



## Things We Don't Want to Know? Monitoring and Evaluating Place-Based Policies

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OECD-EC workshop, Paris, 7 July 2023

**Work in progress: please do not share / quote without permission.**

This keynote, and the paper behind it, draw on material in Mason, Nathan and Overman (2023), Nathan (2016), Nathan (2015), and on work done at the What Works Centre for Local Economic Growth, 2013-2021. This paper represents my views, not those of my co-authors, our respective institutions (UCL, LSE, CEP, the What Works Centre for Local Economic Growth) or their funders.

# Overview

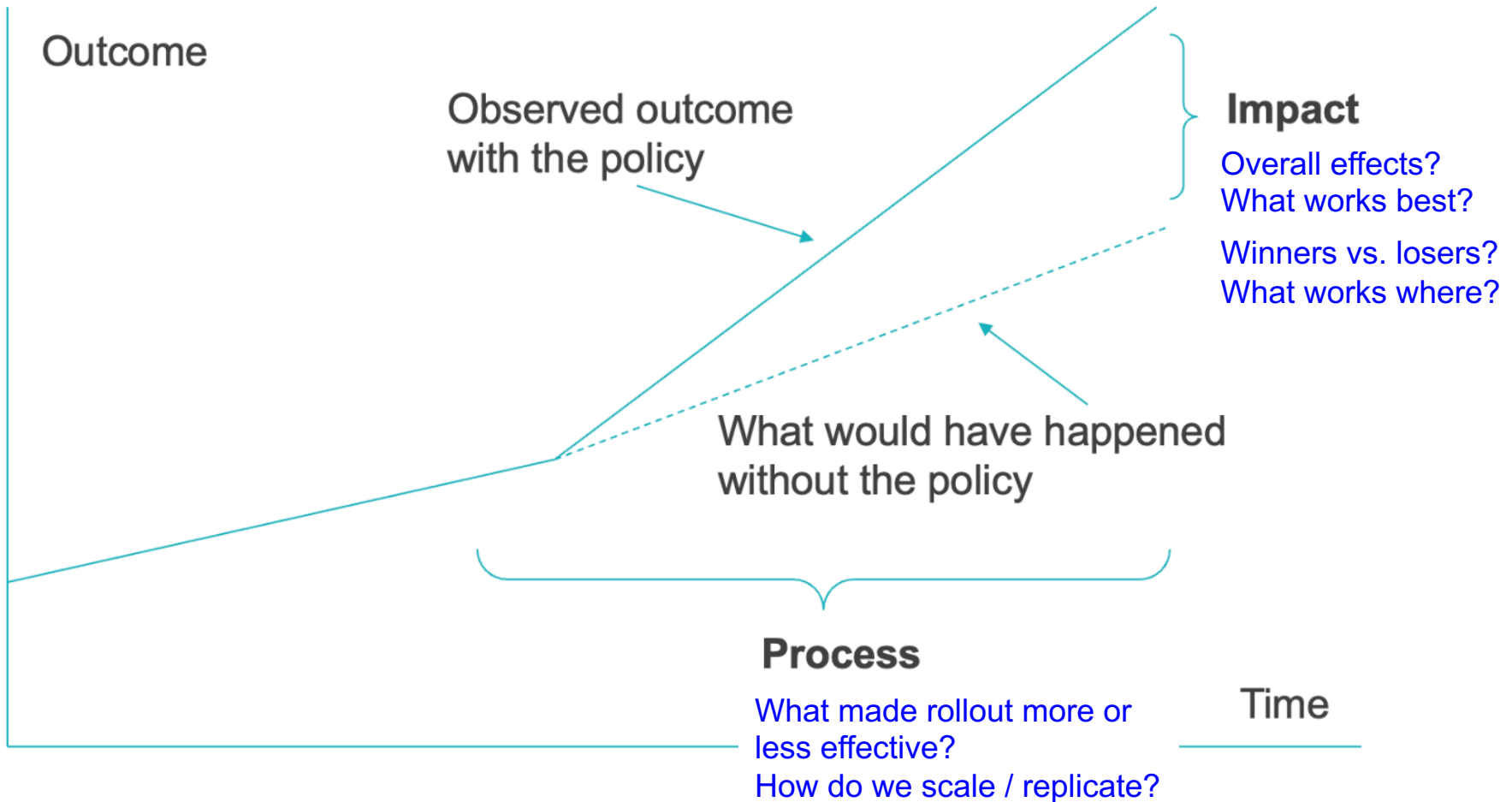
- What do we need to know, to evaluate place-based policies?
- Problems with making and using evaluation evidence
- How can we do better?
- Challenges, and possible ways forward

# Basics

# Terminology

- **What's place-based policy?** (Suedekum, 2023)
  - **Place-focused vs. place-sensitive** approaches
  - Help lagging places improve vs. help places catch-up / transition / grow
  - *1980s Cohesion Policy vs. 2010s Cohesion Policy*
  
  - **Targeted vs. mainstream funding**
  - Dedicated pots vs. transfers
  - In a centralised country like the UK, transfers dwarf pots
- **Who's 'we'?** Academics / researchers; national and sub-national policymakers

# What should we want to know?



# Problems

# Problem 1: evaluation evidence is often missing or incomplete

Policy	# Studies	# SMS3+	Impact on jobs?	Positive
Access to Finance	1450	27	11	6
Apprenticeships	1250	27	9	7
Broadband	1000	16	10	5
Business Advice	700	23	17	8
Employment training	1000	71	65	33
Estate renewal	1050	21	5	1
Innovation	1700	63	10	6
Public realm	1140	0	0	0
Sports and culture	550	36	16	4
Transport	2300	29	6	2
Employment Zones	1300	30	27	15
EU Structural Funds (GDP)	1300	18	11*	5*

Summary of OECD-wide systematic reviews carried out by the What Works Centre for Local Economic Growth, 2013-2019. SMS3+ is a proxy for robust impact evaluation design



# Problem 2: evaluation evidence is often poorly used, or not used

*Almost nobody is against evidence-informed policy and practice. Like motherhood and apple pie, there's not a lot there to object to. ... who wants to take to a stage and argue in favour of evidence-free policy?*

(Sanders and Breckon 2023, p3)

*If you've got to be evidence-based, and inclusive, and joined up, and consultative, and outward-looking, you can't deliver a policy in a week – but ministers want policies tomorrow.*

(Interview subject in Hallsworth et al 2011, p8)

# Why does this matter?

- **Persistent spatial disparities between (and within) places**
  - Persistent in part because self-reinforcing (Von Ehrlich & Overman 2020, Brandily et al 2022, OECD 2022, Overman & Xu 2022)
- Place-based policy is tackling **structural mega-forces**
- But we also know these policies also have a ~50% hit-rate!
- **We need to know what responses are most effective**

# Why does this matter?

- **Big interest in place-based interventions right now**
  - **Reason 1:** spatial disparities create political blowback => place-based programmes as a response to this (McCann 2023)
  - **Reason 2:** climate transition, energy and value chain insecurity => major new industrial strategies with big place-based elements (Rodrik 2004, Mazzucato 2018, Tooze 2022)
- **Big spend, rapid rollout: monitoring & evaluation really matters here!**

# What's the challenge?

- **Making and using evidence is very important in place-based policymaking, especially in this moment**
- But it's also dry, and difficult to do well
- Especially for place-based policies
- It involves a mix of
  - **things that are hard to know** (as researchers), and
  - **things we may not want to know** (as policymakers)
- This is a tricky combination!

**What should we be aiming at?**

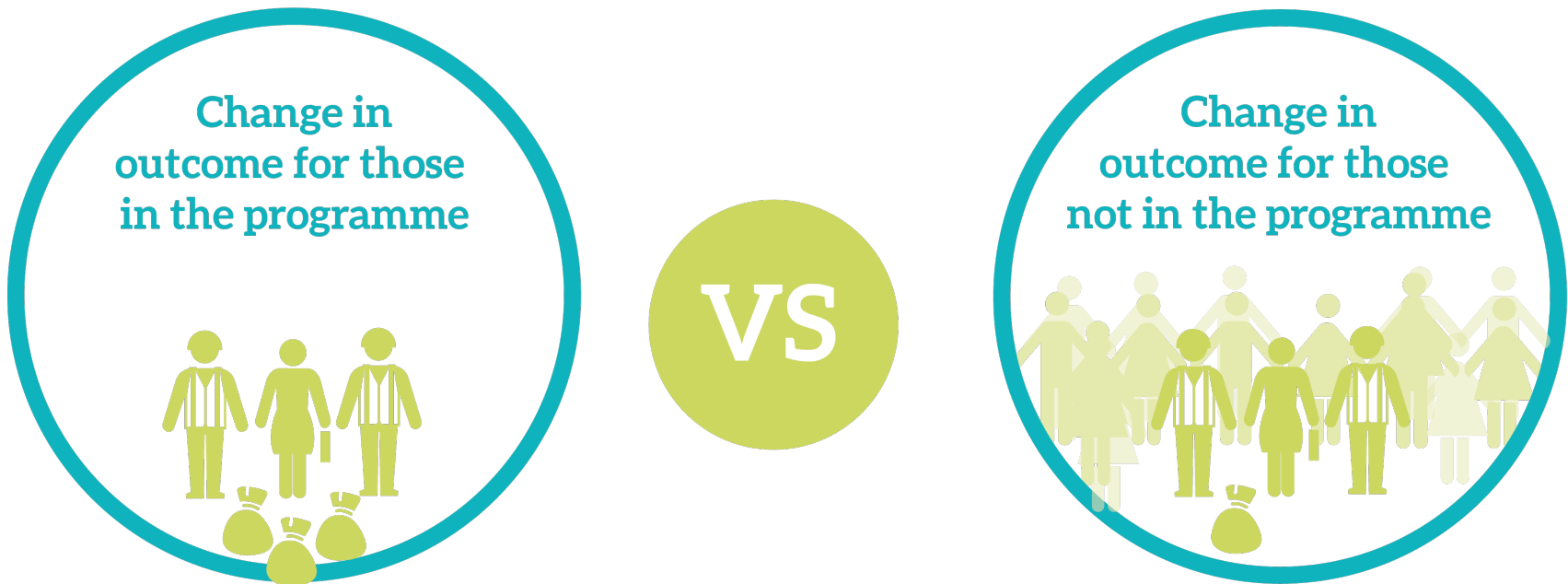
# Policymaking ideal-types



- **Scientific:** do a comprehensive evidence review, sift for quality, maximise welfare by some clear objective
- **Muddling through:** move fast, use whatever evidence is available, minimise tradeoffs (Lindblom 1959)

# Making robust evidence

For **impact evaluation**, the key challenge is building the counterfactual: what would have happened without the policy?



Researchers use a number of ways to 'reconstruct' the counterfactual

# Methods toolkit

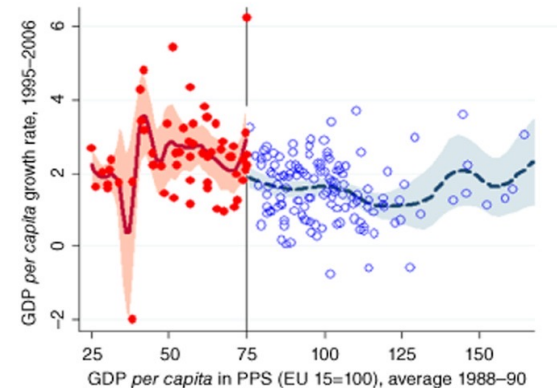
- **Randomised Control Trials are the “gold standard” of impact evaluation**
  - Randomisation is hard for capital investment / policies that target places
  - More feasible for place-sensitive programmes that target firms or people
- **Quasi-experiments go with the grain of policy**
  - **Example: funds awarded via competition:** compare outcomes for winners with those for losing bidders
  - **Example: rules-based funding formula:** compare outcomes for similar places either side of the eligibility cutoff



# Example: Objective 1 programmes

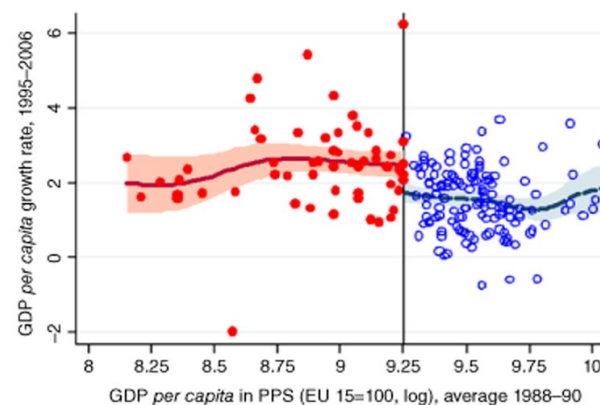
- Pellegrini et al (2013) compare outcomes for eligible regions vs. regions just ineligible for support
  - Places either side of the cutoff have different GDP/capita growth rates
- Becker et al (2013) expand this idea to explore how Objective 1 impacts *vary with regions' absorptive capacity*
- Becker et al (2012) use matching to compare outcomes for similar places with different *levels* of funding

a. Level in PPS



• Nuts 2 Obj.1  
• Nuts 2 non-Obj.1  
— Nuts 2 Obj.1 polynomial fit  
— Nuts 2 non-Obj.1 polynomial fit

b. Level in PPS (log)



• Nuts 2 Obj.1  
• Nuts 2 non-Obj.1  
— Nuts 2 Obj.1 polynomial fit  
— Nuts 2 non-Obj.1 polynomial fit




Source: Pellegrini et al (2013)




# Getting there

# Design challenges

- **Building robust designs.** For impact evaluation, this is about building a good counterfactual:
  - Participants may differ from non-participants ... including in ways that are hard to see in data
  - This may affect who gets treated; differences may vary over time
- **Hard-to-measure outcomes,** e.g. wellbeing. Detailed tools exist, but these are technically quite demanding
- **Asking the right question.** If you have a budget to spend, 'what kind of X works best' > 'does X work?'

# Communication challenges

<h2>Accelerators</h2>	Accelerators are business support programmes that provide short term, intensive packages of support to startups. Programme entry is highly competitive
What do they aim to do?	Help startups and young firms grow through short term, intensive support provided on a competitive basis'
How secure is the evidence?	
How much do they cost?	
How effective are they?	

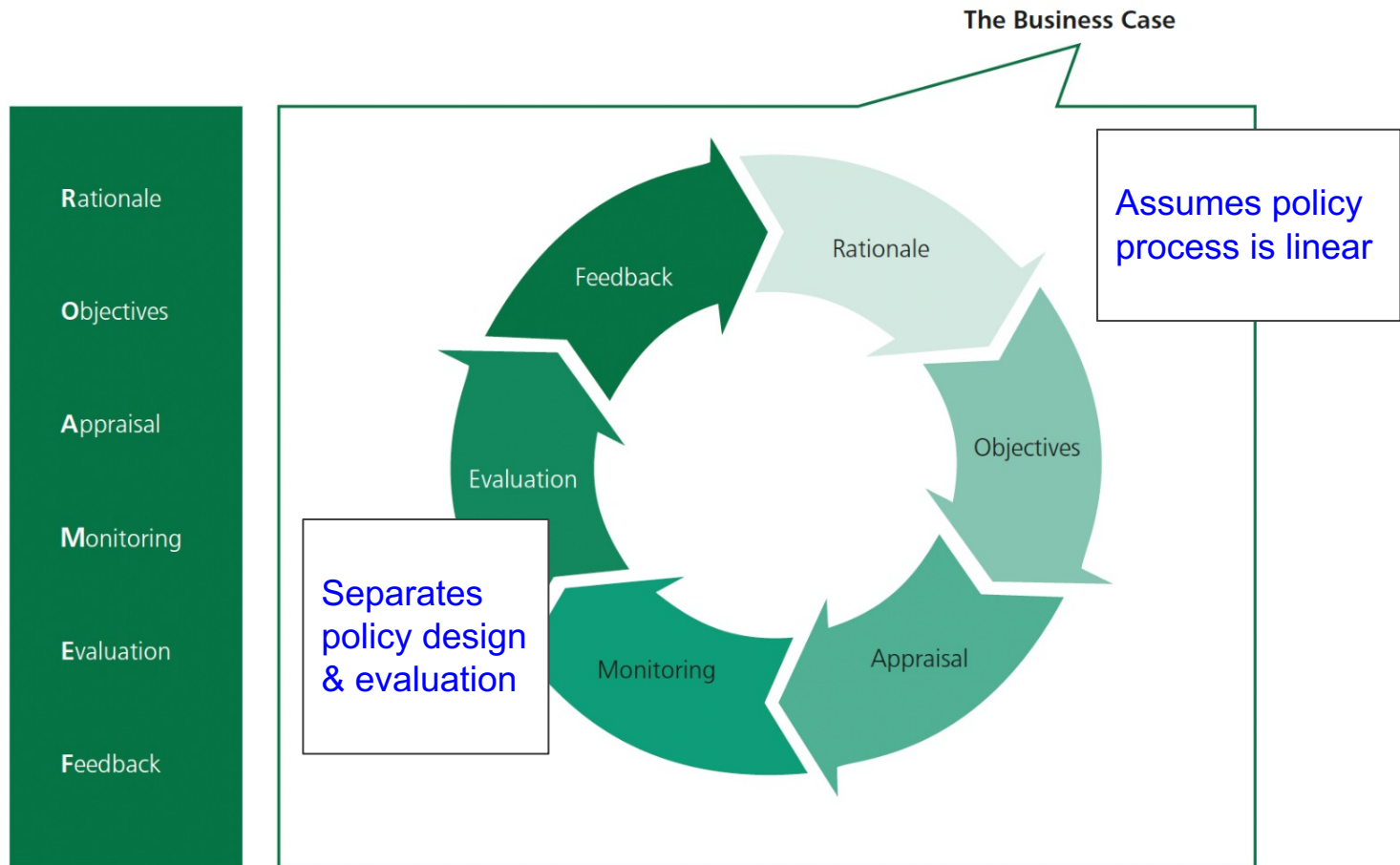
<h2>Incubators</h2>	Incubators are business support programmes that provide co-working plus business support to startups. Firms typically pay to join.
What do they aim to do?	Help startups and young firms grow through co-working plus business support, provided on a rolling basis.
How secure is the evidence?	
How much do they cost?	
How effective are they?	

- **Evaluation evidence is often too technical, not timely** (Sanders and Breckon, 2023)
- Visualisation, rapid reviews help!
- Bigger issue: the evidence base is diffuse
- Many fields with different terminology, methods
- Comparison, synthesis and distilling messages is hard

# Capacity challenges

- **These tools are technically demanding, especially those for impact evaluation**
- Even commissioning and managing someone else is challenging, has person and time costs (Mason et al 2023)
- Capacity problems:
  - Are especially acute at sub-national level
  - Get worse in more centralised countries
  - Are made more severe in countries with austerity programmes

# Institutional challenges



Source: HM Treasury (2022)

# Cultural challenges

- **Policymakers:** incentive to start new projects > discover if past projects worked out
  - Big political downside to discovering that a policy didn't work
  - Especially severe for place-based programmes with long timeframes
  - “O-hacking”: official evaluations can explore an implausibly wide set of outcomes
- **Academics:** highly selected into research-intensive life
  - Career structures incentivise publication + teaching > outreach
  - Journals amplify incentives to focus on robustness > wider lessons

# Cultural differences

- **Researchers, policymakers seem to prefer different types of evaluation evidence, and from different sources** (Vivalt & Colville 2022, Vivalt et al 2023)
  - Experiments with participants at World Bank / IADB workshops
  - Researchers are more pessimistic than policymakers about policy
  - Researchers prefer robustness of studies > wider generalisability
  - Policymakers prefer evidence that generalises > robustness
  - Policymakers prefer evidence recommended by known local experts ... even if this is of lower quality



# Moving forward

- **Framing** - what does a pro-evaluation stance look like?
  - You want to know if your policies work, and why
  - You can be confident your approaches are (likely to be) effective
  - You are open to piloting and testing new ideas, where evidence is missing or unclear
  
- **Rule-setting and incentives** – funding bodies can set minimum standards / incentivise good evaluation practice
  - EC already does some of this, UK government increasingly does do
  - Also: promote experimental approach, test / learn / adapt
  - Not enough unless communication, capacity issues also addressed

# Moving forward

- **Better synthesis and communication**
  - Clearer language and visualisation
  - Rapid feedback
  - Combining impact with process
  
- **Capacity; institutions**
  - Hiring; training; resourcing
  - Necessary even if actual monitoring / evaluation is outsourced
  - Broader cultural change is a 10-year + process
  - Intermediaries – like What Works Centres, JRC, J-PAL – can help a lot.  
But much of this work is the job of government

**Thanks!**

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