

RCTs and Building Evidence-Based Policies

The internal validity rabbit hole, generalization vs. 'local tinkering'
& the forgotten accountability objective



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Picture from Alice in
Wonderland (because of the
rabbit hole...😊, reference
taken from [Findley et al. 2021](#))

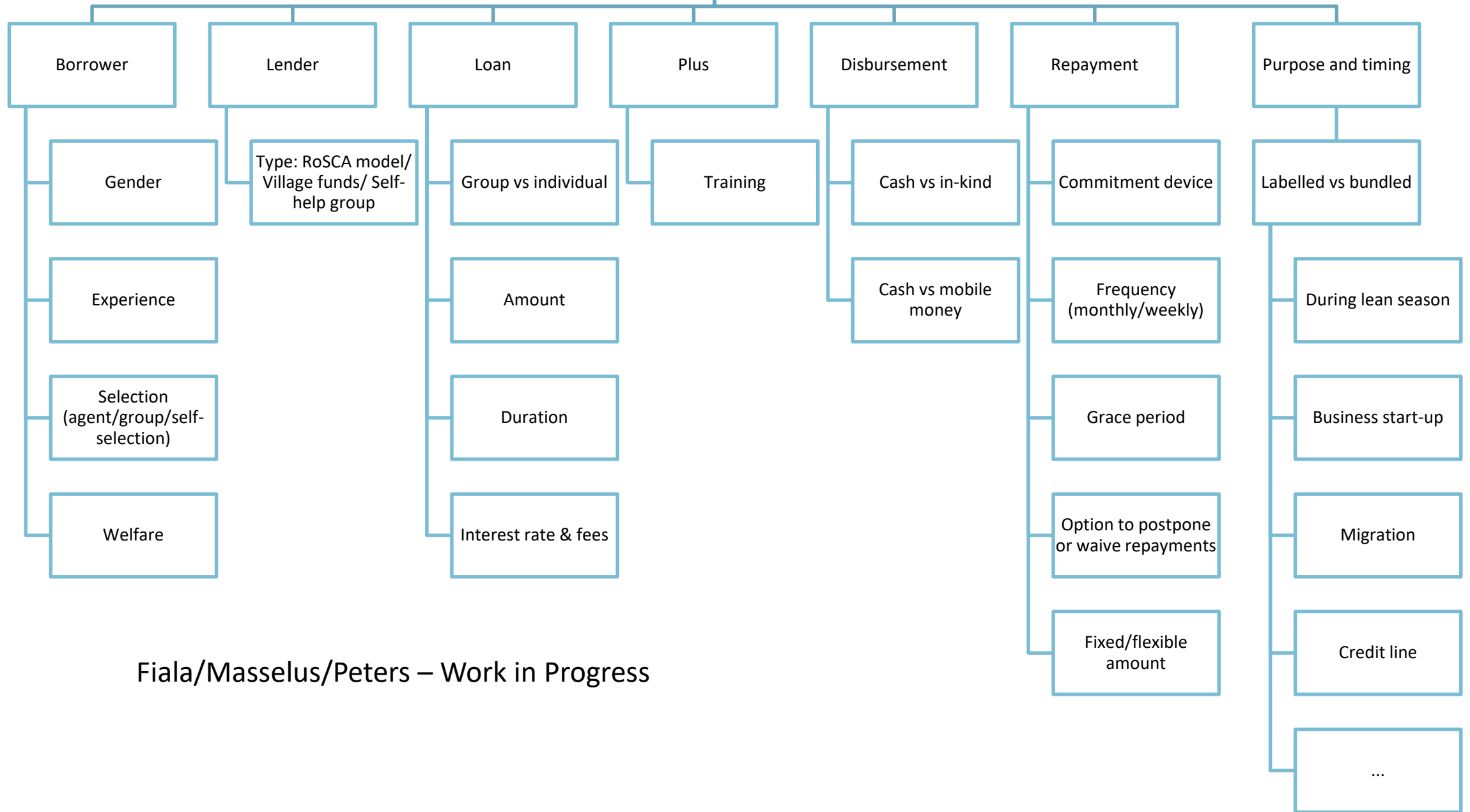
The Rabbit Hole: RCTs do not deliver on what policy needs

- RCTs evaluate what is randomizable – instead of what policy effectively does
 - Example: electrification *pic of solar lanterns* vs. *Pic of grid extension*

What have we learnt? Precise & internally valid point estimates for how long kids study at home, but we are in the dark about where the grid should be built next

- External validity and construct validity are low: [Esterling et al. 2021](#), [Findley et al. 2021](#), [Peters et al. 2018](#)
 - Example 1: Researchers' involvement in implementing the treatment ('NGO-effect')
 - Example 2: The 'design space' of microfinance

Microfinance Design Space



Fiala/Masselus/Peters – Work in Progress

Generalization across contexts vs. Local tinkering approach

- Virtually all academic papers claim to inform policy beyond the intervention under evaluation
- Yet, heterogeneity across contexts and programs is huge (Source: common sense, systematic reviews on most policies, Vivalt 2020)
- purpose of (impact) evaluations should not be to claim that results are generalizable, but to improve the program under evaluation ('local tinkering approach')
 - Banerjee et al. (2017): "From proof of concept to scalable policies", also Duflo's "Economists as plumbers"

Accountability: More audits, less RCTs

- Two objectives of evaluation: Learning & accountability
- Accountability should create the “incentive framework for learning” (OECD & World Bank 2001)
- Accountability is not naturally established in development policy (because public pressure is low, especially for ODA)
 - Disbursement problems are more salient than satisfying the taxpayer or the target group
- Independent Evaluation Units play a crucial role in building accountability pressure
- RCTs clearly are not a good instrument to establish accountability for complex multi-level programs
- Therefore, the trend of (some) IEU towards RCTs is worrying from an accountability perspective

265 characters summary

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There's way too much focus on randomization (and causal identification in general) in academic policy evaluation. Pro-poor evaluations should do what improves pro-poor policies, not what journal editors/reviewers like – RCTs have a role here, but not a leading one.

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