

# Some General Considerations for SP Impact Evaluation

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## What indicates success in a Social Protection evaluation?

**The measures one seeks reflect the equity and efficiency motives :**

In cost benefit terms a pure transfer has neither a cost nor a benefit (since it doesn't really *use* resources) under some restrictive assumptions:

- That there are no costs of administration
- That revenues can be raised costlessly
- That society does not value an increase of consumption of one individual more than any other

These are, of course, unrealistic assumptions but ignoring the transfer logic gives biased results: if a CCT providing \$20 raises enrollment by 10 percent, in a key sense it is misleading to say that it 'costs' \$200 for every student brought into the school

## This has implications for how we frame our questions as well as what data we seek

Transfer programs are at a disadvantage if the question is framed “Is this the best investment we can make in education – or health” – as opposed to “Is this the best way to address equity with an eye to economic growth”?

Ideally we could get total benefits of the transfer if we knew the programs costs and the social welfare weights

More often we are looking at cost effectiveness – the lowest cost means of reaching a unit of benefit without necessarily putting a dollar value on all the benefits including poverty reduction

Harder to do with joint benefits since one wants to add up. In the case of a CCT it is the benefit of the human capital gain plus transfer. Often one compares the marginal investment benefits and costs of a CCT including monitoring relative to the costs of another mode of transfer to the same population

## What information do we need to assess a transfer?

A transfer must be either saved or consumed. This is simple accounting. Much of what we want to know then comes from a combination of incidence analysis and public expenditure tracking.

The former is basic targeting while the latter assesses the upstream program leakage as well as counts “ghosts” – people claimed on support records but who do not exist.

But more detailed budget analysis may be used if we have a policy interest in knowing what the household consumes.

Also since  $\Delta \text{Consumption} + \Delta \text{Savings} = \text{Public transfer} + \Delta \text{Income}$  and also

$\Delta \text{Income} = \Delta \text{Labor earnings} + \Delta \text{Private remittances}$

There may be an interest in tracking changes in the latter

## Private and Public Gains are not Valued Equally

It is common to assess the impact of active labor market policies in terms of individuals employed

But if one tracks individuals in a program, for example, a job training program, and finds that  $X\%$  are hired after the program, this does not necessarily provide insight on public rational for the investment.

We can assume that these individuals got to the front of the hiring queue on the basis of the program but we do not know if there was an increase in the numbers of employed.

Moving individuals to the front of the queue may still have a public welfare benefit if there is a welfare weight on that group. For example, if there is past discrimination on ethnicity, gender or caste, then an increased share of these groups employed is a gain even if we can not show a larger work force