

Evaluating social investment(s)

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Evaluation has several roles in social investment

- Support decision making by measuring impacts
 - ▶ key to **choose** between alternative investments
- Feed policy debate
 - ▶ **legitimate** policies, i.e. provide transparent evidence of value when market demand does not guide investments
- Participate in steering / providing **incentives** to program providers
 - ▶ potentially a virtue of the “social impact bond approach”

Counterfactual impact evaluation is needed

- Returns to investment = value-added compared to a state of the world without investment
 - ▶ counterfactual impact evaluation is required
- Perhaps less so for **incentive** role: indexing payment on outcomes (rather than value-added) may be enough

Anything new in the context of social investments?

- Need for a broad perspective (“relevance”)
 - ① Contextual dependence
 - ② Complementarities
 - ③ Multiple outcomes, long-run effects
- These are well-known issues in counterfactual impact evaluations – *in particular* in randomized control trials (RCT) literature
 - ① Careful discussion of internal and external validity
 - ② Replication and meta-analysis (e.g. systematic reviews by Campbell collaboration); multiple treatments
 - ③ Long-term follow up
- Careful with over-ambitious approaches (“growth literature” based on panels of countries is a failure)

A few words on Heckman

- Perhaps more subtle than quick summaries
e.g. intervene early **and** sustain the investment (reverse side of complementarities)
- Strong and transparent empirical basis (e.g. Perry Preschool project) but structural econometrics that follows can be discussed and is discussed among econometricians and there are results on successful later remediation programs
e.g. “Not Too Late: Improving Academic Outcomes for Disadvantaged Youth” (Cook, Dodge, Farkas, Fryer, Guryan, Ludwig and Mayer, 2015)

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 - ▶ RCTs conducted by French public employment services
e.g. Public of private provision of counseling to job seekers
- Still needs to be diffused and incorporated into decision making

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Counterfactual impact evaluation of broad policies is tough

Case of “initiative pour l’emploi des jeunes”

- “Treatment” is multidimensional, heterogeneous across territories, can be accessed partly in non-eligible territories (Garantie jeunes, Accompagnement intensif des demandeurs d’emploi)
- Target population is wide: 12,3% of an age group (and more if one wants to prevent NEETs)
 - ▶ “policy” is a bundle of measures
- Possible evaluation approaches
 - Global assessment of value-added
 - Evaluate components
 - Pre-existing measures funded by IEJ
 - Innovative measures (?) or implementation fostered by IEJ