



Brief 8

Lahore School of Economics (LSE) - Pakistan Poverty Alleviation Fund *Research Partnerships on Participatory Development*

INCENTIVIZING DEVELOPMENT A FIELD EXPERIMENT WITH TTOs IN PAKISTAN

Simon Quinn, Kate Vyborny, Hamna Ahmed, Asha Gul

Context

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).

An important objective of PPAF and its POs is to find effective ways of supporting and guiding these organizations without increasing their dependence on PPAF and/or the POs. The objective of this study, therefore, is to help PPAF and the POs learn more about what makes some of these 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.

Experiment

This study will be conducted as a Randomized Experiment to test the impact of different factors on the performance of these organizations. The performance of these TTOs/LSOs will be measured on two dimensions:

- Governance and Inclusion via active participation of men and women in the Executive Body and the General Body; and
- Services provided by the TTO/LSO in various sectors including health, education, agriculture, disaster preparation and relief, employment/livelihoods, government assistance programs and legal rights

Before the experiment begins, a Baseline Survey will be conducted across all the TTOs/LSOs spread in all provinces of Pakistan. The information collected from this baseline survey will, hopefully, be the first complete census of these organizations in Pakistan. The Baseline results will also provide important insight into several important aspects of these organizations as explained below:

Activities of TTOs

- In what sectors are TTOs operating? What kinds of activities are they undertaking?
- How many people are being served by these activities?
- What is the cost in terms of money and time of each type of activity?

TTOs and 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?

Extent of inclusion in process of TTO decision making/service delivery

- Representation of men and women on the TTO Executive Body/General Body
- 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?)

Breadth and depth of volunteerism

- How much time do EB members put in to TTO activities?
- How widespread is volunteerism – are there a few people who volunteer a lot of time, many people who volunteer a little time, or both?

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

	Inclusion and GovernanceService	Service Delivery
Self-Reporting	150	150
Self-Reporting & Non-Financial Incentives	150	150
Control	200	

Note: The numbers denoted in each of the cells is the expected number of TTOs/LSOs in each group in the experiment, assuming an effective sample of about 800 TTOs/LSOs

The Experiment will continue for a period of two years with TTOs/LSOs in the treatment groups reporting their performance on a scorecard every six months.

Expected Results

The findings from this experiment will help PPAF to identify whether non-financial incentives are effective in motivating these organizations to broaden inclusion and/or improve service delivery or can only systematic self-reporting suffice the purpose. More specifically, the Experiment results will help PPAF address the following issues:

- Can the schemes improve effort and performance of TTOs/LSOs on monitored/incentivized measures?
- Which scheme is more effective in encouraging TTOs/LSOs in improving performance and broadens inclusion?
- Do treated TTOs reduce effort and performance on unincentivized objectives (multitasking / substitutes) or increase them (complements)?
- Does net effort and performance increase as a result of the treatment?
- Does monitoring/incentivizing inclusion of disadvantaged groups in TTO governance processes increase their participation and influence?
- Does monitoring/incentivizing inclusion of disadvantaged groups in TTO governance processes increase inclusion in service delivery?
- Does monitoring / incentivizing inclusion in service delivery encourage disadvantaged groups to become involved in TTO governance?
- Do treatments increase overall community welfare and welfare of disadvantaged groups?
- Does monitoring/incentivizing affect the choice of projects (long term versus short term projects/more or less risky projects) that the TTOs/LSOs undertake?
- What are the reasons that motivate TTOs/LSOs members to exhibit volunteerism and respond to non-financial incentives?
- Does monitoring/incentivizing increase or decrease misreporting?
- Which kinds of TTOs/LSOs are more successful under the schemes?
- Why are some TTOs/LSOs more responsive to non-financial incentives than others?

This study will hopefully help to provide answers to several questions that are of key interest to PPAF, and the results from the experiment could hopefully be incorporated within PPAF's existing Results Based Framework to enhance the effectiveness and sustainability of these mature organizations in the long run.

