

## **THE LABOUR MARKET EFFECTS OF SOCIAL PROTECTION SYSTEMS IN EMERGING ECONOMIES: FURTHER MATERIAL**

The following pages provide supplementary material underlying the analysis presented in Chapter 2 of *OECD Employment Outlook 2011* (OECD, 2011a). This material is organised into 4 annexes.

- Annex 2.A1. Unemployment compensation systems in emerging economies
- Annex 2.A2. Cross-country analysis
- Annex 2.A3. Background literature
- Annex 2.A4. Data sources

## ANNEX 2.A1. UNEMPLOYMENT COMPENSATION SYSTEMS IN EMERGING ECONOMIES

	Traditional severance pay systems	Individual saving accounts	Traditional unemployment insurance systems
<b>Brazil</b>	<p>Fundo de Garantia po Tempo de Servico (FGTS) combines mandatory savings accounts with a firing penalty upon unfair dismissal. The fund that can be used for special occasions, including dismissal without just cause; the acquisition of a home; and retirement. Every Brazilian worker with a formal employment contract governed by the Brazilian Labour code (<i>Consolidação das Leis do Trabalho, CLT</i>) is eligible to FGTS. The employer deposits 8% of the worker's monthly earnings into a saving account in the worker's name. For workers with more than three months of tenure, an indemnity is paid over and above the deposits in the worker's FGTS account during the employment contract, worth 40% of the total amount deposited in their name in the FGTS.</p>		<p><b>Coverage:</b> Dismissed formal-sector employees in the private sector with at least 6 m of contributions during the past three years. The insured must lack other resources to support herself or her family and must not receive other social insurance benefits. <b>Unemployment benefits:</b> means-tested ranging from 1 to 1.87 times the MW, depending on the level of previous earnings. <b>Maximum duration:</b> 3 months for individuals formally employed between 6-12 months during past three years, 4 months for individuals formally employed between 12-24 months and 5 months for individuals formally employed for more than 24 months. Under special conditions, the benefit may be extended for an additional 2 months. <b>Financing:</b> The programme is financed by earmarked taxes.</p>
<b>Chile</b>	<p>One month of salary for each year of service up to 11 years.</p>	<p>Integrated system of individual savings account (ISA) with Solidarity Severance Fund (SSF). <b>Coverage:</b> ISA benefits available to all unemployed meeting minimum contribution requirements (12m for permanent workers; 6m for temporary workers). If the ISA balance is insufficient, a benefit under the SSF is available. <b>ISA benefit:</b> declining benefit schedule from 1 to 5 months depending on the length of the contribution period (12-17m: 1 month; 18-28m: 2 months; 30-41 m: 3 months; 42-53 m: 4 months; 54+ months: 5 months). The first monthly benefit is calculated as a percentage of total contributions such that the final payment equals the remaining balance, with the second and following payments being 90%, 80%, 70% and 60% of the first monthly amount, respectively. Two payments with 35 and 30% of previous earnings for available for temporary workers. Two additional payments are available of 25% of previous earnings when national unemployment rate is 1 p.p. above the historical average. SSF may also top up ISA benefits. <b>Financing:</b> permanent employees contribute 0.6% of earnings up to a maximum (plus an administrative fee) for up to 11 years. Workers employed under a fixed-term contract do not contribute; employer contributes 1.6% of covered payroll to the insured's ISA and 0.8% to the SSF; if an employee has a fixed-term contract, 2.8% to the insured's ISA and 0.2% to the SSF. The SSF is also partly financed by general taxation.</p>	
<b>China</b>	<p>One month of salary per full year worked up to a max of 12 years. For periods of six to twelve months, employers must pay one month; for periods less than 6 months they must pay one ½ month. Severance pay is also due when fixed-term contract expires.</p>	-	<p><b>Coverage:</b> Urban employees who contributed for at least 12 months; are involuntarily unemployed; do not receive old-age benefits; be registered at, and regularly reporting to, the PES; and are actively seeking employment. The benefit claim must be made within 60 days after the end of the labour contract. The benefit may cease or be suspended for refusing a suitable job offer. <b>Unemployment benefit:</b> Set by local government at a level higher than the local public-assistance benefit but lower than the local MW. <b>Duration:</b> The benefit is paid for up to 1 year with less than 5 years of contributions, for up to 1.5 years with 5-10 years of contributions, and for up to 2 years with 10 or more years. <b>Financing:</b> employee contributions (1% of gross earnings); employer contributions (2% of payroll); and subsidies from local and provincial governments as required.</p>

	Traditional severance pay systems	Individual saving accounts	Traditional unemployment insurance systems
<b>India</b>	15 days' pay for each completed year of service for workers with more than one year of service.	-	Eleven states have temporary unemployment programs funded by the government. <b>Coverage:</b> Employees earning 10,000 rupees or less a month and working in certain businesses with at least 20 workers (10 workers in manufacturing), who become involuntarily unemployed as the result of retrenchment or a non-work-related disability and who have with at least 5 years of contributions. <b>Unemployment benefit:</b> 50% of previous wage up to 6 months. <b>Financing:</b> jointly with sickness and work injury. 1.75% of earnings for employees with average daily wage above a set minimum. 4.75% of payroll for covered employees.
<b>Indonesia</b>	One month's wages for each year of service, up to a maximum of nine months' pay. In addition, there is a payment for reward of service that consists in adding one month's pay for every three years of employment, starting with two months' pay for 3 years, up to a maximum of 10 months' wages for 24 years of service.	-	-
<b>Mexico</b>	3 months of salary plus seniority payment of 12 days per year.	Workers and employers contribute a total of 6.28% of earnings to an individual pension account, to which is added a government contribution equivalent to 0.23% of earnings. The government also contributes a <i>cuota social</i> or social fee. When a worker is unemployed, he/she will have the right to withdraw some money from his/her old-age/retirement sub-account. Unemployed members whose individual account has been open for at least five years may withdraw the lower of the equivalent of 90 days of their salary or 11.5% of their account balance. Unemployed members whose individual account has been open for at least three years and have paid at least two years of contributions may withdraw up to 30 days of their salary with a limit of ten minimum monthly wages. The workers can claim this amount from the forty-sixth natural day in which they were unemployed subject to sufficient savings.	-

	Traditional severance pay systems	Individual saving accounts	Traditional unemployment insurance systems
<b>Russian Federation</b>	Paid average wage from dismissal until start new job for maximum of 2 months (exceptionally 3 months).	-	<b>Coverage:</b> All employees who have contributed 26 weeks in the last 12 months, are able and willing to work. Registration with the PES is compulsory. <b>Unemployment benefit:</b> 75% of previous earnings for the first 3 months; 60% for the next 4 months; 45% for the last 5 months and for the 12 to 24th month, 30% of the local minimum subsistence level. The minimum benefit is 4.5% of average wage and the maximum is 26% (2009). For unemployed persons who do not meet contribution requirements the benefit is 30% of the regional minimum subsistence level for the first 6 months and 20% of the regional minimum subsistence level for the next 6 months. <b>Financing:</b> Financed from federal and local government budgets.
<b>South Africa</b>	Severance pay: one week per year of completed tenure.	-	<b>Coverage:</b> All employees working more than 24 hours a month, including household and seasonal workers and government employees, with at least 13 weeks of contributions during the last 52 weeks, capable and available for work and not refusing suitable work or training. Registration with the PES is compulsory. <b>Unemployment benefit:</b> varies between 38% - 58% of earnings, depending on the insured's period of service, and is paid for up to 8 months. <b>Duration:</b> The entitlement duration increases at a rate of 1 day of benefits for every 6 completed days of employment, up to 238 days in the past 4 years. The unemployment benefit is paid after 14 days of unemployment. <b>Financing:</b> Joint with sickness and maternity benefits: employees, 1% of earnings up to maximum; employer, 1% of the payroll up to maximum; government, 25% of total employee and employer contributions, up to a maximum.
<b>Turkey</b>	One month per year of completed tenure.	-	<b>Coverage:</b> Employees in public or private sector who have at least 600 days of contributions in the last 3 years and continuous contributions in last 120 days of employment. <b>Unemployment benefits:</b> 50% of average earnings up to MW, for up to 180 days to workers with at least 600 days of contributions; 240 days with at least 900 days of contributions; and 300 days with at least 1,080 days of contributions. <b>Financing:</b> employee 1% of monthly earnings up to a maximum; employer 2% of monthly payroll.

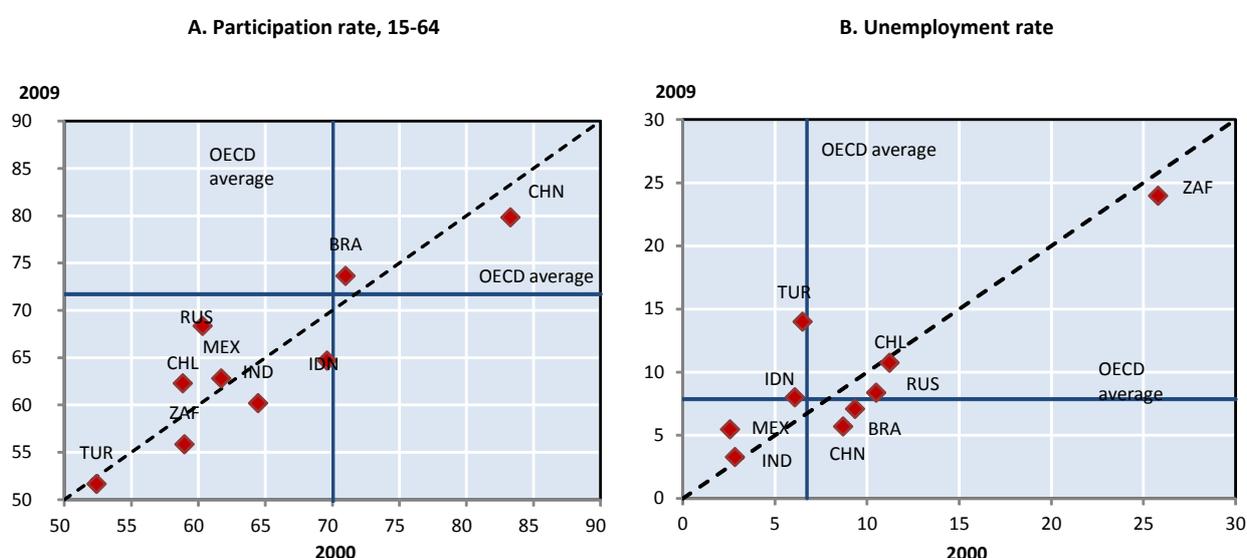
## ANNEX 2.A2. CROSS-COUNTRY ANALYSIS

### 1. Labour market trends in emerging economies

Most emerging economies are characterized by relatively low labour market participation rates in comparison with the OECD (Figure 2.A2.1, Panel A and Table 2.A2.1 for detailed data). China, with participation rates reaching 80% in 2009, and Turkey with a participation rate of 52% are the two extremes among the emerging economies. Participation rates are particularly low for certain population groups such as women. Participation rates have increased in some of the emerging economies over the past decade, but declined in a few in the most recent years as a result of the recent economic crisis.

In 2009, the unemployment rates in most of the emerging economies were close or lower than the OECD average of 7.8%, with two main exceptions: South Africa, a country where the unemployment rate reached 24% in 2009 and Turkey that saw its unemployment rate climbing at 14% as a result of the global crisis (Figure 2.A2.1, Panel B). The relatively low unemployment rate in some emerging economies may reflect the limited coverage and generosity of unemployment compensation systems. In the absence of income support for job losers, individuals may be willing take up any job to support themselves and their families, even if low paid and with poor working conditions.

Figure 2.A2.1. Labour market outcomes over the last decade



Note: 1999 instead of 2000 for Russian Federation; 2001 instead of 2000 for Brazil and South Africa; 2005 instead of 2009 for India; 2008 instead of 2009 for Brazil and Russian Federation.

Source: see Table 2.A2.1.

Table 2.A2.1. Labour market trends in emerging economies

	1995	2000	2005	2006	2007	2008	2009	2010
<b>Unemployment rate</b>								
OECD unweighted average	8.1	6.7	7.1	6.5	5.9	5.9	7.8	8.2
Brazil	6.0	..	9.3	8.4	8.1	7.1	8.3	..
Chile	8.4	11.2	10.7	9.0	8.2	9.0	10.8	8.1
China <sup>a</sup>	..	8.7	8.1	7.0	6.1	5.7	..	..
India	2.6	2.8	3.3	..	..	..	..	..
Indonesia	7.2	6.1	10.8	10.4	9.4	8.4	8.0	7.6
Mexico	6.9	2.6	3.6	3.6	3.7	4.0	5.5	5.4
Russian Federation	8.3	10.5	7.6	7.2	6.1	6.4	8.4	7.5
South Africa	..	25.8	23.7	22.7	22.3	22.9	24.0	24.7
Turkey	7.3	6.5	10.6	10.2	10.3	11.0	14.0	12.1
<b>Participation rate, 15-64</b>								
OECD unweighted average	68.9	70.1	70.9	71.3	71.6	71.9	71.7	..
Brazil	72.1	71.1	74.0	73.7	73.5	73.7	73.9	..
Chile	..	58.8	59.3	60.3	60.8	62.3	62.3	..
China	84.2	83.3	80.8	80.4	80.0	79.8	79.8	..
India	62.1	64.5	60.2	..	..	..	..	..
Indonesia	67.6	69.6	69.8	69.8	69.8	69.7	70.3	..
Mexico	61.5	61.7	61.9	63.0	63.3	63.6	62.8	..
Russian Federation	..	69.4	70.6	71.5	72.5	73.0	..	..
South Africa	..	59.0	57.1	58.0	57.3	57.8	55.9	54.4
Turkey	56.8	52.4	49.8	49.8	49.8	50.6	51.7	..
<b>Employment rate, 15-64</b>								
OECD unweighted average	63.2	65.3	65.9	66.7	67.4	67.7	66.1	..
Brazil	67.4	..	67.0	67.4	67.4	68.3	67.6	..
Chile	..	53.3	54.4	55.5	56.3	57.3	56.1	..
China <sup>b</sup>	82.7	82.4	80.9	80.3	79.9	79.3	79.0	..
India	60.5	62.6	58.2	..	..	..	..	..
Indonesia <sup>b</sup>	64.6	65.3	63.1	62.6	63.9	65.1	65.6	..
Mexico	57.2	60.1	59.6	61.0	61.1	61.3	59.4	..
Russian Federation	..	60.3	65.6	66.4	68.1	68.4	..	..
South Africa	..	..	43.6	44.9	44.5	44.6	42.5	40.9
Turkey	52.4	48.9	44.4	44.6	44.6	44.9	44.3	..

a) The unemployment rate is measured as a percentage of the estimated urban non-agricultural labour force.

b) Data refer to employment for persons aged 15 and more relative to population aged 15 to 64.

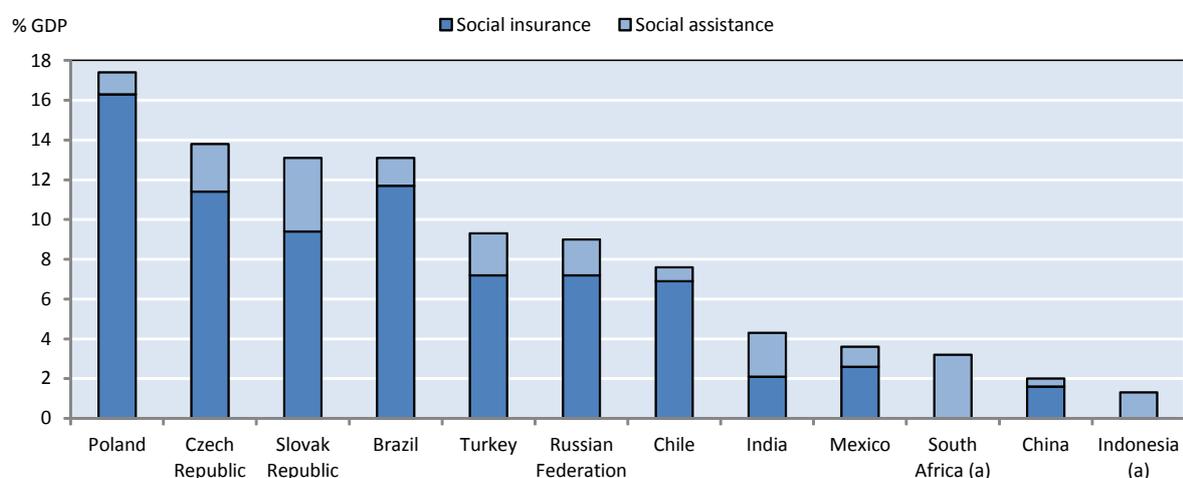
India: 1994 instead of 1995. OECD/EU database on "labour market and inequality indicators in Brazil, China, India and South Africa"

Source: National labour force surveys. Data for China come from the OECD Economic Survey on China and the ILO/KLM database. Participation rate data for Indonesia come from the ILO/KLM database. Data for employment rate for Chile, Mexico; the Russian Federation and Turkey are from the OECD Labour Force Statistics Database.

## 2. Cross-country differences in composition of public social expenditure

Important cross-country differences exist in the composition of public social spending between social insurance (mainly capturing contributory pensions) and social assistance financed out of general taxation (Figure 2.A2.2). Contributory insurance schemes account for the bulk of public social expenditure in most emerging countries, but their role is relatively limited in India and Indonesia. Social assistance expenditure remains limited: it represents 3.2% of GDP in South Africa a country with a well developed system of social grants. Social assistance spending reaches 2% of GDP in India and Turkey, while it is fairly low in Chile and China.

Figure 2.A2.2. **Public social expenditure (excluding health)**



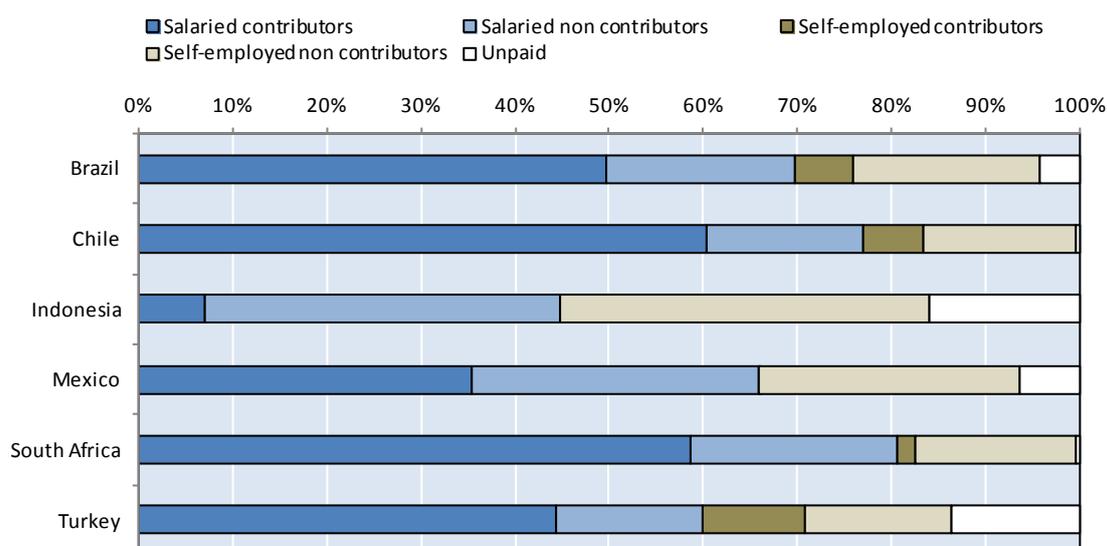
a) Data on social insurance are not available for South Africa and Indonesia.

Source: Weigand and Grosh (2008).

### 3. High shares of self-employment in total employment in all emerging economies

The low coverage of contributory social insurance in emerging economies reflects the relatively high share of self-employment in total employment compared with most OECD countries (Figure 2.A2.3). At around 40%, the share of self-employed workers is particularly high in Indonesia. It ranges between 20 and 30% of employment in Brazil, Chile, Mexico, South Africa and Turkey. By comparison, self-employment represents about 15% of total employment on average in the OECD. Self-employed workers are less likely to be covered by contributory social insurance schemes because affiliation is not always compulsory and even when it is, it tends to be rather difficult to enforce.

Figure 2.A2.3. **Self-employed are numerous are less covered than salaried workers**



Source: See Annex 2.A4.

#### 4. Characterising unemployment compensation systems in emerging economies

Figure 2.A2.4 presents information on the maximum value of income support from SP and UI that is available to eligible job losers during the first twelve month of unemployment in terms of multiples of their previous monthly wage. There are two reasons for restricting the focus to income support during the first year of unemployment: i) to emphasise the level of income support to new job losers rather than the long-term unemployed; and ii) because UBs are time-unlimited in a number of OECD countries implying that the maximum level of income support would be infinite. Panel A focuses on the maximum value of income support available to eligible job losers with nine month of tenure in the previous job, whereas Panel B, focuses on job losers with 4 years of tenure in the previous job.<sup>1</sup> To account for systems with individual accounts broad definitions of SP and UI are used: SP refers to lump-sum payments to dismissed workers, whereas UBs refer to (regular) payments to unemployed workers. The figure provides the following insights:

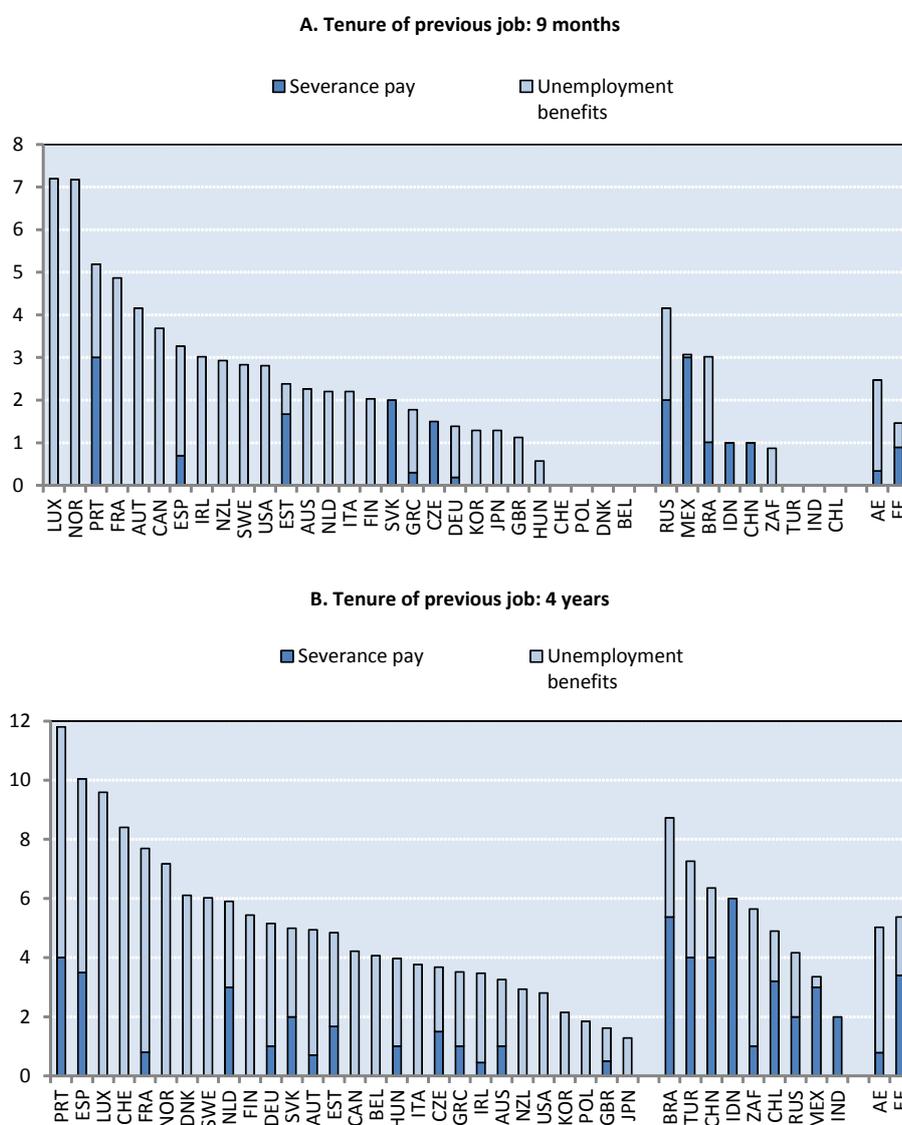
- Income support in emerging economies tends to take the form of severance pay. This is most obvious in Panel B which focuses on formal-sector job losers with 4 years of tenure in their last job. In all nine emerging economies except South Africa, the value of SP for workers unemployed for one year exceeds that of UI. Moreover, three out of nine emerging economies have no universal UI system, while all have SP systems in place.<sup>2</sup> By contrast, in all advanced economies, the value of unemployment benefits available to workers during the first year of unemployment exceeds that of severance pay. Moreover, all advanced countries, have universal UI systems in place, while about half do not have any mandatory SP programs.
- In comparison with advanced economies, income support to the unemployed tends to be biased towards job losers with relatively high levels of tenure in their previous job in emerging economies. While income support to eligible job losers tends to be about equal on average between emerging and advanced economies for workers with 4 years of tenure in their last job, it is substantially smaller when looking at workers with nine months of tenure in their last job. As the risk of job loss tends to be less frequent among workers with higher levels of tenure this may raise concerns about the effectiveness of unemployment compensation systems in emerging economies to protect the most vulnerable.

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1 . Focusing on job losers with four years of tenure in their previous job implies that in most countries job losers are eligible to the maximum amount of UI available.

2 . Mexico has a positive level of UB in Panel B because of its system of individual pension accounts that can be used for the purposes of unemployment under certain conditions. Mexico does not have a UI system.

**Figure 2.A2.4 The maximum value of income support to eligible job losers in advanced and emerging economies**



AE : Unweighted average for advanced economies. EE unweighted average for emerging economies.

**General notes:** Total value of income support during first 12 months of unemployment for dismissals without just cause for a given level of tenure in the previous job. **Severance pay (SP):** total value of SP for workers divided by previous monthly wage; **Unemployment insurance (UI):** maximum duration in months times the average replacement rate over the benefit duration period. Broad definitions of SP and UI are used to include individual account systems: SP refers to lump-sum payments to dismissed workers, whereas UBs refer to (regular) payments to unemployed workers.

**Country-specific notes:** **Austria - SP:** individual severance savings account, calculation includes savings during last employment only. [maximum withdrawal upon dismissal 0.0153 (contribution rate) \* number of months if more than 36]. **Brazil - SP:** individual severance savings account + firing penalty, calculation includes savings during last employment only [(0.08 (contribution rate) + 0.032 (firing penalty)) \* number of months]. **Chile - UI:** maximum value available from Solidarity Fund. **Mexico - UB:** Individual pension saving account accessible if unemployed for 46 days or more, calculation includes savings during last employment only and excludes social fee. [withdrawal available: 0.115 (share of accumulated savings that may be withdrawn) \* 0.065 (contribution rate) \* number of months]. **Mexico - SP:** Does not include the additional payment that is due for voluntary and involuntary separations. [If this were to be included the value would be 6]. **Korea - SP:** Does not include the additional payment that is due for voluntary and involuntary separations. **Italy - SP:** Does not include the payment that is due for *Trattamento di Fine Rapporto*.

## ANNEX 2.A3. LITERATURE REVIEWS

### 1. Informality: a combination of segmentation and choice

It is rather difficult to test empirically whether labour markets are segmented or not. At first, the relevant segments ought to be identified. While three sectors are now often distinguished -- formal salaried workers, informal salaried workers and the self-employed, a proper assessment may in fact require further distinctions, notably between different types of formal jobs -- regular permanent jobs and more precarious ones -- and different types of self-employment -- e.g. employers and others. There are two main streams of literature analysing labour market segmentation:

- One stream looks at earning gaps between the formal and informal sector and tries to determine whether informal workers receive the same pay as formal workers for equal skills. This requires comparing earnings of workers with similar characteristics who differ only in having a formal or an informal job. Regressions thus have to purge earnings gaps of spurious correlations induced by observed and unobserved worker characteristics that affect earnings and cause selection (either by choice or by rationing) into formal, informal salaried and self-employed. In interpreting the results, the wage variable used also matters. To accurately reflect the take home pay, the test should be made on after tax wages for formal sector workers. Whether social contributions should be deducted from wage or not is another issue not easily answered: if they are, the wage gap will actually represent an inferior limit of the wage and non-wage benefits associated with formality; not deducting social contributions amounts to assuming that the non-wage benefits are exactly worth their costs. Finally, even when properly estimated, the existence of a wage gap may not be a proof of labour market segmentation. According to the theory of compensating wage differentials, distortion-free labour markets can still experience wage differentials, reflecting the preferences and skills of the workers for jobs with different working conditions -- for example less desirable jobs should pay an above average wage, while those with that are more desirable should pay below average wage. Hence, there would be no benchmark to compare the wage differentials with.
- Another strand of the literature examines the dynamics of workers' flows between the various sectors, starting from the assumption that if the labour market is segmented workers' flows between the formal and informal sectors should be limited. Other studies estimate probabilities to move between the various sectors and look at the characteristics of individuals moving, assessing whether they are compatible with segmentation.

Most studies available on the countries studied in this chapter conclude that there is a positive wage gap of formal workers over informal salaried workers -- Pages and Stampini (2009) for Mexico, Bargain and Kwenda (2009) for Brazil, Mexico and South Africa, El Badaoui *et al.* (2008) for South Africa, and Aydin, (2008) for Turkey. The gap is particularly large for Turkey and sizeable for South Africa; it is lower for Mexico and Brazil. Bargain and Kwenda (2009) systematically find that the penalty faced by informal workers is higher at low earnings levels. By contrast, Juarez (2008) looking at a restricted sample (female salaried workers in the *Distrito Federal*) finds that wages are higher in the informal sector. Studies on worker flows confirm the existence of segmentation between the formal salaried and informal salaried sectors. In particular, Bosch and Maloney (2008) find that the flows between formal salaried and informal salaried jobs are counter-cyclical in Brazil and Mexico, suggesting involuntary entry into the informal salaried sector. Looking at labour market transitions in Chile, Packard (2007) also finds that informal workers are undistinguishable from the unemployed.

By contrast, studies on worker flows point to voluntary movements between self-employment and formal salaried employment. Bosch and Maloney (2008) find that the flows from formality to self-employment are strongly pro-cyclical for Brazil and Mexico. Pages and Stampini (2009) find more mobility into self-employment than out of it. Packard (2007) also finds little evidence that self-employment is part of a residual sector of a dualistic labour market, as the characteristics of the self-employed are clearly distinct from the unemployed and informal salaried workers – they are older, more educated and more likely to hold collateral.

## **2. Are Cash transfers (CT) beneficial for women?**

Women are often the main recipients of cash transfers targeting the household and in particular children (A figure with gender distribution of CT beneficiaries could be added here for ZAF, MEX and BRA). This is especially the case with cash transfers with conditionalities attached related to children's health and education as well as pregnant women's medical follow-ups. However, it remains unclear whether such transfers can boost the economic and social role of women and whether they improve their status. On the one hand, CTs can boost self-esteem of women, their bargaining power and status within the family and community through increased autonomy and control over household resources and participation in community activities. On the other hand, it may be argued that such programmes reinforce traditional gender roles and the division of labour in the household without leading to women's empowerment except through increased investments in girls' education.

The concerns that have been expressed with respect to the impact of CTs and in particular CCTs are related to the constraints they impose on women's time for at least four main reasons (Soared and Silva, 2010a and 2010b). First, because of the complicated and lengthy application procedure that often takes a great amount of their time. Second, in the case of CCTs women are often those who accompany their children for medical checkups and other controls stipulated by their participation in the programme. Third, in certain programmes and in specific communities, beneficiary mothers are informally expected to volunteer to help with certain community-related tasks such as cleaning schools and clinics etc, further restricting their availability of time (Molyneux, 2009). Finally, improved school attendance by children may imply less time spent in helping their mother in domestic tasks and hence an increased domestic load for them. Very importantly, such programmes may lead to further deepening of gender allocation of responsibilities and care in the household (Molyneux, 2009). Overall the conditions stipulated by certain CTs only bind women who are recognised to a large extent as the carers of the family's children.

Given the above concerns, programmes aiming to increase the availability of child care and early childhood education may be more adequate in fulfilling three roles: improving children's educational outcomes and hence future labour market outcomes while promoting mothers' labour market participation and subsequent empowerment and at the same time, promoting employment of child minders who are in the vast majority women.<sup>3</sup>

The existing evidence on the relationship between maternal employment and children's cognitive and behavioral development is mixed. The potential negative effects of the absence of the mother on the child's cognitive outcomes (Brooks-Gunn *et al.*, 2002; Ermisch and Francesconi, 2000; and, Joshi *et al.* 2009) may be offset by the higher household income (Waldfogel *et al.*, 2010). Care quality and intensity play an important role in this relationship (Belsky *et al.*, 2007 and Stamm, 2009). The majority of the existing evidence is based on the experience of more developed OECD countries and less so from the emerging economies or developing countries. The evidence seems to suggest that participation in such programmes

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<sup>3</sup> For gender analyses on these programmes see: Staab and Gerhard (2010), Serrano (2005, for Chile), Escobar Latapi and Gonzalez de la Rocha (2008, for Mexico); Bradshaw (2008, for Mexico and Nicaragua) and Tabbush (2009, for Argentina).

can be most beneficial for children from disadvantaged backgrounds (Carneiro and Ginja, 2008; Caille *et al.*, 2001). Given that the share of disadvantaged children in the emerging economies is relatively high this may suggest that early childhood programmes may be more successful in those countries compared with the OECD.

Two child care and early childhood education programmes have been recently developed in Chile and Mexico: Chile Crece Contigo introduced in 2006 in Chile and the Federal Daycare programme for working mothers launched in 2007 in Mexico (Table 2.A3.1). A combination of economic (structural), cultural and practical (e.g. transportation) factors are responsible for low female labour force participation both in Mexico and Chile. In addition, women seem to be over-represented in informal sector jobs in particular in Chile and less so in Mexico.

Table 2.A3.1. New programmes providing early childhood care in Chile and Mexico

	Name (date of creation)	Targeted population	Number of beneficiaries	Share of households covered	Expenditure (% of GDP)	Source of finance	Responsible Government unit	Parents' co- payment
Chile	Chile Crece Contigo (2006)	Children 1-3 from 2 poorest income quintiles in 2010 (3 poorest ones in 2011) and universal pre-school coverage for 4 and 5-year old. Mother should be working, studying or looking for work.		Target of 40% of all households in 2010 (target of 60% from 2011)		tax revenue	Mineduc	
Mexico	Programa de Estancias Infantiles para Madres Trabajadores (PEIMT)(2007)	Single mothers with small children (between 1-4 years old). Means tested (household income up to 6 times the minimum wage).	8 923 day centres, 261 728 children, 243 535 parents (2009)	Target of 14% of households. 6% of all children between 1- (2009)	0.04% of GDP (2009)	tax revenue with co-payment	Sedesol	355 Mexican pesos (2009), equal to 22.5% of monthly minimum wages

Source: OECD Secretariat.

In Mexico, the right of working mothers to be able to send their children (from 43 days old to 4 years) to institutional daycare was recognised by law in 1973 and covered all workers affiliated with IMSS. However, service provision was low until the mid-1990s. The Federal Daycare Programme for Working Mothers was introduced in 2007 to provide additional early childhood care especially for women in informal employment and hence not covered by IMSS. Its target is to cover 500 000 children aged 1-just before 4 (about 5% of population of that age). The originality of the programme is that it offers both demand and supply-side incentives, by providing financial aid to individuals and civil society organisations interested in running nurseries as well a subsidy to lone mothers who wish to enroll their children (these mothers are required to work, search for work, or study, their monthly income should be below 6 MW per month and they should have no access to IMSS). The amount paid depends on income with the maximum subsidy being 700 Mexican pesos per month and per child. Overall, 65% of the cost is born by the State while the remaining 35% is paid by the family. It is impressive that the programme grew rapidly in its first two years of operation, outnumbering the capacity of IMSS which has been running for about 30 years. Spillover effects are also present through the creation of jobs (mainly self-employment jobs, hence lacking basic social security benefits) for about 45 000 paid jobs for providers and their assistants (OECD 2011). However, concerns have been expressed regarding the quality of service provided by this scheme.

In Chile, Chile Crece Contigo is a broader child protection system that follows an intersectoral and multidisciplinary approach, aiming to provide equal opportunities for people from the earliest stages in life. Nurseries can be either operated by JUNJI and Fundación Integra (linked with the Ministry of Education) or by third parties linked with the two institutions with specific agreements. The centres are free for children from households at the bottom two income quintiles. A total of 4 000 nurseries was in operation at

the end of 2009, a substantial increase from 700 in 2006. Although education credentials are requested for those willing to work in the nurseries and their contracts are those of public-sector employees (in contrast to the situation in Mexico), their salaries remain among the lowest in the educational sector in Chile.

The main differences between the two programmes lie first on the coverage (much broader in Chile compared to Mexico) and second on the recognition of the right to early childhood care in Chile. In Mexico, in contrast, the sustainability of the system depends on the market for such institutions and there is no guarantee from the State that the programme will continue to run. The co-responsibility concept of the Mexican scheme makes it less sustainable. The Mexican programme kick starts and subsidizes home- and community-based care provision with a training component for child-minders. Meanwhile the Chilean programme emphasizes the expansion of professional ECEC services provided in public institutions.

### **3. What extension strategies of old age pensions best serve the needs of the emerging economies?**

The strategy to extend pension coverage varies greatly across countries and depends on the existence and coverage of contributory pensions –if in place, the poverty rates among the elderly and the role and scope of social assistance in the country. A range of alternative strategies are identified although, very often, countries tend to implement a combination of them with varying weights allocated to each one of them. The main objective of extension is to maximise coverage of poor individuals and those who have never worked (sick, disabled etc) with NCP, while preserving the incentives to participate in the contributory schemes for those who can work.

Which extension strategy is the most efficient depends on the country's existing social protection system as well as the groups that currently lack coverage. The scope of coverage extension of the contributory pensions in the emerging economies is rather limited because of high rates of informality, high poverty rates (and low participation rates) among poor old individuals and limited capacity of correct record keeping in rural areas and for the self-employed. Two basic issues that limit participation in contributory pensions are first that the notion of an old age pension is not well known and understood among poor and disadvantaged people and second that enforcement is usually low (Hu and Stewart, 2009). In China for example, informal sector workers are required to join the mandatory public pension scheme, but compliance is low because of high contribution rates and limited enforcement (Hu and Stewart, 2009). The recent reforms of the system lowered contribution rates in order to increase coverage of the mandatory scheme.

Providing financial incentives to workers in the informal sector to participate in the contributory pillar is one way to achieve coverage extension. Such incentives taking the form of tax benefits and tax credits may do little in countries with large informal sectors and for people who do not declare their earnings and hence do not pay taxes. In contrast, matching contributions may be a more appropriate way to expand coverage among those individuals who have spent a large of their lives on and off jobs and have only a limited number of contributions (Box Chile). Brazil is a typical example of a country that has taken this route. With the 1999 reforms, rural workers were eligible to receive 70% of the pensions in age 65 for men and 60 for women and with only 5 years of contributions. The age limit was further dropped to 60 for men and 55 for women whereas the years of contributions increased to 15. For the rural workers, years of service are taken instead of years of contributions and a tax on all rural products is imposed in order to finance rural pensions. Similar schemes, albeit less generous, are operating in Uruguay and Argentina. However, subsidised voluntary coverage of informal sector workers may create important disincentives for formal work if the scheme is not appropriately designed [to be developed].

Extension through integrated non-contributory components into existing contributory schemes is less costly because existing administrative and institutional structures are used. In addition, such schemes are easier to implement because they tend to have greater political support and are associated with less stigma

for participants compared with general social assistance programmes (Schwarz, 2003). On the other hand though, they require public spending or cross-subsidisation between them and the main contributory schemes and may undermine incentives for participation in the latter. However, such schemes, leave out an important share of the population who has never worked (such as the poor, women etc) and hence a need for additional programmes remains.

Extension can also be achieved by the introduction of a separate social assistance scheme targeting the elderly, with no integration into existing contributory schemes. By having two separate schemes, it may be argued that distortions will only arise from the redistributive pillar and that the contributory pillar will carry no deadweight loss. However, this may not be the case if the existence of a separate non-contributory scheme pushes working age adults out of the labour market or into informal employment.

#### 4. The labour market impact of cash transfers programmes

Table 2.A3.2 summarises the main studies examining the impact of cash transfers on labour market outcomes in Latin American countries (Panel A) and South Africa (Panel B).<sup>4</sup> The Table provides information on the country and programme covered, the data and years used in the analysis and the methodology as well as main results.

Table 2.A3.2. Review of the studies on the labour market effects of CTs

Study	Country/ programme	Years	Data	Method and results
<b>Panel A. Latin American countries</b>				
<b>Ribas, R., and F. V. Soares, (2011)</b>	Brazil, Bolsa Familia (BF)	2001 (baseline), 2004 (short-run impact of the programme), 2006 (impact of the programme three years after its start)	(Pesquisa Nacional por Amostra de Domicilios (PNAD)	<ul style="list-style-type: none"> <li>• Generalised propensity score with differences in differences model</li> <li>• Outcomes include LFP, informality, unemployment, average wages hours of work.</li> <li>• Examine the impact of BF at the neighborhood level.</li> <li>• Different impact in rural areas and in large cities. In the poorest areas, there a reduction in hours worked combined with increased labour force participation by additional household members. In large cities, significant decline in labour supply and participation in the formal sector.</li> </ul>
<b>Gonzalez-Rozada, M. and F. Llerena Pinto, (2011)</b>	Ecuador, Bono de Desarrollo Humano (BDH)	Third quarter of 2005 to the second quarter of 2009	Encuesta Nacional de Empleo, Desempleo y Subempleo	<ul style="list-style-type: none"> <li>• Use of a panel with 4 observations for every household to examine the effect over the unemployed (duration models) and over the employed (separation rates).</li> <li>• The results indicate that mothers with BDH benefits and workers living in households having the BDH program experience a longer duration in unemployment than the comparable group of workers that do not have those benefits.</li> <li>• The program tends to increase the probability of transiting from unemployment to informal employment.</li> <li>• BDH increases the probability of separation for mothers having the benefits with respect to the comparable group of mothers that do not have those benefits.</li> </ul>

<sup>4</sup> Tables 2.A3.2 and 2.A3.3 have been prepared by Mahreen Kahn during her internship at the OECD.

Study	Country/ programme	Years	Data	Method and results
<b>Alzua, Cruces and Ripani (2010)</b>	Mexico: Oportunidades Nicaragua : Red de Proteccion Social (RPS) Honduras: Programa de Asignacion Familiar (PRAF)	Oportunidades: Baseline 1997- 98; Follow-up(s) 1998 & 1999 RPS: Baseline 2000; Follow-up 2001 PRAF: Baseline 2000; Follow- up(s) 2001 & 2002	Ad hoc longitudinal surveys such as PROGRESA Evaluation Survey, ENCEL	<ul style="list-style-type: none"> <li>• Authors exploit difference-in-difference model with individual controls and full set of individual fixed effects.</li> <li>• They find mostly negative but small and non- significant effects of the programs on the adult employment, with no reallocation of labour between agricultural and other sectors in the three countries.</li> <li>• For RPS, there was a significant reduction in hours worked by adults in eligible households.</li> <li>• PROGRESA had a significant positive effect on the wages of male beneficiaries.</li> </ul>
<b>Skoufias, González-Cossío and Unar (2008)</b>	Food Support Program (Programa Apoyo Alimentario- PAL) that incorporates a conditional cash and food transfers PAL is targeted to areas not covered by <i>Oportunidades</i> or <i>Abasto Social de Leche Liconsa</i>	Study based on surveys with the baseline in October 2003 to April 2004; with follow-up in October to December 2005	Study based on longitudinal sample of 5,851 households in 206 poor rural localities from six southern Mexican states	<ul style="list-style-type: none"> <li>• Difference-in-difference methodology with control variables looking at treated vs. untreated communities with specifications for consumption, labor force participation, and poverty estimation.</li> <li>• PAL has no effect on the labour force participation.</li> <li>• Identify a reallocation of labour from agricultural to non- agricultural sectors</li> <li>• Find a large and positive impact on the total and food consumption of households with no differences in size of cash vs. in-kind transfers</li> <li>• Find significant reductions in poverty (particularly the poverty gap and the severity of poverty index) as a result of the transfer (as seen by the impact on three separate measure of poverty line: the national food poverty line; the capacity or needs based poverty line; and, the patrimonial poverty line.</li> <li>• Results suggest that the PAL reduces the binding liquidity constraints faced by poor households</li> </ul>
<b>Soares, Medeiros and Britto (2008)</b>	Bolsa Familia and Continuous Cash Benefit (BPC)	1992-2005	National Household Survey (PNAD) CEDEPLAR, 2006	<ul style="list-style-type: none"> <li>• Paper is based on primary data and existing studies</li> <li>• Authors conclude that the programs reduce poverty and inequality with no negative effects on adult work incentives and contributions to the pension system.</li> <li>• Cedeplar, 2006 shows that as a result of the Bolsa Familia, children are less likely to be absent from school compared to counterparts. It also reduces likelihood of dropping out of school.</li> <li>• Probit estimations from PNAD 2004 revealed that only female headed households that receive benefit from Bolsa Familia are less likely to participate in the labour market vs. male headed households, male and female spouses, with the effect manifesting itself in the upper income deciles. <ul style="list-style-type: none"> <li>◦ Similar analysis with the CEDEPLAR 2006 actually shows positive impact on labour force participation with the impact being stronger on women.</li> </ul> </li> </ul>
<b>Fougel and Barros (2008)</b>	Conditional Cash Transfer in Brazil	2001-2005	Cross-sectional household survey : Pesquisa Nacional por Amostrã de Domicilios (PNAD/IBGE)	<ul style="list-style-type: none"> <li>• Regression analyses exploiting time-series-cross-section variation</li> <li>• Effect on the labour supply of male and female labour participation rate and the mean number of hours worked is not significant</li> <li>• The presence of the CCTs do not significantly impact the participation rates of women (or even of those women who are below the median per capita household income of the municipalities) <ul style="list-style-type: none"> <li>◦ Conversely, the impact is negative on the number of hours worked but authors cannot provide an explanation to attribute for the difference</li> </ul> </li> <li>• There is a positive impact of labour income and negative effect of non-labour income for both men and women</li> <li>• For adult males, there is a small but statistically significant positive impact on the participation rates with a smaller but still positive impact on those who are below the median per capita household income of the municipalities. <ul style="list-style-type: none"> <li>◦ However, there is no impact on the mean supply of hours worked</li> </ul> </li> <li>• Authors conclude that CCTs have no significant impact on labour participation rates by men and women or the supply of the hours of work.</li> </ul>
<b>Skoufias and di Maro (2007)</b>	Mexico: Oportunidades	Study based on surveys from Nov '98, June '99 and Nov '99.	Panel data from household surveys	<ul style="list-style-type: none"> <li>• Difference-in-difference methodology with control variables looking at treated vs. untreated communities and eligible vs. non-eligible households in treated communities. <ul style="list-style-type: none"> <li>◦ Look at impact of PROGRESA on <u>salaried vs. non-salaried</u> work and <u>separately for males and females.</u></li> <li>◦ Look at the effect on the income per capita to analyse the</li> </ul> </li> </ul>

Study	Country/ programme	Years	Data	Method and results
				<p><u>impact on poverty.</u></p> <ul style="list-style-type: none"> <li>No significant impact on labour participation rates and overall adult leisure time.</li> <li>Some evidence of shift from non-salaried to salaried work in the early phases of the programme which diminishes with time.</li> <li>Overall female labour participation appears low with majority in unsalaried activities.</li> <li>PROGRESA has led to significant reductions in poverty amongst the poorest of the poor (as reflected by the poverty gap and severity of poverty index).</li> </ul>
<b>Ferro, Kassouf and Levison (2007)</b>	CCT programs in Brazil (Bolsa Escola, Renda Minima and PETI)	2003	PNAD-2003	<ul style="list-style-type: none"> <li>Measure the impact of CCTs on child and parent work decisions (indicated by whether the respective groups were involved in labour force activity or not) by comparing between treatment and comparison control groups using a probit model.</li> <li>Estimate the number of hours worked by children, mothers and fathers using a two-step Heckman procedure.</li> <li>Results show that for both rural (5.6%) and urban (1.8%) areas, CCTs had a depressing effect on the probability of child labour (but stronger on the former) and beneficiary children reduced their time spent in the labour market in urban areas.</li> <li>No significant effect of CCTs on the labour supply of the parents in terms of decision to work, but reduces the number of hours supplied likely as a consequence of the cost of collecting the benefit (Parker and Skoufias, 2001).</li> <li>Rural mothers and urban fathers reduce their working time either due to having to spend more time in child care or due to the income effect on leisure, whereas urban mothers who are beneficiaries have a longer working week.</li> </ul>
<b>Borraz and Gonzalez (2009)</b>	Uruguayan Cash Conditional Transfers - Ingreso Ciudadano	2005-2007		<ul style="list-style-type: none"> <li>Propensity score matching estimator to account for the endogeneity of program participation.</li> <li>Program has not had significant effects on children school attendance but has had an effect (a reduction) in female child labor in the capital, Montevideo.</li> <li>Negative effects have been detected in the labor market, mainly on women's labor supply in urban areas outside of Montevideo where more than 70% of the beneficiaries reside.</li> </ul>
<b>Attanasio, Fitzsimons, Gomez, Gutierrez, meghir and Mesnard (2010)</b>	Colombian CCT programme - <i>Familias en Acción</i>	First wave : June to October 2002 Second wave: July to November 2003	Surveys by Institute for Fiscal Studies and partners in Colombia, a research institute (Econometria) and a data collection firm (SEI).	<ul style="list-style-type: none"> <li>Effect of the program on school and work participation at both the extensive and intensive margins, using a difference-in-differences methodology combined with matching.</li> <li>Increased school enrollment rates of 14–17-year old children quite substantially, by between 5 and 7%.</li> <li>Increased the already high enrollment of 8–13-year-old children by between around 1 and 3%.</li> <li>The participation in domestic work decreased by around 10–13 for younger children but participation in income-generating work remained largely unaffected.</li> <li>Effects are larger in urban areas, where school attendance goes up by between 3.8 hrs/day for older children and 4.5 hrs/day for younger children, compared to 1 hour for older rural children and 2.5 hours for younger rural children.</li> </ul>
<b>Panel B. South Africa</b>				
<b>Ranchhod (2010)</b>	Old Age Pension (OAP) in South Africa	September 2001 to March 2004	Labour Force Survey	<ul style="list-style-type: none"> <li>Impact of the cessation of the pension (either due to a pensioner dying or out-migrating) on household formation and labour supply. <ul style="list-style-type: none"> <li>He estimates the magnitude of the changes in household composition and labour force activity amongst the resident members of the household, that correlate with a pensioner leaving the household.</li> <li>He employs multivariate regression techniques to control for additional factors, and test for the statistical significance of changes in household composition and labour force participation by regressing on the difference in the indicator dependent variable between the two waves.</li> </ul> </li> <li>For people who maintained their residency status across waves, he found large and statistically significant increases in employment rates for middle aged females and males (9.3 and 8.1 percentage points in each case), as well</li> </ul>

Study	Country/ programme	Years	Data	Method and results
				<p>as for older adult females and males (10.3 percentage points in each case).</p> <ul style="list-style-type: none"> <li>• These findings are consistent with those of Bertrand, Mullainathan, and Miller (2003) and at odds with those of Posel, Fairburn and Lund (2006) and Ardington, Case and Hosegood (2008).</li> </ul>
<b>Ardington, Case and Hosegood (2009)</b>	Old Age Pension (OAP) in South Africa	First wave: 2001 Second wave: 2003/04	household survey by ACDIS in KwaZulu-Natal region of South Africa	<ul style="list-style-type: none"> <li>• Cross-sectional and longitudinal regression analysis looking at the impact on employment status of prime-aged adults (16-50 yrs)</li> <li>• Large cash transfers to elderly South Africans lead to increased employment among prime-aged members of their households.</li> <li>• Pension receipt also influences where employment takes place. Authors find large, significant effects on labor migration upon pension arrival resulting from the ability to overcome financial and child care constraints that potentially act as a barrier to labour migration.</li> <li>• The presence of a woman pensioner promotes labor migration for both men and women, consistent with female pensioners pooling their income with prime-aged members of both sexes, and that the presence of a male pensioner promotes labor migration, but for prime-aged men only.</li> </ul>
<b>Posel, Fairburn and Lund (2006)</b>	Old Age Pension (OAP) in South Africa	1993	Integrated Household Survey (9000 households) conducted by the World Bank and South African Development Research Unit (SALDRU)	<ul style="list-style-type: none"> <li>• Cross-sectional regression analysis with instruments for pension eligibility to find the effect of social pensions on the labour migrant (non-resident) members of the household.</li> <li>• Female pension income may have a greater impact on household outcomes than in the hands of men.</li> <li>• Authors discuss the possibility that pension income maybe able to reduce the financial and child care constraints of female labour migration.</li> <li>• Authors find that rural African women are significantly more likely to be migrant workers when they are members of a household in receipt of a pension, and that it is female pension income that drives this result.</li> </ul>
<b>Bertrand, Miller and Mullainathan (2000,2003)</b>	Old Age Pension (OAP) in South Africa	1993	Integrated Household Survey (9000 households) conducted by the World Bank and South African Development Research Unit (SALDRU)	<ul style="list-style-type: none"> <li>• Exploit a variation in the pension receipt that comes from the differences in the age of the elders in the household and they use eligibility to pensions as an instrument and focus on resident household members</li> <li>• Sharp drop in the labour force participation by prime-age men in household where a member reaches pension eligibility (65 for men, 60 for women).</li> <li>• The negative effect diminishes as the number of members in the household increase or the educational attainment</li> <li>• Other findings (reflecting stronger household bargaining power by men ) include: <ul style="list-style-type: none"> <li>○ Labour supply drops less when pension is received by man than a woman – This may be explained by the fact that women become eligible for benefits earlier than men and live longer leading to a higher PV of the benefits and thus greater impact on employment.</li> <li>○ Middle-aged men reduce labour supply more than younger men.</li> <li>○ Female labour supply is unaffected.</li> </ul> </li> </ul>
<b>Mitra (2006)</b>	Disability Grant (DG) in South Africa	Baseline: September 2000 and 2001 Follow-up: March and September 2003	Pooled cross-sections of the Labour Force Survey (LFS) from 2000-2003	<ul style="list-style-type: none"> <li>• Variation in the stringency of the eligibility criterion of receiving the DG (enacted in 2002) to carry out a difference-in-difference using a logistic regression to find the impact on labour force participation.</li> <li>• Broad labour force non-participation rates for older men (which includes discouraged workers) increased significantly by 9.2%, while for older women, this fell 2% (but results insignificant for women).</li> <li>• For all males, the coefficient of interest is positive and significantly different from zero, with a marginal effect of 8.6%. This suggests that less intensive disability screening might have led individuals to leave the broad labor force.</li> <li>• However, the impact of benefits on narrow and non-employment definitions of outcome, while being positive, are not significantly differently from zero indicating that the disability reform pushed out discouraged workers from the labour force while employment and job-seeking older males might not have changed their behaviour.</li> </ul>
<b>Williams (2007)</b>	Child Support Grant (CSG) in South Africa	2002-2007	General Household Surveys (GHS) of July 2002, 2003, 2004, and 2005, the Labour Force Surveys (LFS) of September 2004 and March 2005, and	<ul style="list-style-type: none"> <li>• Exogenous variation in grant eligibility and take-up to evaluate the impact of the Child Support Grant in South Africa, over 2002-2005, on school attendance, child hunger and labour force participation using probit and OLS regressions.</li> <li>• Receipt of CSG leads to positive impact on the broad participation of mothers (by 7-14%) but no significant impact on the narrow participation rates. <ul style="list-style-type: none"> <li>○ Impact for low educated mothers is slightly more positive for</li> </ul> </li> </ul>

Study	Country/ programme	Years	Data	Method and results
			administrative data from the national and provincial budgets (National Treasury 2005 and 2007).	<p>narrow participation and employment.</p> <ul style="list-style-type: none"> <li>○ CSG has its biggest impact on employment in households that tend to be poorer and hence more subject to liquidity constraints, which supports the notion that grant income has a search-financing function.</li> <li>○ Rates tend to be generally negative and slightly significant for mothers in formal dwelling, while they are positive and sometimes significantly for their counterparts in the informal dwellings. These corroborates with the findings of Ardington et al. (2009) with respect to the impact of the OAP.</li> </ul> <ul style="list-style-type: none"> <li>• CSG leads to decreased child hunger and increased school attendance.</li> <li>• Although the grants' effect is the same for boys and girls with respect to school attendance, it is much larger for children living with their mothers and restricted to the child receiving the grant.</li> </ul>

**5. The impact of cash transfers programmes on poverty**

Table 2.A3.3 summarises the main studies examining the impact of cash transfers on poverty in Latin American countries (Panel A) and South Africa (Panel B). The Table provides information on the country and programme covered, the data and years used in the analysis and the methodology as well as main results.

Table 2.A3.3. Review of the studies on the impact of CTs on poverty

Study	Country	Years	Data	Method and results
<b>Panel A. Latin American countries</b>				
<b>Attanasio, Fitzsimons, Gomez, Guitierrez, meghir and Mesnard (2010)</b>	Colombian CCT programme - <i>Familias en Acción</i>	First wave : June to October 2002 Second wave: July to November 2003	Surveys by Institute for Fiscal Studies and partners in Colombia, a research institute (Econometria) and a data collection firm (SEI).	<ul style="list-style-type: none"> <li>• Authors investigate the effect of the program on school and work participation at both the extensive and intensive margins, using a difference-in-differences methodology combined with matching.</li> <li>• Authors find that the program increased school enrollment rates of 14–17-year old children quite substantially, by between 5 and 7%.</li> <li>• The program increased the already high enrollment of 8–13-year-old children by between around 1 and 3%.</li> <li>• The participation in domestic work decreased by around 10–13 for younger children but participation in income-generating work remained largely unaffected.</li> <li>• Authors found that the effects are larger in urban areas, where school attendance goes up by between 3.8 hrs/day for older children and 4.5 hrs/day for younger children, compared to 1 hour for older rural children and 2.5 hours for younger rural children.</li> </ul>
<b>Behrman, Parker and Todd (2009)</b>	Oportunidades in Mexico	1997-2003	ENCEL (the Oportunidades Evaluation Survey) from 2003, linked with earlier data, particularly the 1997 preprogram Survey of ousehold Socio-Economic characteristics (ENCASEH97) data.	<ul style="list-style-type: none"> <li>• Authors examine the educational impacts of <i>Oportunidades</i> on young children in the medium term in 2003, about 5.5 years after households in the original treatment group began receiving benefits. <ul style="list-style-type: none"> <li>○ They consider the group of children ages 0–8 in 1997, just prior to the program intervention, or those ages 6–14 in 2003.</li> </ul> </li> <li>• In particular, they study the program’s impacts on the age of starting school, on grade progression, and on the number of completed school grades using two methods: <ul style="list-style-type: none"> <li>○ Difference and difference-in-difference comparisons between the original randomized treatment (T1998) and control (T1999) groups, which have by now both been incorporated into the program but which have 1.5 years difference in exposure duration.</li> <li>○ Difference and difference-in-difference comparisons between the original treatment group (T1998) and a new matched comparison group (C2003) that had not</li> </ul> </li> </ul>

Study	Country	Years	Data	Method and results
				<p>been exposed to the program.</p> <ul style="list-style-type: none"> <li>The matching estimates show a consistent and important improvement in educational indicators even for younger children who are not yet eligible or are only beginning to be eligible for the educational grants at the time the program initiated.</li> <li>The group ages 6–8 years pre-program show important and plausible increases in schooling levels, most likely attributable to the scholarship grants.</li> </ul>
<b>Angelucci and de Giorgi (2009)</b>	Progresa in Mexico	November 1998, May 1999, and November 1999	Household surveys	<ul style="list-style-type: none"> <li>Authors exploit the unique experimental design of a social program to understand how cash transfers to eligible households indirectly affect the consumption of ineligible households living in the same villages.</li> <li>They use regression analyses to find the Indirect Treatment Effect (ITE) on consumption (food and non-food) of both eligible and ineligible households.</li> <li>Authors show that the program benefits ineligible households who live in treatment villages by increasing their food consumption level by about 10%, approximately half the size of the increase in food consumption for eligible households. Consumption increase is financed through higher loans and transfers from family and friends, and through a reduction in savings. <ul style="list-style-type: none"> <li>These results show how a positive income shock for a group of households benefits the entire village, consistent with knowledge of informal credit and insurance markets in developing countries.</li> </ul> </li> </ul>
<b>Skoufias, González-Cossío and Unar (2008)</b>	Food Support Program (Programa Apoyo Alimentario-PAL) that incorporates a conditional cash and food transfers PAL is targeted to areas not covered by <i>Oportunidades</i> or <i>Abasto Social de Leche Liconsa</i>	Study based on surveys with the baseline in October 2003 to April 2004; with follow-up in October to December 2005	Study based on longitudinal sample of 5,851 households in 206 poor rural localities from six southern Mexican states	<ul style="list-style-type: none"> <li>Authors exploit difference-in-difference methodology with control variables looking at treated vs. untreated communities with specifications for consumption, labor force participation, and poverty estimation.</li> <li>Skoufias et al. find that the PAL has no effect on the labour force participation.</li> <li>They identify a reallocation of labour from agricultural to non-agricultural sectors</li> <li>They find a large and positive impact on the total and food consumption of households with no differences in size of cash vs. in-kind transfers</li> <li>They also find significant reductions in poverty (particularly the poverty gap and the severity of poverty index) as a result of the transfer (as seen by the impact on three separate measure of poverty line: the national food poverty line; the capacity or needs based poverty line; and, the patrimonial poverty line.</li> <li>Their results suggest that the PAL reduces the binding liquidity constraints faced by poor households</li> </ul>
<b>Soares, Medeiros and Britto (2008)</b>	Bolsa Familia and Continuous Cash Benefit (BPC)	1992-2005	National Household Survey (PNAD) CEDEPLAR, 2006	<ul style="list-style-type: none"> <li>Paper is based on primary data and existing studies</li> <li>Authors conclude that the programs reduce poverty and inequality with no negative effects on adult work incentives and contributions to the pension system.</li> <li>Cedeplar (2006) shows that as a result of the <i>Bolsa Familia</i>, children are less likely to be absent from school compared to counterparts. It also reduces likelihood of dropping out of school.</li> <li>Probit estimations from PNAD 2004 revealed that only female headed households that receive benefit from <i>Bolsa Familia</i> are less likely to participate in the labour market vs. male headed households, male and female spouses, with the effect manifesting itself in the upper income deciles. <ul style="list-style-type: none"> <li>Similar analysis with the CEDEPLAR 2006 actually shows positive impact on labour force participation with the impact being stronger on women.</li> </ul> </li> </ul>
<b>Angelucci and Attansio (2008)</b>	Oportunidades in Mexico	2002-2004	Data comes from three waves of the urban evaluation sample Encelurb.	<ul style="list-style-type: none"> <li>Authors estimate the effect of the Mexican conditional cash transfer program, <i>Oportunidades</i>, on consumption, and explore some issues related to participation to the program and to the estimation of treatment effects.</li> <li>They use a difference-in-difference local linear regression matching analysis to find the estimating the average effect of the treatment on</li> </ul>

Study	Country	Years	Data	Method and results
				<p>the treated (ATT) and then the propensity score by probit and look at the impact on food and non-food consumption.</p> <ul style="list-style-type: none"> <li>• Authors discuss the comparability of treatment and control areas, provide evidence that the expected transfer may not be sufficiently high to induce many eligible households to participate, and find positive effects on consumption.</li> <li>• They find that treated households tend to consume a large fraction of the grant, similarly to treated households in rural areas. Moreover, they find that a large fraction of the increase is in food. These results are not surprising, given that the households most likely to participate are the poorest ones; these families are both the least likely to save a part of the transfer to invest it, and the most likely to spend it to improve their nutrition.</li> <li>• There is scope to study of different components of consumption can be important in assessing the effectiveness of the program in reaching the intended beneficiaries (children) and achieving its stated goals (investment in human capital).</li> </ul>
<b>Skoufias and di Maro (2007)</b>	Mexico: Oportunidades	Study based on surveys from Nov '98, June '99 and Nov '99.	Panel data from household surveys	<ul style="list-style-type: none"> <li>• Authors exploit difference-in-difference methodology with control variables looking at treated vs. untreated communities and eligible vs. non-eligible households in treated communities. <ul style="list-style-type: none"> <li>○ Authors also look at impact of PROGRESA on <u>salaried vs. non-salaried</u> work and <u>separately for males and females</u>.</li> <li>○ Authors look at the effect on the income per capita to analyse the <u>impact on poverty</u>.</li> </ul> </li> <li>• No significant impact on labour participation rates and overall adult leisure time.</li> <li>• Some evidence of shift from non-salaried to salaried work in the early phases of the programme which diminishes with time.</li> <li>• Also, overall female labour participation appears low with majority in unsalaried activities.</li> <li>• Authors find that the PROGRESA has led to significant reductions in poverty amongst the poorest of the poor (as reflected by the poverty gap and severity of poverty index).</li> </ul>
<b>Ferro, Kassouf and Levison (2007)</b>	CCT programs in Brazil (Bolsa Escola, Renda Minima and PETI)	2003	PNAD-2003	<ul style="list-style-type: none"> <li>• Authors measured the impact of CCTs on child and parent work decisions (indicated by whether the respective groups were involved in labour force activity or not) by comparing between treatment and comparison control groups using a probit model.</li> <li>• Authors also estimated the number of hours worked by children, mothers and fathers using a two-step Heckman procedure.</li> <li>• Results showed that for both rural (5.6%) and urban (1.8%) areas, CCTs had a depressing effect on the probability of child labour (but stronger on the former) and beneficiary children reduced their time spent in the labour market in urban areas. <ul style="list-style-type: none"> <li>○ This contradicts Cardoso and Souza (2003) that report no effects and Ferro and Kassouf (2005) that find a positive effect, possibly due to the fact that the labour impact of the program took longer to kick-in since its implementation or use of a different dataset</li> <li>○ Children in older age groups and boys tend to work more than younger age groups and girls respectively</li> </ul> </li> <li>• Authors find no significant effect of CCTs on the labour supply of the parents in terms of decision to work, but reduces the number of hours supplied likely as a consequence of the cost of collecting the benefit (Parker and Skoufias, 2001).</li> <li>• Rural mothers and urban fathers reduce their working time either due to having to spend more time in child care or due to the income effect on leisure, whereas urban mothers who are beneficiaries have a longer working week.</li> </ul>
<b>Gertler, Martinez and Rubio-Codina (2006)</b>	Mexico: Oportunidades	Three rounds of data collections with eligible households chosen: October	Household evaluation surveys and administrative records of the amount of money transferred to	<ul style="list-style-type: none"> <li>• Authors test whether poor households use cash transfers to invest in income generating activities that they otherwise would not have been able to do.</li> <li>• They estimate the effect of OPORTUNIDADES on: <ul style="list-style-type: none"> <li>○ Both the probability of owning an asset and the</li> </ul> </li> </ul>

Study	Country	Years	Data	Method and results
		1998, May 1999 and November 1999 Additional three rounds of data were collected during which eligible households were receiving benefits (May 2000, November 2000 and November 2003). Baseline data from the 1997 pre-intervention ENCASEH census is used for a total of seven rounds of data between 1997 and 2003.	households by the Encuesta de Evaluación de los Hogares Rurales (ENCEL) and ENCASEH	<p>amount of the asset owned for draft animals, production animals and land</p> <ul style="list-style-type: none"> <li>○ Micro-enterprise participation (using probit regressions)</li> <li>○ Consumption (2SLS regressions and consumption measurement used for the analysis is constructed as total household expenditures on food and non-food items, plus home produced consumption)</li> </ul> <ul style="list-style-type: none"> <li>● They find that transfers from the OPORTUNIDADES program to households in rural Mexico resulted in increased investment in micro-enterprise and agricultural activities. <ul style="list-style-type: none"> <li>○ For each peso transferred, beneficiary households used 88 cents to purchase consumption goods and services, and invested the rest.</li> <li>○ The investments improved the household's ability to generate income with an estimated rate of return of 17.55%, suggesting that these households were both liquidity and credit constrained.</li> <li>○ By investing transfers to raise income, beneficiary households were able to increase their consumption by 34% after five and a half years in the program.</li> </ul> </li> <li>● The results presented here suggest that a permanent rise in consumption through increased economic activity may ultimately reduce long-run welfare dependence and permit beneficiary households to attain a higher standard of living that can be sustained even in the absence of the transfer program. Further understanding of the mechanisms through which cash transfers boost productive investments (softening of liquidity and/or credit constraints, reduction of risk aversion, insurance role) is crucially important in the determination and design of future policies to be undertaken, such as micro-lending, business incentives and advising or the provision of insurance schemes, for the alleviation of poverty.</li> </ul>
<b>Attanasio, Meghir and Santiago (2005)</b>	PROGRESA in Mexico	1997-1999/2000	First baseline survey from end of 1997 and the beginning of 1998, an additional 4 instruments were collected in November 1998, March 1999, November 1999 and April 2000.	<ul style="list-style-type: none"> <li>● Authors analyze the impact of monetary incentives on education choices in rural Mexico and to address issues to do with the design of educational interventions aimed at improving educational participation using a method of simple differences and differences in differences followed by dynamic optimization model (using simulations) to obtain better clarity on the impact of the program.</li> <li>● They find that the program has a positive effect on the enrollment of children, especially after primary school. <ul style="list-style-type: none"> <li>○ The program has, on average, an effect of about 3% on school enrollment of boys aged 6 to 17. There are, however, some large differences in the effect of the program by age. The effect is much larger (around 7.5%) for older boys and virtually zero for boys younger than 9. Finally, on ineligible boys we find no significant effect of the program.</li> </ul> </li> <li>● They also find that an approximately revenue neutral change in the program that would increase the grant for secondary school children while eliminating for the primary school children would have a substantially larger effect on enrollment of the latter, while having minor effects on the former.</li> <li>● Authors conclude that the performance of the program could be improved by back-loading the program that is offering more resources to older children and less to relatively younger one.</li> </ul>
<b>Cardoso and Souza (2004)</b>	Bolsa Familia in Brazil	1992-2001	Micro household level data from the 2000 Census	<ul style="list-style-type: none"> <li>● Authors estimate the impact on school attendance and child labor of conditional cash payments to poor families in Brazil using propensity score methods to estimate the impact of income transfers on child labor and school attendance. <ul style="list-style-type: none"> <li>○ Their goal is to disentangle the value received from unemployment insurance and aid for handicapped from the value received from minimum income and <i>Bolsa Escola</i> and then test the impact of these two latter programs on the incidences of child labor and</li> </ul> </li> </ul>

Study	Country	Years	Data	Method and results
				<p>school attendance among participating children in Brazil.</p> <ul style="list-style-type: none"> <li>• Authors find that income transfer programs had no significant effect on child labor but a positive and significant impact on school attendance. <ul style="list-style-type: none"> <li>○ The results are the same for boys and girls, and seem to be robust since they are similar for alternative samples of children in poor families and samples that include only children with employed parents.</li> <li>○ These preliminary results suggest that these programs have not been effective in fighting child labor in Brazil. They increase the chance of a poor child going to school but do not reduce her labor activity perhaps because she prefers to combine school and labor, considering that the transfers are too small to provide an incentive to forgo the labor income.</li> </ul> </li> <li>• The paper does not find an impact of conditional cash transfers on reduction of child labor as net effect. <ul style="list-style-type: none"> <li>○ A possible explanation for this finding is that the cash transfers are too small to create the incentive for families to forgo the income from child labor.</li> </ul> </li> </ul>
<b>Hoddinott and Skoufias (2003)</b>	Progresa in Mexico	1998/99	Longitudinal sample of 24,000 household from 506 communities – ENCASEH and ENCEL980 (Oct 98), ENCEL99J (June 99) and ENCEL 99N (Nov 99)	<ul style="list-style-type: none"> <li>• Authors look at the impact of <i>Progresa</i> on household food consumption using a linear multivariate regression analysis.</li> <li>• Authors find no evidence of a statistically significant impact of PROGRESA on the caloric availability as of November 1998. But they do find a significant impact in June and November 1999 (beneficiary households obtained 7.1% more calories than their counterparts in treatment communities and intake is greatest from vegetable and animal products)</li> <li>• As part of the program, beneficiaries attend lecture series, <i>platicas</i> that encourage them to eat a more diverse diet and there is some evidence that there are spillover effects on non-beneficiaries in the treatment localities.</li> </ul>
<b>Bourguignon, Ferreira and (2003)</b>	Bolsa Escola in Brazil	1999	PNAD 1999 (survey contains data on school enrollment not attendance)	<ul style="list-style-type: none"> <li>• Authors propose a micro-simulation method for evaluating conditional cash transfer program designs ex-ante by assessing two dimensions of the program, its impact on the occupational choice (or time allocation decisions of children) and the effects on current on current poverty and inequality. <ul style="list-style-type: none"> <li>○ They use a discrete occupational choice multi-logit model to predict the counterfactual occupation decisions of children 10-15 year olds under different assumptions about the design and availability of the cash transfer program.</li> </ul> </li> <li>• Authors evaluate <i>Bolsa Escola</i> and find that there is 60% of poor 10 to 15 year olds who are not enrolled in school prior to the program change their behaviour post program. (40% for all households). The proportion of children in the middle occupational category (working and studying) rises only marginally.</li> <li>• The program reduces the incidence of poverty by a little more than 1% and the GINI coefficients falls just a half point. Results are better for measures more sensitive to the bottom of the distribution, but the effect is never large.</li> <li>• The proportion of children enrolling in school in response to program availability and the degree of reduction in current poverty turn out to be sensitive to transfer amounts and insensitive to the means test.</li> </ul>
<b>Parker and Skoufias (2000)</b>	PROGRESA in Mexico	1997-1999/2000	Dataset used is from the Survey of household socio-economic characteristics (ENCASEH) and the ENCEL from November 1997 and 1998, June	<ul style="list-style-type: none"> <li>• Authors conduct a detailed analysis of the impact of PROGRESA on schooling, work, and time allocation of boys and girls ages 8-17 by estimating the 'treatment on the treated' using both double difference and cross sectional difference estimators. <ul style="list-style-type: none"> <li>○ In the first part, authors apply data from various surveys to treated and control groups, before and after the implementation of the program.</li> <li>○ The following part, authors take advantage of a</li> </ul> </li> </ul>

Study	Country	Years	Data	Method and results
			1999, and a special time-use module carried out one time as part of the June 1999 ENCEL.	<p>module on time use carried out a year after the program implementation applied to a broader definition of work that includes time allocated during the previous day to domestic and farm activities.</p> <ul style="list-style-type: none"> <li>Results show significant increases in the school attendance (<i>attendance at school the day prior to survey but not sure if it includes performance?</i>) of boys and girls (8-11 and 12-17 years of age) accompanied by significant reductions in the participation of boys and girls in work activities. <ul style="list-style-type: none"> <li>Definition of working includes participation in selling a product, helping in family business, making products to sell, washing, cooking, ironing, and, working in agricultural or farm activities, but not domestic activities.</li> </ul> </li> <li>They also find a lower incidence on the impact on work by girls (<i>girls involved more in domestic activities or other non-measured activities? Or reduce leisure?</i>) relative to boys and impact diminishes with older age groups.</li> <li>In general, the displacement of the incidence on child labour is less than gain in schooling.</li> <li>Analysis of the time-use module showed that the children of secondary school age are much more likely to attend school and to spend more time on school activities. <ul style="list-style-type: none"> <li>Boys in secondary school age showed reductions in domestic and market work while girls of all ages showed reductions in domestic work.</li> </ul> </li> </ul>
<b>Parker and Skoufias (2000)</b>	PROGRESA in Mexico	1997-1999/2000	Dataset used is from the Survey of household socio-economic characteristics (ENCASEH) and the ENCEL from November 1997 and 1998, June 1999, and a special time-use module carried out one time as part of the June 1999 ENCEL.	<ul style="list-style-type: none"> <li>Authors conduct a detailed analysis of the impact of PROGRESA on schooling, work, and time allocation of boys and girls ages 8-17 by estimating the 'treatment on the treated' using both double difference and cross sectional difference estimators. <ul style="list-style-type: none"> <li>In the first part, authors apply data from various surveys to treatment and control groups, before and after the implementation of the program.</li> <li>The following part, authors take advantage of a module on time use carried out a year after the program implementation applied to a broader definition of work that includes time allocated during the previous day to domestic and farm activities.</li> </ul> </li> <li>Results show significant increases in the school attendance (<i>attendance at school the day prior to survey but not sure if it includes performance?</i>) of boys and girls (8-11 and 12-17 years of age) accompanied by significant reductions in the participation of boys and girls in work activities. <ul style="list-style-type: none"> <li>Definition of working includes participation in selling a product, helping in family business, making products to sell, washing, cooking, ironing, and, working in agricultural or farm activities, but not domestic activities.</li> </ul> </li> <li>They also find a lower incidence on the impact on work by girls (<i>girls involved more in domestic activities or other non-measured activities? Or reduce leisure?</i>) relative to boys and impact diminishes with older age groups.</li> <li>In general, the displacement of the incidence on child labour is less than gain in schooling.</li> <li>Analysis of the time-use module showed that the children of secondary school age are much more likely to attend school and to spend more time on school activities. <ul style="list-style-type: none"> <li>Boys in secondary school age showed reductions in domestic and market work while girls of all ages showed reductions in domestic work.</li> </ul> </li> </ul>
<b>Panel B. South Africa</b>				
<b>Ranchhod (2010)</b>	Old Age Pension	September 2001	Labour Force Survey	<ul style="list-style-type: none"> <li>Author looked at the impact of the cessation of the pension (either</li> </ul>

Study	Country	Years	Data	Method and results
	(OAP) in South Africa	to March 2004		<p>due to a pensioner dying or out-migrating) on household formation and labour supply.</p> <ul style="list-style-type: none"> <li>• He estimates the magnitude of the changes in household composition and labour force activity amongst the resident members of the household that correlate with a pensioner leaving the household.</li> <li>• He employs multivariate regression techniques to control for additional factors, and test for the statistical significance of changes in household composition and labour force participation by regressing on the difference in the indicator dependent variable between the two waves.</li> <li>• For people who maintained their residency status across waves, he found large and statistically significant increases in employment rates for middle aged females and males (9.3 and 8.1 percentage points in each case), as well as for older adult females and males (10.3 percentage points in each case).</li> <li>• These findings are consistent with those of Bertrand, Mullainathan, and Miller (2003) and at odds with those of Posel, Fairburn and Lund (2006) and Ardington, Case and Hosegood (2008).</li> </ul>
<b>Ardington, Case and Hosegood (2009)</b>	Old Age Pension (OAP) in South Africa	First wave: 2001 Second wave: 2003/04	household survey by ACDIS in KwaZulu-Natal region of South Africa	<ul style="list-style-type: none"> <li>• Authors conduct cross-sectional and longitudinal regression analysis looking at the impact on employment status of prime-aged adults (16-50 yrs)</li> <li>• They find that large cash transfers to elderly South Africans lead to increased employment among prime-aged members of their households.</li> <li>• Pension receipt also influences where employment takes place. Authors find large, significant effects on labor migration upon pension arrival resulting from the ability to overcome financial and child care constraints that potentially act as a barrier to labour migration.</li> <li>• They find that the presence of a woman pensioner promotes labor migration for both men and women, consistent with female pensioners pooling their income with prime-aged members of both sexes, and that the presence of a male pensioner promotes labor migration, but for prime-aged men only.</li> </ul>
<b>Posel, Fairburn and Lund (2006)</b>	Old Age Pension (OAP) in South Africa	1993	Integrated Household Survey (9000 households) conducted by the World Bank and South African Development Research Unit (SALDRU)	<ul style="list-style-type: none"> <li>• Authors use cross-sectional regression analysis with instruments for pension eligibility to find the effect of social pensions on the labour migrant (non-resident) members of the household.</li> <li>• Authors find that female pension income may have a greater impact on household outcomes than in the hands of men.</li> <li>• Rural African women are significantly more likely to be migrant workers when they are members of a household in receipt of a pension, and that it is female pension income that drives this result.</li> </ul>
<b>Edmonds (2004)</b>	Old Age Pension (OAP) in South Africa	1998-1999	June 1999 Survey of the Activities of Youth in South Africa (SAYP) that collects data over a 12 month reference period	<ul style="list-style-type: none"> <li>• The study examines the response of child labour to the timing of income by comparing child labour supply and schooling in households by comparing those that are eligible for OAP and those that are not.</li> <li>• Uses regression discontinuity to overcome the systematic bias arising between eligible and non-eligible households.</li> <li>• Results indicate that an eligibility of the pension grant, which in turn means that there is increase in the overall household income, leads to a sizeable decline in child labour and an increase in the schooling with primary school completion. The effect is stronger for households with little formal education.</li> <li>• Pension income to an elder male leads to a reduction of 6 hrs per week working by children (relative to an average of 17 hrs per week).</li> <li>• Pension income to a man is associated with greater reductions in child labour and increases in school attendance than when it is to a woman.</li> <li>• The idea that male pension eligibility captures non-linearity in income is given as a possible explanation for the difference.</li> <li>• Also, men maybe more liquidity constrained than women, which is why the large effects in child labour and schooling are observed when they do not co-reside with pension eligible women and have different spheres of control in the household.</li> <li>• Results also show that the largest reductions in child labour are in</li> </ul>

Study	Country	Years	Data	Method and results
				<ul style="list-style-type: none"> <li>market related work.</li> <li>Schooling attendance in South Africa is high so effects of pension income on schooling are necessarily not very large.</li> <li>Results are consistent with the story that households face liquidity constraints and cannot borrow against a child's future return forcing them to under-invest in education.</li> </ul>
<b>Duflo (2000, 2003)</b>	Old Age Pension (OAP) grant in South Africa	1993-94	World Bank and SALDRU (sample restricted to children aged 6-60 months)	<ul style="list-style-type: none"> <li>Evaluates the impact of the OAP on children's nutritional status and investigates whether the gender of the recipient affects that impact using 2sls regression looking at two outcome variables, height- and weight-for-age;</li> <li>The basic idea of the identification strategy is thus to estimate whether the relative disadvantage in height between children in eligible and those in non-eligible households are smaller for younger children than for older children.</li> <li>For each age in months I construct height-for-age Z-scores by subtracting the median and dividing by the standard error in the corresponding age and sex group in the reference population established by the U.S. National Center for Health Statistics (a group of well-nourished U.S. children). I construct weight-for-height Z-scores in a similar way which is the outcome variable.</li> <li>She estimates the effect of having an eligible man or an eligible woman in the household after controlling for the presence of a man or a woman over 50, a man or a woman over 55, and a man over 60 (in 1992) as well as a series of household-specific control variables described below.</li> <li>Her estimates suggest that pensions received by women had a large impact on the anthropometric status (weight for height and height for age) of girls but little effect on that of boys.</li> <li>No similar effect is found for pensions received by men suggesting that the efficiency of public transfer programs may depend on the gender of the recipient.</li> <li>Possible interpretations can include that the same resources are spent differently depending on whether they are received by a woman or by a man.</li> <li>Or in terms of permanent income, a rand of pension received by a man represents much less than a rand of pension received by a woman because men are expected to receive the pension for a shorter time. This difference could lead to different effects from men's and women's pensions if households have an ability to smooth consumption over time through savings or borrowing, and Duflo finds that there is a lower propensity to save out of a man's than woman's income.</li> <li>Case and Deaton show/ the program was effective in transferring money predominantly to poor households, especially to households with poor children.</li> </ul>
<b>Bertrand, Miller and Mullnaithan (2000,2003)</b>	Old Age Pension (OAP) in South Africa	1993	Integrated Household Survey (9000 households) conducted by the World Bank and South African Development Research Unit (SALDRU)	<ul style="list-style-type: none"> <li>Authors exploit a variation in the pension receipt that comes from the differences in the age of the elders in the household and they use eligibility to pensions as an instrument and focus on resident household members</li> <li>They find that there is a sharp drop in the labour force participation by prime-age men in household where a member reaches pension eligibility (65 for men, 60 for women).</li> <li>The negative effect diminishes as the number of members in the household increase or the educational attainment</li> <li>Other findings (reflecting stronger household bargaining power by men ) include:</li> <li>Labour supply drops less when pension is received by man than a woman – This may be explained by the fact that women become eligible for benefits earlier than men and live longer leading to a higher PV of the benefits and thus greater impact on employment.</li> <li>Middle-aged men reduce labour supply more than younger men.</li> <li>Female labour supply is unaffected.</li> </ul>

Study	Country	Years	Data	Method and results
<b>Case and Deaton (1998)</b>	Old Age Pension in south Africa	1993-94	National representative Survey by World Bank-SALDRU of 900 randomly selected households from all races and areas (follows the general pattern of LFS surveys)	<ul style="list-style-type: none"> <li>• Authors investigate the redistributive consequences of the OAP, documenting who receives the pensions, their standards of living, while also looking at the behavioral impact on the household allocation of income to food, schooling, transfer and savings.</li> <li>• Authors employ OLS and IV regression analysis of food expenditures on income excluding pension and on pension income. They also analyse the impact on the consumption of clothing, housing, alcohol &amp; tobacco, schooling, transport, health, remittances, insurance, formal and residual savings.</li> <li>• Authors conclude that pension income is spent the same way as other income.</li> <li>• Female headed household spend less on tobacco and alcohol, while the presence of elder members in the household turns expenditure away from schooling and transportation.</li> <li>• Household income has a modest positive effect on indicators of child nutrition and a larger effect on the ownership of durable goods, while the household head's education level has a positive effect on the measures of economic status and health status of infants.</li> <li>• No consistent impact of pension income on health measures.</li> </ul>
<b>Mitra (2006)</b>	Disability Grant (DG) in South Africa	Baseline: September 2000 and 2001 Follow-up: March and September 2003	Pooled cross-sections of the Labour Force Survey (LFS) from 2000-2003	<ul style="list-style-type: none"> <li>• Mitra uses a variation in the stringency of the eligibility criterion of receiving the DG (enacted in 2002) to carry out a difference-in-difference using a logistic regression to find the impact on labour force participation.</li> <li>• Mitra finds that broad labour force non-participation rates for older men (which includes discouraged workers) increased significantly by 9.2%, while for older women, this fell 2% (but results insignificant for women).</li> <li>• For all males, the coefficient of interest is positive and significantly different from zero, with a marginal effect of 8.6%. This suggests that less intensive disability screening might have led individuals to leave the broad labor force.</li> <li>• However, the impact of benefits on narrow and non-employment definitions of outcome, while being positive, are not significantly differently from zero indicating that the disability reform pushed out discouraged workers from the labour force while employment and job-seeking older males might not have changed their behaviour.</li> </ul>
<b>Eyal and Woolard (2010)</b>	Child Support Grant (CSG) in South Africa	OHS: 1997-98 (also some data for 1999) GHS: 2002-08	October Household Survey (OHS) data in 1997 and 1998 General Household Survey (GHS), from 2002 to 2008 A stacked data set of all the available years from 1997 to 2008 is built, which includes: Age, race, sex, province, education, labour force status, whether the person has an age eligible child or not, household size, number of children in the household, marital status, CSG receipt, household income, weights.	<ul style="list-style-type: none"> <li>• Authors estimate the effect of the child support grant on mothers' labour supply using a number of different strategies including OLS as a bench mark, a difference in difference estimator, using appropriately constructed treatment and control groups, instrumental variables estimates, and descriptive analysis.</li> <li>• Identification is based on the use of specific samples, such as black mothers, aged 20 to 45, whose youngest child is aged within 2 years of the age eligibility cut-off, and unanticipated variation over the years in the age eligibility cut-of, and, they focus on the labour market participation, unemployment conditional on participation, and employment status.</li> <li>• Authors find that grant receipt is associated with a higher probability of being the labour force, lower unemployment probability for those who do participate, and a higher probability of being employed.</li> <li>• These effects are not small, ranging as high as 15% for some groups.</li> <li>• The effect of having an age eligible child is indeterminate, and depends on whether the shock of additional income is seen as transitory or permanent.</li> <li>• Low income households find grant receipt to be more important, with large effects on employment probability. Many robustness and specification checks are used, including placebo regressions in the pre-treatment years, to ensure the estimated effect is not due to age or another variable.</li> <li>• No attempt has been made to exploit the variation in the number of child support grants received by each woman, nor the duration in receipt, or the variation in grant amount over the years. Potential to look at variation in the weekly hours or earnings of women exist.</li> </ul>

Study	Country	Years	Data	Method and results
<b>Aguero, Carter and Woolard (2009)</b>	Child Support Grant (CSG) in South Africa		KwaZulu-Natal Income Dynamics Study (KIDS)	<ul style="list-style-type: none"> <li>• Authors test whether receipt of the CSG during the first 36 months of a child's life had an impact on child nutrition as measured by height-for-age.</li> <li>• The paper conditioned on a measure for eagerness of the mother in an attempt to capture the true causal effect of the CSG.</li> <li>• The authors found that children who received the CSG during the first three years of their life (i.e. during the so-called "nutritional window" during which adult height is largely determined) had significantly higher height-for-age than those who did not.</li> </ul>
<b>Williams (2007)</b>	Child Support Grant (CSG) in South Africa	2002-2007	General Household Surveys (GHS) of July 2002, 2003, 2004, and 2005, the Labour Force Surveys (LFS) of September 2004 and March 2005, and administrative data from the national and provincial budgets (National Treasury 2005 and 2007).	<ul style="list-style-type: none"> <li>• Williams looks at the impact of the Child Support Grants (CSG) on the impact of labour force participation as well as on the level of school attendance and hunger levels.</li> <li>• Age of children at which outcomes are measured:</li> <li>• He looks at the impact of having children of different age groups in the household (age groups are 0-3 yrs, 4-6 yrs, 7-8 yrs, 9-10 yrs, 11-13 yrs) on the outcome variables of hunger and school attendance.</li> <li>• When the outcome variable is hunger, it is a binary variable equal to one if any child in the household is reported as having gone hungry in the past year because of a lack of food, zero otherwise. The model looks at the extensive margins (whether children in the household go hungry) and opposed to the intensive margin (the severity of the hunger level).</li> <li>• For the units of observation for the school attendance regressions are each school-age child (ages 7-17) for the years 2002-2005.</li> <li>• Main results:</li> <li>• Results provide strong evidence that the receipt of CSG reduces child hunger. Each CSG a household receives is associated with a decrease of 8-14% in the probability that any child goes hungry.</li> <li>• The CSG affects almost entirely only the child who is qualified for the grant as opposed to being equally spread amongst other non-eligible children in the household.</li> <li>• Receiving the CSG increases the likelihood of the school attendance of a child. After adjusting for the grant take-up rate, CSG receipt appears to decrease the probability a school-age child is not attending school by over half. Overall the impact is stronger for children from rural areas and those from informal dwellings.</li> <li>• Williams separates and compares the sample into mothers who are income-eligible and receiving a grant, income-eligible and not receiving a grant, not income-eligible and receiving a grant, and not income eligible and not receiving a grant.</li> <li>• In South Africa, during the period studied the school attendance rate amongst Africans and other colored children is already at relatively high levels (at 95.6%) and therefore, with a 2.4%.</li> </ul>
<b>Case, Hosegood and Lund (2005)</b>	Child Support Grant (CSG) in South Africa	2002-2004	Longitudinal data collected through the Africa Centre for Health and Population Studies.	<ul style="list-style-type: none"> <li>• Authors examined the reach and impact by conducting a probit regression in which reports on CSG are regressed on a set of indicator variables for luxuries owned which included include a refrigerator, a hot water heater (geyser), a washing machine, a television, a VCR, a computer, and a car.</li> <li>• Results: Controlling for a child's age, sex, household size and composition, and parents' status, they find that several luxuries are negatively and significantly associated with reporting a CSG.</li> <li>• Children whose fathers have died are significantly more likely to be receiving a grant. Households with greater numbers of children age-eligible to receive the grant report receiving a larger number of grants, on average. However, among the District's poorest children, only 50 per cent are receiving the grant.</li> <li>• To analyse the relationship between grant receipt and school enrolment, they ran probit regressions of enrolment in 2003/04 on an indicator that the child was reported in 2002 to be receiving a grant.</li> <li>• <b>Results:</b> They find CSG receipt in 2002 is associated with an 8.1 percentage point increase in school enrolment among 6 year olds, and a 1.8 percentage point increase among 7 year olds.</li> <li>• This is noteworthy, given that on average grant-receiving children have</li> </ul>

Study	Country	Years	Data	Method and results
				<p>less well-educated parents and are residing in poorer households.</p> <ul style="list-style-type: none"> <li>Based on descriptive statistics they find that 36 per cent of all children under the age of 7 have had some contact with the Child Support Grant system, with no difference in contact for girls and boys. Between 80 and 90 per cent of children aged 1 to 6 who have had contact with the system were receiving a grant in 2002.</li> </ul>

## ANNEX 2.A4. DATA SOURCES

Table 2.A4.1. Notes and sources for sections 1 and 4

Country	Year	Sources	Notes (coverage or scheme)
<b>Public social expenditure (Figure 2.1)</b>			
Brazil	2005	IPEA, quoted in Neri (2010).	Includes pensions, sick pay and maternity leave, social assistance (elderly disabled, youth, Bolsa Familia), unemployment benefits, and health.
Chile	2007	OECD SOCX.	
China	2008	Ministry of Finance, quoted in the November 2009 Quaterly Update of the World Bank Office, Beijing.	Includes health, social security and employment (included in the budget), and social security funds (not included in the budget)
India	2006/07	Combined budgetary transactions of the centre and the states, Ministry of Finance.	Includes pension, food subsidies, social security and welfare, health and water supply and sanitation, family, housing, and employment.
Mexico	2007	OECD SOCX.	
Russian Federation	2007	OECD Secretariat estimates based on available budget data.	Includes pensions, health, family and other types of social assistance.
South Africa	2007/08	Financial Statistics of Consolidated General Government 2007/08. Statistics South Africa.	Includes health, housing and community amenities and social protection.
Turkey	2007	OECD SOCX.	
<b>Social insurance coverage (Figure 2.2)</b>			
Brazil	1995, 2001, 2009	PNAD	Instituto de previdência
Chile	1996, 2000, 2009	CASEN	AFP (Administradora de Fondos de Pensiones) and other public pension scheme
China	2003, 2008	Zhu, 2009	Urban basic pension and urban unemployment
India	2006	ILO SECSOC	Employees Pension Scheme
Indonesia	2007	IFLS	TASPEN, ASABRI, JAMSOSTEK
Mexico	1995, 2000, 2009	ENE (1995 and 2000), ENOE (2009)	IMSS + ISSSTE
South Africa	2000, 2007	LFS	UIF or private pension provided by employer
Turkey	2000, 2008	LFS	Any social security institution related to main job
<b>Cash transfers (Figure 2.3)</b>			
Brazil	2009	PNAD	Bolsa Familia, Benefício Assistencial de Prestação Continuada, PETI, Bolsa escola, Bolsa alimentação
Chile	2009	CASEN	Chile solidario, Pension basica solidaria, Aporte solidario, Subsidio Unico Familiar
Mexico	2008	ENIGH	Progres/Oportunidades and programa para adultos mayores
South Africa	2008	NIDS	Child support grants, Care dependency grant, Disability grants, Old-age pension.
<b>Share of the total population covered by the main health schemes in countries with health insurance systems (Figure 2.13)</b>			
Chile	2009	FONASA	Contributory: FONASA (groups B, C, D) and Isapres
	""	""	Non-contributory: FONASA (group A)
China	2008	Zhu (2009)	Contributory: Urban basic scheme
	""	""	Non-contributory: URBMIS and New Rural Cooperative Medical Scheme-NRCMS
India	2010	ESIC ( <a href="http://esic.nic.in/coverage.htm">http://esic.nic.in/coverage.htm</a> )	Contributory: ESIC
	2009	ILO social protection floor initiative and Olivier (2009)	Non-contributory: RSBY and welfare funds
Indonesia	2007	Providing health insurance for the poor, ILO <a href="http://www.ilo.org/public/english/region/asro/bangkok/events/sis/download/paper25.pdf">http://www.ilo.org/public/english/region/asro/bangkok/events/sis/download/paper25.pdf</a>	Contributory: Askes and Jamsostek
	2008	""	Non-contributory: Jamkesmas
Mexico	2008	INEGI	Contributory: IMSS and ISSSTE
	2010	""	Non-contributory: Seguro Popular
Turkey	2008	Aran and Hentschel (2009)	Contributory: SGK
	2008	""	Non-contributory : SGK-Green Card

Table 2.A4.2. Notes and sources for section 3 (cash transfers)

Country	Programme	Year	Sources	Notes (coverage or scheme)
<b>Features of main cash transfer programmes (Table 2.3)</b>				
Brazil	Prévidencia Rural	2010		
	Benefício de Prestação Continuada	2010	Data on coverage come from <a href="http://www.ilo.org/public/english/protection/spfag/download/briefs/brazil.pdf">http://www.ilo.org/public/english/protection/spfag/download/briefs/brazil.pdf</a>	
	Bolsa Familia			
Chile	Pensión Básica Solidaria de Vejez (PBS)	2010	<a href="http://www.spensiones.cl/safpstats/stats/">http://www.spensiones.cl/safpstats/stats/</a>	Target of share of households refers to July 2011
	Aporte Previsional Solidario (APS)		<a href="http://www.spensiones.cl/safpstats/stats/">http://www.spensiones.cl/safpstats/stats/</a>	Target of share of households refers to July 2011
	Subsidio Unico Familiar			
	Chile Solidario		The number of beneficiaries and total expenditure comes from OECD Chile Labour Market and Social Policies Review (2009)	
China	Dibao	2008	The share of households covered and total expenditure in GDP comes from the OECD China Economic Survey (2010)	
India	Indira Gandhi National Old-Age			
Indonesia	Program Keluarga Harapan	2009		
Mexico	70 y más	2009	SEDESOL	
	Oportunidades	2008	The number of beneficiary households comes from SEDESOL – Oportunidades, <a href="http://www.oportunidades.gob.mx/Wn_Inf_General/Padron_Liq/Cober_Aten/index.html">http://www.oportunidades.gob.mx/Wn_Inf_General/Padron_Liq/Cober_Aten/index.html</a> , the total number of households from CONAPO <a href="http://www.conapo.gob.mx/prensa/2008/bol2008_02.pdf">http://www.conapo.gob.mx/prensa/2008/bol2008_02.pdf</a> .	
	Apoyo al adulto mayor de	2010	Share of households covered are from CONSAR.	
Russia	Social pension for the elderly	2010	OECD Labour market review of the Russian Federation (2010)	
South Africa	Child Support Grant	2008	The share of households receiving benefits come from Leibbrandt <i>et al.</i> (2010a).	
	Old Age Pension	2008	The shares of relevant population and households covered come from the Database in Barientos <i>et al.</i> (2010)	
Turkey	Şartlı Nakit Transferi	2009	Data on targeted population and conditions is from General Directorate of Social Assistance and Solidarity (2009), Şartlı Nakit Transferi Brochure. Numbers of participants are from Social Solidarity Foundation, Activity Report 2009	
<b>Expenditure and benefit level of main cash transfer programmes (Figure 2.9)</b>				
Brazil	Previdencia Rural	2009/2010	2010 expenditure data from <a href="http://www.ilo.org/public/english/protection/spfag/download/briefs/brazil.pdf">http://www.ilo.org/public/english/protection/spfag/download/briefs/brazil.pdf</a>	2010 data for average transfer as share of average wage
	BPC	2008/2010	2008 expenditure data from <a href="http://www.ilo.org/public/english/protection/spfag/download/briefs/brazil.pdf">http://www.ilo.org/public/english/protection/spfag/download/briefs/brazil.pdf</a>	2010 data for average transfer as share of average wage
	Bolsa Familia	2009	Expenditure data from <a href="http://www.ilo.org/public/english/protection/spfag/download/briefs/brazil.pdf">http://www.ilo.org/public/english/protection/spfag/download/briefs/brazil.pdf</a>	2009 ILO data for average transfer as share of average wage
Chile	Pensión Básica Solidaria	2010	<a href="http://www.spensiones.cl/safpstats/stats/">http://www.spensiones.cl/safpstats/stats/</a>	
	Chile Solidario	2008		
	SUF			
China	Dibao	2008	Expenditure in GDP comes from the OECD China Economic Survey (2010), average transfers from Barientos <i>et al.</i> (2010)	
India	Indira Gandhi Old Age			
Mexico	Oportunidades			
	70 y más	2009	Database in Barientos <i>et al.</i> (2010)	2009 data for average transfer as share of average wage
South Africa	Old Age Pension	2008/2009	2008 Data on expenditure from the Database in Barientos <i>et al.</i> (2010)	2009 data for average transfer as share of average wage
	Child Support Grant	2009/2010		
Turkey	Şartlı Nakit Transferi	2009	Data on expenditures are from Social Solidarity Foundation, Activity Report 2009	