Impact Evaluation Methods in Public Economics: A Brief Introduction to Randomized Evaluations and Comparison with Other Methods

by Dina Pomeranz

Abstract

Recent years have seen a large expansion in the use of rigorous impact evaluation techniques. Increasingly, public administrations are collaborating with academic economists and other quantitative social scientists to apply such rigorous methods to the study of public finance. These developments allow for more reliable measurements of the effects of different policy options on the behavioral responses of citizens, firm owners, or public officials. They can help decision makers in tax administrations, public procurement offices, and other public agencies design programs informed by well-founded evidence. This paper provides an introductory overview of the most frequently used impact evaluation methods. It is aimed at facilitating communication and collaboration between practitioners and academics by introducing key vocabulary and concepts used in rigorous impact evaluation methods, starting with randomized controlled trials and comparing them with other methods ranging from simple pre-post analysis to difference-in-differences, matching estimations, and regression discontinuity designs.

Keywords: Practice; Public Sector; Research; Policy; Performance Evaluation

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