

## The Poverty Action Lab at MIT Wins the BBVA Foundation Frontiers of Knowledge Award in the Development Cooperation Category

- This laboratory uses scientific techniques to assess the effectiveness of development assistance funding
- Founded by MIT economists, the laboratory applies methods similar to those utilized in drug and vaccine trials
- The award comes with a cash prize of 400,000 euros

January 20, 2009.- The BBVA Foundation Frontiers of Knowledge Award in the Development Cooperation category has gone in this inaugural edition to the Abdul Latif Jameel Poverty Action Lab (J-PAL) at the Massachusetts Institute of Technology (MIT).

The BBVA Foundation Frontiers of Knowledge Awards seek to recognize and encourage world-class research and artistic creation and can be considered second only to the Nobel Prize in their monetary amount, an annual 3.2 million euros, and the breadth of the scientific and artistic areas covered.

The awards, whose selection process is scientifically advised by the National Research Council (CSIC), take in eight categories carrying a cash prize of 400,000 euros each. The Development Cooperation award, the second to be decided, is to honor research endeavors and practical actions in the fight against poverty and exclusion.

### More effective aid

Between 1960 and 2008 a total of USD 2.7 trillion was spent worldwide on development cooperation. But until very recently no techniques were available to gauge the real effectiveness of this effort. J-PAL analyzes development assistance programs to determine whether the funds invested are being properly utilized and are delivering the desired results, something similar to the way an audit works in the corporate environment. Experts in development economics believe the scientific tools this laboratory deploys represent a before and after in aid program evaluation.

Speaking on behalf of J-PAL, its co-director, French economist Esther Duflo, expressed her delight at the award and all it would mean for the MIT Poverty Action Lab, whose work, in her words, “attempts to respond accurately to the

question about where development money really goes and which programs work and which not, so we can plan better for the future of development cooperation”.

J-PAL, founded in 2003 by three economists at MIT, has successfully built up a worldwide network of experts. The laboratory promotes the use of ‘randomized trial’ methods to evaluate development interventions, similar to those employed to test experimental drugs and vaccines. J-PAL has applied them, for instance, to measure the effectiveness of bednet campaigns in the fight against malaria or of strategies to reduce teacher absenteeism. The U.S. laboratory’s advocacy of this approach has led to it being taken up by numerous international institutions.

### **A valuable tool**

In its award certificate, the jury cites J-PAL’s success in promoting “the scientific evaluation of development interventions by using randomized trials applied to areas including education, health and financial markets”. The methods used by J-PAL have been shown to be “a valuable tool for answering specific policy questions”, and its work “has led to the expanded use of this approach by development practitioners and researchers”.

It goes on to remark that “the method has been extended to policy questions where nobody had previously thought to use it and, in some cases, has led to important policy actions”.

J-PAL’s directors are Abhijit Banerjee, Esther Duflo and Rachel Glennerster.

Abhijit Banerjee (India, 1961) is a professor of economics at MIT and co-director of J-PAL. With Esther Duflo, he has conducted randomized evaluations in the education sphere. He has also assessed reforms of informal schools in tribal areas in India, working with local NGOs.

Esther Duflo (France, 1972) is a professor of economics at MIT and co-director of J-PAL. She has evaluated policies to promote agricultural productivity in Kenya as well as the impact of women and lower caste members of village councils in India.

Rachel Glennerster (United Kingdom, 1965) is Executive Director of J-PAL. She is currently researching into community-driven development in Sierra Leona, the empowerment of adolescent girls in Bangladesh and health, education and microfinance in India.

The jury in this inaugural edition was chaired by the Director of the Economic Growth Center at Yale University (United States), Mark R. Rosenzweig. Remaining members were Jonathan Morduch, Professor of Public Policy and Economics at New York University; Norman Loayza, Lead Economist in the Research Department of the World Bank; Jonathan Temple, Professor of Economics at the University of Bristol (United Kingdom) and José García Montalvo, Chairman of the Economics Department at Pompeu Fabra University.

The BBVA Foundation supports knowledge generation, scientific research and the promotion of culture, relaying the results of its work to society at large. This effort materializes in research projects, human capital investment, specialization courses, grants and awards. Among the Foundation’s preferred areas of activity are

basic sciences, biomedicine, ecology and conservation biology, the social sciences and literary and musical creation.

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