Abstract

Estimates of economic activity generated and jobs created that are derived using input-output analysis are often presented in program evaluations and confused with the benefits resulting from the program. Two such cases are presented as examples. We argue that for two main reasons this type of analysis constitutes a misuse of input-output analysis. First, input-output estimates generated using the Keynesian closed versions of input-output models are biased upwards because they ignore the price and financial feedbacks that tend to reduce multipliers in macro-economic models. Second, and more important, it is inappropriate to consider induced effects resulting from a particular program in isolation, because such effects can only be properly considered at the aggregate level of overall stabilization policy. In this paper we contend that cost-benefit analysis, with its assumption of full employment, is the most appropriate tool for analyzing the benefits resulting from particular programs. Input-output analysis should be confined to providing estimates of the industrial or regional breakdown of the direct impact of a program or of the employment impacts of program spending. It should not be used to generate Keynesian multipliers.
Indicators are used in security and justice programming to monitor activities, describe the outputs of projects, track outcomes, and assess whether they are meeting their intended targets. Each of these ‘levels’ of measurement requires tailored indicators that address different facets of programming; from the building blocks of DFIDs work to the wider impacts on security and justice. For an example of input, activity, output, outcomes and impact measures for an SGD project, see Table 1 in Annex A. These philanthropists, using their experience with the tech industry, look for data-driven causes to back with their fortunes. This new fascination with linking philanthropy to measurable results has landed many organizations in the murky waters of program assessment and evaluation. Most nonprofit professionals are not experts in measurement. But they should, at least, be aware of the basic concepts. Impact consists of the results that are directly due to the outcomes of a program. Results are determined by evaluations that factor out other explanations for these results. Impacts are the long-term or indirect effects of your outcomes. Impacts are hard to measure since they may or may not happen. They are what one hopes to accomplish. Input-output analysis should be confined to providing estimates of the industrial or regional breakdown of the direct impact of a program or of the employment impacts of program spending. It should not be used to generate Keynesian multipliers. Abstract. Estimates of economic activity generated and jobs created that are derived using input-output analysis are often presented in program evaluations and confused with the benefits resulting from the program. Two such cases are presented as examples. We argue that for two main reasons this type of analysis constitutes a misuse of input-output analysis.