

Evaluation of Public Policies and Social Programs

Session 17: Synthesis — Assembling a Complete Private-vs-Social Evaluation

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1. Reconstruct the complete evaluation from the decision question outward
2. Compare the private baseline with the social evaluation
3. Identify which tools change the verdict, for whom, and why
4. Structured team discussion: your single biggest private-social divergence
5. Final presentation and report expectations

Learning Objectives

By the end of today's session, you will be able to:

- Connect the course's empirical, welfare, distributional, and uncertainty tools into one evaluation
- Explain what a social evaluation adds to a private appraisal, item by item
- Present a decision-ready recommendation with a clear counterfactual, metric, assumptions, and caveats
- Check that the final presentation and report satisfy the project requirements

Start with the Decision

Before choosing a method: what is the decision?

Should the proposed school be funded, redesigned, expanded, or not built?

- **Decision-maker:** who decides, between what alternatives, and when?
- **Counterfactual:** what happens without this project, including what students and funders do instead?
- **Perspective:** whose costs, benefits, and welfare count?
- **Evidence:** what causal estimates support the comparison, and do they transport to this site?

A polished NPV cannot rescue an unclear decision or an unreliable counterfactual.

The Evaluation as a Decision Workflow

First build the private baseline

1. Specify the funder's cash flows: capital and operating costs, contributions, revenues, and timing.
2. Use the funder's private discount rate and calculate NPV or IRR.
3. State what the private calculation does and does not include.

Interpretation

The private baseline answers whether the project is attractive to the funder under its own budget and opportunity cost. It is a useful starting point, not a social verdict.

Then construct the social evaluation

1. Replace financial outlays with **real resource costs**; identify transfers and use shadow prices where market prices mislead.
2. Add **benefits to all affected parties**: direct student outcomes, household and community benefits, health/safety if relevant, and spillovers.
3. Account for **incidence**: who pays and who receives the gains? Avoid counting the same resource or transfer twice.
4. Apply **distributional weights** if the decision gives different social weight to gains for different groups.
5. Discount dated social costs and benefits using a **defensible social rate**; show how the result changes across plausible rates.
6. Check **scope, displacement, and general equilibrium**; ask whether observed gains are additional or shifted from elsewhere.
7. Transport study results to this school, then test the most important assumptions with **sensitivity and uncertainty analysis**.

The toolkit: what question does each part answer?

Evaluation component	Decision question
Causal identification	What would have happened without the program?
Private appraisal	Is it worthwhile to this funder?
Social CBA / welfare metric	Do society-wide benefits exceed real social costs?
Non-market valuation	How do we value outcomes without market prices?
Incidence and distribution	Who gains, who pays, and how are gains weighted?
Discounting	How do we compare costs and benefits at different dates?
Externalities and scope	Who else is affected; what is displaced or shifted?
External validity	How applicable is the evidence to this site and scale?
Sensitivity / uncertainty	Which assumptions matter and how robust is the verdict?

Private versus social: the key differences

Private baseline asks

- Is the project worthwhile for this funder?
- Which financial costs and receipts reach its budget?
- What is the funder's opportunity cost and risk?

Social evaluation asks

- Do benefits to all affected parties exceed real resource costs?
- Who gains, who pays, and what is displaced?
- How do non-market effects, timing, and uncertainty matter?

A different answer is not automatically a mistake: the perspectives answer different questions.

Discussion: Your Evaluation's Biggest Divergence

Two-minute team statement

Prompt

What is the single biggest way your private-evaluation baseline and your social evaluation of the Astoreca school diverge — and why?

Each team has two minutes. Include:

1. Private baseline and perspective
2. Social result and headline metric
3. Main added/revalued item explaining the gap
4. Assumption or uncertainty that could reverse it

Class discussion: interrogate the gap

- Is the difference driven by a real external benefit, a transfer, a distributional weight, a different discount rate, or a broader scope?
- Is the effect causal and additional, or could it reflect selection, displacement, or benefits that would occur anyway?
- Who receives the benefits and bears the costs? Does the evaluation make that visible?
- What evidence would most credibly reverse the recommendation?

Be precise: identify the channel that changes the verdict, not just the fact that the totals differ.

Final Deliverables

Final presentation: decision-ready in 15 minutes

1. State the decision, counterfactual, and recommendation up front.
2. Show the private-versus-social comparison and headline metric(s), such as NPV, benefit-cost ratio, or MVPF.
3. Explain the causal evidence, key benefits and costs, distributional implications, and chosen scope.
4. Show sensitivity for the parameters that matter most; communicate uncertainty honestly.
5. End with an actionable recommendation and the caveat or condition that matters most.

Format: 15 minutes presenting + 7 minutes Q&A per team. Grading includes Professor (2/3) and Fundación Astoreca (1/3), with the specified peer-contribution adjustment.

Final report: one coherent chain of reasoning

1. Executive summary and decision context
2. Private baseline and causal identification strategy
3. Benefits, costs, valuation, incidence, and distributional analysis
4. Discount rate, scope, displacement, spillovers, and general-equilibrium considerations
5. Sensitivity/uncertainty analysis and recommendation
6. Appendices: data, sources, assumptions, and supporting calculations

Quality check

Can a skeptical reader trace every headline number back to data, a causal assumption, a valuation rule, and a clearly stated perspective?

Final report: 15–20 pages; current due date is listed as TBD in the course materials.

What We Learned Today

- Start from the decision, counterfactual, and perspective; choose methods to answer those questions.
- A social evaluation adds real resource costs, non-market and external benefits, incidence, distribution, timing, scope, and uncertainty to the private baseline.
- The recommendation is credible when its evidence, valuation choices, and most important caveats are transparent.
- The final presentation and report should form one coherent, decision-ready argument rather than a list of disconnected course methods.

Next: workshop and practice

- Bring draft slides and/or report sections to Session 18 (November 9).
- Prepare to explain and defend the key assumptions behind your recommendation.