Making Policy with Data
An Introductory Course on Policy Evaluation

Policy Briefing

Instructor: Prof Yiqing Xu
April 25

Monitoring Corruption (Olken 2007)

- Corruption is a major problem in developing countries

- Little evidence of how to fight corruption

  - Does monitoring work?

  - Top-down or bottom up?

- Main challenges

  - Causal identification

  - **Measuring** corruption

A Field Experiment in Indonesia

Monitoring Corruption (Olken 2007)

- Funding public projects

- Villagers use the money to build roads

- **Treatment:** Audition by an independent agency
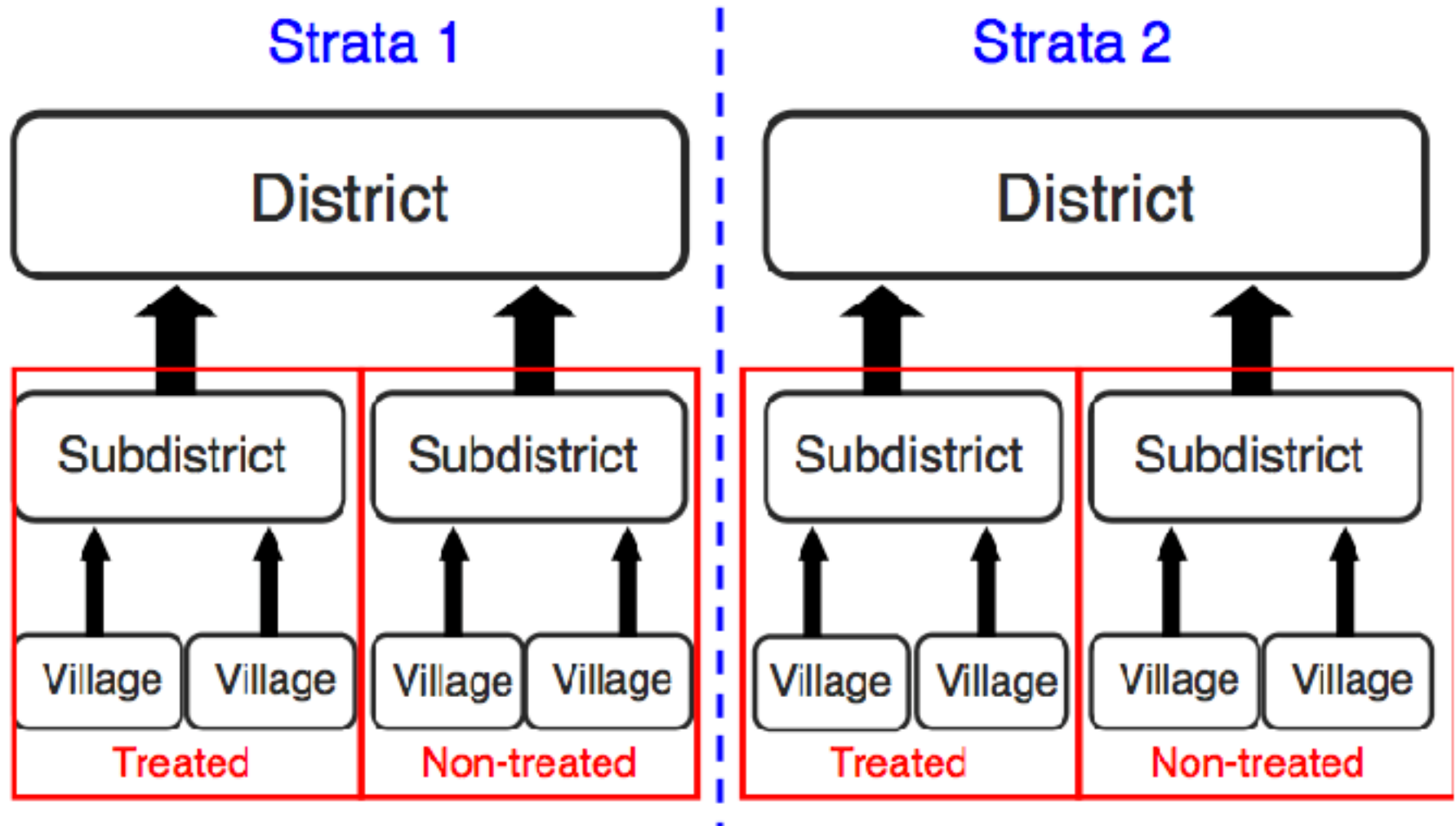
Randomization
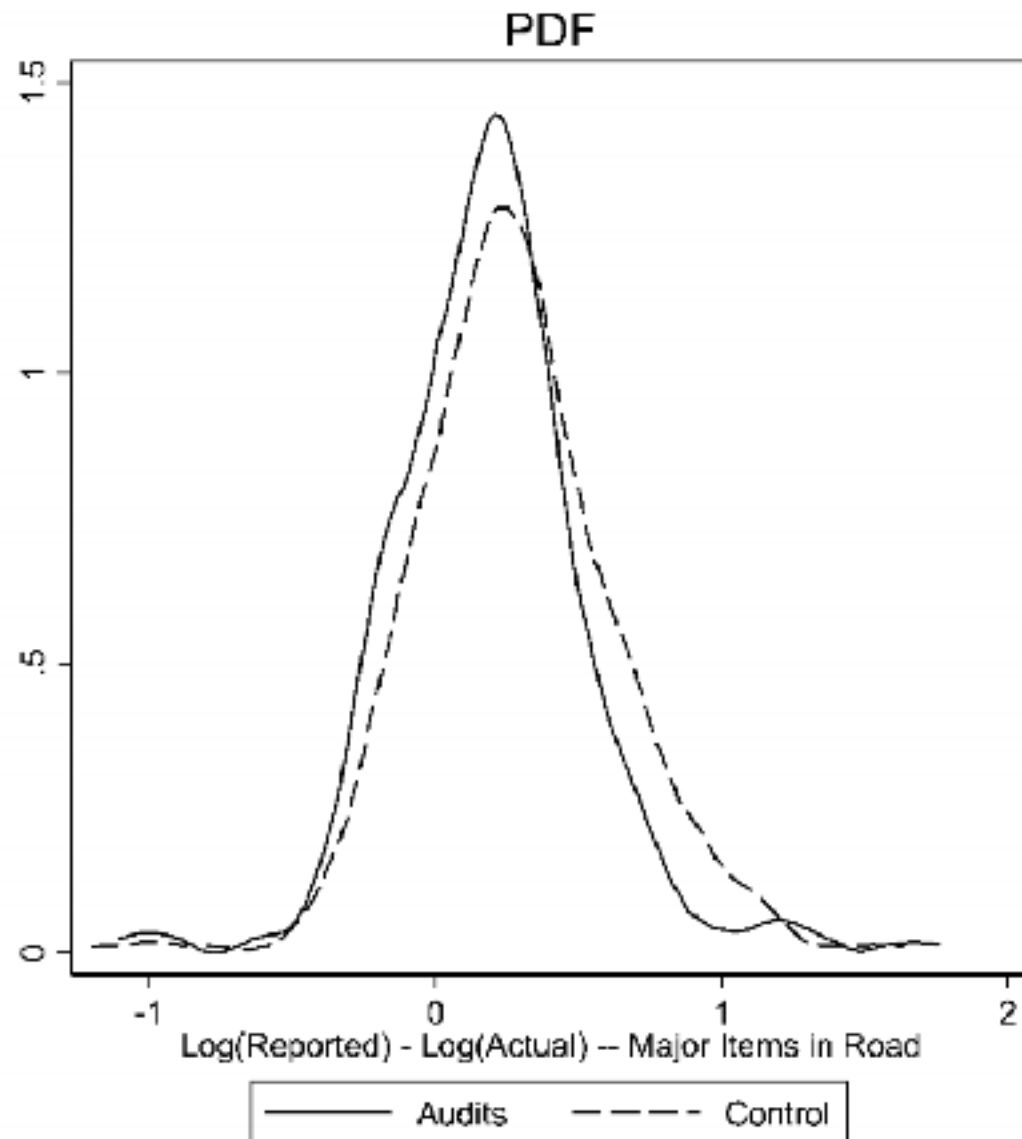

Figure by Kreibaum and Lesquoy

Measurement

- The difference between

  (1) Cost reported by village implementation teams

  (2) Cost estimated by independent engineers and surveyors

    - taking samples; build test roads

- Calculate **percentage of missing**

Results: Less Over-reporting

PERCENT MISSING[a]	CONTROL MEAN (1)	TREATMENT MEAN: AUDITS (2)	NO FIXED EFFECTS	
			Audit Effect (3)	p-Value (4)
Major items in roads ($N = 477$)	.277	.192	−.085*	.058
	(.033)	(.029)	(.044)	
Major items in roads and ancillary projects	.291	.199	−.091**	.034
($N = 538$)	(.030)	(.030)	(.043)	
Breakdown of roads:				
Materials	.240	.162	−.078	.143
	(.038)	(.036)	(.053)	
Unskilled labor	.312	.231	−.077	.477
	(.080)	(.072)	(.108)	

Results: Less Over-reporting

PDF

Log(Reported) - Log(Actual) -- Major Items in Road

———— Audits   — — — Control

Buzzword:
Domain Knowledge

Domain Knowledge

- **Domain:** an area a specific group of experts work in

- **Domain Knowledge:**

  - Knowledge/know-hows specific to that ares

- When people say "domain knowledge is required for a data analytical problem," it means that we need knowledge beyond statistics or data science

  - Eg. medical expertise, legal expertise, knowledge of government procedures

House-keeping

- Midterm: May 4 (next Thursday)

- PSet 2 deadline: May 2

- Midterm review: May 2

- More suggestions on the course?