Social assistance
and inclusive growth

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Abstract  The expansion of social assistance in low- and middle-income countries raises important issues for inclusive growth. Labour is by far the principal asset of low-income groups. Changes in the quantity, quality, and allocation of labour associated with social assistance will impact on the productive capacity of low-income groups and therefore on inclusive growth. The article re-assesses the findings reported by impact evaluations of social assistance in low- and middle-income countries to address this issue. Most studies have tested for potentially adverse labour supply incentive effects from transfers but have failed to find supportive evidence. The article highlights findings from this literature on the effects of social assistance on human capital accumulation and labour reallocation. They point to the conclusion that well-designed and well-implemented social assistance contributes to inclusive growth.

Keywords  social assistance, poverty, standard of living, social development, economic development, developing countries, international

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[Correction added on 17 December 2020, after first online publication: The copyright line was changed.]
Introduction

Social assistance has become the main social protection institution in low- and middle-income countries in terms of reach. This raises important issues for inclusive growth. Labour is by far the principal productive asset available to low-income households. Upgrading the productive capacity of low-income and vulnerable households will ensure their incomes grow as fast as, or faster, than better off groups. A feature of recent social assistance design is the attention paid to combining consumption subsidies with efforts to improve the productive capacity of vulnerable households. The article reviews and re-assesses the findings from impact evaluation studies on the labour market outcomes associated with participation in social assistance programmes with the aim of throwing light on the latter’s contribution to inclusive growth.

The review comes in two parts. The first part addresses the question of whether social assistance generates adverse labour market incentives and therefore impacts inclusive growth negatively. Following the canonical labour economics literature in high-income countries, studies in low- and middle-income countries have tested for short-term adverse labour supply incentive effects from social assistance transfers. Overall, available evaluation studies have failed to find adverse labour supply effects. There is an emerging consensus on this finding.

The second part addresses the issue of whether social assistance can have positive effects on the productive capacity of low-income groups. Impact evaluation studies have paid less attention to this issue. This is in part due to their focus on short-term effects, often dictated by the nature of experimental data. However, paying close attention to the findings on human capital outcomes and on the reallocation of household labour from this literature will provide important insights into the potential contribution of social assistance to inclusive growth. For example, studies have found measurable effects on the accumulation of productive capacity, especially by children (Baird et al., 2013; Duflo, 2003; Glewwe and Kassouf, 2012); and on improvements in the allocation of productive resources within households (Barrientos and Villa, 2015; Posel, Fairburn and Lund, 2006). They indicate that participation in social assistance programmes supports the augmentation and reallocation of productive capacity.

1. For an excellent account of the canonical view see (Moffitt, 2002).
2. Inclusive growth can be defined as growth “that enables the poor to actively participate in and significantly benefit from economic activity” (Kakwani and Pernia, 2000, p. 3). Inclusive growth is by definition poverty reducing. A more restrictive definition of inclusive growth (Ravallion and Shen, 2003) requires that the standards of living among low-income groups grow faster than the standards of living of better off groups, reducing income inequality between these groups. In this more restrictive definition, inclusive growth is poverty and inequality reducing.
Improvements in the productive capacity of low-income households are a requisite for poverty eradication, inclusive growth and equity.

Our approach is to examine available findings from impact evaluation studies of social assistance programmes. We rely on the information provided in published meta-analysis and systematic reviews on the effect of social assistance. Meta studies review, harmonize, and synthesize the vast and growing body of evidence emerging from the evaluation literature. Where meta studies are not available, we rely on the information provided by an additional database of evaluation studies collected for this purpose. Where relevant, particular studies are selected to illustrate the weight of the evidence emerging from these studies.

The main conclusion emerging from this review is that well-designed and well-implemented social assistance supports labour market outcomes as well as improvements in the productive capacity of disadvantaged groups, and can therefore contribute to securing inclusive growth. The remainder of the article is organized around three main sections. The next section traces the rapid expansion of social assistance in low- and middle-income countries since the start of the century. We then offer a summary review of findings on the effects of social assistance participation on adult labour supply. The third section highlights findings on social assistance effects on productive capacity and on reallocation of labour resources. A conclusion gathers the main points and speculates on the impact of the COVID-19 pandemic on social assistance and inclusive growth.

Social assistance expansion

Disadvantaged groups in low- and middle-income countries are seldom covered by insurance and labour market policies (Castañeda et al., 2018). Social assistance, defined as budget-financed rules-based transfers to disadvantaged groups with the aim of addressing poverty, is the most significant component of social protection systems in terms of reach.

In low- and middle-income countries, with few exceptions, social assistance is provided through large-scale programmes targeted on vulnerable population

3. The systematic reviews and meta-analysis used are: de Hoop and Rosati (2014) and Dammert et al. (2018) for child labour; Banerjee et al. (2017) for adult labour supply; Bastagli et al. (2019) for overall effects on different dimensions; Baird et al. (2014) for school attendance; Tirivayi, Knowles and Davis (2016) and Veras Soares et al. (2017) for the interaction between social protection and agriculture programmes; Kabeer and Waddington (2015) for the economic impacts; Hidrobo et al. (2018) for the ownership of (rural) productive assets; and Gentilini and Adhikari (2018) for migration. Other reviews have also been considered such as Garcia and Saavedra (2017) for education outcomes and Angelucci (2012) for migration.

4. The term “insurance” is used here in preference to social insurance to capture the variety of institutions in low- and middle-income countries as regards the manner in which pension and health-care benefits are mandated, financed, administered and governed.
groups. Social assistance programmes vary significantly across countries and regions, but four main types can be distinguished (Barrientos, 2007). Pure income transfers provide regular transfers in cash to households or population groups facing poverty and vulnerability. Their main objective is to support consumption to population groups, especially to those who are vulnerable, for example through old-age and disability transfers. Employment guarantees provide regular transfers in cash or in kind to vulnerable household on condition that household members provide labour. These are permanent entitlements (in contrast to short-term public works). Conditional income transfers provide transfers in cash and services to vulnerable households conditional on compliance with schooling, nutrition, or health-care access requirements (Barrientos, 2019). They support household consumption while at the same time encouraging improvements in productive capacity. Integrated anti-poverty programmes consist of multidimensional interventions packaged to support vulnerable households. They often include direct intermediation services by welfare workers.

Social assistance has shown a rapid expansion in low- and middle-income countries since the turn of the century. Table 1 shows trends in social assistance types for low- and middle-income countries (Barrientos, 2018).

A feature of the expansion of social assistance in low- and middle-income countries is the significant number of impact evaluation studies carried out to provide quasi-experimental evidence on their effectiveness. Meta studies have processed, summarized and harmonized the findings from evaluation studies (see footnote 3). In this article, the focus is on findings on reported findings on the labour outcomes of social assistance programmes.

### Adult labour supply

By and large, impact evaluation studies examining the labour supply outcomes associated with participation in social assistance programmes in low- and middle-income countries (SALMIC); Barrientos (2018).

| Table 1. Reach of social assistance in low- and middle-income countries (millions) |
|-----------------------------------------------|--------|--------|--------|--------|
| Pure transfers                                | 50.9   | 156.4  | 254.0  | 365.4  |
| Employment guarantees                         | 0.5    | 13.0   | 257.2  | 185.9  |
| Conditional income transfers                  | 31.4   | 94.8   | 167.6  | 208.2  |
| Integrated programmes                         | 12.1   | 37.1   | 103.4  | 83.1   |

Note: Reach measures the population benefiting from social assistance, including direct and indirect beneficiaries (recipient’s co-residents).

Sources: Social Assistance in Low and Middle Income Countries database (SALMIC); Barrientos (2018).
middle-income countries have tested for potential short-term adverse impact on overall labour supply (Alzúa, Cruces and Ripani, 2013; Eyal and Keswell, 2008; Filho, 2008; Foguel and de Barros, 2010; Freije et al., 2006). This focus is in line with canonical labour economics research on the effects of transfers on work incentives in high-income countries (Blank, 2002; Feldstein, 1987; Moffitt, 2002).

The vast majority of studies on low- and middle-income countries, across regions and programmes, finds no statistically significant systematic effects on the labour supply of adult participants. This applies to both the intensive (hours) and extensive (participation) margins (Bastagli et al., 2019). See Table 2, which reports on the main findings.

This literature focuses mainly on aggregate individual labour supply effects. A handful of studies pay attention to differences in participant socioeconomic conditions, context and programme design. Barrientos and Villa (2015), for example, find increases in the labour supply of single mothers with young children. They suggest that labour supply effects vary across population groups. Larger and statistically significant labour supply effects are found for specific age categories. Labour supply effects of transfer receipt are stronger, and negative, for older persons in receipt of social pensions (Galiani, Gertler and Bando, 2016). The strongest results apply to labour supply effects associated with programme participation by children, especially where programmes incentivise school attendance or explicitly discourage child labour (de Hoop and Rosati, 2014). Child labour will be discussed in more detail below.

**Productive capacity**

While programme evaluation studies have focused primarily on (short-term) adult labour supply effects, they also document secondary effects on labour and human development outcomes. These secondary effects throw light on intra-household labour resource reallocation and augmentation responses crucial to improvements in productive capacity. This section presents findings on children’s human development and labour supply, sectorial reallocation of labour, and migration.

**Child labour supply and human development**

With few exception, impact evaluations find that anti-poverty transfers reduce child labour, at both the intensive and extensive margins (de Hoop and Rosati, 2014) while leading to increases in school attendance and enrolment among social assistance beneficiaries (Cooper et al., 2020; Manley and Slavchevska, 2019). Table 3 reports on these findings. The reduction in labour supply appears to be more pronounced for boys. Lower baseline labour force

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Table 2. Income transfer effects on adult labour supply

| Meta-study                  | Programme (country) | Outcome                                  | Group     | Treatment effect | 95% confidence interval |
|----------------------------|---------------------|------------------------------------------|-----------|------------------|-------------------------|
| Aluúa, Cruces and Ripani (2013) | PRAF (Honduras)     | Whether working                          | Female    | -0.01            | (0.035; -0.055)         |
|                            |                     | Whether working                          | Male      | -0.005           | (0.030; -0.040)         |
|                            | RPS (Nicaragua)     | Whether working                          | Female    | -0.02            | (0.038; -0.079)         |
|                            |                     | Whether working                          | Male      | -0.009           | (0.030; -0.048)         |
|                            | PROGRESA (Mexico)   | Whether working                          | Female    | -0.02            | (-0.002; -0.038)        |
|                            |                     | Whether working                          | Male      | 0.003            | (0.032; -0.026)         |
|                            | PRAF (Honduras)     | No. of hours worked (among those working)| Female    | 1.84             | (-0.777; -4.457)        |
|                            |                     |                                          | Male      | 0.493            | (1.710; -0.724)         |
|                            | RPS (Nicaragua)     | No. of hours worked (among those working)| Female    | -5.668           | (2.399; -13.735)        |
|                            |                     |                                          | Male      | -1.475           | (2.051; -5.001)         |
|                            | PROGRESA (Mexico)   | No. of hours worked (among those working)| Female    | 0.184*           | (0.400; -0.032)         |
|                            |                     |                                          | Male      | -0.015           | (0.095; -0.125)         |
| Skoufias and Di Maro (2008) | PROGRESA (Mexico)   | All work (nov. 99)                       | Male 18-55+ | 0.006       | (0.022; -0.010)         |
|                            |                     | Salaried work (nov. 99)                  | Male 18-55+ | 0.025       | (0.070; -0.020)         |
|                            |                     | Self-employed/family business (nov. 99)  | Male 18-55+ | -0.007      | (0.032; -0.046)         |
|                            |                     | All work (nov. 99)                       | Female 18-55+ | -0.006      | (0.018; -0.030)         |
|                            |                     | Salaried work (nov. 99)                  | Female 18-55+ | 0.001       | (0.013; -0.111)         |
|                            |                     | Self-employed/family business (nov. 99)  | Female 18-55+ | 0           | (0.020; -0.020)         |

(Continued)
Table 2. Income transfer effects on adult labour supply - Continued

| Meta-study     | Programme (country) | Outcome               | Group | Treatment effect | 95% confidence interval |
|----------------|---------------------|-----------------------|-------|------------------|-------------------------|
| Banerjee et al. (2017) | PRAF                | Worked last week      |       | -0.0295*         | (0.003; -0.062)         |
|                | Tayssir             | Worked last week      |       | -0.0097          | (0.035; -0.054)         |
|                | PPPP                | Worked last week      |       | 0.0096           | (0.039; -0.020)         |
|                | PAL                 | Worked last week      |       | 0.0135           | (0.043; -0.016)         |
|                | PKH                 | Worked last week      |       | -0.0043          | (0.012; -0.021)         |
|                | RPS                 | Worked last week      |       | -0.0202          | (0.013; -0.053)         |
|                | Progresa            | Worked last week      |       | -0.0089          | (0.006; -0.024)         |
|                | PRAF                | Hours worked per week |       | -0.51            | (0.901; 1.921)          |
|                | Tayssir             | Hours worked per week |       | -0.48            | (1.48; -2.44)           |
|                | PPPP                | Hours worked per week |       | 0.37             | (1.938; -1.198)         |
|                | PAL                 | Hours worked per week |       | 1.15             | (2.875; -0.575)         |
|                | RPS                 | Hours worked per week |       | -1.17            | (0.5352; 2.875)         |
|                | Progresa            | Hours worked per week |       | -0.34            | (0.6596; 1.340)         |

Note: *Significant at 10%; ** Significant at 5%; *** Significant at 1%.
Source: Authors’ elaboration.
## Table 3. Income transfer effects on child labour supply

| Study | Programme (country) | Outcome | Group | Treatment effect | 95% confidence intervals |
|-------|---------------------|---------|-------|------------------|-------------------------|
| Barrera-Osorio et al. (2011) | SCAE (Colombia) | No. of hours worked last week | Grade 6-10 | -0.804*** | (-0.0396; -1.5684) |
| Edmonds and Schady (2012) | BDH (Ecuador) | No. of hours worked last week | Grade 11 | -7.349*** | (-4.501; -10.197) |
|           |                    | Paid employment | | -0.099** | (0.007; -0.205) |
|           |                    | Unpaid economic activity | | -0.187*** | (-0.042; -0.332) |
|           |                    | Economic activity (paid employment or unpaid economic activity) | | -0.245*** | (-0.090; -0.400) |
|           |                    | Unpaid household services | | 0.024** | (0.153; -0.105) |
|           |                    | Any work (economic activity or unpaid household services) | | -0.08*** | (0.000; -0.160) |
| Covarrubias et al. (2012) | Social Cash Transfer Programme (SCTP) (Malawi) | Children doing household chores | All children | 0.077*** | (0.122; 0.032) |
|           |                    | Hours spent family farm/nonfarm business | | 0.161*** | (0.259; 0.063) |
|           |                    | Domestic work outside the household | | -0.074*** | (-0.074; -0.074) |
|           |                    | Paid domestic work outside the household | | -0.077*** | (-0.077; -0.077) |
|           |                    | Hours spent on domestic work outside the household | | -0.261*** | (-0.261; -0.261) |
| Del Carpio et al. (2016) | Atencion a Crisis (Nicaragua) | Total labour hours | All children | -2.119*** | (-1.295; -2.942) |
|           |                    | Total labour hours | All children | -1.144*** | (-0.184; -2.104) |
| Skoufas et al. (2001) | PROGRESA (Mexico) | Whether working | Girls 12-17 | -0.023* | (0.002; -0.048) |
|           |                    | Whether working | Boys 12-17 | -0.047** | (-0.003; -0.091) |
| UNC (2016) | Social Cash Transfer Programme (SCTP) (Malawi) | Child labour | | -0.090*** | (-0.037; -0.143) |

Note: *Significant at 10%; ** Significant at 5%; *** Significant at 1%.

Source: Authors’ elaboration.
participation by girls in rural areas implies that girls reduce time spent on household chores to compensate the increased time spent at school, as found in Skoufias et al. (2001), among many others.

The largest reductions in child labour are found in evaluations of conditional income transfers in Latin America where programme design conditions ensure that substitution effects (increased time spent at school works to reduce time available for paid work) move in the same direction as income effects (raised disposable income increases the reservation wage), as modelled by Rubio-Codina (2010). Table 1 shows statistically significant reductions in different indicators of paid child labour across studies. The estimated coefficients are not directly comparable as they compare treatment and control groups on different indicators. Conditional income transfers show consistently favourable effects in reducing paid work by children (Del Carpio, Loayza and Wada, 2016). Effects are also stronger when programmes are targeted explicitly on children or include implicit conditions (UNC, 2016). Aside from Mexico’s Progresa, indicators capturing unpaid work or household chores are positive for participant children compared to the control group.

Favourable effects on child labour are statistically significant but smaller in size for pure income transfers in Africa. Transfer programmes linked to investment in physical assets in sub-Saharan Africa and Asia fail to induce a reduction in child labour (de Hoop, Groppo and Handa, 2019). A plausible explanation, grounded on theory, is that the returns to child labour increase given household investment in physical assets (Covarrubias, Davis and Winters, 2012).

Labour supply effects of conditional income transfers on siblings not receiving, or not eligible for, transfers provide some interesting insights reinforcing the findings on direct participants. Transfers accompanied by schooling conditions generate strong incentives for eligible children to enrol in school. Non-participant or non-eligible siblings benefit from improve household income but are not subject to compliance with schooling conditions. In theory, sibling responses would depend on the possibility that eligible and non-eligible children within a household can act as substitutes in the household labour allocation. Lincove and Parker (2016) find favourable (negative) labour supply effects among non-eligibles in Nicaragua. Barrera-Osorio et al. (2011) show that, within the same household, a child targeted by transfers is more likely to attend school, and work less, than a sibling who is not targeted. Interestingly, non-beneficiary siblings are less likely to attend school than are children in non-beneficiary households.5

5. Filmer and Schady (2011) find no impact on the school enrolment of a beneficiary’s ineligible sibling for a Cambodian programme.
Studies focusing on the longer-term labour effects of participation in social assistance programmes have a better chance of capturing improvements in productive capacity, but they are scarce and show mixed findings.6

Most studies of long-term effects focus on the oldest programmes in Latin America. Barham, Macours, and Maluccio (2017) find that the Red de Protección Social (RPS) programme in Nicaragua increased boys’ schooling and learning outcomes, their engagement in off-farm work and subsequently their income. Molina Millán et al. (2020) estimate that, for the case of Honduras: “(b)oth early childhood exposure to the nutrition and health components of the CCT as well as exposure during school-going ages to the educational components led to sustained increases in human capital”; even if the positive effects are more limited for the indigenous.

They also find positive effects on the probability of international migration. By contrast, Araujo, Bosch and Schady (2017) find mixed results on education (positive effect on attendance, insignificant on learning outcomes) and no significant impact on labour market outcomes in the context of the Ecuador’s Bono de Desarrollo Humano (BDH) unconditional transfer. Baez and Camacho (2011) and García et al. (2012) find that Colombia’s Familias en Acción (FA) improved school attendance, but not test scores. In a related study from Colombia, Barrera-Osorio, Linden and Saavedra (2019) find that a conditional income transfer in Bogotá increased enrolment in tertiary education.7 Finally, two recent studies analyse the long-term effects of Mexico’s Progresa conditional cash transfer. Parker and Vogl (2018) find young adults who participated in the programme show better educational and labour market outcomes, geographic mobility, and household economic conditions. Kugler and Rojas (2018) find that the effects of delayed implementation might not be significant where effects are cumulative, leaving the length of exposure as the only viable strategy to identify longer-term programme effects. They find that the average person exposed to Progresa for 8 years “is 36.6 per cent more likely to be employed … and earning 5 more pesos per hour than an individual never exposed to the programme” (Kugler and Rojas, 2018, p. 26). Therefore, aside from being scarce, available studies are also inconclusive even in relation to some critical outcomes.

Conditional income transfers increase human capital investment in terms of schooling, but it remains uncertain whether programme participation translates into improved productive capacity and labour outcomes. In fact, overall, the

6. Molina Millán et al. (2019) define long-term effects as “those that both: 1) are related to the accumulation of human capital; 2) are observed after beneficiary children have reached a later stage of the life-cycle”. They focus on two life cycle transitions: from early childhood to school, and from school to adulthood.

7. The programme in question is called Subsidios Condicionados a la Asistencia Escolar (Conditional Subsidies for School Attendance).
effects of transfer programmes on final education and health outcomes (such as cognitive abilities, as measured by test scores, and health status) are inconclusive (Bastagli et al., 2019).

**Sectoral labour reallocation**

Social assistance transfers might lead to a reallocation of household labour supply by adults aiming to raise their productivity. Several studies show that adults invest in on- and off-farm business in response to income transfers, engaging in more productive activities (Bandiera et al., 2017; de Brauw et al., 2015; Hidrobo et al., 2018; Skoufias, Unar and Gonzalez de Cossio, 2013). Some studies find a shift in labour supply from on-farm to non-farm work (Asfaw et al., 2014; Gertler, Martinez and Rubio-Codina, 2012; Maluccio, 2010; Tirivayi, Knowles and Davis, 2016). Successful labour and asset reallocations by vulnerable households can be risky. A conditional income transfer in Nicaragua reduced such investments, a result attributed to poor rural transportation (Maluccio, 2010). Bianchi and Bobba (2013) find that asset investments from income transfers are themselves motivated to a greater extent by insurance motives than by the easing of credit constraints.

As to whether social assistance transfers encourage shifts in labour supply between formal and informal employment, we report key findings in Table 4.

This is an important issue because informality has implications for future earnings and productivity (Levy, 2008). Maintaining eligibility for programme transfers might generate incentives for participant households to remain in informal employment. In Brazil, social assistance eligibility is based on an income test, and income from informal employment is less traceable (Firpo et al., 2014). Several papers document a negative effect on formal employment in Latin America (de Brauw et al., 2015; Garganta and Gasparini, 2015; Gasparini, Haimovich and Olivieri, 2009). Yet, receipt of transfers might facilitate formal employment where it can support longer job search. Pure income transfers in South Africa are associated with a shift to formal employment (Tondini, 2017; Tondini, Ardington and Woolard, 2017).

**Migration**

Another labour outcome to consider is whether income transfers affect migration, both labour and non-labour induced. The relevance of migration in the context of social assistance is that migrants seek work in better and more productive jobs than the ones available locally (Sabates-Wheeler and MacAuslan, 2007). Theoretically, income transfers can reduce migration if transfers from social assistance and the
Table 4. Income transfer effects on sectoral reallocation

| Study                     | Programme (country)                          | Outcome                                                                 | Group                                      | Treatment effect | 95% confidence intervals |
|---------------------------|---------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------|------------------|--------------------------|
| De Brauw et al. (2015)    | *Bolsa Familia* (Brazil)                    | Hours worked in formal sector                                           | Total, 18–69                                | -7.98***         | (-5.016; -10.944)        |
|                           |                                             | Hours worked in formal sector                                           | rural, 18–69                                | -0.369           | (3.880; 4.618)           |
| Garganta and Gasparini (2015) | Universal Child Allowance for Social Protection (AUH) (Argentina) | Probability of becoming formal unemployed and informal workers, aged 18–70 | -0.0695*** | (-0.037; -0.102) |
| Gasparini et al. (2009)   | *Programa Jefes de Hogar* (PJH) (Argentina) | Share of individuals with a formal job in year 2                        | Adults                                      | -0.034***        | (-0.010; -0.058)         |
| Tondini (2017)            | Child Support Grant (CSG) (South Africa)    | Informal if employed, 2011                                              | Mothers, non-White only                     | -0.0223**        | (-0.000; -0.044)         |

Note: *Significant at 10%, ** Significant at 5%, *** Significant at 1%.
Source: Authors’ elaboration.
| Study                        | Programme (country) | Outcome                          | Group                        | Treatment effect | 95% confidence intervals |
|------------------------------|---------------------|----------------------------------|------------------------------|-----------------|--------------------------|
| Ardington et al. (2009)      | SA-OAP (South Africa)| Migrating internally            | Female members (17-51)      | 0.051**         | (0.078; 0.035)           |
|                              |                     | Migrating internally            | Male members (17-51)        | 0.034**         | (0.063; 0.011)           |
| Angelucci (2015)             | PROGRESA (Mexico)   | Y=1 if US migrant               | Individuals 14-40            | 0.0037**        | (0.007; 0.000)           |
|                              |                     | Y=1 if US migrant in household  | All eligible households     | 0.0067**        | (0.0123; 0.0010)         |
| Rubalcava and Teruel (2006)  |                     | Work related migration, all     | All individuals              | 8.11***         | (9.22; 6.99)             |
|                              |                     | Work related migration, male    | All individuals              | 9.02***         | (12.51; 5.53)            |
|                              |                     | Work related migration, female  | All individuals              | 6.28***         | (7.16; 5.38)             |
|                              |                     | Work related migration, different country | All individuals | 0.69***         | (0.94; 0.44)             |
|                              |                     | Work related migration, different state | All individuals | 1.94***         | (2.21; 1.67)             |
|                              |                     | Work related migration, United states | All individuals | 0.86***         | (1.04; 0.68)             |
| Azuara (2009)                |                     | Migration 2000, short run       | All villages                 | -0.149***       | (-0.130; -0.169)         |
|                              |                     | Migration 2005, long run        | All villages                 | 0.299***        | (-0.268; -0.330)         |
| Stecklov et al. (2005)       |                     | Migrating internally            | Treated households           | -0.003          | (-0.008; 0.002)          |
|                              |                     | Migrating to US                 | Treated households           | -0.002**        | (-0.004; 0.000)          |

Note: *Significant at 10%; ** Significant at 5%; *** Significant at 1%.

Source: Authors' elaboration.
potential remittances are considered as substitutes. If, however, the two income flows are considered as complementary, migration should increase. This applies where regular income transfer can be used to finance migration.

The evidence is mixed (Gentilini and Adhikari, 2018). Table 5 summarizes the main findings. A positive effect of transfer receipt on migration has been documented for pure income transfers in South Africa (Ardington et al., 2016; Ardington, Case and Hosegood, 2009), but also for conditional income transfers (Angelucci, 2015). The effects are relatively small. Progresa in Mexico reduced migration to the United States, while no effect was documented on internal migration (Stecklov et al., 2005). Gentilini and Adhikari (2018) find that programme design is helpful in explaining the apparent contradiction in the findings. Some programmes implicitly prevent migration as they require participation in local activities and services. Conversely, other social assistance programmes enable migration by decreasing travel costs or through design features that require compliance with schooling conditions, which involve spatial mobility in practice. Studies focusing on migration effects among younger groups find that Mexico’s Progresa reduced boys’ migration by 2 percentage points, while no effects were found for girls (Behrman, Parker and Todd, 2008). This suggests that boys continue schooling at home instead of migrating to look for a job.

Overall, the findings reported in this section throw light on whether social assistance leads to improvements in productive capacity. They show that the most significant labour outcomes associated with social assistance are not to do with adult labour supply, but with the reallocation and augmentation of the productive capacity of disadvantaged households. They highlight the role of social assistance in supporting inclusive growth especially in the medium to long term.

Conclusions and COVID-19

This article has interrogated the findings from the evaluation literature on social assistance with the aim of assessing the latter’s contribution to inclusive growth. Paying close attention to the findings from impact evaluation studies of social assistance transfers, the article:

• confirms that social assistance transfers do not generate adverse labour supply incentives in low- and middle-income countries;
• highlights welcomed improvements in the productive capacity of vulnerable households, through reductions in child labour, sectoral labour reallocation, and spatial labour reallocation

8. Angelucci (2015) finds the opposite effect using an alternative, and less robust, methodology.
These findings point to the conclusion that well-designed and well-implemented social assistance programmes contribute to inclusive growth.

The discussion presented in the article is based on findings from impact evaluation studies on social assistance programmes, collected and harmonized by available meta studies. Without seeking to rehearse current debates on the merits and demerits of experimental studies, two methodological comments are of relevance. Evaluation studies of social assistance based on quasi-experimental methods contribute important knowledge on adverse labour supply effects. Robust findings indicate that social assistance has not generated adverse effects on work incentives. Experimental studies have paid less attention to household labour responses leading to improved productive capacity. Choices over research methods have implications for the knowledge they generate. In this case, studies have privileged research on short-term labour supply responses. Even so, the findings from this literature highlight human capital accumulation and labour reallocation. Social assistance effects on productive capacity are perhaps best studied with longitudinal data. This suggests the need for complementary data collection and analytical methods.

The main policy implication suggested by the discussion in this article underlines the significance of social investment in securing inclusive growth and sustained reductions in poverty and inequality. Social assistance programmes in low- and middle-income countries will maximize their effectiveness by combining policies supporting consumption and supporting investment in productive capacity. On paper, there are few trade-offs in consumption support and social investment objectives. Improved nutrition in childhood, for example, should advance both objectives. Context is important too. Social pensions advance social investment where pensioners co-reside with schoolchildren. In practice, policy-makers might feel inclined to make fine judgements in balancing consumption support and social investment objectives, especially in response to electoral competition. The findings discussed in this article show that social investment is key to social assistance’s contribution to inclusive growth.

The COVID-19 pandemic places this discussion on balancing social assistance objectives in sharp relief. The pandemic threatens to undo many of the gains in poverty and inequality reduction experienced by low- and middle-income countries this century. At the time of writing, the health crisis was the main focus of policy-makers. Minimizing the loss of life has required restrictions on social interaction directly affecting economic activity. There is consensus in early studies that low-income and informal groups particularly face rising unemployment and loss of earnings. Social assistance programmes have figured prominently in governments’ efforts to mitigate the threat to livelihoods among vulnerable groups. A “live database” of government social protection interventions indicates that social assistance accounts for the majority of...
responses (Gentilini et al., 2020). Pre-existing programmes have helped protect the incomes of vulnerable groups and their institutional infrastructure has greatly facilitated the implementation of emergency assistance to other population groups made vulnerable by the health crisis.

The COVID-19 health crisis and its global reach pose unprecedented challenges for the economies of low- and middle-income countries. All the indications are that the health crisis will be followed by a sizeable global recession. Disruption to global and domestic supply chains, drastic contraction in foreign and domestic capital investment, and large increases in private and public debt prefigure trade and macroeconomic adjustments with large-scale employment effects.

The primary role of social assistance in the health crisis has been to support the income and livelihoods of vulnerable groups and to support governments’ emergency assistance to informal and unemployed workers and their families. A global recession will highlight the social investment role of social assistance, its capacity to protect and improve the productive capacity of vulnerable groups – the subject of this article. Recovering human development losses associated with school closures and health-care gaps due to COVID-19 and protecting human capital investments during the envisaged global recession for vulnerable groups will become top priorities. They will require a push for expanding the reach and scope of social assistance in low- and middle-income countries.

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