

Abbreviations	XIII
Symbols	XV
Introduction	1

Part I Microeconometric Evaluation Methods

1 Introduction in Programme Evaluation	9
1.1 Introduction	9
1.2 The Evaluation Framework	11
1.2.1 Potential Outcome Approach and the Fundamental Evaluation Problem	11
1.2.2 Parameters of Interest and Selection Bias	13
1.2.3 Linking the Potential-Outcome-Framework to Textbook Econometrics	15
1.2.4 Homogeneous vs. Heterogeneous Treatment Effects	16
1.3 How Do Randomised Experiments Solve the Evaluation Problem?	17
1.3.1 Possible Problems with Randomised Experiments	18
1.4 Evaluation Estimators	19
1.4.1 Three Commonly Used Evaluation Estimators	21
1.4.2 Alternative Evaluation Estimators	25
1.5 The Principle of Unconfoundedness	30
1.5.1 The Basic Idea of Matching Under Unconfoundedness ..	30
1.5.2 How Does Matching Solve the Selection Problem?	32
1.5.3 Redefining Selection Bias	33
1.5.4 How Do Matching and Regression Under Unconfoundedness Differ?	35
1.6 Summary - Which Estimator to Choose?	38

2	The Evaluation of Policy Interventions with Matching Estimators	43
2.1	Introduction	43
2.2	The Balancing Property of the Propensity Score	45
2.3	Alternative Matching Estimators	46
2.3.1	Nearest-Neighbour-Matching	47
2.3.2	Caliper and Radius Matching	48
2.3.3	Stratification and Interval Matching	49
2.3.4	Kernel and Local Polynomial Matching	50
2.3.5	Weighting on the Propensity Score	53
2.4	Matching on Covariates	54
2.4.1	Simple Matching Estimator	55
2.5	Combination of Matching with Other Methods	56
2.5.1	Conditional DID or DID Matching Estimator	57
2.5.2	Regression-Adjusted Matching Estimators	58
2.5.3	Bias-Corrected Matching Estimator	58
2.6	Efficiency and Large-Sample Properties of Matching Estimators	59
2.6.1	Estimating the Variance for Treatment Effects	62
2.7	Which Matching Estimator to Choose?	65
3	Some Practical Guidance for the Implementation of Propensity Score Matching Estimators	71
3.1	Introduction	71
3.2	The Implementation of Matching Estimators	73
3.2.1	Estimating the Propensity Score	73
3.2.2	Assessing the Matching Quality	78
3.2.3	Overlap and Common Support	80
3.2.4	Choice-Based Sampling	83
3.2.5	When to Compare and Locking-in Effects	83
3.3	Sensitivity Analysis with Rosenbaum Bounds	84
3.4	More Practical Issues	87
3.4.1	Programme Heterogeneity	87
3.4.2	Sequential Matching Estimators	89
3.4.3	Choosing the Right Control Group - Random Programme Starts	91
3.5	Conclusion	93

Part II The Evaluation of Job Creation Schemes in Germany

4	The German Labour Market and Active Labour Market Policies - A Brief Overview	99
4.1	Introduction	99
4.2	Institutional Setup and Instruments	101
4.2.1	The German Labour Market - Some Stylised Facts	101

4.2.2	Labour Market Policies	103
4.2.3	Job Creation Schemes.....	111
4.3	Previous Empirical Studies	113
4.3.1	Microeconomic Evaluations of Job Creation Schemes	113
4.3.2	Macroeconomic Evaluations	115
4.4	Dataset Used in our Analysis	119
4.5	Outline of the Empirical Analysis.....	124
5	Microeconomic Evaluation of Job Creation Schemes -	
	Part I: Individual and Regional Heterogeneity	127
5.1	Introduction	127
5.2	Groups of Analysis and Selected Descriptives	129
5.2.1	Groups of Analysis	129
5.2.2	Selected Descriptives for the Four Main Groups	131
5.2.3	Selected Descriptives for the Regional Clusters	133
5.3	Implementation of the Matching Estimator	134
5.3.1	Plausibility of CIA	134
5.3.2	Estimating the Propensity Score	135
5.3.3	Choosing the Matching Algorithm	138
5.3.4	Common Support	141
5.3.5	Matching Quality	143
5.4	Results.....	147
5.4.1	Results for the Main Groups	148
5.4.2	Results for the Selected Sub-Groups	149
5.4.3	Results for the Regional Clusters	155
5.4.4	Sensitivity of the Results to Unobserved Heterogeneity .	156
5.5	Conclusion	158
6	Microeconomic Evaluation of Job Creation Schemes -	
	Part II: Programme Heterogeneity	161
6.1	Introduction	161
6.2	Groups of Analysis and Selected Descriptives	162
6.2.1	Groups of Analysis	162
6.2.2	Selected Descriptives.....	166
6.3	Implementation of the Propensity Score Matching	168
6.3.1	Propensity Score Estimation	168
6.3.2	Matching Quality and Common Support	170
6.4	Results.....	172
6.4.1	Results for the Five Sectors.....	173
6.4.2	Results for the Sectors and Types of Promotion	175
6.4.3	Results for the Sectors and Providers	178
6.5	Conclusions.....	181
7	Conclusions and Outlook	183

A	Additional Material to Chapter 4	189
B	Additional Material to Chapter 5	193
C	Additional Material to Chapter 6	219
	List of Tables	239
	List of Figures	243
	References	245