

TRAINING SESSION
Propensity Score Matching Method

Chung Choe
CEPS/INSTEAD – Differdange
February 26, 2010
9h30-12h30 (conference room 8th floor)

Abstract

Propensity Score Matching Method has been applied to investigate Causality (not correlation) in numerous areas. For those unfamiliar with P-score method, this lecture covers basic concepts relevant with this type of empirical strategy. The main objective of the session is to help for the audience to have better understanding of the evaluation literature using P-score method, rather than implementing it with real data. The lecture is organized as follows. We first study some concepts such as Average Treatment Effect (ATE) and Average Treatment Effect on the Treated (ATT) through Potential Outcome Model (POM). We will also attempt to relate the POM to Linear Regression Model. Then, we will see how ATT is estimated using P-Score and what assumptions we need to estimate the treatment effect. Lastly, we will also study some practical issues regarding this estimation strategy and see why we prefer using P-Score Matching Method.