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Impact evaluations, bias, and bias reduction

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Summary

In this thesis, I investigate non-experimental techniques in order to make causal claims, study biases, and show how non-experimental methods can adequately reduce bias. In doing so, I stress the need for continued interest in and improvement of non-experimental designs as a fundamental alternative to randomized designs. I present evidence from different impact studies, gradually zooming in from the macro level to the individual level. In chapter 1, I introduce the concepts of bias and bias reduction, presenting an overview of the methodologies and research questions, guiding the reader through the core chapters of this thesis.

Chapter 2 starts at the macro level, analysing whether healthcare financing privatizations curb total healthcare expenditures in advanced economies. Using a propensity score matching methodology, I find that healthcare financing privatisations lead to cost savings in total healthcare expenditures in our sample of 20 OECD countries. The results suggest an annual cost saving of 0.09 percentage points of GDP per year. Accumulated this means that about 0.45 percentage points of GDP are saved over 5 years following a privatisation. The results also show that savings in total health care expenditures are large in the beginning of the post-reform period, but decreases continually approaching a zero effect after five years.

In chapter 3, I zoom in on the household level, evaluating the impact of microcredit from a Bolivian microfinance institution (MFI) in two different regions within Bolivia. I am able to identify the causal effect of the microfinance loans, by applying a double difference model in space. The results suggest big differences between the two regions: the first region shows little to no impact, whereas in the second region, significant impacts are found on multiple outcome indicators. The impacts observed in the second region are both negative and positive. The negative impacts are for agricultural outcomes, and the positive impacts are observed for the business outcomes. Combined with an observed shift in the households' source of income, these effects suggest that the loans provided by the MFI under study finance a shift in the households' income generating activities, from agriculture to business.

Chapter 4 studies a retrospective impact evaluation of a microcredit program implemented by a Ghanaian MFI. I apply a mixed methods approach, consisting of a propensity score matching approach and a double difference model, where pre-intervention data is constructed using recall. The findings complements recent experimental research on the impact of microcredit. That is, we observe

minor short-run impacts of the provision of microcredit. In an attempt to explain the results of the impact evaluation, chapter 4 investigates the effect of socially desirable behaviour on the reported loan use of the household's microfinance loan. I find that almost 50 per cent of the microfinance members did not spend their loan proceeds productively but rather on consumption items. Thus, the results reveal a discrepancy between the respondent's survey response and their actions, therefore providing a possible explanation of the observed minor impacts of microcredit provision.

In chapter 5, I zoom in on the individual level, investigating farmers' perceptions regarding the importance of Farmers' Market Organizations in rural Ethiopia. The Farmers' Market Organizations under study are considered to be market-oriented cooperatives, linking farmers to the outside market. I test the influence of social desirability and opportunism using a list experiment. Our results support our argument that farmers may feel social and/or opportunistic pressure to express positive opinions concerning the Farmers' Market Organizations. The revealed actions are thus not in line with the opinion they express when asked directly about their perceptions regarding the Farmers' Market Organizations. Additionally, the list experiment method enables us to distinguish various characteristics. Specifically, I investigate differences in the response bias between members versus non-members, and supporters (believers) versus non-believers, finding a greater bias among supporters.