

Working paper

Impact of Exporting

Evidence from
a Randomized
Experiment

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August 2011



International
Growth Centre



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Impact of Exporting: Evidence for a Randomized Experiment, IGC-RA-2009-11-006.

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In our last report, we discussed in detail the issues that arose in our first project location in Akhmeem, Egypt. While the location seemed suitable, the products manufactured from this region did not receive interest from buyers in Western markets. As a result, we were forced to scrap this location and search for a new site. We spoke to a number of new producers while in Egypt and continued to follow up with those contacts in the succeeding months. We also agreed to hire a project coordinator on a part time basis with our partner institution (Aid to Artisans) and had him spend his time going from site to site in an effort to learn more about the suitability of the different potential collaborators.

In March 2011, we received encouraging news from Aid to Artisans that the marketed samples of the handmade carpets from Fowa, Egypt had received interest from a couple of home furnishing companies in the United States and Germany. We travelled to Fowa to meet with the producers and our local partners. We conducted pilot interviews and met with the intermediaries through which the handmade carpets would be produced and exported. We determined that the technology and logistical situation on the ground in Fowa would permit our proposed experimental design and found an exporting partner that was on board with the sensitive nature of maintaining two separate randomized groups. We trained the project coordinator, ironed out the baseline questionnaires and met with all the different actors who would be involved in the project. We also determined the random sequence of export orders that we would provide once the orders were received. Finally, we signed a contract with a survey team, Tanmia, who would be available to start the surveys as soon as we were sure that export orders would be forthcoming.

At the end of June, we were finally given word that an export order would come through in July 2011 and so prior to the order being placed, Adam Osman travelled to Fowa to implement the baseline survey. The baseline survey was successfully implemented between

July 3rd and July 21st 2011. 305 artisan producers were surveyed and mapped. A copy of the baseline questionnaire is included.

Since then, we have started to assign the first tranche of export orders to the producers. Initially, a German company promised an order of 1088 sq meters of sample rugs. If the full order is fulfilled this should be enough to cover initial samples for our entire treatment group assuming a modest level of artisans choosing to forgo working with us (which we expect to be the case for a variety of reasons). We have received word that additional orders will (hopefully) soon be placed from both Germany and the United States, and we anticipate using these additional orders in the experiment. Over the next few months, we will monitor all export orders, both those orders in the initial treatment and any other orders placed with either treatment or control firms. We will also continue to work closely with our project coordinator to ensure that various actors are in compliance with the experiment protocol, and perform follow up surveys in order to capture high-frequency changes occurring within the firms in both experimental groups. We are on track to finish the experiment and implement the endline survey in the Fall of 2012.

As the IGC was only funding the baseline data collection, we do not yet have any results to report. Due to the month-long holiday of Ramadan, the survey company is still in the process of entering the survey data they collected last month. We anticipate having the clean baseline survey data by the middle of September.

Web Summary

It is widely believed that export performance is an effective route for developing countries to rapidly increase economic prosperity. This project aims to increase our understanding of the channels through which exporting can drive economic growth and reduce poverty. Using a field experiment, we will try to establish the causal impact of providing Egyptian small-scale enterprises (SSEs) the opportunity to sell their products to foreign markets.

The site of our study is Fowa, Egypt which is known for handmade its rugs. We are providing export orders from Western buyers to a randomized sample of carpet makers in order to determine the impact that export orders have on firm and individual worker characteristics. The project will conclude in the fall of 2012 when an endline survey is carried out.

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