More Than Good Intentions

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By Dean Karlan and Jacob Appel

I would like to begin by saying that the title of this book could not be more fitting. Exploring how even the most genuine humanitarian efforts can fail, Karlan and Appel demonstrate that their approach more effective. Karlan, a renowned economist and the narrator, and Appel, a field researcher, use both economic principles and case studies to highlight their ideas. Karlan is a large supporter of micro lending as a viable solution for individuals in developing nations and often uses it in his examples.

The book focuses on their “two-pronged” approach. The first prong is an understanding of the problem and the individuals involved. Focusing on behavioral economics, Karlan describes how human decision-making impacts those in need, humanitarian organizations, and those donating. For those in need, decisions, notably financial ones, are multilayered and unique due to changing priorities and daily situations. One example focused on a taxi driver in Ghana. Upon meeting Karlan and Appel as passengers and discussing financial options, the taxi driver seemed enthusiastic about applying for a loan to own his own taxi. However, the taxi driver never went to the bank to apply. Karlan notes that this was not a unique occurrence in Ghana or other developing countries. While something may seem like a wonderful possibility, the decision to follow through had to take multiple aspects of their daily lives into account.

For humanitarian organizations many decisions have to be thought through from a business approach instead of being driven solely by the aid they’re providing. Firstly, decisions have to take into account the needs and the motivations of the communities they are helping, a theme we have discussed repeatedly in class. Secondly, fundraising efforts have to be appealing and viable to a wide audience of potential donors. Planning these campaigns requires a deep understanding of the behaviors, motivations, and previous actions of those donating. For many donors, ease and ethical obligation are key aspects. For the campaigns of micro lending organizations, personal testimonies of individuals who were able to rise from poverty as a result of these loans are able to connect to their audience and increase donations. Like the images and stories on ASPCA and Feed the Children TV adds, individuals feel the need to aid the suffering they can see. With regards to ease, donors are more likely to donate through texting campaigns and small donations being added to grocery bills because they gain the warm feeling of doing good without too much effort.

Once a plan has been developed with regards to the behavioral economics of all parties involved, rigorous evaluation, the second prong, becomes the focus. Karlan and Appel believe that inadequate testing of solutions is a major reason many, well-intentioned projects fail. By evaluating previous efforts we can incorporate things that worked well and learn from mistakes. Analyzing the solutions used for similar issues can also warn us about potential problems we may need to prepare for. Karlan and Appel add that after a solution has been implemented, it needs to continuously evaluated to assess if it is helping in the best way possible. One micro lending example they mentioned focused on a woman who used a loan to expand her tomato selling business. At the end of the day she realizes that she had more cash on hand and chose to by a luxury item. While her business was a good fit for the loan and original loan money was used for its intended purpose, there was no information provided about the best way to save money or pay back the money owed. The “slipperiness of money”, a term the book uses to describe quick spending, is an issue that may not be accounted for in the original plan but can be added to future solutions.

One note that stuck with me after reading, was that individuals donating to large organizations and programs have more power than most would think. Donors have the ability to hold organizations to tangible results, well-tested solutions, and transparent spending because even small donations have a large impact on their fundraising. I felt this message was empowering and encouraged me to look deeper into the practices of groups I have considered donating to.