



Istituto per la Ricerca Valutativa sulle Politiche Pubbliche

IRVAPP Annual Activity Report 2008

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1. Introduction

The Institute for the Evaluation of Public Policies (IRVAPP) was established in March 2008 by the Fondazione Bruno Kessler (Trento) and started its activity on April 1st, 2008. Its scientific mission is to carry out policy evaluation research to disentangle and measure the effects of policy interventions. In other words, IRVAPP aims at providing evaluations of *policy impact* to international, national and local agencies engaged in public policy in order to contribute to the establishing of an informed and *evidence-based* policy making. The methodological paradigm underlying IRVAPP's empirical work is the counterfactual model of causality. That is, the effects of public policies are measured as a difference between the expected policy outcomes and what would have occurred in the absence of the intervention.

Despite their relevance in the Italian political agenda, public policies are often adopted and implemented without any assessment of their effectiveness. The purpose of IRVAPP is therefore to bridge such research and institutional gap between Italy and those European countries where programme evaluation has been widespread for much longer.

This Annual Report summarises IRVAPP's activities (research, training, seminars /conferences/workshops) during the first year of set-up. The period covered by the report is 1 April 2008 - 31 March 2009.

2. Staff

Antonio Schizzerotto, professor in Sociology at the University of Trento, has been appointed Director of IRVAPP. Deputy Director of the Institute is Ilaria Covizzi, researcher in Sociology.

In 2008 IRVAPP research staff was composed of an interdisciplinary team of researchers in Economics, Sociology and Statistics.

In particular, some of the staff (core senior group) are permanent fellows of IRVAPP. They are Ugo Trivellato (professor of Economic Statistics, University of Padova), Enrico Rettore (professor of Economic Statistics, University of Padova) and Erich Battistin (associate professor of Economic Statistics, University of Padova).

Others are research associates whose contribution to the Institute is strictly related to specific research projects. They are Ivano Bison (researcher in Sociology, University of Trento), Roberto Gabriele (researcher in Economics, University of Trento), Mario Lucchini (researcher in Sociology, University of Milano-Bicocca) and Adriano Paggiaro (researcher in Economic Statistics, University of Padova).

3. Scientific Advisory Board

IRVAPP also relies on advice and recommendations from seven members of a Scientific Advisory Board. The Board is chaired by Paolo Sestito (Director, Research Unit, Bank of Italy, Rome) and composed of:

- ▶ Rodolfo Bogni Senior Independent Director of Old Mutual plc, Chairman of Medinvest Intl, Director of Kedge Capital, Alinghi Holdings, Prospect Publishing and a trustee of the Fondazione Bruno Kessler
- ▶ Marco Caliendo Director of Research, Institute for the Study of Labor (IZA), Bonn, Germany
- ▶ Peter Fredriksson Director, Institute for Labor Market Policy Evaluation (IFAU), Uppsala, Sweden
- ▶ Alberto Martini Professor of Economic Statistics, University of Piemonte Orientale and Director, PROgetto VAutazione, Turin, Italy
- ▶ Chiara Saraceno Research Professor, WZB, Social Science Research Center, Berlin, Germany
- ▶ Chris Whelan Research Professor, The Economic and Social Research Institute (ESRI), Dublin, Ireland

4. Research

In 2008 IRVAPP conducted the following research projects:

- 1) The effects of negative incentives to students on students' achievement in the higher secondary school system in Italy
- 2) The Treu reform and contract mobility. A comparison between cohorts of first entrance into the labour market
- 3) Short-term effects of temporary job experience.

The three projects have been completed or are on the way of completion, and the results will be disseminated as working papers by the end of May 2009.

4.1 The effects of negative incentives to students on students' achievement in the higher secondary school system in Italy

This project is concerned with evaluating whether different sets of rules regulating students' progression may affect students' achievement in the higher secondary school system in Italy.

Starting from the school year 2007/08, in pursuance of the D.M. 80/2007, a 'repairing exam' has been introduced in the whole of Italy except for the autonomous Province of Trento, which has decided to continue with the procedure formerly employed (*debito formativo*). In other words, with the exception of pupils studying in schools situated in the Province of Trento, Italian students with negative marks are compelled to attend intensive courses organized by the schools and pass an exam before the start of the new school year to prove they have compensated for their lack in achievement. If they fail the exam, they have to repeat the year. On the contrary, the sets of rules called *debito formativo* (also known as *carezza formativa*) allows for paying off 'educational debts' (negative marks) in the years subsequent to the occurrence of negative marks, not necessarily before the end of the new school year. This procedure is still valid, though with some changes, within the Province of Trento.

IRVAPP has therefore planned to assess whether these two alternative incentive systems have a differentiated impact on the overall level of reading, mathematical and scientific

literacy. Specifically, IRVAPP has sought to shed light on the assumption inspiring the D.M. 80/2007. According to this assumption, the use of the repairing exam would act as a negative incentive by enhancing students' motivation to study more intensely in order to avoid the risk of not being admitted to the following school year (in the same class) compared to the procedure of the *debito formativo* (positive incentive) which allows for a smoother compensation.

The topic is extremely relevant not only from a theoretical point of view but is important also from an applicative/practical point of view. First, students' families are likely to pay for private lessons to help their children avoid the repairing exam or pass the exam. Second, the procedure of the repairing exam may lead to changes in teachers' evaluation criteria. To put it differently, some teachers may become more indulgent and give negative marks only in the extreme case when the students are very badly prepared, while other teachers may become stricter because they believe that the introduction of a repairing exam may positively impact on the whole Italian secondary school system by making it more selective.

To exploit differences in the incentives offered to students given by the repairing exam and *debito formativo* on students' achievement and identify their potential effects on teachers' evaluation, IRVAPP has set up a sort of natural experiment.

A treatment group (those exposed to the new repairing exam procedure) and a control group (those not exposed to the repairing exam) have been compared. In particular, the comparison has involved pupils studying in the first and second year of higher secondary schools of the same type (*licei classici, licei scientifici, istituti tecnici and istituti professionali del commercio*), located in areas geographically adjacent but offering different sets of incentives.

Twelve schools (control group) situated in the province of Trento (Trento, Rovereto and Riva del Garda) have been matched to twelve schools (treatment group) situated in the surrounding provinces of Bolzano, Vicenza (Schio) and Brescia (Desenzano del Garda). The final sample size is about 1800 students.

For a successful conclusion of the data collection, IRVAPP relied on the valuable support of educational institutions such as the Education Department of the autonomous Province of Trento and other local school institutions (Uffici Scolastici Provinciali). Yet, the collection of teachers' evaluations of 1800 students from 95 randomly selected classes faced significant difficulties due to students' privacy concerns raised by schools' headmasters. Similar concerns arose during the administration of the standardized test (PISA) designed in collaboration with INVALSI (Istituto Nazionale per la valutazione del sistema educativo di istruzione e formazione). The test was aimed at measuring the level of reading, mathematical and scientific literacy of each student. Despite such difficulty, the data collection (including codification of tests) was completed in late January 2009. In February 2009, IRVAPP commissioned DOXA, a leading survey-based

research company, the administration of a questionnaire to the students' parents to collect data on the students' socio-economic background and study facilities at home.

To date, three data sets have been prepared: a dataset containing 1) final marks of the *licenza media* exam, 2) another dataset containing teachers' evaluations of students for each subject of their curriculum and 3) a dataset containing answers' given to the test administered in November. By Mid April 2009 the test scores for each of the three domains (reading, mathematics, science), based on the results from the Rasch analysis, will be available. Hence, the final analysis will be performed.

IRVAPP has been invited to present the findings of such project at Bamberg University in Germany, where the NEPS project (National Educational Panel Study) has been carried out. Last, the results will be submitted for publication to international peer-reviewed journals.

4.2 The Treu reform and contract mobility in Italy. A comparison between cohorts of first entrance into the labour market

The second research project is concerned with the evaluation of the so called "Pacchetto Treu" (law no. 196/1997) on the labour market careers of new entrants. The evaluation is based on a before-after design. To assess whether the labour market reform has had any impact, the labour market outcomes of those entering just before the reform are compared to the outcomes of those entering immediately after its implementation. In other words, we compare the early labour market careers of the last cohort of new entrants unaffected by the reform to the corresponding careers of the first cohort of new entrants affected by the reform. 1999 is taken as the first calendar year in which the reform has been in operation. Hence, the group of individuals exposed to the new labour market rules is made up of those entering for the first time between 1999 and 2001 (treatment group), while the group of individuals not exposed to the reform is made up of those entering the labour market for the first time between 1993 and 1995 (control group). Labour market transitions of both groups are observed on a monthly basis over the three years following their entrance into the labour market.

The analyses are based on ILFI data (Italian Household Panel Study). ILFI is a panel survey that tracks all of the members of about 4,500 household, first interviewed in 1997 and every 2 years thereafter (until 2005). Employment histories before 1997 were collected through retrospective questions during the first wave. To improve the comparability, the treatment and control groups have been matched, using the propensity score matching procedure, on a set of individual observable characteristics relevant to

the labour market outcome of individuals as well as on some observable characteristics of the local labour markets.

Results show diverse causal effects. For individuals entering the labour market for the first time, the reform appears to produce an increase in the probability to get a fixed-term contract and a corresponding drop in the probability to get a permanent contract. There is also a notable drop in the probability to get a 'black economy' job. However, after 3 years the effect on the probability to hold a fixed-term contract is negligible. Also, after three years a negative effect appears on the probabilities of being either unemployed or out of the labour force as well as on the probability of holding a 'black economy' job.

IRVAPP has been also conducting analysis on an alternative source of administrative data: the GIOVE archive. GIOVE is the archive resulting from the administrative operations of public labour exchanges (public job centers). It has to be noted that the analysis based on ILFI and GIOVE are not directly comparable. In fact, GIOVE data include information on individuals employed (or unemployed) in the private sector (agriculture excluded). Therefore, workers in the public sector as well as workers without employment contract are excluded from the GIOVE reference population.

Preliminary findings of this study were presented at the Conference on “Flexible Employment” on 20 January 2009 at the University of Trento. The results will also be published in a book edited by Daniele Checchi, “il Mulino” (in press, 2009).

4.3 The short-term effects of temporary employment on labour market outcomes in Italy

The third project is concerned with the evaluation of the short-term effects of temporary employment spells on subsequent occupational chances. This analysis uses data from the Italian Labour Force Survey (LFS) and spans over three ‘two-year periods’: a) 1995/1996, b) 2000/2001, and c) 2005/2006. In particular, the data used in this study are both from the QLFS and the CLFS. It has to be noted that until 2003 the LFS was a quarterly survey, while since 2004 it has changed into a continuous survey. Moreover, the analysis makes use of the specific LFS rotation plan that allows for the respondent to be interviewed at four different times: t_0 , t_0+3 , t_0+12 e t_0+15 .

Specifically, the outcomes of individuals who experienced a temporary employment spell are compared to those of individuals who were unemployed over the same time span. The reference population are those respondents who were not employed at the time of their first LFS interview (t_0). The treatment group is composed of those who had a temporary

job at time t_0+3 ; the control group consists of those who were looking for a job at time t_0+3 .

The treatment and control group are matched on the basis of observable characteristics. Specific attention has been given to whether the matching procedure has effectively eliminated the selection bias. An over-identification test has been used, the results of which are fully satisfactory for men, slightly less for women.

It is worth remembering that in the last ten years a number of partial reforms of legislation concerning temporary employment have been introduced, resulting every time in a less strict overall contract regulation. To overcome the problem of an adequate sample size for each period corresponding to each change in regulation, three different samples - defined as inflows into treatment and control groups over a 2-year period (that is, 8 non-overlapping panels for each sample) - are considered. The three periods are:

- 1995-1996: 'pre-reform' period
- 2000-2001: early 'post-reform' period (the reform here is the so called 'Treu law' issued at the end of 1997 but in operation since 1999)
- 2005-2006: period subsequent to an extensive use of temporary employment contracts in consequence of further legislative changes (2001) and to the 'Biagi law' (2003).

At time t_0+15 (12 months after the two groups started temporary employment spells and unemployment spells, respectively), being on a temporary contract has a positive effect on the probability of finding both a permanent job and a satisfactory job. Individuals unsatisfied with their job are here defined as employed individuals in search for a new job and those who could not find a permanent job or a full-time job. The effect is particularly relevant for workers on a temporary contract with no previous work experience.

5. Training courses

5.1 Seminar series on ‘Evaluation of Public Policies’: Fondazione Bruno Kessler, Trento, April-June 2008

IRVAPP embarked on various training activities during the first year. The first was a seminar series of four events on ‘*Logical fundamentals and methods for policy impact evaluation*’. The first seminar - held on April 4 and 5 - was concerned with the logic of counterfactual analysis and causal inference for experimental and quasi-experimental designs. The second seminar (May 9) dealt with the logic of multi-level modeling and its application to evaluation research. The third seminar (6 and 7 June) was concerned with the statistical methods and techniques for policy impact evaluation. The last seminar (13 June) looked into the technical aspects of multi-level modeling. An average of 25 people (PhD students, academic and non-academic researchers, Bank of Italy policy evaluators) attended each seminar. The seminars’ speakers were *Erich Battistin* (IRVAPP and University of Padova), *Mario Lucchini* (IRVAPP and University of Milano-Bicocca), *Alberto Martini* (PROVA and University of Piemonte Orientale), *Enrico Rettore* (IRVAPP and University of Padova), *Ugo Trivellato* (IRVAPP and University of Padova).

5.2 Workshop on ‘Fundamentals and Methods for the Evaluation of Public Policies’ for researchers of the Bank of Italy: Perugia, 19-23 January 2009

In January 2009 IRVAPP organized a workshop on ‘Fundamentals and Methods for the Evaluation of Public Policies’ for researchers of the Bank of Italy. It was held at SADIBa, Perugia (a Bank of Italy site).

The main goals of the workshop were 1) emphasizing the logical fundamentals of impact evaluation, 2) presenting the main statistical methods and techniques for impact evaluation and 3) providing insight into a selection of case studies. At the end of the workshop a list of references and data-sets for practical exercise were given to all participants.

Instructors of the workshop were: *Erich Battistin* (IRVAPP and University of Padova), *Alberto Martini* (PROVA and University of Piemonte Orientale), *Enrico Rettore* (IRVAPP and University of Padova), *Ugo Trivellato* (IRVAPP and University of

Padova; scientific coordinator); Guido Pellegrini (University of Roma “La Sapienza”) and Roberto Torrini (Bank of Italy). The total number of participants was 28: 13 from the central unit, 15 from local units.

The participants’ overall evaluation on the workshop was very good.

▶ Coverage of course materials:	8,2
▶ Quality of course materials:	8,3
▶ Clarity and effectiveness of the instructor :	8,4
▶ Usefulness for the research:	9,1

The Workshop programme is available at

http://irvapp.fbk.eu/sites/irvapp.fbk.eu/files/Programma_Workshop_IRVAPP_BI.pdf

5.3 Training course for Ph.D students and researchers on ‘Fundamentals and Methods for the Evaluation of Public Policies’: IRVAPP-Trento, 20-24 April 2009 and 12-13 May 2009

IRVAPP is organising a training course for Ph.D students and researchers on “Fundamentals and Methods for the Evaluation of Public Policies” to be held in April and May 2009.

The course is designed to be of particular benefit to students of Ph.D. programmes in the Social Sciences, Economics, Statistics, willing to know how to use micro data to inform policy making.

The course will present the 1) fundamental principles of impact evaluation analysis with a specific focus on the counterfactual theory of causal inference and 2) the statistical methods and techniques for counterfactual analysis. The above topics will be presented through a selection of case studies. In particular, the course will examine the logics of the counterfactual analysis in experimental and non-experimental settings; impact evaluation in non-experimental settings; difference-in-differences; matching, regression discontinuity design, and instrumental variables estimators. Extensive laboratory sessions will provide the opportunity to apply the various techniques using the software Stata and real data sets.

The course is arranged in two parts. It will run over five consecutive days of theoretical sessions from 20th April to 24th April, and over two consecutive days of practical sessions from May 12th to May 13th 2009. The maximum number of participants is 20.

5.4 Cross-country Workshop on “Impact Evaluation of HIV/AIDS Programmes”: World Bank, Cape Town, South Africa, 8-13 March 2009

Erich Battistin gave a lecture on Sampling Theory (with a specific focus on the design and implementation of public interventions in developing countries) at the World Bank workshop on “Impact Evaluation of HIV/AIDS Programmes” held in Cape Town (between 8 March and 13 March 2009).

5.5 Cross-country Workshop on “Impact Evaluation of agriculture and community-driven development projects”, World Bank, Addis Abeba, Ethiopia, 13-16 April 2009.

Erich Battistin and *Ugo Trivellato* have been invited to attend the next workshop on “Impact Evaluation of agriculture and community-driven development projects” organised by the World Bank in Addis Abeba between 13 and 16 April 2009. They will both contribute to the workshop. Particularly they have been asked to teach a module on ‘Introduction to non-experimental evaluation in developing countries’ and to act as chairs and facilitators for workgroups of both Anglophone and Francophone countries, respectively.

6. Seminars and conferences

6.1 Workshop CSS-IRVAPP on ‘Experiences and problems in the evaluation of public policies in Italy’: Trento-Sardagna, 29 February-1 March 2008

At the end of March 2008, IRVAPP hosted a workshop organised by the CSS Commission on “Evaluation of the effects of public policies: methods, practices, prospective”, to coincide with the opening of IRVAPP. The objective of this study commission is to prepare a White paper on policy evaluation to emphasize the centrality of impact evaluation in designing and re-designing, when necessary, the public policies. The number of the workshop participants was 55.

6.2 Opening of the Institute of the Evaluation of Public Policies: Fondazione Bruno Kessler-Trento, 1st March 2008

On 1st March 2008, IRVAPP was officially inaugurated at Fondazione Bruno Kessler, Via S.Croce, Trento. Speakers at the inauguration ceremony were Andrea Zanotti (President of the Fondazione Bruno Kessler), Gianluca Salvatori (Province Councillor for Research and Innovation), *Antonio Schizzerotto* (IRVAPP director), Sergio Ristuccia (President of the Italian Council for the Social Sciences), Fabrizio Barca (Ministry of Economy), Enrico Letta (former Deputy Prime Minister) and Lorenzo Dellai (President of the autonomous Province of Trento).

6.3 Joint conference PRIN 2005-IRVAPP on “Impact evaluation of public policy interventions: methods & case-studies ”: Trento-Sardagna, 15-17 September 2008

In September 2008, the University of Padova and IRVAPP jointly organised a conference on the empirical results from a 2-year research project funded by the Education & Research Ministry on ‘Impact evaluation of public interventions: methods and case-studies’. The conference was aimed at providing concrete empirical evidence of the importance of impact evaluation to civil servants and policy makers. The speakers’

presentations, though rigorously scientific, were specifically targeted to civil servants. The total number of conference participants was 76.

6.4 Seminar on ‘Application of Rasch Analysis in the education field’: Fondazione Bruno Kessler, Trento, 18 December 2008

On 18 December 2008, Roberto Ricci – researcher at INVALSI – gave a seminar on the methodological and applicative aspects of Rasch Analysis in the education field. The event was linked to the IRVAPP project on the effects of negative incentives to students on students’ achievement in the higher secondary school system in Italy. The participants who attended this seminar were 21.

6.5 Lecture at the Accademia Nazionale dei Lincei: Rome, Accademia dei Lincei, 26 November 2008

On 26 November 2008 *Ugo Trivellato*, coordinator of the CSS study commission on evaluation of public policies, gave a lecture on ‘The evaluation of the effects of public policies: paradigm and practice’ at the Accademia Nazionale dei Lincei in Rome.

6.6 Presentation at the National Conference of the Italian Association of Epidemiology, Rome, 14-15 May 2009

The Italian Association of Epidemiology joint with Cochrane Collaboration will organise a national conference on “Evaluation of interventions for health promotion” in Rome on 14-15 May 2009. *Ugo Trivellato* has been invited to give a presentation on ‘Impact evaluation of public policies: paradigm and good practices’.