Workshop on Local Economy-Wide Impact Evaluation

April 25 – 29, 2016 (9:00am-12:00nn)
Rm. 1706 Br. Andrew Gonzales Bldg.
De La Salle University
Manila, Philippines

Description

Projects and policy changes often create direct and indirect effects within project areas. **Local Economy-Wide Impact Evaluation (LEWIE)** is an approach that can capture and estimate both the direct and indirect effects of project and policy interventions. LEWIE has become a complement to a **randomized control trials (RCT) method** in documenting impacts beyond those directly treated/affected by a project or policy change.

Three LEWIE methods will be discussed in the lecture series:

- **Village level social accounting matrix (SAM) multiplier.** This is the simplest economy-wide method which can capture both the direct and indirect effects of policy intervention. However, in SAM multiplier analysis (as in Input-Output Table analysis), supplies are perfectly elastic. This implies that there are no binding constraints in the local economy. Thus, changes in policies will only affect demand, and the impact on demand will have its impact full effect on quantities since prices do not change. Oftentimes, this method overstates the impact (positive or negative) of a policy intervention.

- **Village-level general equilibrium model.** This is an economy-wide model where consumers are utility maximizers and producers profit maximizers. Consumers are constrained by their factor endowments, while producers by technology. Because of these binding constraints, the resulting demand and supply functions are the normal downward sloping demand curves and upward sloping supply curves. Prices are therefore critical in allocating resources across sectors in this local economy, multi-market model.

- The **SAM** that is used to calibrate the LEWIE model is often constructed using baseline survey data where averages and standard errors are available for key variables. These averages and standard errors are the basis of a Monte Carlo process where the LEWIE model is repeatedly solved over numerous times to generate distribution of values of key model results. Confidence interval of these key model results can be established from the generated distribution.

The SAM is a composite of at least two elemental SAMs. One SAM is for the targeted (eligible), poor household groups, while the other for non-poor (ineligible) households. In impact evaluation analysis, a policy intervention is usually injected in the former. The spillover effects of the policy change into the latter group are captured by this LEWIE method.

The workshop requires strong mathematical background due to its quantitative nature.

The workshop is open to graduate students and faculty members of De La Salle University. Pre-registration is required. Applicants should submit their CV in pdf format to Krista Yu at krista.yu@dlsu.edu.ph by April 21, 2016.