Policy in Focus

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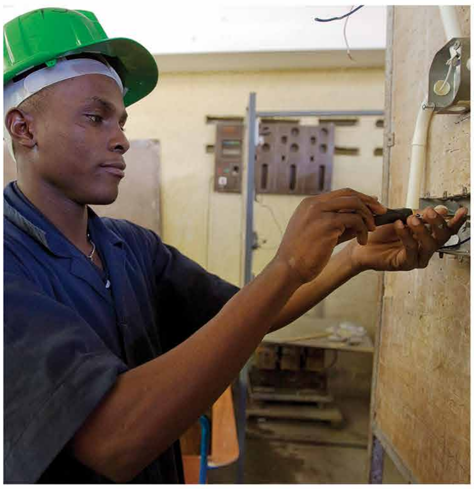
Social Protection, Entrepreneurship and Labour Market Activation



EDITORIAL

Policy International Centre for Inclusive Growth

The International Policy Centre for Inclusive Growth (IPC-IG) is a joint project between the United Nations and Brazil to promote South-South learning on social policies. It specialises in research-based policy recommendations on how to reduce poverty and inequality as well as boost inclusive development. The IPC-IG is linked to the UNDP Brazil Country Office, the Secretariat of Strategic Affairs (SAE) and the Institute for Applied Economic Research (Ipea) of the Government of Brazil.

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Policy in Focus

Policy in Focus is a regular publication of the International Policy Centre for Inclusive Growth (IPC-IG). This issue was developed in partnership with Canada's International Development Research Centre (IDRC) and the IPC-IG following the seminar (held in Brasilia from 10 -11 September 2014) organised to discuss social protection and its linkages to jobs, entrepreneurship and women's economic empowerment. It provided an opportunity for international experts and policymakers to take stock of recent research findings and lessons learnt, as well as to discuss policy recommendations. This issue is a continuation of the debates and discussions held at the seminar.

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Editors' note: *On behalf of the UNDP IPC-IG, I am grateful to the Canadian International Development Research Centre (IDRC) for their collaboration in the development of this special edition. In particular, we would like to extend a special thanks to the specialist guest editors Fábio Veras Soares and Carolina Robino for their dedication to the publication of this issue. We are additionally grateful to Cristina Cirillo for her technical support and to Luisa-Francesca Emily Schalck for her efforts in finding and selecting photographs for this issue.*

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Summary

Despite significant development gains in recent decades, developing countries still face considerable challenges in regards to the fight against poverty and hunger. Redistributive cash transfer programmes have emerged as vital for the pursuit of poverty reduction and eradication; however, critics have expressed concerns that such social grants could lead to dependency among beneficiaries, dissuade them from seeking work, or reinforce traditional gender roles.

Authors contributing to this issue of *Policy in Focus* address these concerns head-on, by exploring both the positive and unintended negative impacts of cash transfers on households and communities, while bringing to light some of the persisting challenges related to the limits of cash transfers.

This issue introduces readers to research-based evidence on diverse social protection programmes in various countries, as well as current debates on how best to improve social grants. The contributing authors demonstrate the importance of evaluation results to better inform programme reforms and design changes to ensure that beneficiaries exit poverty and reduce their chances of slipping back into it.

Furthermore, the following articles also help identify successful and potential synergies between various programmes and initiatives, highlighting the power of cash transfers in combination with other programmes, in order to better inform policymakers and further the discussions about how best to grow in a more inclusive and sustainable manner.

We hope you enjoy reading this informative and thought-provoking special issue.

by Michael MacLennan, Fábio Veras Soares and Carolina Robino

Social Protection, Entrepreneurship and Labour Market Activation: Evidence for Better Policies

by Carolina Robino[1] and Fábio Veras Soares[2]

Over the past 12 years, both poverty and inequality have declined sharply in Latin America. For the first time, the region is experiencing a sustained and long-lasting reduction in both. Nevertheless, some countries in the region remain at the top of the world rankings in terms of inequality. Poverty is still high in various countries and in particular in rural areas, where it has decreased at a slower pace than in urban areas.

Various studies have investigated the underlying determinants of the reduction in poverty and inequality during the 2000s and found that the main contributors to this reduction have been an increase in the labour income of people at the bottom of the income distribution (Azevedo et al. 2013) and a reduction in returns to skills (measured by years of education) (Gasparini et al. 2011).

These studies have also acknowledged the important role played by social transfers in this process (Gasparini et al. 2012; Lustig and Lopez Calva 2010; Lustig, Lopez Calva and Ortiz-Juarez 2013). There is a substantive body of evidence that shows that cash transfer programmes have contributed to the reduction of poverty and inequality in the region. In addition, various impact evaluations have demonstrated the positive impact of these programmes on health and education outcomes. However, there is relatively less evidence on their productive impact.

On the one hand, despite the progressive endorsement and expansion of social protection in Latin America and across the developing world, policy debates have emerged concerning the impact of social protection on labour supply and women's empowerment. Critics argue that social grants generate dependence and disincentives to work, and can reinforce traditional gender roles.

On the other hand, there seems to be a growing consensus among practitioners and policymakers that social transfers alone are not enough to help position programme users on a path towards sustainable livelihoods. The current debate on how to improve social grants focuses on how to maintain the considerable results achieved by social grants thus far while at the same time enhancing the capacity of households to generate autonomous sources of income. Much of the debate on the implementation side focuses on how to integrate and create synergies between social transfers and productive inclusion interventions, including skills and capacity-enhancing programmes, within a broader social protection system. On the research side, some efforts establishing the evidence of the synergies between social transfers and productive inclusion interventions have emerged.

To engage in these debates, Canada's International Development Research Centre (IDRC), the International Policy Centre for Inclusive Growth (IPC-IG) and the Colombian Think Tank Fedesarrollo organised a seminar[3] to discuss social protection and its linkages to jobs, entrepreneurship and women's economic empowerment. The event was held on the occasion of the IPC-IG's 10th anniversary, at the headquarters of the Institute for Applied Economic Research of the Government of Brazil (Ipea) in Brasilia on 10–11 September 2014. It provided an opportunity for international experts and policymakers to take stock of recent research findings and lessons learned, as well as to discuss policy recommendations.

This special issue of *Policy in Focus* includes contributions based on most of the articles presented during the seminar seeking to address questions such as: What is the impact of social transfers on household labour allocation decisions and on productive investments? Can social protection policies play a *promotive* role? How complementary are productive inclusion polices and social transfer policies? Does it make any difference to combine poverty relief policies with policies to foster productive investment made by beneficiaries of anti-poverty policies? Why and how? Finally, are impacts different among men and women? What is the impact of these programmes on women's economic empowerment?

These questions have been at the core of a series of projects supported by the IDRC and have also been prioritised by IPC-IG research and knowledge-sharing activities. The IDRC has supported research to examine how social protection impacts labour markets, entrepreneurship and investment. These studies were discussed during the seminar in Brasilia together with similar studies from other projects. While most of the evidence refers to Latin America, this issue also includes two contributions bringing lessons learned from the implementation of social cash transfers in Africa. Latin America has been testing and implementing cash transfers for almost two decades, and in many cases through large-scale programmes. As the discussion on the 'promotive' aspects of social protection and the agenda on 'graduation' strategies gain in importance, there is a lot to learn and share with other regions. This issue of *Policy in Focus* hopes to be a useful tool to inform these debates.

This edition opens by presenting a series of studies looking at the impacts of social transfers on households' labour and economic decisions. The following contributions examine the potential synergies between social protection and productive inclusion programmes. Some of the studies suggest heterogeneous effects among men and women. Thus, there are also two articles that look exclusively at the impact of social protection programmes on women's economic empowerment.

On social transfers, labour decisions and productive activities

In his contribution, Ben Davis assesses the impact of five social cash transfers implemented in sub-Saharan African countries on productive and economic activities and concludes that if social cash transfers are provided regularly and predictably, they can help households overcome credit constraints and manage risk, increasing investment and productive expenditures as well as help to enhance local economies. The study, therefore, provides robust evidence that social transfers do not generate 'dependency'.

Cally Ardington and Ingrid Woolard address the debate around whether or not social transfers—in particular, the South African Old-Age Pension—contribute to the high rates of youth unemployment. Do social transfers help or hinder job searches among the youth who live in households with pensioners? The authors find that the old-age pensions do not have perverse effects on the occupational choices of rural young men—i.e. it does not encourage them to be 'idle'. Their work shows that by easing households' financial constraints, it actually encourages and enables youth to find and retain work in South African cities.

Werner L. Hernani-Limarino and Gary Mena examine the impact of a non-contributory social pension—Bolivia's *Renta Dignidad*—on labour market outcomes. They find that the programme, as expected, leads to a decrease in the labour force participation of the elderly; however, this result is completely explained by the fall in labour force participation of elderly women—there is no significant impact on elderly men. Looking at the impacts on the labour force participation of the other adult members of the households, no statistically significant results were found. Thus, *Renta Dignidad* does not negatively impact the labour force participation of the other members of a household containing a pensioner.

Leonardo Gasparini and Santiago Garganta look at impacts of Argentina's Universal Child Allowance (AUH) on labour market outcomes. The AUH provides a monthly benefit per child to households whose members are not registered in the national social security system (either unemployed or working in the informal sector).

Photo: Neil Palmer (CIAT), Maize crop, 2010, Kenya <https://goo.gl/6Qr4Ta> <https://goo.gl/OOAQfn>.

The authors highlight the positive impacts of the programme on poverty. However, given the relatively large size of the grant and the fact that the programme excludes those with formal jobs, it may generate incentives towards informal jobs. The study does find that the programme has a relatively large formality disincentive effect, particularly for parents of younger children, who will stay in the programme longer.

Marcelo Bergolo, Guillermo Cruces and Estafanía Galvan assess the impact of Uruguay's means-tested family allowance programme *Asignaciones Familiares-Plan de Equidad* (AFAM-PE) on labour market outcomes. They find that the transfers do not discourage programme beneficiaries in households with cohabiting couples from working; however, they do find a strong formal employment discouragement effect for women, but not for men. As in the case of the AUH, issues with the programme's design may be playing a role: while eligibility for AFAM-PE is not related to employment status, disincentives to formalisation can be potentially explained by a fear of losing the monetary benefit if the total household income (based on registered sources of income) surpasses the income testing threshold.

While it is important to highlight the undeniable positive impact of social grants on several well-being outcomes, it is also important to be aware of—and act on—unintended effects on the labour market, some of which may be due to design issues. By taking 'unintended effects' into account, the objectives of equity and inclusive growth might be reconciled.

On synergies between social protection and productive inclusion programmes

Javier Escobal and Carmen Ponce assess the impact of the *Haku Wiñay* programme (*Mi chacra emprendedora*), an intervention that provides productive technical assistance and a small asset transfer to rural households in the districts that are also covered by the *Juntos* programme, Peru's conditional cash transfer (CCT). *Haku Wiñay* focuses on the development of productive and entrepreneurial skills to help households strengthen their income generation capacities and diversify their livelihoods, as well as to enhance food security. Early findings from a pilot phase showed encouraging results, including a significant increase in total family income that is attributed to the intervention. There are also significant improvements in perceptions of well-being, financial literacy, nutritional and some health outcomes when comparing the treated group with a matched control group.

Úrsula Aldana and Chris Boyd discuss the results of the evaluation of the Promotion of Savings pilot programme, a savings-promotion programme supported by *Proyecto Capital*[4] targeted at beneficiaries of *Juntos*—the government-led CCT programme implemented in Peru. They have found a positive effect on productive investment and an increase in total savings. They also found some evidence that the type of investment undertaken by beneficiary families differs according to their initial level of poverty: for the poorest 50 per cent, the impact is on the use of agricultural inputs, while for the least poor 50 per cent, the impact is on the purchase of large animals (livestock).

Cesar del Pozo Loayza assesses whether the joint implementation of *Juntos* and agricultural credit can promote the accumulation of productive assets by rural and poor households in Peru. His findings suggest that the combination has produced a significant increase in the area of cultivated land and livestock accumulation (poultry). However, these positive results are only true for male-headed households; no impact was found on female-headed households.

Jorge Maldonado, John Gómez and Tomás Rosada summarise the results available from evaluations aimed at investigating the existence of synergistic effects due to the combination of CCT programmes and selected rural development projects in Colombia, El Salvador and Peru. Increases in income were observed in Peru, but only for households that have higher levels of education or endowments of physical capital. In Colombia, total consumption increased in the short term, but in the medium term the effect vanished. Nevertheless, increases in an asset index suggest a positive effect on asset accumulation even in the medium term. In El Salvador, positive productive effects are observed for the adoption of new crops or the number of animals (livestock) owned by beneficiary households.

On social protection impacts on women's empowerment

Lorena Alcazar and Karen Espinosa present the early findings from an ongoing evaluation that seeks to identify the impact of Peru's *Juntos* programme on women's empowerment. The study focuses on three empowerment dimensions: decision-making on household resources; freedom of movement; and gender roles and ideology (including perceptions of rights, rejection of male domination, and domestic violence). The study builds empowerment indexes for each of these dimensions, finding that *Juntos* allows women to become more involved in the decision-making processes related to the allocation of household resources, and improves their bargaining power. However, there are no significant effects on the dimensions of gender ideology and freedom of movement. The econometric results actually show a positive, though not statistically significant, effect on these dimensions. Nevertheless, results for the different components of the composite indicators show that there are positive and significant effects regarding women's opinions and rights. Their enhanced role in managing resources and increased bargaining power seem to foster their capacity to enforce their opinions and rights at home.

Photo: Douglas Klostermann, 2009 IPC Photo Competition. Indigenous women in Combapata plaza, Peru.

Susana Martinez, Juan Mejía and Erika Enriquez discuss the impact of Colombia's *Red UNIDOS* strategy on women's empowerment. The strategy includes three components: psychosocial support for families and the community; supply management and preferential access to social services provided by the State; and programmes for strengthening government institutions that provide these social services. Psychosocial support is provided by a *Cogestor Social* (social worker), who visits the beneficiary families between two and eight times per year. Each family commits to a work plan across nine dimensions: identification; income and employment; education and training; health; nutrition; housing; family dynamics; banking and savings; and access to justice.

Using mixed methods, the authors found that the programme had no effect on increasing women's economic empowerment—as measured by labour force participation rates, entrepreneurship rates and their role in the household decision-making process. Two main causes seem to be triggering these results: first, *Red UNIDOS* faced implementation challenges that affected the functioning of the programme and the work of the social workers; and, second, women face complex barriers to participating in the labour market, and the programme did not tackle the structural barriers that limit women's economic empowerment. The first such barrier found was the availability and quality of care services for young children, and women's lack of trust in the services. Another significant barrier was the cost of and access to transportation. The authors suggest that the inclusion of transport subsidies as well as components that guarantee access to care services should be a priority for the programme if it is to achieve its objectives.

On lessons learned

It is important not to lose sight of the main objectives of social grant programmes, namely: smoothing consumption patterns and preventing poor and vulnerable households from adopting harmful strategies to cope with socio-economic shocks. However, the evidence shown throughout the articles of this issue demonstrates that social protection can also have a positive role in labour market activation. The hypothesis of dependency has been rejected by the studies included in this volume. Nevertheless, we have also learnt that social protection programmes do generate incentives and have an impact on the decisions carried out by households regarding labour market participation, and, depending on context and design, some programmes can generate incentives for households, especially women, to stay in the informal sector. While studies demonstrate that these effects that disincentivise formalisation can occur, their findings do not deny the overall positive impact on the well-being of households across many other dimensions.

Overall, the studies presented herein suggest that to further enhance the positive impacts of these programmes, a revision of some of their design features (e.g. eligibility criteria and benefit structure) may be necessary. Moreover, the eligibility rules and operational procedures of programmes need to be clearly communicated to the beneficiaries to avoid some misperceptions regarding programme eligibility and the duration of benefits.

The evidence presented here also suggests that combining social grants with interventions to improve livelihoods and productive inclusion (e.g. through access to productive assets, training, financial services, and others) helps households to increase their autonomous income. This can lead to productive investment by beneficiaries with potential long-term benefits, thus paving a sustained route out of poverty. As such, the combination of social grants and productive inclusion interventions has the potential not just to reduce poverty but also to stimulate inclusive growth. The previous issue of *Policy in Focus* examined the effects of cash transfers on local economies, looking at general equilibrium effects, where changes in prices as well as supply and demand affect results and the relationship between social protection and growth. In particular, the study by Stéphanie Levy and Sherman Robinson shows that the capacity for local production to respond to a sustained increase in demand is important for the increase in local incomes not to translate directly into price increases. If local productive capacity is developed as part and parcel of the implementation of cash transfer programmes, their impacts are maximised.

This provides a further argument to design and jointly implement CCTs and productive development programmes, specifically in rural areas (Levy and Robinson 2015). These interventions should also consider that women face specific constraints which need to be taken into account for the design of policies, if they are to benefit men and women equally.

While the evidence on display here suggests a strong case for linking social grants and productive inclusion programmes, such as in the case of Peru, the challenges for large-scale implementation remain significant and need to be addressed systematically through strong monitoring and evaluation systems.

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"Combining social grants with interventions to improve livelihoods and productive inclusion . . . helps households to increase their autonomous income. This can lead to productive investment by beneficiaries with potential long-term benefits, thus paving a sustained route out of poverty.

1. International Development Research Centre (IDRC).

2. International Policy Centre for Inclusive Growth (IPC-IG).

3. See <http://spbp.ipc-undp.org/>.

4. See <http://www.proyectocapital.org/en/>.

The Impact of Social Cash Transfers on Livelihoods and Labour Market Outcomes: The Evidence from Sub-Saharan Africa[1]

by Benjamin Davis[2]

This article brings together recent evidence emerging from rigorous impact evaluations of government-run unconditional cash transfer programmes in five countries of sub-Saharan Africa: Ghana, Kenya, Lesotho, Malawi and Zambia. These programmes are designed to improve health, nutritional and educational status and food security, with a special emphasis on children. Driven by a concern for vulnerable populations, often in the context of HIV/AIDS, most programmes focus on ultra-poor, labour-constrained households and/or households caring for orphans and vulnerable children.

The programmes form part of the Transfer Project, a community of practice created to share lessons, experience and expertise between evaluators, government programme managers and development partners. Under the umbrella of the Transfer Project, these countries are also participating in the From Protection to Production (PtoP) project, focusing on measuring the impact of cash transfers on productive and economic activities. Most of these evaluations use mixed methods, combining quantitative and qualitative approaches with general equilibrium modelling of local economy impacts.

While focusing on social objectives, cash transfer programmes also influence the livelihoods of beneficiary households. Most beneficiary households in sub-Saharan Africa depend on subsistence agriculture and rural labour markets. They grow primarily local staples, using traditional technology and low levels of modern inputs—and much of the output is consumed on the farm, meaning that households are often responsible for creating their own food security. Beneficiary households typically have few productive assets, with less than one hectare of land, a few animals, basic agricultural tools and a few years of education. Many households turn to non-agricultural sources of income—particularly casual agricultural wage labour (such as *ganyu* in Malawi and *maricho* in Zimbabwe). Among the beneficiaries in these countries, up to half of the children work on the family farm.

Moreover, most beneficiaries live in places where markets for financial services (such as credit and insurance), labour, goods and inputs either do not exist or do not function well. These market failures constrain household investment, production, labour allocation and risk-taking. The imperative of meeting immediate needs, particularly around food security, means that households have a short time horizon. Household decisions about production and consumption are linked—the 'non-separability' of production and consumption means that social objectives are conditioned by livelihoods—and vice versa. This includes decision-making on how to allocate adult and child labour (off the farm, on the farm and in domestic chores), investment in schooling and health, and on what to eat and how to obtain that food. Furthermore, non-separability also affects intra-household decision-making, in terms of the dynamic between men and women as well as between the old and the young. In short, social objectives are conditioned by livelihoods, and vice versa.

In this context, when cash transfers are provided regularly and predictably, they can help households to overcome credit constraints, manage risk and address other market failures. This, in turn, can increase productive spending and investment, improve access to markets and stimulate local economies.

The evidence from these five countries shows that, indeed, unconditional cash transfers with a social focus have significant implications for household and community livelihoods.

Investment in farm and non-farm businesses

Cash transfer programmes have had a variety of impacts on household agricultural activities. Zambia's Child Grant Programme (CGP) led to a 34 per cent increase in the area of worked land as well as an increase in the use of agricultural inputs, including seeds, fertilisers and hired labour. The growth in input use led to an approximately 50 per cent increase in the value of overall production, which was primarily sold rather than consumed on the farm. The cash transfer produced an income multiplier at the household level: the increase in per capita consumption induced by the programme was 25 per cent greater than the transfer itself.

Lesotho's Child Grants Programme also increased crop input use and expenditures. The increase in input use led to an increase in maize production and, for labour-constrained households, in sorghum production, as well as in the frequency of harvesting garden plots. In both Kenya and Malawi the cash transfer increased the share of family food consumption obtained from home production.

Cash transfers also increased the ownership of livestock, including all types of animals—large and small—in Zambia and Malawi, and of small animals in Kenya and Lesotho. Similarly, the programmes in Zambia and Malawi led to a growth in the purchase of agricultural tools, with no impact in Kenya, Lesotho and Ghana. The Zambia CGP caused a 16 percentage point increase in the share of households conducting non-agricultural business enterprises. The Kenya Cash Transfer for Orphans and Vulnerable Children (CT-OVC) led to a similar increase among female-headed households, and a decrease among male-headed households. No other programme had an impact on the establishment of non-agricultural business enterprises.

Reallocation of family labour

The growth in investment in family businesses, whether agricultural or non-agricultural, was accompanied by a shift in labour allocation. In Zambia and Malawi, and to a lesser extent in Kenya, the programmes led to a shift from agricultural wage labour to on-farm activities for adults. Both men and women increased the time they spent on family agricultural and non-agricultural businesses. In Kenya and Lesotho, this shift varied by age and gender, while in Ghana, the Livelihood Empowerment Against Poverty (LEAP) programme also increased on-farm activities.

The shift from agricultural wage labour of last resort to on-farm activities was consistently reported in the qualitative work in each country. As one elderly beneficiary in Malawi stated, "I used to be a slave to *ganyu*, but now I am free." The cash transfers had mixed results on child labour, with a reduction in child on-farm labour occurring in Kenya and Lesotho (and reported in Ghana), a switch from off-farm wage labour to on-farm activities taking place in Malawi and no clear impact in Zambia.

Risk management

Cash transfers have allowed beneficiary households to better manage risk. Qualitative fieldwork found that cash transfers increased social capital and allowed beneficiaries to 're-enter' existing social networks and/or to strengthen informal social protection systems and risk-sharing arrangements. These results were corroborated by econometric analysis in Ghana and Lesotho. Receiving the transfer allowed beneficiaries to support other households or community institutions.

A reduction in negative risk-coping strategies, such as begging, was seen in Malawi and Lesotho, while beneficiary households in almost all countries were less likely to take their children out of school. Moreover, the cash transfer programmes allowed households to be seen as more financially trustworthy, to reduce their debt levels and increase their creditworthiness.

Local economy income multipliers

When beneficiaries receive cash, they spend it, and the impacts of the transfer are then transmitted to others inside and outside the local economy, often to households that are not eligible for cash transfers, who tend to own most of the local businesses. These income multipliers were measured using an innovative village economy model, called the Local Economy-wide Impact Evaluation (LEWIE) model; LEWIE models constructed for the cash transfer programmes participating in the PtoP project generated nominal income multipliers ranging from 2.50 in Ghana to 1.34 in Kenyan Province of Nyanza.

The increase in demand brought about by the spending of cash transfers may lead to higher prices and, consequently, a lower income multiplier, when credit, capital and other market constraints limit the local supply response. Simulations incorporating such constraints find that the 'real' income multiplier is lower than the nominal income multiplier although still greater than 1. Non-beneficiaries and the local economy benefit from cash transfer programmes through trade and productive linkages, and maximising the income multiplier may require complementary interventions that target both beneficiary and non-beneficiary families.

Which factors condition the impact of cash transfer programmes on livelihoods?

First, regular and predictable transfers facilitate household planning, consumption smoothing and investment. Households that receive lumpy and unpredictable transfers, such as was the case in Ghana, are likely to spend the money differently. Second, the relative amount of the transfer matters. The size of the transfer as a share of per capita consumption of beneficiary households ranged from 7 per cent in Ghana to almost 30 per cent in Zambia. Third, the demographic profile of beneficiary households—and, particularly, the availability of labour—also matters.

Most of these programmes include a large proportion of labour-constrained households. The CGP in Zambia was the exception, with a target population of young families with available labour. Finally, differential access to productive assets besides labour, the nature of local markets, the effectiveness of local committees in implementing a transfer programme and the nature of programme messaging all played a role in determining the impacts of the programme.

Lessons learned and policy implications

The evidence presented in this article clearly dispels fears of 'dependency.' The results show not only that beneficiaries do not work less, but that transfers allow households to be productive in their family businesses.

The programmes have a clear impact on adult labour allocation, primarily of moving away from casual agricultural wage labour of last resort to family business activities. While these programmes are not likely to lift people out of poverty in the short term, the results show that they do not induce laziness and in fact promote productivity and can provide an income-multiplying effect at both the household and local economy levels.

Cash transfers can thus serve not just as social protection but as a means of facilitating farm and household-level production gains. Productive impacts can be maximised by improving the implementation of the transfer programmes, particularly by ensuring regular and predictable payments.

Cash transfers can also be linked to livelihood interventions and thus potentially serve as an important complement to a broader rural development agenda, including a pro-poor growth strategy focusing on agriculture, while keeping in mind potential synergies and conflicts with the original social objectives of these programmes. ■

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1. This article was prepared by Benjamin Davis, and reflects a summary of the work carried out by collaborating partners of the Transfer Project and the From Protection to Production (PtoP) Project, including FAO, UNICEF, the University of North Carolina (Chapel Hill), Save the Children, AIR, OPM, the University of Malawi, the University of Ghana, the University of Zambia and, most importantly, the governments of Ghana, Kenya, Lesotho, Malawi and Zambia. The list of sources used for this article can be found on the PtoP website at: <www.fao.org/economic/ptop/publications/reports>. These and other resources can be found on the Transfer Project website: <www.cpc.unc.edu/projects/transfer>.

2. Food and Agriculture Organization of the United Nations (FAO).

Do Social Assistance Grants Help or Hinder Job Search Among the Youth in South Africa?

by Cally Ardington and Ingrid Woolard[1]

Youth unemployment internationally
Youth unemployment is a pressing global issue. While young people aged between 15 and 24 make up only one quarter of the world's population, they represent almost one half of the unemployed (World Bank 2006). Worldwide, the youth unemployment rate is, on average, about 2.7 times higher than the non-youth rate (ILO 2012), although there is considerable cross-country variation. Nevertheless, the admission that it is 'expected' or even 'normal' for youth unemployment to be higher than for non-youth unemployment does not take away from the fact that youth unemployment is a particular problem that requires specific attention.

Unemployed youth are different from the unemployed non-youth in a number of ways. First, while the youth are typically more educated, they are less experienced, and employers might, therefore, regard them as a riskier investment. Education is not a substitute for skills, schooling is not always a reliable signal of capabilities, and low education quality feeds into poor workplace learning capacity. Given the uncertainty about the potential of school leavers, employers may consider entry-level wages to be too high relative to the risk of hiring these inexperienced workers. Second, youth unemployment has been shown to be causally linked to lower physical and mental health, including depression and anxiety (Fryer 1997). Unemployment thus has a detrimental effect on mental well-being, which in turn impacts a person's ability to participate fully in the labour market in the future. Third, youth unemployment has been linked to increased social discontent and instability; youth facing limited future prospects may question the legitimacy of the political system, and their grievances are likely to cause social unrest, especially in autocratic regimes with unstable political institutions. Where unemployed youth struggle to find housing and face delays in setting up their own households, their disaffection can exacerbate political and economic objections. Although prospects of higher income through higher education may reduce the probability of political instability and conflict, the hardships caused by unemployment can be magnified if the youth's expectations of future income are raised as a result of higher-level education, but the fact is that this hard-earned education does not necessarily translate into better employability.

While labour market policies that reduce overall unemployment are likely to also reduce youth unemployment (O'Higgins 1997), one can nevertheless argue that additional measures need to be put in place to help overcome the particular obstacles faced by the youth—specific barriers such as the inexperience trap, whereby employers prefer workers that are experienced, therefore barring the youth from the opportunity to gain this experience. Youth may also be disadvantaged in the sense of having smaller social networks within the world of work that could assist in their search for employment, and, once employed, they may still be among the first to be dismissed on the basis of the last-in, first-out principle.

Youth unemployment in South Africa
The level of youth unemployment in South Africa is extremely high. Almost 40 per cent of youth aged 15–24 are unemployed, representing 31 per cent of the unemployed population. However, this severely understates the problem—only 15 per cent of the youth are actually employed (ILO 2010)—the lowest rate of youth employment in any country with recorded statistics. Extremely large numbers of young people are outside the labour force (i.e. neither working nor studying) but also not enrolled in education or training programmes. For example, among youth that left school after Grade 11 (i.e. one year short of completing high school) one quarter are neither working nor searching for work nor studying when tracked two years later (Branson, Lam and Kekana 2013). This lack of gainful activity is likely to have long-term impacts on the future lives of these young people in a number of dimensions.

The question that is then often asked is 'How do these young people sustain themselves?'

Table 1 offers some insight into this, showing that almost half of the unemployed youth live in households where someone else is the beneficiary of some form of cash transfer. At 3.5 per cent of Gross Domestic Product (GDP), the expenditure on social assistance in South Africa is over twice the median expenditure across developing economies (World Bank 2009). Indeed, South Africa has an extensive system of social assistance in the form of old-age pensions, disability and child support grants (for children under 18). Thus, social grants are targeted at categories of individuals who are unlikely to be able to provide for their own needs through work. Yet, even though none of the cash transfers are targeted at the working-age population (other than people with disabilities), many young people are able to indirectly benefit from the grants by co-inhabiting with eligible grant beneficiaries. These social grants provide a significant source of income support for unemployed youth; therefore, do they inhibit or promote job search among the youth?

Access to social assistance
Approximately 90 per cent of elderly people receive the non-contributory State-funded Older Persons Grant. Its value (currently ZAR1410 or about USD115 per month) is generous by international standards, being approximately twice the median per capita income of African South Africans. Since pensioners generally live in multi-generational households, one can examine whether the benefit affects the labour market behaviour of young adults who live in such households. This potential effect is not necessarily clear-cut. On the one hand, additional household income could subsidise migration costs, placing those who live in rural areas in a better position to look for work in urban areas. Alternatively,

Photo: Beyond Access, Youth technology training, 2013, South Africa <https://goo.gl/1Eki3A> <https://goo.gl/OOAQfn>.

the pension could raise the reservation wage and reduce the incentive to find work.

Impact of social grants on the youth's job search

Earlier research on this topic has found mixed results, with some authors finding reduced labour supply and others finding increased labour supply, particularly when migrant household members are considered.[2] Most of this earlier research looked at all adult household members, rather than focusing exclusively on young adults; however, in this article, we are specifically interested in the behavioural response of young people. To this end, we look at the findings from a paper by Ardington et al. (2013) on the decisions of young rural males to migrate in search of work. The researchers use eight rounds of longitudinal data collected in the rural part of the KwaZulu-Natal province over a period of 11 years, starting in 2001. Data were collected on approximately 100,000 people in one of the poorest regions of the province.

The research examines how the labour market behaviour of young men responded to a change in the 'pension status' of their household—either when the household receives an old-age pension for the first time or loses such a benefit. The aim was to determine whether financial constraints limit the ability of rural households to send their young men to find work in the city, and whether the gain of a relatively large, stable source of income—in the form of an old-age pension—substantially helps households to overcome such constraints. If so, the corollary would be that the old-age pension enhances the ability of young people to find and retain employment in the city as labour migrants.

The authors note that the effects of pension gain and pension loss are likely to differ between individuals who have remained in rural areas and those who have already migrated. Young men who have not yet migrated for work may find that when someone in the household becomes the beneficiary of a pension it offers them a chance to do so, perhaps supporting them until they find work and become financially more self-reliant. The loss of a pension should reduce their chances of going and finding work even further. On the other hand, current labour migrants apparently had enough money to overcome financial constraints and thus were able to migrate. If their household were to gain a pension, we would not expect much of an effect on their decision to work. However, the loss of a previously received pension may force such labour migrants to return to their rural homes, if they were still reliant on the pension to fund their job search or were not yet self-sufficient in an urban setting.

Another key finding is that the relaxing of the household's financial constraints when a member of the family unit is granted a pension has beneficial effects for young people in the household: it encourages and enables them to find and retain work in the city (i.e. as a labour migrant). Pension gains among the wealthiest third of rural households appear to have no impact on labour migration. In the other two thirds, young men are around 4 per cent more likely to migrate for work when the household starts to receive additional income through the pension.

TABLE 1 Sources of Income Support for Unemployed Youth in South Africa

Type of support	Percentage of unemployed youth with this form of support*
Someone in the household has a job	59
The young person receives a child support grant for their child	14
Someone else in the household receives some form of social assistance	45
The young person engages in small-scale agricultural home production	5
Someone else in the household engages in small-scale agricultural home production	8

Source: : Authors' analysis of Quarterly Labour Force Survey data, Quarter 3, 2012, Statistics South Africa.

**Note: Since a person can access multiple means of support, this column does not add up to 100 per cent.*

"While labour market policies that reduce overall unemployment are likely to also reduce youth unemployment . . . one can nevertheless argue that additional measures need to be put in place to help overcome the particular obstacles faced by the youth.

> The old-age pension does not appear to have unintended—or adverse—effects on the choices of these rural young men in the labour market.

Photo: Lindsay Mgbor/UK Department for International Development. Working within the community, 2013, South Africa <https://goo.gl/ZisyRq> <https://goo.gl/sZ7V7x>.

This positive effect of pension income is primarily driven by young men who have completed at least high school: they are 8 per cent more likely to migrate when the household starts to receive the pension.

These findings also mean that the old-age pension does not appear to have unintended—or adverse—effects on the choices of these rural young men in the labour market—i.e. it does not encourage them to be 'idle' (neither studying nor working).[3]

Financial constraints are a real obstacle to youth who want to find employment in urban areas; policies that address these financial constraints could make a significant difference in helping them to find employment. One could postulate that the effect might be larger if the unemployment benefits went directly to the unemployed person and were tied to conditionalities, job placement programmes and/or training schemes. ■

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1. Southern Africa Labour & Development Research Unit (SALDRU), University of Cape Town.

2. See Bertrand et al. (2003), Klasen and Woolard (2009), Posel et al. (2006) and Ardington et al. (2009).

3. These findings are consistent with those of Posel et al. (2006) and Ardington et al. (2009) for all prime-aged men and women.

Intended and Unintended Effects of Unconditional Cash Transfers to Elderly People: The Case of Bolivia's *Renta Dignidad*

by Werner L. Hernani-Limarino and Gary Mena[1]

Non-contributory pensions are usually defined as a means to provide social assistance to those who do not have access to a contributory pension scheme; in Bolivia, this group represents a large share of the population. In 2013 only 13 per cent of men and 8 per cent of women between 60 and 65 years old received a contributory pension benefit.

This rate of coverage for low contributory pension schemes has paved the road for the introduction of three iterations of non-contributory pension schemes in Bolivia. The first is *Bono Solidario* (BONOSOL), which was established in 1996 just after the privatisation of public companies. Although its main objective was to transfer the benefits of the capitalisation process to Bolivians, only those who were 18 years or older as of 31 December 1995 are eligible to receive the annual transfer of USD248 when they turn 65 years old.

After the 1997 elections, the new government suspended the BONOSOL payments from 1998 to 2000, mainly due to its financial unsustainability, which was caused by an underestimation of the number of beneficiaries. In 2001 BOLIVIDA replaced BONOSOL and changed the eligibility criteria to benefit all citizens when they become 65 years old—but the annual transfer was reduced to USD60; one year later, it was increased to USD70. After the elections of 2002, BONOSOL was re-established with an annual value of BOB1800 (USD248), and the programme was set to last until 2007.

In December 2007 *Renta Dignidad* replaced BONOSOL and introduced three major changes with respect to its predecessors: first, it increased the amount of the annual transfer to BOB2400 (USD331)[2] and introduced the possibility of receiving the benefit in monthly instalments; second, the amount transferred differed depending on whether beneficiaries have access to a contributory pension (75 per cent of the transfer) or not (full transfer); and, third, the minimum age for receiving the transfer was reduced from 65 to 60 years old.

There are several impact evaluations of the previous non-contributory pensions in Bolivia, and even the government itself promoted *Renta Dignidad*'s official impact evaluation.[3] The official results show that *Renta Dignidad* has not only increased household per capita income and consumption but has also reduced poverty incidence—though without significant effects in rural areas. Claure and Hernani-Limarino (2014) used the same data to test the plausibility of the results and, under a different set of assumptions, found statistically significant negative effects of *Renta Dignidad* (in rural areas) on households' per capita income and consumption. Furthermore, falsification tests suggest that there are problems either with the quality of the data or with the sample size for a discontinuity strategy.[4]

Non-contributory pensions may have the intended effects of increasing individual and household disposable income and, therefore, increasing household consumption and even household investments in physical capital (e.g. improving dwellings or buying durables), as well as human capital (health and education). Theoretically, depending on the transfer amount, non-contributory pensions may also reduce the supply of labour by inducing people to retire early, switch to occupations that may not provide contributory pensions or simply reduce their working hours. As these programmes are being introduced, in our view, we are still learning about the entire range of their potential effects.

Using standard household surveys to evaluate the impact of *Renta Dignidad*

Athey and Imbens (2006) propose a quasi-experimental approach known as 'changes-in-changes' (CIC), that we use to calculate the average and quantile treatment effects of *Renta Dignidad* on individual labour market outcomes and household investment decisions. This methodology, which is a generalisation of the difference-in-differences approach that addresses the well-known problem of functional form dependency, can be applied to standard household survey data to hopefully provide a more appropriate approach than the ones used so far.[5]

Results show that *Renta Dignidad* has a significant positive effect of 17 per cent on per capita household income (Table 1). It is noteworthy that the effect on the poorest segment of the distribution (10th percentile) is 58 per cent, which means that the programme has a larger impact on poor people. In the case of households with only women beneficiaries, the effects on income are larger (36 per cent), but in the case of men the increase is not significant. As expected, the increase in per capita household income is due to an increase in non-labour income. However, the effect on household income is offset by a significant decrease in per capita labour income.

The additional resources were neither consumed nor invested in health, education or the purchase of durables. Consequently, households invested in their dwellings and held on to the additional resources, increasing their saving rates.

The decrease in per capita labour income may be the result of a significant decrease of 6 percentage points in elderly people's labour force participation and a reduction of 23 per cent in their worked hours (Table 2). In the case of elderly women, *Renta Dignidad* significantly contributes to a reduction in their labour force participation (10 percentage points) and working hours (42 per cent). Although men's participation in the labour market decreased, the change

TABLE 1 Effects of *Renta Dignidad* on Household Welfare, Investments and Savings

	Elderly	Women	Men
Welfare (log of BOB)			
p.c. income (average)	+0.167*	+0.363***	+0.128
p.c. income (10th percentile)	+0.583**	+1.042***	+0.174
p.c. labour income	-0.300*	-0.260	-0.016
p.c. non-labour income	+2.566***	+3.029***	+1.942***
p.c. intra-household transfers	+0.080	+0.617	-0.396
p.c. consumption (average)	-0.013	+0.090	-0.086
p.c. consumption (10th percentile)	-0.065	+0.192	-0.169*
Household investments (log of BOB a month)			
Education expenditure	+0.000	+0.106	-0.117
Health expenditure	+0.045	-0.077	-0.006
Durables expenditure	+0.034	+0.187	-0.043
Investment in dwelling	+0.231**	+0.344	+0.110
Saving			
Saving (BOB per month)	+217.760	+126.730	+523.780*
Saving rate (1-c/y)	+1.204*	+2.123*	+1.212*
Saving rate (y/c-1)	+0.099	+0.130	+0.177**
Saving rate (log(y)-log(c))	+0.168**	+0.253**	+0.233**

Source: Authors' estimation based on ARU's harmonised set of Bolivian household surveys.
*Notes: Significance levels: * 0.10; ** 0.05; *** 0.01. p.c. = per capita; y = income; c = consumption.*

is not statistically significant. Table 2 also shows that there are no significant effects on the labour market structure except in the case of elderly women, who have had their participation in informal salaried jobs reduced. These results could be interpreted as desirable, because the non-contributory pension scheme is enabling elderly people who never contributed to pensions to retire. Furthermore, the increase in saving rates can help to reduce the negative effects of future income shocks.

The decrease in elderly people's labour force participation may help to increase the labour market participation of other household members. For example, elderly people could take care of the children, and the adults could spend more time searching for jobs in the formal sector. However, Table 3 shows that there are no significant effects of *Renta Dignidad* on indirect beneficiaries.

Closing remarks

The main policy message that can be drawn from these results is that non-contributory transfers produce not only intended but also unintended effects on current and future beneficiaries. Therefore, it is important to properly calibrate the size of the transfer and the eligibility criteria to maximise the intended effects and manage the unintended ones.

Increasing the transfer amount might not translate into a one-to-one increase in household income, particularly if there are income effects that reduce the labour supply of current or future beneficiaries and, in the case of elderly people, if they have incentives to retire early from the labour market. Non-contributory pensions may help elderly people retire at an appropriate age. However, if non-contributory pensions become the main source of income after retirement because workers have not contributed to the pension system, then elderly people are less likely to be self-sufficient if the transfer is reduced or removed.

It is certainly important to evaluate the potential welfare gains associated with the increase in quality of life and health against the monetary cost associated with the losses in production and programme expenditures. In the particular case of Bolivia, given the demographic transition to a more adult population, means-test targeting—based on more specific demographic or vulnerability criteria, for example—needs to be considered in the near future.

The current Bolivian Constitution (2009) establishes that elderly people have the *right* to a dignified old age and that the State will provide an annuity for old age within the framework of an integral social security system. This praiseworthy intention is financed by 30 per cent of the special direct tax on hydrocarbons, and dividends from government-capitalised public enterprises. The first source depends highly on international price movements that the government cannot influence and is not a stable long-term source of funding, as shown by the recent steady decline in hydrocarbon prices. Moreover, the current administration has reversed much of the capitalisation process by nationalising previous State-owned enterprises, but the balance of public enterprises is mixed, making this source of funding uncertain. One possibility that could be considered to increase the resources for funding is to designate a fixed percentage from all or a subset of the other taxes (VAT, mining etc.) and not only hydrocarbons, which would diversify the risk of having only two sources of funding.

Finally, it is important to address the problem of having a high percentage of unregistered workers as beneficiaries of the pension system, the effects of which

TABLE 2 Effects of *Renta Dignidad* on Labour Market Outcomes

	Elderly	Women	Men
Labour force participation			
Participation	-0.055**	-0.103***	-0.025
Labour supply intensity	-0.226**	-0.416***	-0.087
Labour market structure			
Family worker	-0.011	-0.016	-0.005
Informal non-salaried	-0.023	-0.033	-0.015
Informal salaried	-0.007	-0.031**	+0.016
Formal salaried	+0.001	-0.016	+0.021

Source: Authors' estimation based on ARU's harmonised set of Bolivian household surveys.

*Notes: Significance levels: * 0.10; ** 0.05; *** 0.01.*

“It is certainly important to evaluate the potential welfare gains associated with the increase in quality of life and health against the monetary cost associated with the losses in production and programme expenditures.

non-contributory pensions in Bolivia have attempted to mitigate by introducing much-needed incentives to promote formal jobs.

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TABLE 3 Indirect Effects of *Renta Dignidad* on Labour Market Outcomes of other Household Members

	Age 25–44	Women aged 25–44	Men aged 25–44
Labour force participation			
Participation	-0.027	-0.028	-0.014
Labour supply intensity	-0.135	-0.239	+0.045
Labour market structure			
Family worker	+0.009	-0.005	+0.014
Informal non-salaried	+0.005	+0.010	+0.004
Informal salaried	-0.016	-0.015	-0.001
Formal salaried	-0.002	-0.022	+0.023

Source: Authors' estimation based on ARU's harmonised set of Bolivian household surveys.

*Notes: Significance levels: * 0.10; ** 0.05; *** 0.01.*

1. Fundación ARU.
2. Using an exchange rate of BOB7.26 = USD1 (August 2002).
3. See Escobar Loza et al. (2013) for the results of the official impact evaluation.
4. Hernani-Limarino and Villarroel (2014) attempt to solve the quality and small sample problems using a set of harmonised official household surveys under an identification strategy that combines the discontinuity design and the principle of unconfoundedness.
5. Caution should be taken when analysing the results, since they are representative for the 60–65 cohort and not the whole elderly population.

Conditional Cash Transfers and Labour Informality: The Case of Argentina[1]

by Leonardo Gasparini and Santiago Garganta[2]

The Universal Child Allowance for Social Protection (AUH) is Argentina's main conditional cash transfer (CCT) programme, launched in 2009 by the federal government with ample social and political support. This is a key, massive initiative to broaden the coverage of the welfare state to the entire population and alleviate the typical imbalance of Latin American social protection systems, which are biased toward formal employees.

The AUH is a large initiative, though ultimately simple in its design. It covers around 30 per cent of all children in Argentina, and more than 90 per cent of those in the bottom three deciles of the income distribution. The AUH provides a monthly benefit per child to households whose members are unemployed or working in the informal sector (i.e. unregistered in the national social security system). Since informality is highly correlated with poverty (Gasparini and Tornarolli 2009), the government deemed a more sophisticated targeting mechanism unnecessary. Indeed, the programme is reasonably well targeted: around 80 per cent of the participants belong to the bottom two quintiles of the income distribution (SEDLAC 2015).

The benefit is relatively generous: for a typical beneficiary household with three children, the cash transfer implies an increase of about 50 per cent in total household income. These values place the AUH benefit among the largest in Latin America.

Like other CCT programmes in Latin America, the AUH has had an undeniable positive social impact, which is evident in several dimensions. The programme has helped reduce poverty and inequality, as well as foster schooling, especially at the secondary level. For instance, Cruces and Gasparini (2012) estimate that the AUH is linked to a 30 per cent fall in income poverty (as measured by the Foster-Greer-Thorbecke (FGT) 2 and the USD4 poverty line) and a 13 per cent reduction in income inequality (as measured by the income ratio between deciles 10 and 1). These figures make the AUH one of the most effective Latin American CCTs in terms of its impact on poverty and inequality indicators (Stampini and Tornarolli 2013).

The aforementioned simple design of the AUH may come at a cost. Since the programme is accessible only to those who are not in formal employment, it may discourage workers from transitioning from self-employment to the formal sector, and it may reduce the bargaining power of informal salaried workers in their negotiations with employers for labour benefits.[3] While these theoretical arguments suggest a potential disincentive to formalisation, only empirical evidence can shed light on whether the effect exists and is statistically and economically significant.

Photo: Nahuel Berger/World bank, Young students in Argentina, 2007 <https://goo.gl/HYGNPT> <https://goo.gl/cefU8>.

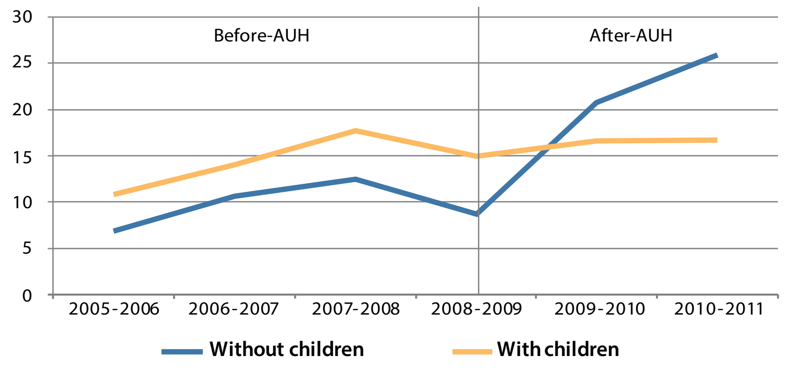
The evidence

Unfortunately, the evidence of possible undesired effects of the AUH is very scarce, in part due to a lack of information: microdata from the programme are not publicly available, and the variables related to the AUH in the national household survey are not disclosed. In a recent paper we analyse this issue using the available data (Garganta and Gasparini 2015). Our identification strategy consists of comparing eligible workers (with children) with similar but ineligible workers (without children) over time. This strategy of difference in differences is effective in alleviating several endogeneity problems that arise when comparing heterogeneous observations.

The evidence suggests that while the formalisation (entry rate into registered jobs) of both groups (eligible and ineligible) had followed an almost identical path before the end of 2009, the patterns diverged significantly from that date onwards, which coincides with the implementation of the AUH. While the rate of entry into the registered sector has increased among informal workers without children since 2010—coinciding with an expansion of the Argentinian economy—it remained approximately constant for informal workers with children—i.e. the potential participants in the AUH programme.

Given these results—which we confirm through a conditional econometric analysis—the theoretical reasons to link the programme with labour formality outcomes, and the absence of sensible alternative explanations for divergent

FIGURE 1 Proportion of Informal Workers who Transition into Formality



Source: Garganta and Gasparini (2014).

Note: The sample is restricted to informal workers in the first semester of the initial year of each panel, aged 18–70 years old, in non-formal households (i.e. without formal workers), without tertiary education, and belonging to the three poorest deciles of the household per capita income distribution.

behaviour after the implementation of the programme between potential participants and similar workers who were not eligible because they did not have children, we suggest the existence of a significant disincentive to formal labour as a result of the AUH. The impact seems relatively large: we find that the probability of transition into the formal labour market by potential AUH beneficiaries is reduced by between 28 per cent and 43 per cent, compared with what would have happened in the absence of the programme.[4] The large size of the cash benefit may account for such a sizeable effect.

Heterogeneities

Some interesting results emerge when dividing the sample into different groups. For instance, we find stronger disincentives to formalisation for workers with younger children. This is in accordance with expectations, since the impact of the programme should be larger for those parents with younger children, who could benefit from the programme for a longer period of time.

We also find that the disincentive to participate in the formal sector is relevant for those secondary workers whose household head remains informal, but disappears for those whose household's primary worker becomes formal in the period.[5] If the primary worker gets a formal job, their family may lose its AUH benefits, and then the employment decision of the secondary members becomes irrelevant in terms of access to the programme. In contrast, if the primary worker continues to be unregistered, the disincentives towards formalisation remain relevant for secondary workers in the household.

Interestingly, we fail to find sufficient evidence for the existence of a significant incentive for registered workers to become informal. This result suggests an asymmetry in the reaction of formal and informal workers, which could be explained by adjustment and transaction costs under uncertainty.

Concluding remarks

In their introduction for the *Handbook of Income Distribution*, Atkinson and Bourguignon state that "(F)or understandable reasons, much of the analysis of public policy by economists has focused on negative behavioural responses. Understandable, since the toolkit of economists is designed to illuminate these responses and the second-round effects are often missed in the public debate." But then they add: "At the same time, the analysis seems often to lose sight of the purpose for which transfers are paid." They conclude that ". . . it is not only the aggregate but also the design of spending that matters." (Atkinson and Bourguignon 2015)

The AUH has had an undeniable positive impact on some social outcomes, and it is important not to lose sight of this very relevant result. But the evidence suggests that it may have some unintended effects on the labour market, some of which may be due to its simple design. The best way to highlight the achievements of the programme is to rigorously analyse these effects and—if they exist and are relevant—work on finding ways to improve the programme. An initial step toward that goal would be to provide more information about the programme to the community to facilitate and encourage more and better impact evaluations. ■

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1. This article is based on Garganta and Gasparini (2015). We are grateful to Carolina Robino, Fabio Veras and Cristina Cirillo for helpful comments and suggestions. All errors, omissions and opinions are the authors' sole responsibility.

2. Centro de Estudios Distributivos, Laborales y Sociales (CEDLAS), Facultad de Ciencias Económicas, Universidad Nacional de La Plata, and CONICET.

3. See Galiani and Weinschelbaum (2012) for an example of formal models on these issues.

4. This range of results is determined by different exercises carried out to assess the robustness of the estimated impact: (i) restricting the sample in several dimensions; (ii) applying propensity score matching techniques; and (iii) exploiting the discontinuity of eligibility by looking at those workers with children in a band around 18 years of age.

5. We identify the (self-declared) household head as the primary worker and the spouse of the household head as the secondary worker.

Social Assistance, Labour Markets and Intra-household Decision-making: Evaluation of the AFAM-PE Programme in Uruguay[1]

by Marcelo Bergolo[2], Guillermo Cruces[3] and Estefanía Galvan[2]

The expansion of conditional cash transfer (CCT) programmes in Latin America and the Caribbean (LAC) over the past two decades has renewed interest in how these policies affect the behaviour of beneficiaries in the labour market—in particular, whether or not they discourage labour supply or labour market formalisation. Moreover, the view that women's empowerment is conducive to efficiency and development has shaped the political debate and influenced socio-economic policies in the region.

Thus, most CCT programmes in countries of the LAC region target poor and vulnerable families and see that women are the primary recipient of benefits; the main argument supporting such a distribution is that money received or earned by women is allocated differently in the household budget compared to money received or earned by men. Women tend to use the money in a way that improves the welfare of the household—and particularly of children—as a whole (Thomas 1990).

Though women are the main recipients of CCTs, the gender implications of these programmes and their impact on the lives of women, particularly in terms of their behaviour in the labour market, has not been thoroughly studied (see Bosch and Manacorda 2012 for a recent survey).

Bergolo and Galvan (2015) look at the impact of Uruguay's premier CCT programme, *Asignaciones Familiares-Plan de Equidad* (AFAM-PE), on gender differences with regard to labour market outcomes and the decision-making process within the household. This is important in Latin America, and in particular in the case of Uruguay, where 90 per cent of the recipients of household cash transfers are women, who not only have less access to the labour market (lower participation rate) but also tend to earn less than men. Understanding the impact of the programme on labour market outcomes and on the household decision-making process, as well as its gender implications, is important not only for contributing to academic discussions but also for informing the design of public policies.

The AFAM-PE programme

AFAM-PE was enacted in 2007 and is currently the largest social assistance programme aimed at vulnerable families with children in Uruguay, both in terms of coverage and level of cash benefits. More specifically, the programme targets poor and vulnerable households with either a pregnant mother or a child under the age of 18. Benefit payments are contingent on meeting certain conditionalities, such as school attendance and basic health check-ups. Households may lose the benefit if they fail to comply with the conditionalities or if they do not pass the income verification test periodically administered by government authorities.

In 2014 the programme reached nearly 370,000 children in poor and vulnerable households, a figure that corresponds to 42 per cent of children under the age of 18 in Uruguay.[4] The budget for the cash transfer component of the programme in 2013 was just over 0.35 per cent of Gross Domestic Product (GDP).

The targeting strategy for AFAM-PE entails that applicant households meet two conditions. First, a household must have a per capita income level below a

> "Money received or earned by women is allocated differently in the household budget compared to money received or earned by men. Women tend to use the money in a way that improves the welfare of the household—and particularly of children—as a whole.

Photo: Montecruz Foto, Campo Placeres, 2009, Uruguay <https://goo.gl/fpRGhA> <https://goo.gl/OOAQfn>.

Table 1 Summary Statistics of Labour Market Outcomes for Men and Women in Couples by Eligibility Status

	Panel A. Eligible households				Panel B. Ineligible households			
	Men		Women		Men		Women	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD
1. Follow-up survey								
Employment rate	0.93	0.26	0.60	0.49	0.95	0.21	0.69	0.46
Registered employment rate	0.53	0.50	0.30	0.46	0.67	0.47	0.45	0.50
Unregistered employment rate	0.40	0.49	0.30	0.46	0.28	0.45	0.24	0.43
2. Baseline								
Employment rate	0.77	0.42	0.36	0.48	0.77	0.42	0.45	0.50
Registered employment rate	0.23	0.42	0.11	0.31	0.15	0.36	0.08	0.27
Unregistered employment rate	0.54	0.50	0.25	0.43	0.62	0.49	0.37	0.48

Source: Authors' elaboration.
**Note: SD = standard deviation.*

predetermined threshold (i.e. income test). After the income verification test, eligibility for the programme is determined by computing a predicted poverty score for households based on their baseline socio-economic characteristics. Only those applicant households whose predicted poverty score is above a (pre)determined threshold are eligible for AFAM-PE (conditional on income testing). Once the household is considered eligible, only the income test—which is based on the registered (formal) sources of income of household members (i.e. the 'observable' sources of income)—is periodically verified by government authorities.

This eligibility criteria based on a poverty score generates a strong discontinuity in the probability of being admitted to the programme. Those who are slightly above the poverty score threshold are eligible and still receive the benefit, while those who are slightly below are not eligible and do not receive the benefit.

The causal effect of AFAM-PE can be identified by comparing labour market outcomes of beneficiary households who are just above the eligibility cut-off point with those of applicant households who are slightly below the cut-off point. This method—known as regression discontinuity design (RDD)—assumes that households close to the eligibility cut-off point are very similar regarding both observable and non-observable dimensions; thus, any difference in outcomes could be causally attributed to participation in the programme.

Results in the labour market

Based on a follow-up survey of applicant (eligible and ineligible) households[5] and using an RDD identification strategy as mentioned above,[6] the study (Bergolo and Galvan 2015) finds evidence that participation in the AFAM-PE programme has different impacts on labour market behaviour according to the gender of the individuals in two-parent households.[7] The study analyses the responsiveness to AFAM-PE in three mutually exclusive labour market outcomes: non-employment (unemployed or inactive), registered (formal) employment and unregistered (informal) employment.[8] Table 1 presents employment rates for men and women in couples and the follow-up periods by eligibility status.

As expected, AFAM-PE seems to be associated with an increase in non-employment rates and informal employment rates among beneficiary women; however, the estimated impacts are not statistically significant. On the contrary, the estimates show a statistically significant 20 per cent drop in registered employment among beneficiary women around the eligibility cut-off point.[9] In contrast, AFAM-PE did not have a statistically significant effect on the employment outcomes of the men in AFAM-PE beneficiary households.

Following the implications of theoretical studies and previous results for developed countries, our study explored the heterogeneous responses in labour market outcomes as a result of participation in the AFAM-PE programme. However, no conclusive evidence of a sizeable heterogeneity in the programme's effects contingent on partner employment status was found for either men or women.

This study assesses the impact of AFAM-PE on employment transitions between two periods—i.e. baseline and follow-up—which allows for a better understanding of the programme's effects. The relevant labour outcomes considered at the baseline are the same as those considered after the follow-up survey data. To perform the transition analysis, the effect of AFAM-PE is estimated on both the probability of remaining in any of the three labour market statuses analysed so far (persistence probabilities), and on the probability of entering each of those employment statuses from the two remaining ones (entry probabilities).

Among beneficiary women, no statistically significant effect was found either on the persistence probabilities in non-employment or on entry probabilities into employment. In contrast, we found a statistically significant increase of between 19 and 27 percentage points in the informal employment persistence rate among women in beneficiary households, and an increase in the entry probability into informal employment from registered employment—although not stable across specifications. On the other hand, beneficiary women, who were formally employed at the baseline, were less likely to remain in registered jobs. Moreover, the estimates show that their rate of entry into formality from unregistered employment was 20 to 27 percentage points lower than for non-beneficiary women. Among men, the programme did not seem to have a significant effect on any of the employment transitions.

Results on the economic decision-making of women

The proportion of income that each member contributes to the household can have a significant impact on how much each partner in the household (and his/her preferences) influences decisions regarding the purchase of goods and services (Agarwal 1997; Duflo 2011). Thus, cash benefits given to women could increase the probability that they will increase their bargaining power in the household's decision-making process, particularly regarding consumption decisions.

To focus on the decision-making process, we used a group of questions in the follow-up survey to analyse the AFAM-PE's effect on who makes decisions regarding the allocation of the household's budget relative to a number of items. Estimates show that AFAM-PE beneficiaries are more likely to be the main decision-maker regarding a number of items. Indeed, estimates reveal that beneficiary women are between 12 and 19 percentage points more likely than non-beneficiaries to have a decisive say on food expenditures. Regarding who decides how any additional money will be spent at the intra-household level, the results suggest that AFAM-PE increases the probability that the woman will be the driving force behind such decisions. Estimates regarding this factor, though, are not robust across specifications.

Policy contribution

The idea that cash transfers discourage people from working was statistically rejected by this study, for couples who are beneficiaries of the AFAM-PE programme. Strong evidence was found, however, that the programme discourages formal employment among women and that this effect is associated with a decline in the transition from informal (unregistered) labour into formality; this also seems to be correlated with an increase in the outflows from registered employment to informality. In contrast, the programme was found to have no impact on men in eligible two-parent households.

These findings suggest that AFAM-PE reduces the incentives for beneficiary women to actively look for formal employment, which is consistent with the evidence found for other CCT programmes (see, for example, Garganta and Gasparini 2015). However, the results also suggest that the programme should provide incentives to dissuade some formally employed women in eligible households from switching to informal labour.

While eligibility for the AFAM-PE programme does not exclude employees from the formal sector, since it is basically determined by the proxy means test, policymakers should consider adjustments to the programme's design to address possible incentives to transition towards informality; this is possibly caused by a fear of losing the monetary benefit if the total household income based on registered sources (i.e. those which can be verified by the authorities) surpasses the threshold score established by the income test. Thus, possible changes in the programme's design that could help to eliminate this unintended incentive could include relaxing the parameters of the income test or even eliminate it entirely, using the proxy means test exclusively as the targeting mechanism. In the specific case of AFAM-PE, the implementing institutions relaxed its income test requirements in 2014 by considering the total household income on an annual, rather than monthly, basis.

The results in terms of household decision-making processes seem to support the idea that making women the recipients of cash transfers has a positive effect on their bargaining power with regard to the household's consumption decisions. The programme empowers women as decision-makers and tends to improve overall household welfare. Even if the

“Cash benefits given to women could increase the probability that they will increase their bargaining power in the household's decision-making process, particularly regarding consumption decisions.

Photo: Gonzalo Useta, Sonrisas marcadas, 2013, Uruguay <*https://goo.gl/vZoDWs*> <*https://goo.gl/cefU8*>.

programme does not produce radical changes in the status of women or how they are viewed within their social environment, the fact that women are the ones receiving the transfer does have immediate consequences for decision-making at home.

A topic to be considered for future research is whether greater bargaining power for women in the household decision-making process, as repeatedly defined and measured in these studies, is actually the most appropriate way to measure and analyse the impact of these programmes on the autonomy and agency of women.

In Latin America little is known about the impact of CCT programmes on female agency regarding decision-making processes, because their stated goals do not explicitly include reducing gender inequality; hence, surveys and management information systems do not offer much information pertaining to this area.

Moreover, CCT beneficiary women have a weak link to the labour market, largely due to low human capital levels and the high opportunity cost of entering the labour market due to the difficulties of reconciling work and family life (Rodríguez Enríquez 2011). In this context, CCT programmes play an important role insofar as they improve the material basis that enables choice between different options. Nevertheless, public policies should consider combining cash transfer programmes with policies geared to enhancing their effects on empowerment. Specific measures would include policies that facilitate access to quality childcare, as well as services for elderly adults and people with disabilities, and those conducive to changes in traditional gender roles.

■

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> The programme empowers women as decision-makers and tends to improve overall household welfare.

1. This research project was developed in the context of the IDRC-sponsored project Social Protection and Beyond: Labor Markets, Entrepreneurship and Gender Equity.

2. Instituto de Economia, Universidad de la Republica - Uruguay (IECON-UDELAR).

3. Center for Distributive, Labor and Social Studies (CEDLAS), Universidad Nacional de La Plata - Argentina (UNLP).

4. The information on AFAM-PE's coverage corresponds to January 2014 (see Banco de Previsión Social 2014), while the number of children under the age of 18 corresponds to the national projections by the Uruguayan National Institute of Statistics (Instituto Nacional de Estadísticas: <http://www.ine.gub.uy/>).

5. This survey was designed by researchers at the Instituto de Economía (IECON) of the UDELAR, in collaboration with MIDES and other researchers at the Institute of Statistics and the Department of Sociology at UDELAR (Amarante and Vigorito 2011). The follow-up survey comes from a stratified random sample of AFAM-PE administrative records, representing households whose poverty score was close to the eligibility threshold. The follow-up survey was conducted in the field between September 2011 and February 2013. From the households that were originally sampled for the follow-up survey, 1409 eligible households (out of 1750) and 889 ineligible (out of 1700) were successfully interviewed.

6. The robustness analysis performed in the study does not provide evidence that rejects the validity of the assumptions underlying the regression discontinuity estimates. In particular, it verified that (i) there are no discontinuities in either (almost all) covariates or outcomes at the baseline, and (ii) the agents cannot manipulate the assignment variable (i.e. the poverty score), at least not in a discontinuous way.

7. The estimated treatment effect of AFAM-PE on labour market outcomes discussed here is estimated on a selected sample of 1097 eligible and ineligible individuals between 18 and 64 years of age living in two-parent households.

8. The labour market outcomes are constructed as indicator variables for each of the three labour statuses of interest for the economically active population in the analysis sample.

9. Only negative effects on registered employment seems to be significant and robust using a different order of polynomial forms for the function that captures the effect of the programme on labour outcomes (not polynomials, first order, cubic and quadratic).

Combining Social Protection with Economic Opportunities in Rural Peru: *Haku Wiñay*

by Javier Escobal and Carmen Ponce[1]

Within the context of macroeconomic stability, Peru has enjoyed sustained growth and poverty reduction during the last two decades, with poverty rates declining from 58.7 per cent in 2004 to 22.7 per cent in 2014. Whereas the evidence suggests that economic growth has been the main driver behind the observed reduction in poverty,[2] redistributive public programmes seem to have played a key role. In particular, public programmes enhancing market connections seem to be increasing the responsiveness of poverty rates to economic growth, especially in rural areas.[3]

Despite this positive performance, however, poverty dynamics in Peru have remained highly heterogeneous across the urban and rural divide and across regions. Poverty has decreased more slowly in rural areas than in urban areas, and poverty elasticity in urban areas is twice that of rural ones (Garcia and Céspedes 2011, own estimates).

The government is well aware of the need to foster a more inclusive growth strategy to reduce the gaps between those who have been historically excluded (by reasons of ethnicity, rurality, gender or being extremely poor) and those who are currently reaping the benefits of an expanding market economy. In 2011 it created the Ministry of Development and Social Inclusion (MIDIS) to lead the nation's development and social inclusion strategy. In 2012 the government approved the National Inclusion for Growth strategy (*Incluir para Crecer*).

Economic inclusion is one of the five pillars of the Inclusion for Growth strategy. As those excluded from the economic opportunities for growth face restrictions on multiple fronts (i.e. productive assets, technical capacities, cash and financial opportunities, key public infrastructure etc.), the economic inclusion strategy aims to coordinate a variety of development and social inclusion policies and programmes that may enhance economic opportunities for the poor.

As part of the strategy, the Cooperation Fund for Social Development (FONCODES) has designed and piloted a demand-driven project that provides a bundled intervention that could hardly be implemented in Peru by a specific ministry, given its cross-sectoral nature. The project is called *Haku Wiñay*, a Quechua name that can be translated as 'we are going to grow' or 'growing together'. It is also called *Mi Chacra Emprendedora* ('My Entrepreneurial Farm'), which emphasises its productive and market-oriented objectives. FONCODES faces multiple challenges, not only to design a programme with the objective of bundling together an array of interventions but also to devise a monitoring and evaluation process that allows the design to be understood and adjusted, in order to scale up the intervention, provided it proves successful. This article attempts to contribute to this process.

The intervention

Haku Wiñay targets rural households living in extreme poverty. To maximise its efficacy, the intervention is being deployed in the same rural areas where *Juntos*, the Peruvian conditional cash transfer (CCT) programme, is being implemented. It is part of a joint strategy aimed at strengthening households' ability to sustainably overcome extreme poverty.

The project focuses on the development of productive and entrepreneurial skills to help households strengthen their income generation and diversification strategies, as well as to enhance food security. To achieve these goals, the project comprises four components:

- 'Family production systems', designed to help households adopt simple and low-cost technological innovations. (The programme provides productive assets, technical assistance and training);
- 'Healthy housing', aimed at promoting healthy daily living practices by implementing safe kitchens and fostering access to safe water and efficient solid waste management;
- 'Inclusive rural businesses', designed to promote business initiatives and entrepreneurship by funding and organising grants competitions, and by helping those interested in participating to organise and prepare business plans to pursue those grants. (This component encourages participants to associate with others to approach local markets more efficiently—the grants fund technical assistance and training); and
- 'Financial education', involving training and assistance to promote formal savings, especially among those who receive cash transfers from *Juntos*.[4]

These components are implemented by *núcleos ejecutores*, which are executive groups organised by the community under the supervision and support of FONCODES. These groups receive money transfers from FONCODES to fund the project activities, and are responsible for identifying participant households, approximately 100 per group, ensuring their involvement and co-funding commitment (in money, construction materials, time or work) and organising the subsequent activities. These activities involve purchasing assets and hiring teachers and facilitators, according to the local planning file previously approved by FONCODES.

The government investment per family farmer adds up to a maximum of PEN3500 (around USD1300) throughout 36 months of intervention. The project was first piloted in two districts, Vinchos and Chuschi, and benefited 930 family farmers. It was later expanded and by March 2014 had reached 91,124 households across 732 rural towns and villages. According to FONCODES planning, between 2013 and 2016 the project should reach

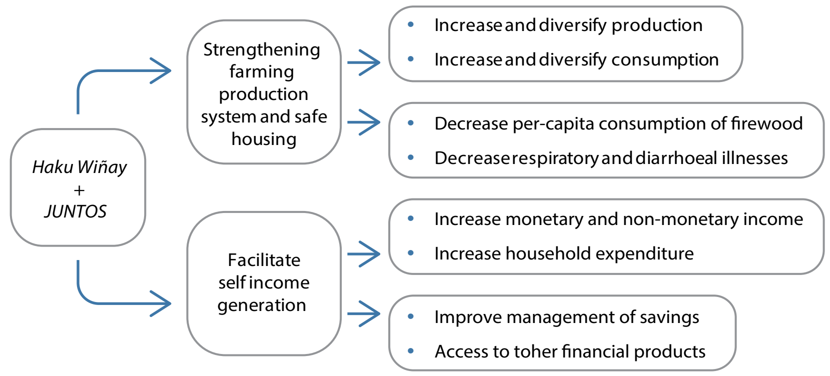
157,000 rural households across 2100 rural towns and villages.

Several characteristics, including both the project's strategy to develop farmers' capabilities and entrepreneurship and its administrative design, make *Haku Wiñay* particularly interesting as a case study. In terms of the intervention strategy, the programme follows a learning-by-doing approach. To develop the capabilities of family farmers, the project transfers assets and facilitates the provision of technical assistance and training, helping beneficiaries to adopt technologies and eventually adapt them to their interests and conditions. *Yachachiqs*[5] are key to achieving this goal in the first three components; these are usually family farmers who know how to apply the technologies in local lands and who have experience teaching other family farmers. Regarding the fourth component, the implementing groups hire financial facilitators (financial *yachachiqs*)—who are usually professionals instead of family farmers, as they need to have financial services training experience.

In terms of administrative design, the *núcleos ejecutores*, which are managed by local representatives—instead of government officials—enhance flexibility in the project implementation and encourage local control and monitoring by the local population. While the first two components are implemented at each family farm and are quite homogeneous across participants within a *núcleo ejecutor*, the third component (inclusive rural businesses) is a group-based competition where money is allocated to the winner. Thus, the institutional design supporting the allocation of grants plays a key role in ensuring the programme's success, legitimacy and replicability. The Local Committee for Fund Allocation (CLAR) is an institutional design devised during earlier public interventions, supported by the International Fund for Agriculture. A CLAR is a committee comprising representatives of the local government, the *núcleo ejecutor* and FONCODES, as well as other locally respected social actors (farmers, representatives of non-governmental organisations etc.).

Proposals are presented in public to the committee and the local population;

FIGURE 1 Main Outcome Indicators



Source: Authors' elaboration.

this might be done through role-playing performances, on a blackboard or by any other means chosen by the competitors. The CLAR announces the winners at the same event, strengthening social capital and transparency.

Ongoing evaluation strategy

Funded by the Ford Foundation, GRADE is leading the evaluation of *Haku Wiñay* according to an agreement between FONCODES and the MIDIS Evaluation Office. The evaluation strategy proposed by GRADE encompasses a qualitative and quantitative approach that takes advantage of the project intervention schedule. The evaluation study attempts to look into two broad subjects: the impact of *Haku Wiñay* on the welfare of participant households, and the local processes of resource allocation taking place while the project unfolds, including the CLAR experience. The evaluation takes into account the joint implementation of two public projects (*Haku Wiñay* and *Juntos*).

The impact on household outcomes

The quantitative component of the evaluation strategy is based on a comparison of the trajectories of a treatment and a control group of family farmers. The treated group receives the *Haku Wiñay* intervention in addition to the Juntos CCT, while the control group receives only the CCT. Several outcomes will be evaluated, ranging from income generation strategies to the prevalence of respiratory illnesses (see Figure 1). It is worth emphasising that treatment intensity varies across treated households and is far from being randomly distributed (some families may not be interested in certain technologies, some may already be implementing some of the technologies that *Haku Wiñay* offers, not all participants will win a grant competition for inclusive businesses etc.). Thus, part of the challenge of this evaluation is defining a scale or index that measures how extensively any given household has been treated by the project.

All of the communities selected by FONCODES to be treated between 2013 and 2016 were listed and grouped in pairs according to their similarities in terms of productive, social and economic conditions. These communities were randomly assigned to treatment and control groups. The treatment group was part of the group to undergo the intervention in 2013, whereas it was agreed to treat the control group in 2016, when the evaluation will already have finished.

The baseline survey was conducted in March 2013, and the project started in August 2013. The second, follow-up visit is planned for August 2015. A total of 459 households were surveyed across eight districts; 231 households were set to be treated by the project after the baseline survey (treatment group), and 228 households would not participate in the project until the end of the evaluation (control group). Additionally, 36 community surveys were conducted in towns and villages where the households are located.

Photo: d.j. a., Hospital Regional de Ayacucho, 2007, Peru <https://goo.gl/AWAUk0> <https://goo.gl/cefU8>.

In addition, three pairs of communities were randomly chosen to undertake the qualitative study (each pair consisting of a control community and a treatment community). These were selected from the group of communities surveyed in the quantitative study. Four topics are being studied with a qualitative approach:
(i) the CLAR experience (grant competition);
(ii) coordination issues between *Juntos* and *Haku Wiñay* implementers;
(iii) empowerment changes within the household—given that *Juntos* has a clear positive bias towards mothers but *Haku Wiñay* tends to affect men and women differently in each component;
and (iv) changes in perception regarding food security.

Evaluation of an early phase of *Haku Wiñay*: the case study of Vinchos and Chuschi

Even though the evaluation described is still under way and no results can be shared yet, the evaluation of *Haku Wiñay's* pilot phase is under way.

The baseline study for Vinchos and Chuschi (two districts in Ayacucho, a South Andean region) was designed, sampled and collected by FONCODES in late 2012. Later on, FONCODES asked GRADE to collect the follow-up survey and analyse the first impacts of the intervention. The main problem to be dealt with was that control households had been selected among treated households' neighbours; thus, at least some of them were suspected to have benefited directly or indirectly from *Haku Wiñay* (18 per cent of the control group explicitly acknowledged having partially benefited from the project). Since a control group should, by definition, not benefit from the project under evaluation, such households were hardly suitable. Thus, we chose to interview all the beneficiaries of *Haku Wiñay* and only a sub-sample of the control households—only those that shared similar pre-treatment characteristics with treated households. This was accomplished by pairing treated households with the best controls using propensity score matching techniques.

First impacts in Vinchos and Chuschi and evaluation challenges

As previously mentioned, we attempted to revisit all treated and a sub-sample of control households (provided they were similar to the treated group). Interestingly, attrition rates were 6 per cent for the treatment group and almost 12 per cent for the control group.[6] This difference could be attributed to the project if the treated households' probability of migrating decreases due to the new economic opportunities brought about by the intervention.

When we compared the treated and control groups, combining difference-in-differences estimation with propensity score matching, we found the following results that are worthwhile highlighting:

- Total family income grew for both the treated and control groups, but it grew more for the treated group (an additional PEN1406, around USD500). This difference is statistically significant.

- Although the relative contribution of different income sources at the baseline was very similar between treated and control groups, after two years the shares of income derived from agricultural production, animal husbandry and, to a lesser extent, processed agricultural or animal products grew more for the treated group.[7] We did not find significant changes that could be attributed to new businesses (handicrafts and services).

- Along with the increase in family income, the qualitative perception of well-being improved in households; in addition, while 65 per cent of treated households exhibited an increase in family income over the two-year period, only 51 per cent of the control group reported such an improvement. This 14 percentage point difference is statistically significant.[8]

- Regarding changes in households' endowment of assets, the increase in the number of chickens and guinea pigs owned by the treated group was found to be larger than the project's transfer of such assets. However, this remains a small part of the total livestock value.

- Although not strictly a direct effect of the intervention, the treated group reports a weekly production of 33 litres of milk higher than the baseline. This improvement in productivity is 18 litres higher than the one reported by the control group. Given the heterogeneity of the sample, however, this result is only marginally statistically significant.

- Although changes in health and nutrition are hard to assess, it is interesting to highlight that 79 per cent of treated households perceived that family health and nutrition had improved since the baseline. This is 11 percentage points higher than matched controls and a statistically significant difference. We also found improvements in the quality of food intake (increased consumption of animal protein, fruits, legumes and other vegetables). Again, these differences are larger and more significant for the treated group than the control group.

- We also found a significant reduction in the occurrence of respiratory problems for children under 5 years old when we compared treatment and matched controls. We found no differences in other age groups (5–11, 12–64 and 65+). The reduction in the occurrence of respiratory problems could be associated with the significant reduction of firewood consumption in the treated group when compared to the matched control group. Finally, we did not find statistically significant differences in the frequency of episodes of diarrhoea in any of the age groups (with the only exception of a marginal improvement in the 5–11 group).

- As for changes in financial literacy, we found sizeable improvements in knowledge. There was also an improvement in the level of confidence in the financial system among the treated households (from 2 to 3.5 on a 10-step scale). This change is statistically significantly larger than the improvement reported by the control group (from 2.1 to 2.8 on the same 10-step scale). Although a significant improvement in statistical terms, these results show a low level of confidence in the financial system for both groups.

Based on preliminary evidence, these results show statistically significant and sizeable improvements in overall income (mostly agricultural income) that could be attributed to the intervention. There are also significant improvements in perceptions, empowerment, financial literacy, nutritional and some health outcomes when we compare the treated group with matched controls.

Nevertheless, we have no evidence in this preliminary study of major changes in income diversification patterns or improved ability to connect with markets that could be attributed directly to *Haku Wiñay*.

This may be due to implementation delays, the short time of exposure to the intervention or potential impact heterogeneities. Unfortunately, studying these issues would require a more suitable sample and better information than is currently available. Furthermore, although we have found that the increased endowment of small animals is larger than the project's asset transfer, additional information and analysis is needed. In particular, we need to evaluate key flow indicators such as breeding, mortality, reposition and consumption, which may shed light on medium-term productive dynamics and sustainability. We believe that the ongoing evaluation will gather enough information to contribute to such analysis.

Regarding the way the project is being executed within the Peruvian public sector, it is important to highlight that the implementing strategy based on the *núcleo ejecutor* has shown great effectiveness in circumventing the legal problems that rural development projects face in Peru when trying to develop a cross-sectoral strategy.

Sectoral ministries are not allowed to spend funds on activities that are outside of their mandate. In addition, the *núcleo ejecutor* fosters the empowerment of local actors, enhancing the demand-driven nature of the project.

On the other hand, it is important to recognise that the implementation of the project has been slower than expected in areas where FONCODES had no prior experience. This was the case for the components focused on promoting small business opportunities and financial education. FONCODES has already made adjustments in this area.

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Photo: d.j. a., 2007, Ayacucho, Peru. <https://goo.gl/3lOzLk><https://goo.gl/cefU8>.

1. Group for the Analysis of Development (GRADE). The evaluation of the Haku Wiñay intervention is funded by a grant from the Ford Foundation. We wish to thank Mauricio Espinoza and Cynthia Paz for their valuable assistance as well as Marco Knowles (FAO) for his comments and suggestions.

2. Accounting for 85 per cent of the reduction in poverty, according to the authors' estimates.

3. Public transfers are critical for populations living in extreme poverty, whereas public investment aiming to reduce gaps in the provision of public goods and services are key for both the extremely and non-extremely poor.

4. Training materials have been developed by *Proyecto Capital*, an initiative coordinated by the Instituto de Estudios Peruanos and Fundación Capital, and supported by the Ford Foundation and Canada's International Development Research Centre (IDRC).

5. '*Teacher*' in Quechua.

6. Partly replaced by second-best matches.

7. Other income sources include cash transfers, handicrafts, and waged-income in both agricultural and non-agricultural activities.

7. Given that this higher improvement in perception of well-being comes along with a higher improvement in reported family income, we are confident that this finding is more than a mere placebo effect.

The Impact of Financial Education on Conditional Cash Transfer Beneficiaries in Peru

by Chris Boyd and Ursula Aldana[1]

According to the World Bank's Global Financial Inclusion Database (Global Findex), in 2011, 39 per cent of the Latin American population over 15 years old had an account at a formal financial institution. In addition, about 10 per cent of the population received government transfers (mainly conditional cash transfers, CCTs) through bank accounts. However, only 10 per cent of the overall population had actually engaged in savings at a financial institution during the previous year. In Peru, only 20 per cent had an account at a formal financial institution: 3 per cent received government transfers through bank accounts, and only 9 per cent saved at a financial institution during the previous year. The figure for the 40 per cent at the bottom of the per capita income distribution was even worse: less than 3 per cent engaged in formal savings. This gap implies that the poorest people are not taking advantage of the potential benefits of using savings accounts It is, therefore, expected that this rate is even lower for CCT beneficiaries—mainly Quechua-speaking rural women—among the poorest quintile of the Peruvian population.

After more than 30 years of non-governmental organisations insisting on the idea of microcredit worldwide, there is an emerging consensus that savings accounts might be the best way to financially include poor households. Moreover, there is strong evidence that credit is not as inclusive as previously thought, and evidence that the poor actually save (Rutherford 2001). However, financial inclusion does not consist of opening bank accounts alone (Dupas and Robinson 2013) but, rather, necessitates financial education to help develop financial capabilities to ensure good use of the financial products available. Can CCT beneficiaries actually save through the formal financial system?

The Savings Promotion Pilot (SPP) was implemented in Peru from June 2010 to March 2012. It sought to promote formal savings among the poorest of the poor: beneficiaries of Peru's *Juntos* CCT programme.

The SPP targeted *Juntos* beneficiaries whose payments were made through personal bank accounts, and offered them financial education (training and follow-up sessions) in 17 specific districts of five regions in the Peruvian highlands.[2] Nonetheless, not every *Juntos* beneficiary attended the financial education sessions: the take-up rate of the SPP programme was around 50 per cent, reaching about 7000 people—95 per cent of whom were women. At the beginning there was also a small incentive component (a food bundle of around USD60 for savers only), which was later discontinued.[3]

Financial education, the main component of the SPP, was structured in four modules. The first created awareness about the SPP and invited women to form groups of up to 30 people. The following modules were taught to these groups in separate sessions, lasting about three hours each, over the next three or more months. The second module explored what the financial system is, how it works, the roles played by the government and the financial institutions within it, who the clients are, and their rights. The third module helped to explain financial services: their characteristics, related concepts, advantages and disadvantages, mainly regarding savings accounts. The fourth module intended to promote entrepreneurship among beneficiaries and the usage of more complex financial products, such as credit and insurance. It is also important to note that modules took more time to be completed in some districts, while others were not taught in their entirety.

Such implementation disparities make the SPP a non-homogeneous intervention. Thus, we limited the impact estimations to the three regions in which the fourth module was not delivered, and for which we have baseline and follow-up survey data. The following results include only the intention to assess the impacts of financial education, which were calculated from the two surveys—gathered in July 2010 and July 2012—with 979 observations, 45 per cent of which belong to the treatment group.

The treatment districts were chosen taking into consideration the operational capacity of *Agrorural*, the office in charge of implementing the SPP. The control group was randomly selected from the non-treated districts. To minimise bias, we took advantage of the panel data available and used a difference-in-differences estimator. Additionally, we controlled for different covariates using propensity score matching. The variables we controlled for include: education, age, gender, level of political violence in the district, transaction costs (measured as the time needed to arrive at the nearest *Juntos* payment post) and a poverty index. The last two variables are particularly important to control for, given that they are very likely to be correlated with the operational capacity of the office that implemented the SPP. For each estimation, we used two specifications according to the type of matching (kernel density and radius matching).

The first expected impact of the SPP is to build confidence in the financial system among *Juntos* beneficiaries, which would lead to a change in savings habits. In fact, we found that the SPP increased by around 5 per cent the probability of participants knowing that savings at a bank are secure. Also, we found that due to the SPP the proportion of those who wanted to save at a bank increased by more than 16 per cent, and that the proportion of those who saved at a bank (since the beginning of *Juntos* in 2007) increased by more than 15 per cent.

Together, these results show that the SPP achieved its main goal of promoting formal savings among *Juntos* recipients by a large margin. In fact, after the SPP intervention, the population in the treatment zone

Photo: d.j. a., 2007, Ayacucho, Peru. <*https://goo.gl/3lOzLk*><*https://goo.gl/cefU8*>.

increased its formal savings rate from zero to 16 per cent—which is almost double Peru's average formal savings rate (9 per cent). Nonetheless, it is important to note that, after the implementation of the SPP, only 25 per cent of those who wanted to save at a bank had actually done so, suggesting that the financial system may still be physically or culturally removed from the target population.

Despite the large impact of the SPP on the number of savers, the impact on the amounts they save at a bank (at data collection time) was either not statistically significant for the two specifications or was very small: around PEN5 (less than USD2). However, it should be noted that the target population belongs to the poorest quintile of Peru's per capita income distribution, and the amount of PEN5 represents 5 per cent of the monthly CCT benefit. However, the small amounts at data collection time may not reflect the total impact of the programme on savings, since households may have already invested part of their savings.

Furthermore, when analysing the impacts of the SPP on welfare variables, we found a 9 per cent impact on livestock acquisition. This impact was larger (and always significant) regarding the purchase of large farm animals (e.g. cows): 11 per cent; and it was around 7 per cent for small farm animals (e.g. guinea pigs). These large impacts may seem odd in comparison with the insignificant impacts on formal saving amounts; however, this could be explained by the fact that savings—like rural income—follow a cycle, and by the impact on the amount saved at home (not through savings accounts), which was important—around PEN20 (less than USD7) though not statistically significant for one of the specifications used in the analysis. On the other hand, we found very small and not statistically significant impacts on the proportion of women owning businesses (which was not an objective of the SPP), suggesting that programmes similar to the SPP do not promote the opening of businesses, as expected from programmes that target women.

Additionally, we did not find conclusive evidence on changes in expenditures on health and education due to the SPP. Since we cannot claim a non-negative impact on these variables, we think it is possible that part of the savings comes from these sources, creating an unintended negative effect. Nonetheless, we consistently found an impact of the SPP on empowerment at the community level of nearly 14 per cent, as an indirect consequence of economic empowerment through savings. We also found a non-harmful impact of the SPP on the social networks of the programme beneficiaries: there is an insignificant (close to zero) impact on the proportion of the population receiving economic help from others, while the proportion of those giving economic help increased by around 9 per cent.

As a whole, the impact evaluation of the SPP shows that a face-to-face financial education programme without monetary incentives which targets the poorest families—mainly Quechua-speaking rural women in Peru receiving CCT benefits—can generate changes in its target population. We found positive impacts on income generation capabilities (i.e. investment in livestock), presumably derived from an increase in financial knowledge and savings. As such, this kind of programme is able to generate financial knowledge and promote savings even among the poorest populations. We also found impacts on empowerment at the community level and non-harmful effects on social networks, which suggest that these kinds of programmes do not have detrimental effects on social relationships.

In addition, it is worth noting that the target population was receiving the *Juntos* benefit through a bank account. Thus, even though having an account is not enough to achieve financial inclusion, it is a first step towards it, since we also found that transaction costs (i.e. distance to the bank) usually weakened the results. As a final remark, from the results presented here, we believe that financial inclusion—even though it is not a 'silver bullet'—is relevant as part of a social protection graduation strategy to help the poor emerge from poverty and not slip back. ■

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2. It is worth noting that at the beginning, 24 districts were randomly selected for intervention, but budgetary issues did not permit all of them to be reached. Thus, intervention in the 17 districts was not perfectly random.

3. Cole et al. (2009) found significant impacts from small incentives to open savings accounts, which disappeared when linked to a financial education programme.

Impact Assessment of Conditional Cash Transfers and Agricultural Credit on the Accumulation of Productive Assets by Rural Households in Peru

by Cesar Del Pozo Loayza[1]

The goal of this article is to assess whether the joint implementation of *Juntos*—a conditional cash transfer programme (CCT) in Peru—and agricultural credit can promote the accumulation of productive assets by rural and poor households.

The virtues of linking social and economic inclusion programmes have been discussed at both academic and policy levels in Peru. Furthermore, the Ministry of Social Inclusion and Development (MIDIS) has been implementing social interventions that seek to integrate *Juntos* with productive and financial inclusion programmes, basically through entrepreneurial training, financial education and the incentivisation of savings.

Juntos is an important social protection programme which seeks, in the short run, to reduce poverty and increase consumption through cash transfers and, in the long run, to increase the accumulation of human capital in beneficiary households by promoting access to education and health care for children and youth under 19 years old.

Juntos targets households below the poverty line located in the poorest rural districts. As of 2014, the programme awarded a monthly cash transfer of PEN100 (around USD34) for at least four years consecutively. Currently, the programme covers 782,637 beneficiary households (around 1.8 million children and youth).[2] The promotion of income-generating activities or the accumulation of assets is not an explicit objective of the programme. Cash transfers are a regular and relevant form of income support for beneficiaries, according to Perova et al. (2009). *Juntos* transfers could potentially increase the per capita income of beneficiary households by 28 per cent.

Cash transfers can reduce liquidity constraints of poor households (Todd et al. 2010). Such a reduction would be triggered by the regular and stable flow of money over time, which can be used for the consumption of goods and services. These are associated with programme conditions but can also be used for investments in productive activities and/or the accumulation of productive assets. Cash transfers could also serve as collateral for productive credits, usually related to farming activities (Sadoulet et al. 2001; Todd et al. 2010; Gertler et al. 2006).

Access to credit in rural areas is quite limited in Peru. According to the National Agricultural Census of 2012, only 8 per cent of rural households have obtained some kind of productive credit (186,491 households nationwide). The factors that limited access to credit were high transaction costs, information asymmetries and weak financial education (Cámara et al. 2013). In addition, demand factors also limited the expansion of credit in Peru; factors such as a lack of trust in the financial system and risk aversion can generate self-exclusion from credit. However, access to credit is important in the process of accumulation of productive capital and for productivity increases (Banerjee et al. 2009; Dong et al. 2010). The empirical literature suggests that facilitating access to credit in poverty contexts is an important tool to increase the welfare of households (Karlan et al. 2007).

This article addresses the question of whether poor households invest. The specific investment in asset accumulation by poor households is considered a strategy to 'smooth' intertemporal consumption and income in a risky and uncertain environment (Gertler et al. 2006), which is particularly relevant in the case of poor and rural households engaged in agricultural activities. Such activities are particularly exposed to risk and uncertainty, mainly due to climatic factors, market access, food prices etc. For rural and poor households, agricultural activities are not only the main source of employment and income but also the very foundation of their livelihoods.

The arguments described above suggest that the potential integration between CCTs and productive credit could generate synergies that allow for both an increase in human capital and the accumulation of productive capital, and jointly these two components could promote rural development.

To identify a valid source of exogeneity to capture a causal link between the combined impact of *Juntos* and agricultural credit on asset accumulation, we assumed that the targeting mechanism of *Juntos*, at the district level, could be exogenous to rural households. The counterfactual scenario involves comparing four groups of rural households: (i) households without agricultural credit, but treated by *Juntos*; (ii) households without agricultural credit, but untreated by *Juntos*; (iii) households with agricultural credit, but treated by *Juntos*; and (iv) households with agricultural credit, but untreated by *Juntos*.

Empirical estimation is based on data from the National Agricultural Censuses (CENAGRO) of 1994 and 2012. This database allows for the construction of a pseudo-panel at the district level, establishing a baseline in 1994 and a follow-up in 2012. With this database, it is possible to apply a difference-in-differences approach combined with propensity score matching methods to improve comparability between beneficiaries and non-beneficiaries. The final sample was about 377,236 rural households nationwide, comprising 108,971 *Juntos* beneficiaries and 268,265 control households.

TABLE 1 Joint Impact of *Juntos* and Agricultural Credit on the Accumulation of Productive Assets

Variable	Control group at baseline (mean)	Average treatment effects (difference-in-differences)	
		Male-headed households	Female-headed households
Land cultivated (hectares)	2.06	0.64***	0.11
Livestock accumulation: poultry (units)	5.62	3.92**	-1.93

Source: Author's elaboration. Treated group: beneficiary households of Juntos with agricultural credit. Control group: non-beneficiary households of Juntos with agricultural credit.
*Note: Significance levels: **0.05; ***0.01.*

The results shown in Table 1 suggest that the combination of *Juntos* and productive credit produced an average increase of 0.64 hectares of cultivated land. This impact represents an increase of 31 per cent relative to control households at the baseline. Additionally, empirical evidence suggests that the joint implementation of *Juntos* and agricultural credit increases the accumulation of livestock by 3.92 units of poultry, representing an impact of 52 per cent on beneficiaries with respect to the control group at the baseline.

These impacts are relatively similar across several sources of agricultural credit providers (public banks and microfinance institutions). Poultry may be considered a flexible asset in the rural context of Peru because, on the one hand, raising these animals is not as costly or time-consuming as other, larger animals (such as cattle or sheep). On the other hand, selling such animals in local markets is generally quite easy.

These empirical results vary according to the gender of the head of the household. The joint impact of *Juntos* and agricultural credit is positive and statistically significant only in the case of male-headed households.

In addition to the empirical results from the difference-in-differences approach, we implemented the 'instrumental variables' (IV) methodology (Angrist et al. 1996) to estimate the determinants regarding access to credit by poor and rural households in Peru and the specific impact of agricultural credit on the accumulation of productive assets by *Juntos* beneficiaries.

Based on the IV approach and a cross-sectional database (CENAGRO 2012) of 345,914 *Juntos* beneficiaries, the empirical results suggest that the factors which increase access to agricultural credit are: availability of credit supply at the district level (credit offices and banking agents); land ownership; entrepreneurial training; and technical assistance. In contrast, the factors that reduce access to agricultural credit are: lower education level of the head of household; age of the head of household; gender of the head of household (lower in the case of a woman); isolation in respect to urban towns; and lower population density.

Furthermore, empirical evidence from the second stage of the IV approach suggests that access to credit for *Juntos* beneficiaries improves their accumulation of productive assets.

Some policy recommendations can easily be drawn from the results of this study. Clearly, the joint implementation of CCT programmes and access to agricultural credit has the potential to increase the accumulation of productive assets. This impact can contribute to improving the assets and reducing the vulnerability of poor and rural households.
This empirical evidence is consistent with the policy interest of MIDIS in promoting the integration of social and economic inclusion policy instruments in Peru. However, it is important to highlight that most of these positive results were only found for male-headed households. This shows the need to conduct further research to better understand which factors limit and affect access to credit, asset accumulation and investment preferences of rural women in Peru. ■

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2. *Juntos* covers around 6 per cent of the total population of Peru.

Rural Development Programmes and Conditional Cash Transfers: Examining Synergistic Effects in Latin America

by Jorge Higinio Maldonado,[1] John Alexander Gómez[1] and Tomás Rosada[2]

The link between social protection programmes, labour markets and entrepreneurship projects is particularly relevant in the case of Latin America. As part of the goal to overcome intergenerational poverty, conditional cash transfer (CCT) programmes attempt to increase the human capital of young people; but these efforts come to nothing if beneficiaries cannot enter the labour market or connect with the promotion of entrepreneurship projects (Cecchini and Madariaga 2011; Rangel 2011).

In the rural sector, agricultural or rural development projects are the most direct ways for households to embark on income-generating initiatives. Projects that promote rural production or rural development consist of a series of sustained and sustainable processes of economic, social, cultural and environmental change that benefit the rural community (Moseley 2003). A programme for promoting rural production would encourage these changes by creating and supporting productive capabilities among rural populations.

Rural households can simultaneously receive benefits from social protection initiatives and productive development schemes. As these programmes may overlap, a pertinent question emerges regarding whether this overlap produces complementary benefits for the recipients. Accordingly, the project Conditional Cash Transfers and Rural Development in Latin America, undertaken by *Universidad de los Andes* and financed by the International Fund for Agricultural Development (IFAD), seeks to identify synergies (when the effect of two or more programmes acting simultaneously is greater than a simple sum of effects) between the two aforementioned types of initiatives and, where these synergies exist, investigate the mechanisms that promote them. This article presents some of the results from the project, and discusses their implications.

Why is it relevant to study synergies between CCT and rural productive development projects?

Identifying synergies between different initiatives would allow policymakers to combine different programmes to accelerate improvements in the living conditions of rural households. Ignoring these kinds of interactions—or not taking advantage of them—would mean incurring a significant social opportunity cost.

Furthermore, although their presence may not be directly observed, we might well find complementary dynamics between programmes; that is, two initiatives might affect the same outcome of interest, even if their combined impact does not have a multiplier effect (i.e. it is just the sum of the two effects).

Additionally, complementing one programme with another is not necessarily new—it is something that is already being put into practice but has not been widely studied. Finding interactions between these two types of interventions may offer policy insights into the design of pro-poor programmes so that contributions to the improvement of the lives of vulnerable rural communities in Latin America might be achieved.

Although research in this field is still in its early stages, there are already some indications that it is important to explore interactions between programmes.

The topic was first discussed by Sadoulet et al. (2001), and more recently Sabates-Wheeler et al. (2009) and Tirivayi et al. (2013) have highlighted the need for more in-depth studies. Policymakers have also perceived the idea of synergies, and some recent attempts to complement different programmes can already be seen. Brazil, for example, has engaged in an effort of articulation between social protection and productive initiatives through the *Brasil sem Miséria* plan. Mexico is implementing the *Territorios Productivos* programme, aimed at an integral attention to beneficiaries. In El Salvador, the *Comunidades Solidarias Rurales* transfer programme includes a component aimed at generating income and productive development. Moreover, two recent initiatives—*Haku Wiñay* in Peru and *IRIS*[3] in Colombia—have specifically aimed at taking advantage of potential synergies between different programmes; their objective is to design and promote interactions between programmes (including rural ones) that could enhance results for programme beneficiaries.

One way of classifying interactions between programmes could be by the magnitude of their aggregate impact. If two programmes operating in tandem generate a result greater than the simple sum of each discrete intervention, they are said to generate a positive externality and that synergies exist in their relationship. One example of such a synergy was reported by the UK Department for International Development (DFID 2011) in Bangladesh, where the transfer allowed beneficiaries to multiply their income when accompanied by training and access to productive assets. If the two programmes affect the same outcome indicator, and the aggregate effect is the sum of each programme's separate effects, it is said to be a relation of complementarity.

Furthermore, if the policy aims to promote the aggregate effect by introducing a second programme, we say that a direct effect can be seen. On the other hand, if the result is unexpected but improves the conditions of households through its interaction, we say that the effect is unintended.

Understanding the channels through which these interactions operate is relevant in contexts where there are multiple initiatives affecting households, in order to effectively formulate public policies (Sabates-Wheeler et al. 2009). Additionally, although we have thus far considered the positive effects of interactions between programmes, undesirable effects at both the individual and aggregate level cannot be ruled out. One example could be the disincentives for people to participate in programmes for promoting rural production if this makes them ineligible for transfer programmes; or the struggle within households to keep children at school to fulfil the conditionalities for transfers, and the decision to use child labour in undertaking new productive enterprises.

Further contributions could be made in the areas of institutional structures and operations, as each initiative has gained experience that could be useful for other projects. Social protection programmes, and especially CCTs, have been noteworthy for their success and their abilities in selecting beneficiaries, as well as for including evaluation as an essential part of their design—features that are not often seen in rural production initiatives. Productive development programmes, meanwhile, have accumulated extensive experience in formulating rural projects—a growing need and interest for transfer programmes (Cecchini and Madariaga 2011; Rangel 2011).

However, it is important to note that productive development programmes include a wide range of initiatives, while transfer programmes tend to be more homogeneous, even across countries.

What empirical evidence is there?

The CEDE-Uniandes-FIDA project has sought to confirm whether synergies exist between conditional transfer programmes and selected rural development projects in each of the six chosen countries.

These have been divided into two groups: Colombia, El Salvador and Peru, where the CCT programmes are currently being consolidated and the possible recommendations of the study are particularly relevant; and Brazil, Chile and Mexico, where the CCT programmes are much more established, and thus will hopefully provide lessons for the first group. Here we present the preliminary results for countries in the first group.

TABLE 1 Summary of CCT Programmes and Rural Development Projects (RDP) Analysed

	Emerging programmes		
	Colombia	**El Salvador**	**Peru**
RDP	*Oportunidades Rurales* (OR)	*Plan de Agricultura Familiar* (PAF)	*Sierra Sur* (SS)
Type of RDP	Technical assistance, asset financing and savings promotion	Technical and non-technical assistance, personal and social skills workshops	Technical assistance, asset financing and savings promotion
Institution in charge	*Ministerio de Agricultura y Desarrollo Social*	*Ministerio de Agricultura y Ganadería*	*Ministerio de Agricultura*
CCT	*Familias en Acción* (FeA)	*Comunidades Solidarias Rurales* (CSR)	*Juntos*
Institution in charge	*Departamento para la Prosperidad Social*	*Fondo de Inversión Social para el Desarrollo Local*	*Ministerio de Desarrollo e Inclusión Social*

Source: Authors' elaboration.

Table 1 presents a summary of the programmes analysed in each case. All of the rural development projects (RDPs) are initiatives funded by IFAD and run by the Ministry of Agriculture in each country, whereas the CCTs analysed are run by different institutions, depending on the country.

The analysis in the three countries included collecting primary information through surveys conducted with households, interviews with leaders of organisations and focus group discussions with members of these organisations and households. However, the identification strategy and the methodological approach were slightly different for each country, depending on the availability of information and the particular characteristics of each case (Table 2).

It should also be noted that in each case complementarity analyses were performed to gain greater insights into the potential synergies.

Results are not uniform across countries, but some insights are worthy of note: in terms of well-being, increases in income are observed in Peru, but only for households that have a better level of education or endowment of physical capital. In Colombia, total consumption increased in the short term, but in the medium term the effect vanished. Assets—measured through an index—exhibited a positive effect even in the medium term. In El Salvador, the positive effects are observed in terms of new crops or animals owned by the households.

There is no significant effect on the decision to use child labour, school attendance or empowerment of women in the household. There is a significant effect on financial inclusion in Colombia (micro-insurance) and El Salvador (credit and access to banks), as well as a positive effect on environmentally friendly practices.

These modest effects can be explained by exogenous conditions affecting the potential of observing them. One of the findings in this sense is that targeting of these programmes reach different groups; therefore, programme intersection was weaker than we had expected. This finding raises the question of just how comparable are the universes of social protection beneficiaries and beneficiaries of production promotion programmes. We must also bear in mind that targeting strategies appear to be subject to local decisions.

Although the quantitative analysis might suggest low synergistic effects, the qualitative analysis showed the incidence of unintended and complementary effects of the transfer on productive activities. For instance, it seems that the combination of the two interventions helped some households in Colombia to face extreme weather events (floods) much better than those that did not have access to both. Institutional analysis also showed that there is room for further analysis of synergistic effects, particularly at the local level.

Furthering the Discussion

The analysis performed so far shows that the creation of synergies between social protection and productive development programmes is not automatic. However, complementarities exist between programmes, and, in some cases, access to transfers provides sufficient leverage to initiate productive processes that would not otherwise be feasible.

Results found in this study are a combination of various factors. First, groups of beneficiaries may not be the same across different programmes. When initiatives do intersect, households may take advantage of this in certain ways, varying from one country to another, and depending on the private and public endowments.

However, exploiting these advantages takes time and depends on the productive activity, the real opportunities that are available to the households, and how difficult it is for them to access complementary public assets such as roadways, communications, markets and, in particular, an institutional structure conducive to the synergies between both initiatives. This calls for an integrated strategy of public spending, where targeted interventions ought to be complemented by an adequate provision of public goods and services.

An initial attempt to examine the institutional structures in the region for addressing both agendas (social and productive) suggests that there is ample room for lowering delivery costs through interaction and cooperation, increasing efficiency and reducing poverty in a more cost-effective way. However, this may require a rethinking of the design and implementation of both types of programmes, a task that is not necessarily a simple undertaking. ■

TABLE 2 Summary of Methodological Approaches Used in each Case

	Emerging programmes		
	Colombia	**El Salvador**	**Peru**
Quantitative strategy/ methodology	Identification of synergies through an intensity analysis of CCT programmes over RD execution	Identification by PSM and a regression discontinuity design (RDD)	Construction of a control group by simulating programme's filter, hypothetical questions and regional PSM, refined by households' PSM
Database	Carried out cross-section survey	Carried out cross-section survey	Carried out cross-section survey
Period	2014	2014	2013–2014
Observed unit	Households	Households	Households
Qualitative strategy/ methodology	Institutional agent interviews, beneficiary interviews and focus groups	Institutional agent interviews, beneficiary interviews and focus groups	Institutional agent interviews, beneficiary interviews and focus groups
Complementary analyses	Impact evaluation of the RD programme through an intensity analysis	Identify if RD programmes might work as a graduation strategy	Indirect effects of the technical training of the RD programme on non-beneficiaries

Source: Authors' elaboration.

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1. Centro de Estudios sobre Desarrollo Económico - CEDE, Universidad de los Andes.

2. International Fund for Agricultural Development (IFAD).

3. IRIS is the acronym used to describe Integrated Rural Initiatives or Iniciativas Rurales Integradas in Spanish.

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Impacts of the Peruvian Conditional Cash Transfer Programme on Women's Empowerment: a Quantitative and Qualitative Approach

by Lorena Alcázar and Karen Espinoza[1]

This article is a part of ongoing research which aims to identify the impact of *Juntos,* Peru's conditional cash transfer (CCT) programme, on women's empowerment. The programme's objectives are to improve the human capital of children and to stop the intergenerational transmission of poverty. Although women's well-being is not explicitly listed among the programme's objectives, women play a key role as the main recipients of the transfer and also being responsible for compliance with the programme's conditions. Thus, the assessment of the impact of *Juntos* on women's well-being, particularly their empowerment—which might change as a result of participation in the programme—is an important issue that has been somewhat overlooked.

The literature on this subject is scarce and inconclusive; some studies find evidence of positive impacts on some aspects of empowerment, while others show a negative impact on other aspects (see Adato et al. 2000; Bradshaw and Quiroz Víquez 2008; Molyneux 2008; Escobar Latapí and Gonzáles de la Rocha 2008; Benderly 2011).

Thus, while it is acknowledged by policymakers that women play a key role in ensuring that the desired programme impact is achieved, little is known about the impact of CCT programmes on women's well-being (Molyneux 2008). In addition to some programme components that directly benefit women—such as more information on maternal and child health care—it has been argued that CCTs may empower women due to their key role in the implementation of the programme, encouraging them to seek more active positions in their communities and in their homes (Escobar Latapí and Gonzáles de la Rocha 2008). It has also been argued that recipient mothers may use part of the transfer to start up or expand small businesses and thus increase their economic autonomy. However, some experts have warned that CCTs may impose greater obligations on the heavily burdened agendas of mothers and that some programme features can reinforce the traditional role of women in societies and thus hinder their empowerment (Molyneux 2008; Benderly 2011). It is even considered that delivering the cash benefit to the mothers could exacerbate domestic violence in patriarchal contexts (Cacique 2005; Perova 2010).

In any case, it is clear that results regarding the impact of CCTs on women's empowerment are inconclusive, and there are few studies that effectively focus on identifying these effects; even fewer try to quantify them. Our research brings together both quantitative and qualitative dimensions to assess the impact of *Juntos* on women's empowerment.

Juntos was instituted in 2005 and has gradually increased its coverage to become one of the largest CCT programmes in Latin America. Several evaluations have shown its positive impacts on a variety of development indicators, such as reducing poverty and malnutrition (Jaramillo and Sánchez 2012) and increasing the use of health and education services (Perova and Vakis 2009).

Furthermore, several case studies and qualitative assessments have discussed the programme's effects on the behaviour of households and the dynamics of communities (Jones, Vargas and Villar 2007; Streuli 2010; Correa and Roopnaraine 2014), particularly on such dimensions as use of the transfer for consumption and investment, changes in time allocation, social relations and the well-being of the different members of the household.

Methodology

Considering that women's empowerment is a complex and multifaceted process, it was necessary to define several dimensions to measure it. Based mainly on Malhotra, Schuler and Boender (2002), Cacique (2005) and Vera Tudela (2010), we focus on three dimensions of empowerment: decision-making regarding household resources; freedom of movement; as well as gender roles and ideology (including perceptions of rights, rejection of male domination and domestic violence).

The study complements the quantitative statistical and econometric analysis with qualitative fieldwork. To implement the quantitative methodology and to guide the qualitative fieldwork, it was necessary to build empowerment indexes. To this end, Factor Analysis, using the Principal Components Method, was applied to build indexes for each dimension of empowerment (Howell 2010; Cuadras 2014).

This technique allows for the synthesising of data through the explanation of correlations between the variables involved, thus obtaining the necessary factors to explain overall performance. Variables selected to measure empowerment are the result of subjective and self-reported ratings on various topics related to decision-making regarding household resources,[2] freedom of movement,[3] respect for women's rights,[4] reasons that they believe justify violence[5] and violent episodes against women.

Table 1 shows the results of the estimated empowerment indexes and reports on how they differ according to household socio-demographic characteristics.

Using empowerment indicators as dependent variables for quantitative

TABLE 1 Descriptive Statistics of Indicators of Women's Empowerment for Treatment and Control Groups

	Decision on household resources		Freedom of movement		Gender ideology					
					Justify domestic violence		Opinion, desires and rights		Domestic violence episode	
	T	C	T	C	T	C	T	C	T	C
Total sample	0.53	0.51	0.79	0.78	0.77	0.77	0.76	0.76	0.98	0.99
Age range										
15–24	0.57	0.51	0.73	0.78	0.79	0.81	0.77	0.78	0.99	0.98
25–34	0.52	0.52	0.81	0.78	0.78	0.76	0.78	0.76	0.99	0.99
35–44	0.54	0.52	0.79	0.78	0.75	0.74	0.74	0.74	0.98	0.99
Native language										
Spanish	0.54	0.52	0.79	0.78	0.78	0.77	0.76	0.76	0.99	0.99
Indigenous	0.53	0.47	0.78	0.79	0.75	0.77	0.77	0.75	0.98	0.98
Education level										
No education	0.45	0.40	0.83	0.75	0.78	0.71	0.72	0.69	0.98	0.98
Primary	0.53	0.46	0.80	0.77	0.77	0.78	0.77	0.75	0.98	0.98
Secondary or higher	0.59	0.58	0.75	0.80	0.77	0.77	0.78	0.78	0.99	0.99
Currently working										
No	0.52	0.52	0.79	0.81	0.80	0.80	0.77	0.78	0.99	0.99
Yes, at home	0.52	0.53	0.79	0.78	0.74	0.73	0.76	0.76	0.98	0.98
Yes, outside home	0.54	0.51	0.78	0.76	0.76	0.76	0.76	0.75	0.98	0.98
Welfare indicator										
1st quintile	0.51	0.46	0.79	0.78	0.78	0.78	0.76	0.75	0.98	0.99
2nd quintile	0.59	0.56	0.77	0.79	0.73	0.77	0.78	0.78	0.98	0.98
3rd quintile	0.60	0.59	0.86	0.78	0.78	0.75	0.89	0.78	1.00	0.98
4th and 5th quintile	.	0.68	.	0.80	.	0.74	.	0.76	.	1.00
Partner lives at home										
Elsewhere	0.66	0.59	0.78	0.81	0.79	0.76	0.80	0.72	0.95	0.99
At home	0.53	0.51	0.80	0.80	0.78	0.78	0.77	0.78	0.98	0.99
Age at first birth										
15–24	0.57	0.51	0.73	0.78	0.79	0.81	0.77	0.78	0.99	0.98
25–34	0.52	0.52	0.81	0.78	0.78	0.76	0.78	0.76	0.99	0.99
35–44	0.54	0.52	0.79	0.78	0.75	0.74	0.74	0.74	0.98	0.99
Childhood place										
Capital, big city	0.61	0.57	0.79	0.78	0.78	0.74	0.81	0.76	0.97	0.99
Small city	0.64	0.53	0.74	0.78	0.74	0.75	0.78	0.78	0.97	0.99
Town	0.53	0.55	0.79	0.76	0.77	0.77	0.77	0.76	0.99	0.98
Rural area	0.53	0.49	0.79	0.79	0.77	0.78	0.76	0.76	0.98	0.99

Source: Authors' own creation based on data from the Demographic and Family Health Survey of Peru 2012.

Note 1: Empowerment indicators have a range of 0 to 1, where 1 represents a higher level of empowerment, and 0 the opposite.

Note 2: There are no welfare index samples for treated households in the 4th and 5th quintiles due to the targeting giving priority to the most vulnerable households and preventing the 40 per cent richest households from having access to the programme.

Note 3: T=treatment group; C=control group.

analysis, it is possible to identify the impacts of *Juntos* by comparing beneficiary and non-beneficiary households with similar observable characteristics. First, we pool the data from the Demographic and Family Health Survey of Peru (ENDES) for the available years between 2004 and 2012, and then we apply a generalised Difference-in-Differences (DD) regression methodology (see Card 1992; Angrist and Pischke 2008; Khandker, Koolwal and Samad 2010).

This quasi-experimental strategy enables us to evaluate the programme controlling for individuals' characteristics, as well as for household and location variables that serve as proxy for the programme's targeting. The results of these models are shown in Table 2.

The qualitative strategy entailed the application of semi-structured in-depth interviews with beneficiaries and other local stakeholders, such as programme managers and community leaders, as well as focus group discussions with beneficiaries in selected districts covered by *Juntos*. To date, the qualitative study has been implemented as a pilot in two areas of the Ayacucho region. Districts with high and low empowerment levels were identified, based on criteria such as location and poverty level.

Discussion of quantitative and qualitative findings

From a quantitative perspective, the main effect is that handling the transfer generates greater bargaining power for women, allowing them to become more involved in decisions related to the allocation of household resources.

This result is reinforced by qualitative findings. However, these impacts are less evident in contexts where women face more severe constraints because of their native language and where there is less access to formal education.

On the other hand, quantitative methods have not identified any significant impacts on the dimensions of freedom of movement or gender ideology. The econometric estimations show a positive—though not statistically significant—effect; however, results are different when they are disaggregated by the variables

TABLE 2 Regression Results for each Indicator of Women's Empowerment

Dependent variable: Empowerment indicator	Decision on household resources	Gender ideology			
		Freedom of movement	Justify domestic violence	Opinion, desires and rights	Domestic violence episode
Juntos=1	0.025*** [0.007]	0.006 [0.008]	0.007 [0.006]	0.003 [0.008]	0.011 [0.006]
Targeting score	-0.053*** [0.015]	0.014 [0.015]	0.031** [0.011]	0.029* [0.012]	-0.005 [0.011]
Age	0.011*** [0.003]	0.006 [0.004]	-0.009*** [0.003]	-0.004 [0.003]	0.001 [0.002]
Primary education=1	0.016 [0.010]	-0.028* [0.012]	0.028** [0.010]	0.009 [0.011]	0.000 [0.009]
Secondary or higher education=1	0.030*** [0.007]	0.018* [0.009]	0.008 [0.006]	0.002 [0.007]	0.008 [0.005]
Paid work=1	0.027*** [0.007]	-0.01 [0.007]	-0.003 [0.005]	-0.01 [0.005]	-0.005 [0.004]
Woman is household head=1	0.061*** [0.015]	-0.028 [0.019]	-0.023 [0.013]	-0.032 [0.017]	-0.019 [0.013]
Education, years difference	-0.002 [0.001]	0.000 [0.001]	0.001 [0.001]	0.001 [0.001]	0.002* [0.001]
Age at first birth	-	0.002 [0.001]	0.002** [0.001]	0.004*** [0.001]	0.002** [0.001]
Partner gets drunk frequently=1	-	-0.197*** [0.019]	-0.134*** [0.015]	-0.220*** [0.014]	-0.108*** [0.014]
Read newspaper=1	0.033*** [0.006]	-0.002 [0.007]	0.012* [0.005]	0.004 [0.006]	0.007 [0.005]
Listen to radio=1	0.024* [0.012]	0.013 [0.014]	0.007 [0.011]	-0.004 [0.012]	0.019 [0.012]
Independent farmer=1	-0.017* [0.008]	-	-	-	-
Childhood place: Country=1	-0.028* [0.013]	0.020 [0.017]	0.005 [0.012]	0.013 [0.013]	0.0143 [0.014]
N	12815	12190	10373	10373	10373
R^2	0.148	0.053	0.235	0.161	0.188

Source: Authors' elaboration.

Note 1: The econometric model for the decisions on household resources includes additional control variables such as the woman's age, whether she works outside the home, age differences between the woman and her partner, whether her partner lives at home, number of children under 14 years old at home, indigenous language and location where the woman grew up. The other four models for freedom of movement and gender ideology include those same additional control variables.

*Note 2: All models include fixed effects at geographical level (by region) and dichotomous variables that capture annual fixed effects. Standard errors in parentheses; level of significance consider *** p<0.01, ** p<0.05, * p<0.1.*

integrating each indicator. In the case of respect for women's opinions and rights, we do find significant effects for the programme, which allows positing that, possibly, participation in *Juntos* activities and managing additional resources enable the development of women's capacity to enforce their opinions and rights at home. These results will be further explored in the next stage of the qualitative fieldwork.

As for gender roles at home, no effect was found for the programme, probably because *Juntos* emphasises improving the well-being of children, and, as suggested in the literature, it may be reinforcing traditional gender roles. Finally, it is relevant to note that some variables related to women's socio-demographic characteristics (such as age, educational level, native language, birthplace, agricultural activities, and others related to their partner) are associated with the level of empowerment across several dimensions. The quantitative analysis shows that the impact of these variables is statistically significant, especially in the model for decision-making on household resources.

> *Juntos* increases women's bargaining power regarding decision-making about household resource allocation.

It is also important to note that access to the media and the frequency with which the partner gets drunk seem recurrent determinants associated with the empowerment indexes of freedom of movement and gender ideology (related to domestic violence). Results from the qualitative studies showed that women's socio-demographic characteristics play a central role, as the women beneficiaries who are most likely to be empowered are those who are more educated, younger and have fewer children.

Policy implications and future studies

Preliminary results show that *Juntos* increases women's bargaining power regarding decision-making about household resource allocation. The programme can take advantage of this indirect effect by seeking alternatives to train women beneficiaries on issues that would enable them to better invest the resources they manage at home, such as starting a small business, technical/productive training, organic gardens, animal husbandry and others.

The qualitative analysis showed that these activities are in demand by women beneficiaries. This interest on the part of

Photo: Ana Beatriz Urbano, 2009 IPC Photo Competition. Women in Lake Arapa, Peru.

beneficiaries also provides an opportunity to introduce relevant topics on health, nutrition, family planning and domestic violence during such training. It is expected that these activities will not only reinforce the programme's effectiveness but also improve the well-being of women beneficiaries by providing adequate tools to empower themselves and lift their households out of poverty.

It is important to mention that a second stage of the research will strengthen and expand the results of the quantitative and qualitative methods. First, the robustness of the estimates will be tested, and the model will be refined by a second methodological strategy using ENDES data (a treatment assignment at the district level will be used). Also, indicators of self-esteem and agency swill be built using information from the Young Lives database.

Moreover, the findings of the first phase of qualitative fieldwork will be expanded by increasing the number of districts visited, including an in-depth examination of gender ideology issues and an assessment of the role of *mujeres líderes* (women leaders)—a key feature of the design of the programme. ■

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1. Group for the Analysis of Development (GRADE).

2. Variables related to the final say on making large household purchases, daily household purchases and deciding what to do with the money that the partner earns.

3. Variables related to the final say on visits to family or relatives, partner's permission for the woman to meet her friends or family and episodes in which the partner insists on knowing where the woman is all the time.

4. Variables related to the perception of women about how often their partner considers her opinions and respects her desires and rights.

5. Variables related to the perception of women about reasons that justify domestic violence, such as going out without permission, neglecting their children, arguing with their partner, refusing to have sexual relations etc.

Women's Empowerment among the Extremely Poor: Evidence from the Impact Evaluation of *Red UNIDOS* in Colombia[1]

by Susana Martínez-Restrepo, Juan Camilo Mejía and Erika Enriquez[2]

Currently, 9.1 per cent of Colombia's population lives in extreme poverty. Poverty is more prevalent in rural areas, where it reaches 19.1 per cent (DANE 2012). In Colombia women are more affected by extreme poverty than men, which can be explained by gender gaps in the labour market. While female labour force participation in urban areas is 57.8 per cent, male labour force participation is almost 17 percentage points higher at 74.5 per cent. Among the extremely poor population, only 31.9 per cent of women in urban areas participate in the labour market. Job informality among extremely poor women can reach as high as 90 per cent (DANE 2013).

How then can we help women living in extreme poverty achieve greater economic empowerment? A diagnostic study revealed that the most vulnerable population was not benefiting from government services created to improve their socio-economic conditions. This was due to a lack of information, a lack of identification and a lack of empowerment, as well as distance to the supply of services (Nunez and Cuesta 2006). Furthermore, evidence from *Chile Solidario* also suggests that extremely poor families lack the fundamental organisational skills for their own development; therefore, more than financial support, they also need psychosocial support (Galasso 2011). Armed with this evidence, Colombia created *Red UNIDOS* (previously *Red JUNTOS*) in 2009 as the government strategy to alleviate extreme poverty.

Red UNIDOS strategy to eradicate extreme poverty

The *Red UNIDOS* strategy includes three components: psychosocial support for families and the community; supply management and preferential access to social services provided by the State; and programmes for strengthening government institutions that provide such services.

Psychosocial support is provided by a *Cogestor Social* (social worker), who visits the families between two and eight times per year and helps them recognise their own strengths and weaknesses, to develop strategies adapted to their specific situation. Each family commits to a work plan across nine dimensions, namely: identification; income and employment; education and training; health; nutrition; housing; family dynamics; banking and savings; and access to justice.

Empowerment

Empowerment is often defined as the increase in the capacity of individuals or groups to transform choices into actions, acquiring the necessary capabilities to achieve autonomy, voice and influence over decisions that affect their lives (Molyneux 2008).

Typically, the dimensions that have been used across contexts to measure empowerment have been education, employment and the ability to negotiate or bargain to make household decisions. Indeed, evidence shows that employment is a good proxy for empowerment, since it allows women to earn an income, with a resulting positive impact on their social standing, their agency, and their bargaining power within the household and society (Sen 1999).

Greater education is seen to improve women's capacity to question, reflect on and gain access to information, to effect changes and improve their lives (Kabeer 2005). The capabilities approach developed by Sen suggests that health, education, income, psychological well-being and affiliation are crucial for developing agency (Sen 1999; Nussbaum 2011), which is the multidimensional approach to poverty and is used by programmes such as *Chile Solidario* and, more recently, *Red UNIDOS* in Colombia.

In this article we consider that employment, its quality and the bargaining power of women at home are resources that empower them to improve their lives.

Methodology

Using mixed methods, our study evaluates the impact of the *Red UNIDOS* strategy on women's empowerment. This evaluation uses original and experimental designs randomly assigned to control and treatment groups within 77 municipalities that are representative of the entire country, and a cluster randomisation (each municipality being divided into several neighbourhoods or clusters). The treatment consisted of eight family visits made by the social workers, not counting the initial assessment visit. The sample used for this analysis includes 2311 households, and contains a baseline collected in 2009 and a follow-up survey collected in 2011.

Due to operational and political constraints, by the time of the follow-up survey, 11 per cent of the households that had been randomly assigned to the treatment group had not received an official (self-reported) visit, and 70 per cent of the control group had received official (self-reported) visits. In this context, Instrumental Variable (IV) methods were considered the best alternatives to control for selection bias due to the contamination of the control group. The instrument found to be valid is whether the household was assigned to the 'classic' (0–1 visits) or 'intense' treatment (2+ visits). This variable explains the exogenous part of the real treatment and allows us to remove the endogenous part of it.

The qualitative part of this impact evaluation was performed on 30 focus groups of three members in urban and rural settings among extremely poor and displaced female beneficiaries. This work was conducted on a total of

TABLE 1 Regression Results for each Indicator of Women's Empowerment

	Economic empowerment					Household decision-making	
	Employed	Informality	Labour income	Earnings	Self-employment	Children-related decision-making	New income-related decision-making
Rural							
Targeting score	-0.0687	0.110	133,499	110,856	0.0577	-0.213	0.0397
	(0.138)	(0.222)	(162,701)	(201,030)	(0.180)	(0.155)	(0.0437)
Treatment* Woman	-0.106	-0.0760	-122,353	-2,430	-0.0549	0.392	-0.00406
	(0.124)	(0.188)	(155,944)	(127,833)	(0.161)	(0.291)	(0.00680)
Urban							
Treatment	-0.0254	-0.250*	-73,760	13,642	0.0693	-0.120	-0.0179
	(0.0779)	(0.137)	(114,176)	(82,523)	(0.0875)	(0.0972)	(0.0170)
Treatment* Woman	0.0442	0.0929	24,739	6,997	-0.00250	0.0867	0.000269
	(0.0580)	(0.109)	(103,875)	(71,440)	(0.0689)	(0.130)	(0.00367)
Displaced							
Treatment	-0.0921	0.231	60,431	70,208	0.0962	0.0216	0.0597
	(0.163)	(0.319)	(118,512)	(112,346)	(0.140)	(0.133)	(0.0492)
Treatment* Woman	0.0488	-0.0242	-128,479	-86,007	-0.0136	0.0923	-0.0329
	(0.163)	(0.319)	(118,512)	70,208	(0.140)	(0.193)	(0.0230)

Source: Authors' elaboration.

*Note: * Significant at the 10 per cent level. Standard errors in parentheses.*

90 women in Bogota, Cali, Medellin and two rural municipalities, Dagua (Valle) and Angostura (Antioquia).

Results

Using instrumental variable methods, we found that *Red UNIDOS* reduced by 25 per cent the probability of programme beneficiaries living in urban areas having an informal job. When analysing the data by gender, no significant effects were found for women. The programme was found to have had no effect on increasing women's economic empowerment, as measured by labour force participation rates, entrepreneurship rates and women's household decision-making (see Table 1).

How can these results be explained? First, *Red UNIDOS* had implementation failures that affected the functioning of the programme and the work of the *Cogestores*; and, second, the programme did not shift the structural barriers that limit women's economic empowerment.

Programme implementation concerns

The large number of families allocated to each *Cogestor Social*, their low wages and the quality of local operators might explain the overall impact of *Red UNIDOS* on women's empowerment. The number of families per *Cogestor Social* increased from 80 to 160 with the 2010 scale-up of the programme. Due to this rapid scale-up, the *Cogestores* did not receive adequate training; neither did they have the adequate experience and education to perform the job.

It was also documented that operators implementing the programme locally vary across regions, which suggests that the impact of the programme varies according to local operations.

Finally, *Red UNIDOS* cannot fully operate in rural areas due to the lack of infrastructure (e.g. roads, schools), jobs and government social services. Indeed, women had less information about the programme in rural areas more broadly.

Structural and cultural barriers to women's empowerment

Evidence from the qualitative methods suggests that women face complex barriers to participating in the labour market. The first barrier found was the availability and quality of care services for young children and women's lack of trust in these services:

> *"When I am working, I have to pay too much for childcare, and not everybody can take good care of my daughter."*
> surveyed beneficiary from Medellin, in the urban group

Furthermore, street violence can affect women's decision to work. This is particularly true in Cali and Medellin, where the current highest rates of violent youth deaths in Colombia can be found (DANE 2014). Adolescents are highly exposed to gang activities, harassment and drug use. According to the women interviewed, no one can take better care of their children than they can—which is why they feel they need to be at home:

"I watch out for my children because we live in a high-risk area. In my case, I have already lost two of my children here. They were killed by gangs, so I always watch out for my 17-year-old kid." surveyed beneficiary from Cali, in the urban group

The second barrier faced by women in Colombia discovered in this undertaking is that their husbands or partners do not like that they work. The belief that husbands think that women working outside the home are more likely to cheat on them and that taking care of the children is the sole responsibility of women were also elements that emerged from the survey:

"There are husbands who don't like you to work . . . money gives you freedom. If you don't like something, you can leave, and nothing happens." surveyed beneficiary from Cali, in the urban group

"My husband doesn't allow me to work. He only allows me to work here at home because I can take care of the children." surveyed beneficiary from Bogota, in the urban group

The third barrier is the cost, time and access to transportation. This is true for rural areas and for women living at the peripheries of urban areas. Even when there are jobs available, the high cost of buses in urban areas or 'taxi-motorbikes' in rural ones, combined with their lack of availability during certain times of the day, discourages women from taking jobs in such areas.

Finally, with regards to women's perception of empowerment and household decision-making, women of our study expressed that they feel more independent and confident when they work. Being able to generate income gives them more power in the household decision-making process regarding expenditures on food, education and anything else that they or their children might need.

Additionally, some of them stated that they felt empowered in other dimensions, since their work allows them to learn, interact with other people, to be useful in their communities, and gain more access to information about their rights:

"To have a job is very important because you feel useful, for yourself, your family and your community, because you have more opportunities to learn. When you have a job you can progress, study and learn more, have friends and be more open to the world." surveyed beneficiary from Cali, in the urban group

Conclusions and policy implications

Red UNIDOS did not present significant impacts on any of the empowerment measures used, except for a reduction in job informality rates in urban areas. Several changes are necessary to improve the programme.

The number and quality of *Cogestores* needs to improve; otherwise, a lot of resources will have been invested in vain. Improved access to care services and transportation subsidies must be priorities for the programme, which does not currently include them. They represent some of the major obstacles to the participation of women in the labour market and disincentives to find formal jobs, not allowing for job flexibility. It is also crucial for the programme to incentivise changes in attitudes within the household, so that husbands understand the economic and social benefits of work for women and that they can help with childcare and various domestic duties.

Finally, it is crucial to strengthen the coverage and delivery of social services in rural areas, particularly to develop income generation strategies for women. Due to the lack of employment opportunities in rural areas, this could be achieved by offering access to financial services which include strong financial planning and financial education components to help women develop their own entrepreneurial activities.

■

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