

Some challenges for meaningful impact evaluation

Roland Rathelot

Institut des Politiques Publiques (IPP)

April 23, 2013

Pre-implementing questions...

... one should ask/answer before implementing a policy (and starting an evaluation)

- What is the issue? Form a theoretical framework of the problem
- What are the expected effects of the policy? Potential (positive and negative) effects should be explicitated
- Which outcomes are relevant? How can they be measured?
- How will one be able to identify the causal impact of the policy? Choosing a credible *counterfactual*
- (How large should be a relevant pilot to be informative?)

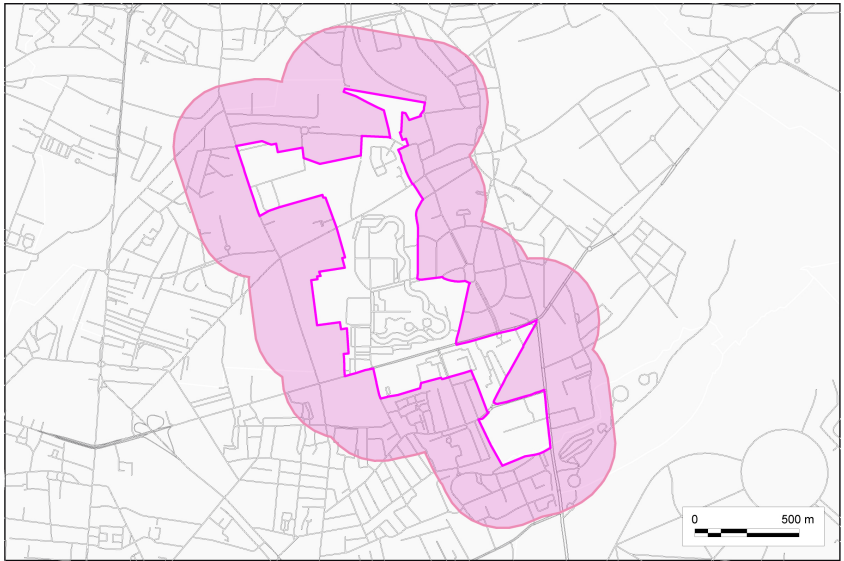
- Researchers use individual panel data (after and *before*)
- Surveys are useful but expensive and subject to attrition/non-response
- Evaluators should have access to relevant administrative data. To what extent can these data be merged (legally and practically speaking)?
- Potential issues: existence of the data, quality, privacy
- Potential solution: remote-access data centers

- Impartiality is difficult to secure
- Evaluation should not be done by research departments of ministries
- Policy-makers often subcontract evaluation works: under which conditions can this work?
- Interesting to use academic evaluators
- Policy-makers should commit to unconditional diffusion of the results

Selection bias is the Big Bad Wolf

- Polar case 1: selection into the program not really related to expected outcomes (political considerations): quasi-random assignment
- Polar case 2: selection into the program using an "index" based on past characteristics, on which policy makers strictly commit: possibility to take advantage on the discontinuity
- Intermediate case: very bad: can never exclude that selection was done based on (expected) potential outcomes
- Many studies show that, in general, matching methods leave sizable biases
- Randomized Controlled Trials remains the gold standard and is easier to use than one expects

- Programs may affect untreated individuals
 - Displacement effects (e.g. direct eviction)
 - General equilibrium effects (e.g. prices)
- The evaluation should incorporate this aspect when one suspects this might occur (several methods)



- Is evaluation so costly? Not really compared to the cost of most policies
- Heterogeneity within (and across) countries
- But aggregating the knowledge produced by many evaluations may lead us to better understand firm/individual behaviors in their complexity