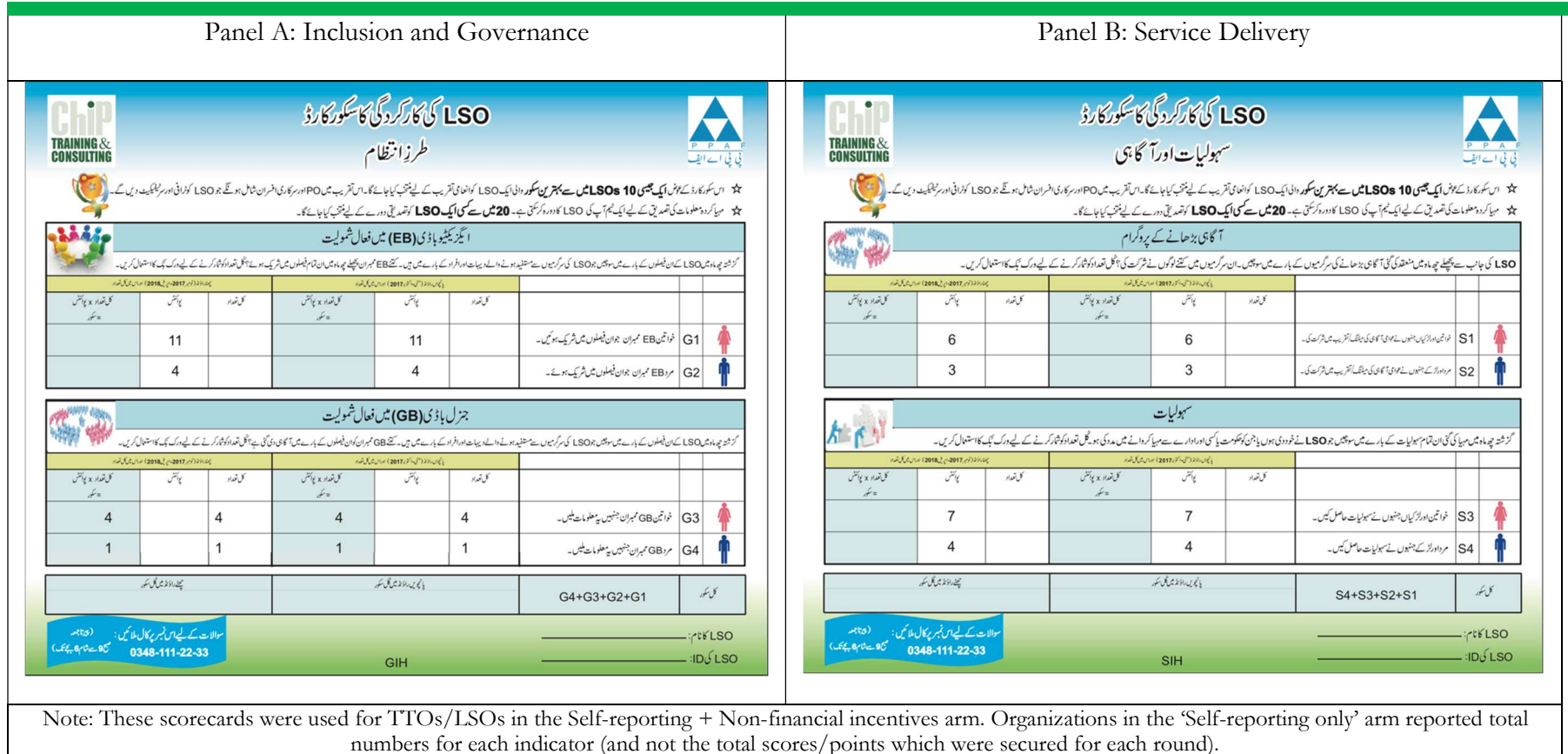


Figure 3: Variation in baseline inclusion

Figure 4: Scorecard of Indicators





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سجاد احمد

کامیابی کی سرگرمی اور ترقی - 1

کامیابی کی سرگرمی اور ترقی - 1

کامیابی کی سرگرمی اور ترقی - 1

رقم	پہلے سے موجود تھا یا نہیں؟	کامیابی کی سرگرمی اور ترقی - 1
1	ہاں	کیا ترقی اور ترقی 2016ء اور 2017ء کے درمیان ہوئی؟
2	ہاں	کیا ترقی اور ترقی 2016ء اور 2017ء کے درمیان ہوئی؟
3	ہاں	کیا ترقی اور ترقی 2016ء اور 2017ء کے درمیان ہوئی؟
4	ہاں	کیا ترقی اور ترقی 2016ء اور 2017ء کے درمیان ہوئی؟
5	ہاں	کیا ترقی اور ترقی 2016ء اور 2017ء کے درمیان ہوئی؟
6	ہاں	کیا ترقی اور ترقی 2016ء اور 2017ء کے درمیان ہوئی؟
7	ہاں	کیا ترقی اور ترقی 2016ء اور 2017ء کے درمیان ہوئی؟
8	ہاں	کیا ترقی اور ترقی 2016ء اور 2017ء کے درمیان ہوئی؟
9	ہاں	کیا ترقی اور ترقی 2016ء اور 2017ء کے درمیان ہوئی؟
10	ہاں	کیا ترقی اور ترقی 2016ء اور 2017ء کے درمیان ہوئی؟

اگر آپ کے نام پر نام لکھا گیا ہے تو اس ترقی اور ترقی کی سرگرمی کی کیا جانتے ہیں۔ اسے کا پورا پورا پورا کریں۔

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وہ جس میں اس سرگرمی اور ترقی کے دوران سہولت سے رہا ہے اس کا نام لکھیں۔ اور وہ اس کے نام لکھیں۔

BHU یا ترقی اور ترقی کے نام لکھیں۔ اور وہ اس کے نام لکھیں۔

EPI شہید الرحمن

بھارت اور ترقی کے نام لکھیں۔ اور وہ اس کے نام لکھیں۔

BHU یا ترقی اور ترقی کے نام لکھیں۔ اور وہ اس کے نام لکھیں۔

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Figure 5: Example of TTO Workbook developed and implemented in RCT intervention



Figure 6: Award ceremonies conducted during the RCT intervention

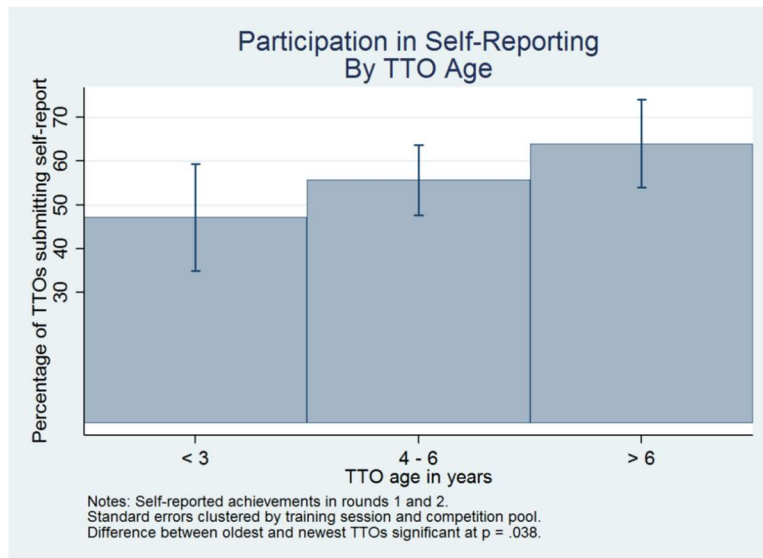


Figure 7: Participation in intervention by TTO age

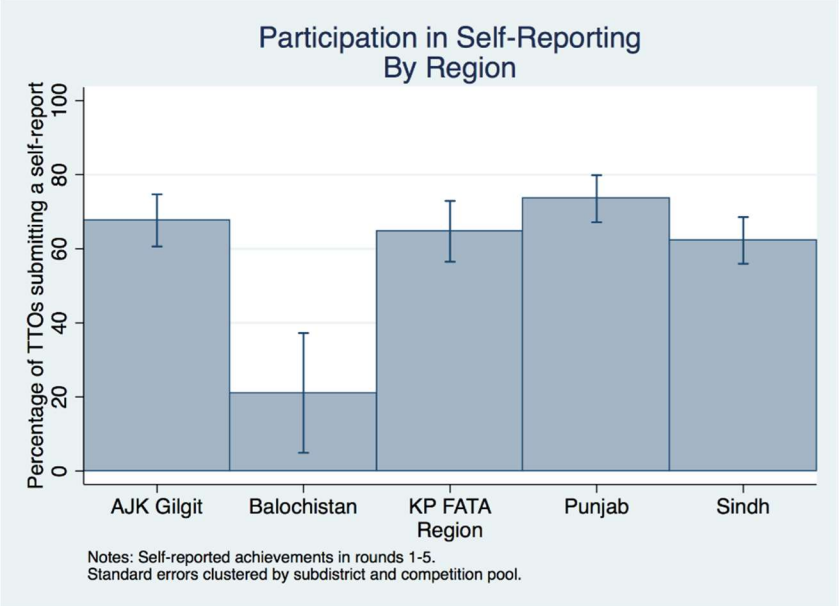


Figure 8: Participation in Intervention by Region

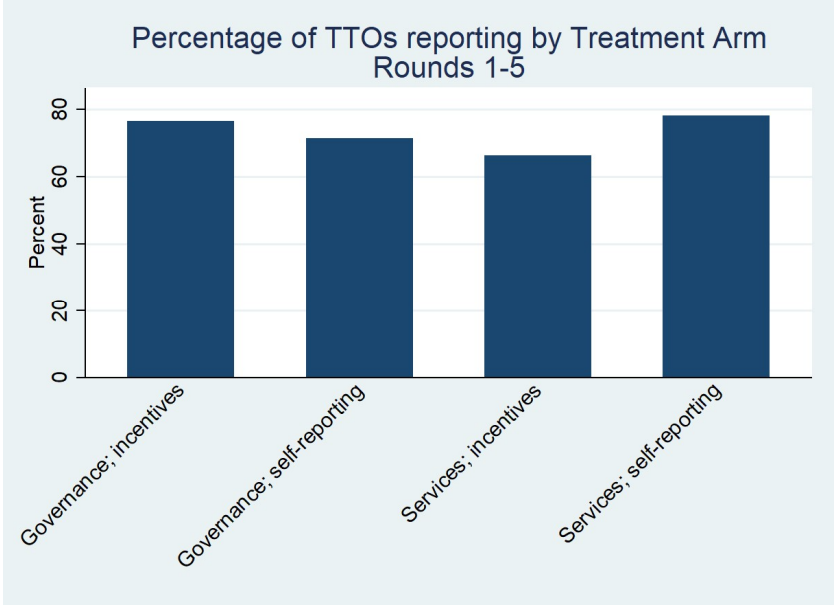


Figure 9: Participation in RCT Intervention by Treatment Arm



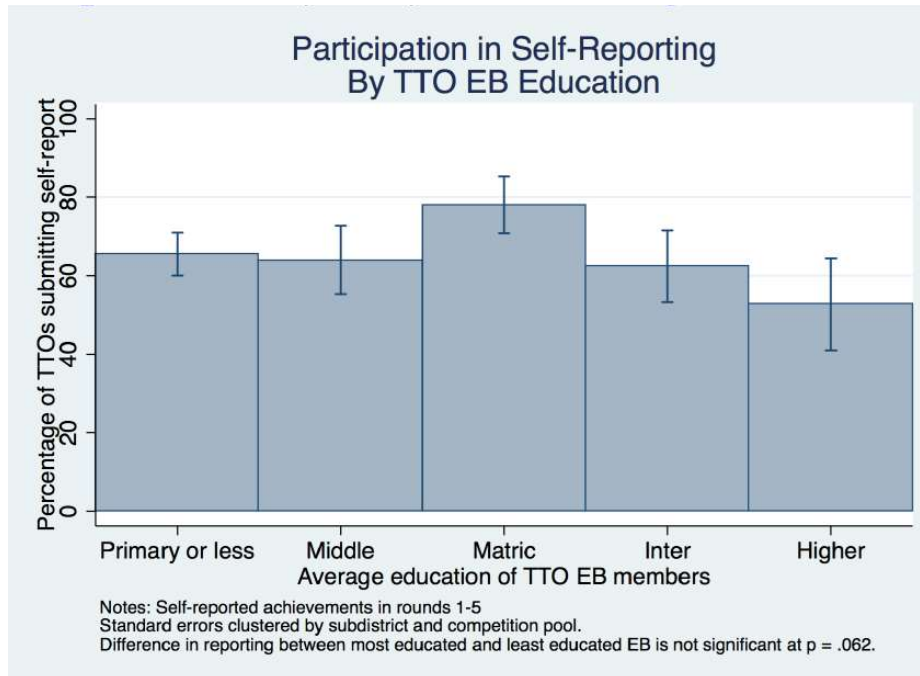


Figure 10: Participation in self-reporting scheme by TTO Executive Body member education

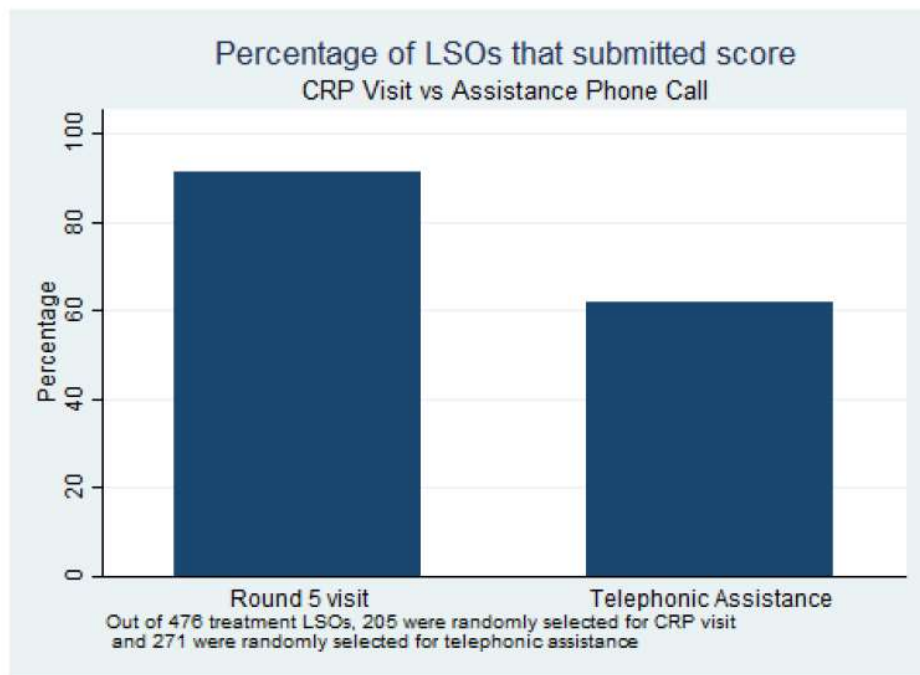


Figure 11: Participation in intervention in Round 5 by CRP visit versus telephone call



Figure 12: Impact of Incentives and Verification on Self-Reported Score in Services arm

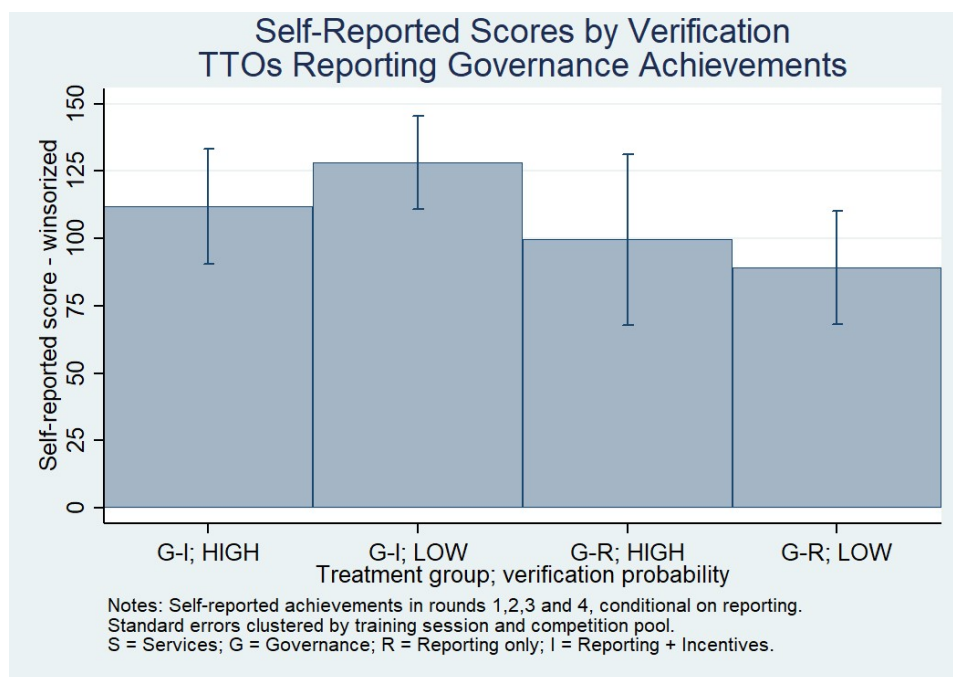


Figure 13: Impact of incentives and verification on self-reported score in governance arm

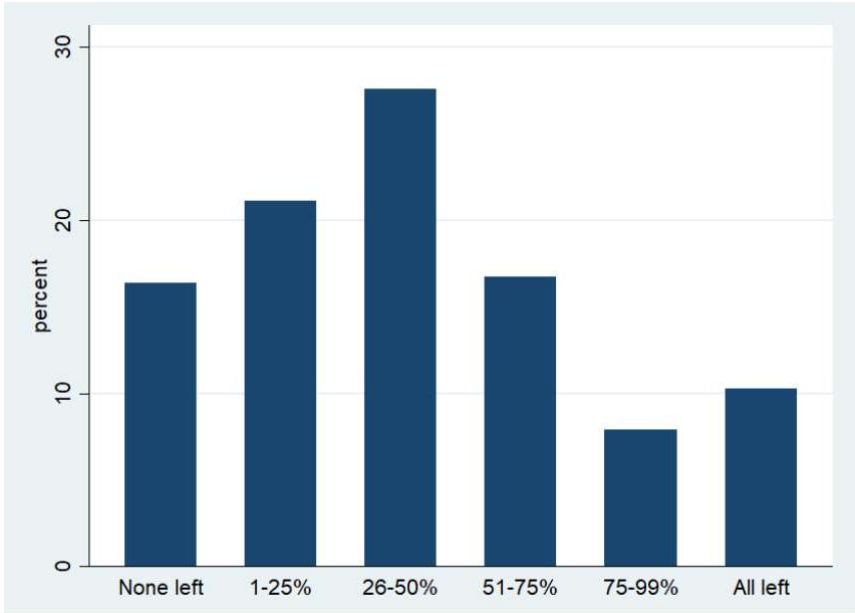


Figure 14: Distribution of turnover of TTO Executive Body members

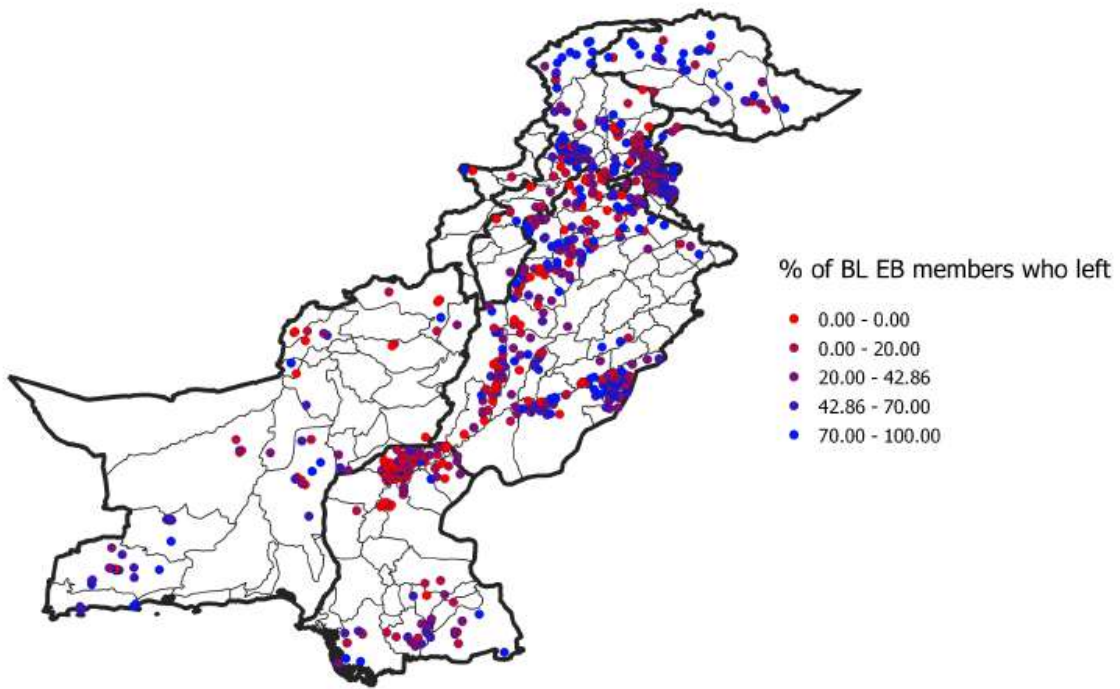


Figure 15: Geographic distribution of turnover of TTO Executive Body members

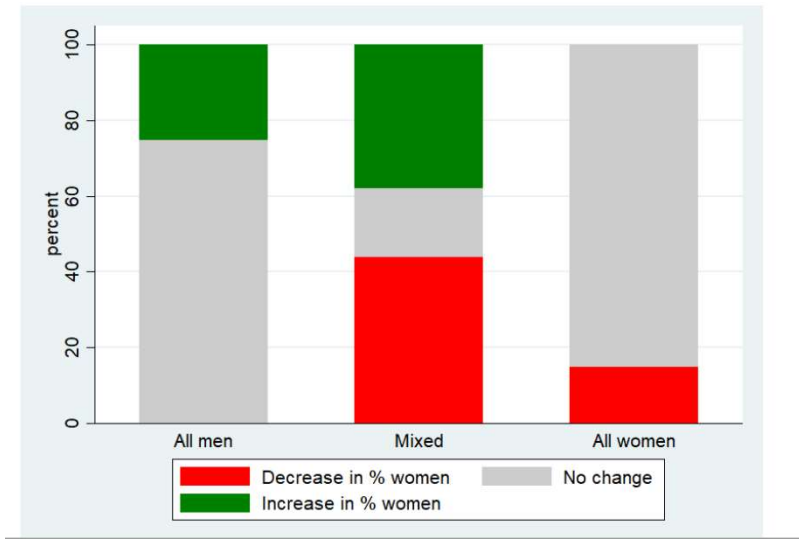


Figure 16: Distribution of change in inclusion of women on TTO Executive Bodies

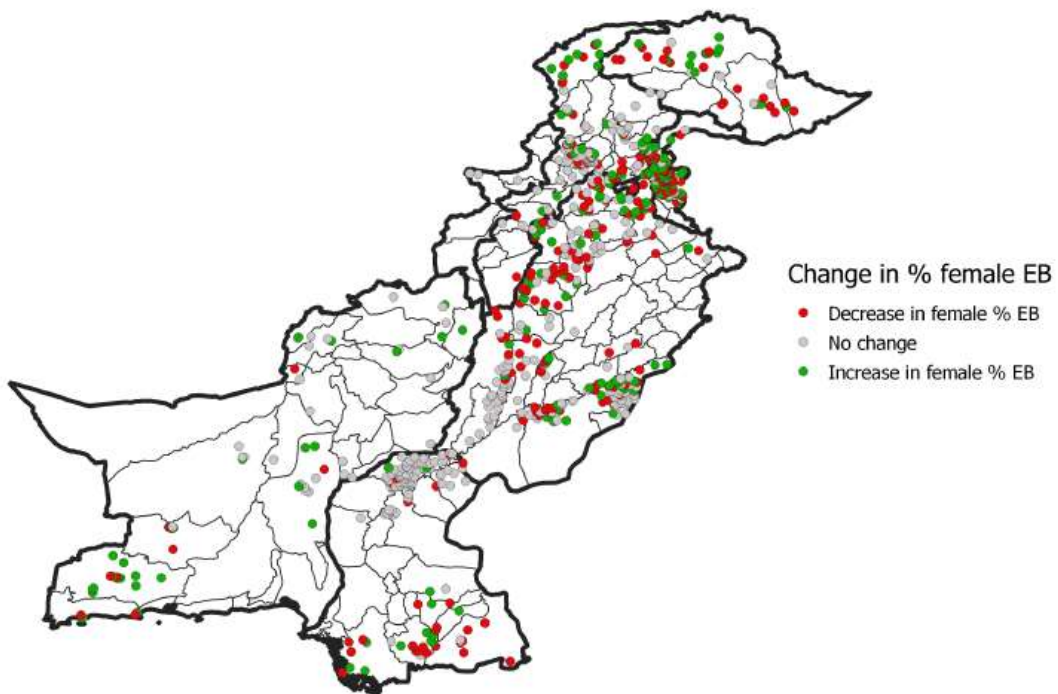
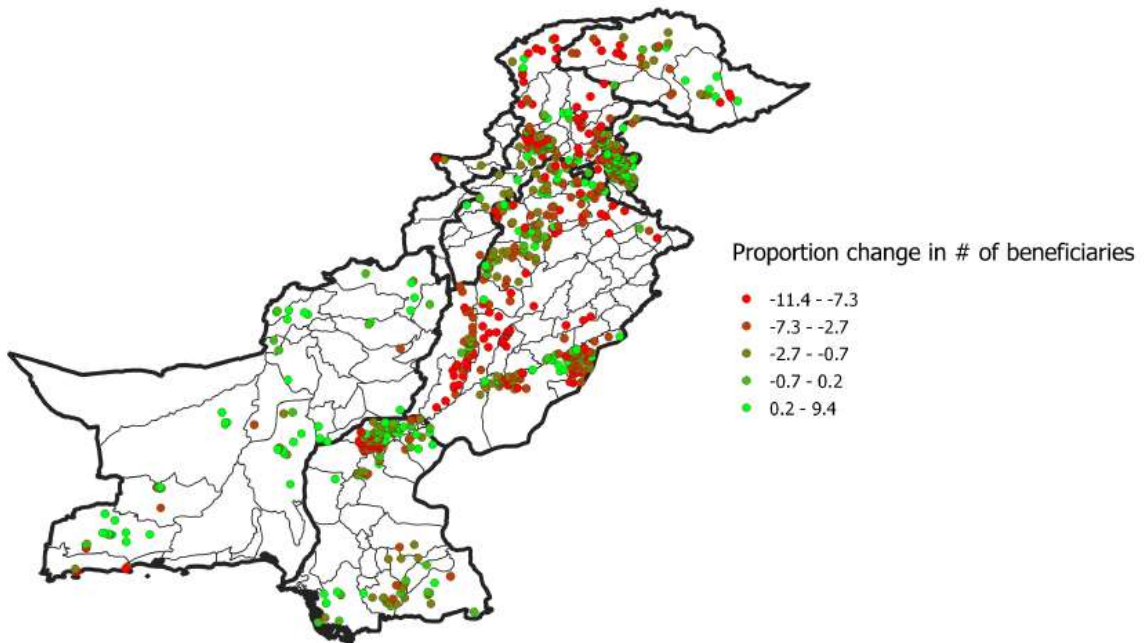


Figure 17: Geographic distribution of change in inclusion of women in TTO Executive Bodies



*Figure 18: Geographic distribution of change in TTO beneficiaries served*

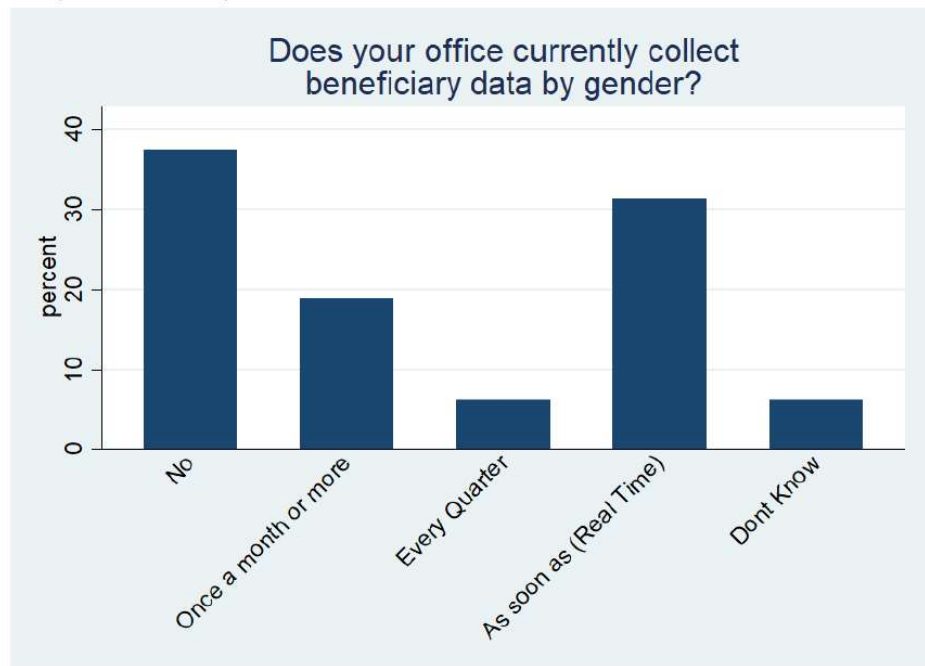


Figure 19: Reported status quo data availability by respondents in PO experiment pilot

<u>LSO INDICATOR REPORT</u>		<u>LSO INDICATOR REPORT</u>	
NAME OF LSO:	Jamrani Kohua	NAME OF LSO:	12 Bc
UNION COUNCIL:	Jamrani Kohua	UNION COUNCIL:	12 Bc
<u>SUMMARY INDICATORS: TOTAL ACROSS ALL SECTORS</u>		<u>SUMMARY INDICATORS: TOTAL ACROSS ALL SECTORS</u>	
Total men served	n.a.	Total men served	n.a.
Total women served	n.a.	Total women served	n.a.
Total men informed	n.a.	Total men informed	n.a.
Total women informed	n.a.	Total women informed	n.a.
<u>HEALTH OUTCOMES:</u>		<u>HEALTH OUTCOMES:</u>	
Total men served	n.a.	Total men served	n.a.
Total women served	n.a.	Total women served	n.a.
Total men informed	n.a.	Total men informed	n.a.
Total women informed	n.a.	Total women informed	n.a.
<u>EDUCATION OUTCOMES:</u>		<u>EDUCATION OUTCOMES:</u>	
Total men served	n.a.	Total men served	n.a.
Total women served	n.a.	Total women served	n.a.
Total men informed	n.a.	Total men informed	n.a.
Total women informed	n.a.	Total women informed	n.a.
<u>LEGAL OUTCOMES:</u>		<u>LEGAL OUTCOMES:</u>	
Total men served	n.a.	Total men served	n.a.
Total women served	n.a.	Total women served	n.a.
Total men informed	n.a.	Total men informed	n.a.
Total women informed	n.a.	Total women informed	n.a.
<u>INFRASTRUCTURE OUTCOMES:</u>		<u>INFRASTRUCTURE OUTCOMES:</u>	
Total men served	n.a.	Total men served	n.a.
Total women served	n.a.	Total women served	n.a.
Total men informed	n.a.	Total men informed	n.a.
Total women informed	n.a.	Total women informed	n.a.

Figure 20: Example TTO choice sheet used in PO experiment design

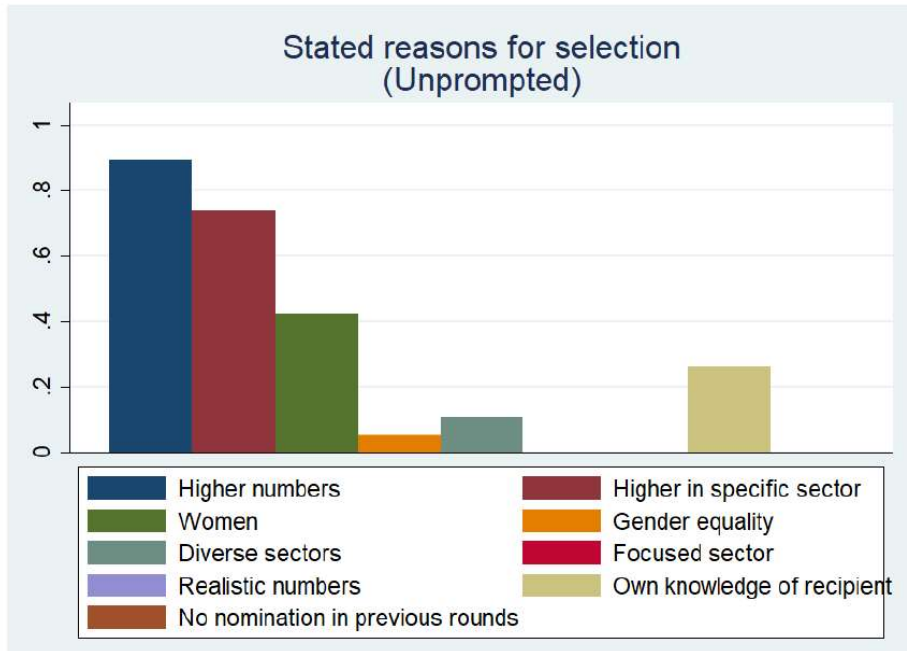


Figure 21: Stated reasons for selection of TTOs by respondents in PO pilot experiment

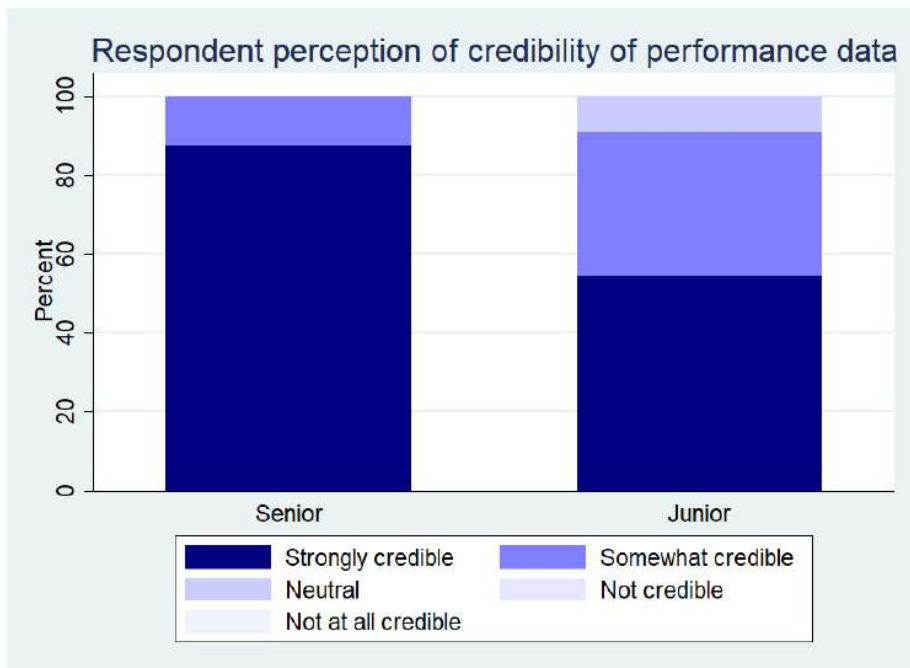


Figure 22: Perceived credibility of field data by respondents in PO pilot experiment