

Methods of Impact Analysis

Concluding notes

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1. Methods not covered

- Standard econometric method put to good use, such as IV
- less frequently used methods/strategy, such as pipeline.
- and new developments in a very dynamic field, which has caught the interest of both econometricians and practionners

2. Recent (hot) debate on randomization vs non-randomization (Duflo & Poverty Lab, Deaton, Heckman & Urzua, Imbens)

The focus is on establishing the existence of causal effects. Where experiments are feasible, experiments are unambiguously the preferred approach.

But there are many other approaches that can be made to apply. They each rely on a different set of assumptions, and they seldom identify a plain “average treatment effect”.

Key is to convincingly argue for the exogeneity of the variation that is used for identification of the causal effect.

And clearly identify the population for whom you measure the impact.

3. Variety of treatment effects: ATE, ATE(X), ATT, LATE, ITE, etc.

Which of this is of interest? It depends on your objective.

Is it relevant to measure the impact of:

- the use of credit on technology adoption? Yes, for those who choose to use credit. This is the ATT

- offering a credit program targeted to the smallholders on the group of smallholders (whether they decide to take the offer or not)? Yes, because this is what the program obtain. If low uptake for example, you will have low impact. This is the ITE of targeted credit.

- Promoting of an extension service, or offering a general subsidy on fertilizer on the use of fertilizer? Yes, but you may want to see the heterogeneity of impact ATE(X), in addition to the overall impact ATE.

- Providing a “nudge” for farmers to get into the export sector? You may want to measure LATE, the treatment effect on those your nudge induced to change.

Concluding words from Guido Imbens:

Imbens calls the recent developments “The causal literature”, because the same tools can be used beyond impact of programs

“Having a variety of estimates, with a range of populations, and a range of identification strategies, can be useful to policy makers even if none of the individual studies directly answers the policy question of interest.”