Capacity Building workshop on Impact Evaluation of Employment Programs

Evaluation of Latvia’s Public Works Program (WWS)

Celine Ferre (Mehtabul Azam, Mohamed Ihsan Ajwad), Gdańsk, February 22, 2017
The Global Financial Crisis was particularly severe on Latvia, which was one of the hardest hit countries in the world.

- GDP contracted by 18 percent in 2009
- 126,000 jobs were lost (11.2% of pre-crisis workforce)

To strengthen safety nets during the crisis, Latvia put in place an emergency public works program: workplaces with stipends – WWS; simtlatnieku programma)
Key characteristics of WWS

- **Eligibility**: all registered unemployed people who do not receive unemployment insurance benefits
- **Order of selection**: first in, first out
- **Duration**: up to 6 months of work
- **Stipend**: 100 LVL per month
- **Targeting mechanism**: self-targeting based on stipend amount and types of work
Assess the WWS program:

- Did the WWS program reach poor and vulnerable people?
- Was the WWS program administration efficient?
- Was WWS effective at protecting beneficiaries from falling deeper into poverty?
- Did the program have longer term impacts?
Methodology to measure the impact of WWS on household welfare

Compare households that participate (Treatment) and do not participate (Control) in the WWS program

• We take advantage of the excess demand for the program:
  • More people applied to WWS than the program could accommodate
  • Compare households that receive WWS (Treatment 1) to households that were still on the waiting list for WWS (Control 1)
• We also construct a second comparison:
  • Isolate individuals who were laid off between August and October 2009
  • We compare those who registered in WWS (Treatment 2) and those who did not (Control 2)

• The difference between Treatment 1 and Control 1 gives an estimate of the impact of the program on those who wanted it
• Comparing Treatment 2 and Control 2 helps to understand what kind of individuals self-select into WWS and check if WWS is targeted the poor and vulnerable

• To ensure that the difference in outcomes is due to the WWS program, we check that Treatment 1 and Control 1 have similar characteristics
• We will then look at the impact of WWS on income, asset ownership, and coping strategies.
Composition of Treatment and Control groups

**TREATMENT 1**
Enrolled in WWS between Jul. 10 and Mar. 11
Total number of individuals: 1166

**CONTROL 1**
Applied to WWS between Jul. 10 and Mar. 11 but stayed on waiting list
Total number of individuals: 1016

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**TREATMENT 2**
Laid off between Aug.-Nov. 09 then took WWS
Total number of individuals: 463

**CONTROL 2**
Laid off between Aug.-Nov. 09, did NOT take WWS
Total number of individuals: 396

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Evaluation Survey

**Number of T1 currently enrolled in WWS by month**

**Number of C1 currently on the waiting list by month**

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T1 and C1 numbers by month:

- **Number of T1 currently enrolled in WWS by month**
  - Sep: 147
  - Oct: 81
  - Nov: 93
  - Dec: 153
  - Jan. 2010: 207
  - Feb: 297
  - Mar: 431
  - Apr: 724
  - May: 515
  - Jun: 425
  - Jul: 198
  - Aug: 198
  - Sep: 198
  - Oct: 198
  - Nov: 198
  - Dec: 198
  - Jan. 2011: 198
  - Feb: 198
  - Mar: 198

- **Number of C1 currently on the waiting list by month**
  - Sep: 139
  - Oct: 192
  - Nov: 238
  - Dec: 242
  - Jan. 2010: 246
  - Feb: 250
  - Mar: 204
  - Apr: 129
  - May: 76
  - Jun: 28
  - Jul: 22
  - Aug: 39
  - Sep: 54
  - Oct: 71
  - Nov: 104
  - Dec: 105
  - Jan. 2011: 99
  - Feb: 56
  - Mar: 56

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*Aug. 09*

Treatment 2 and Control 2 became unemployed (Aug.-Nov. 2009)
Treatment and Control groups are similar

- Treatment 1 and Control 1 are similar prior to registering for WWS to be used in our analysis:

<table>
<thead>
<tr>
<th></th>
<th>T1</th>
<th>C1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household size</td>
<td>2.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Number members under 15 y.o.</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Number members over 60 y.o.</td>
<td>10.4</td>
<td>10.3</td>
</tr>
<tr>
<td>Age</td>
<td>43.6</td>
<td>41.9</td>
</tr>
<tr>
<td>Male</td>
<td>40.4</td>
<td>45.6</td>
</tr>
<tr>
<td>Single</td>
<td>20.5</td>
<td>23.7</td>
</tr>
<tr>
<td>Enrolled in school</td>
<td>1.8</td>
<td>2.7</td>
</tr>
<tr>
<td>Unemployed 12 months ago</td>
<td>46.1</td>
<td>46.0</td>
</tr>
</tbody>
</table>

- Similar educational distribution:
WWS mitigates the impact of income shocks

In the medium term, **WWS insures households against assets loss**
- 2.3% of Treatment households sold an asset in the past 12 months
- versus 3.7% in Control households (difference statistically different at 10%)

In the short term (while enrolled in WWS), **WWS has a positive impact on household income, but not in the medium term horizon (12 months)**

<table>
<thead>
<tr>
<th>All amounts in LVL per month</th>
<th>T1</th>
<th>C1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household monthly income (total recorded by household)</td>
<td>229</td>
<td>231</td>
</tr>
<tr>
<td>Household monthly income (own computations smoothed over 12 months)</td>
<td>193</td>
<td>195</td>
</tr>
<tr>
<td>Household monthly income (own computations for last month)</td>
<td>224</td>
<td>197</td>
</tr>
</tbody>
</table>

The interest in the WWS program and the duration in the program suggests that WWs is an important safety net
- 24% of T1 were previously enrolled in WWS
- almost all beneficiaries stay in the program for the maximum of 6 months
WWS helps households to avoid adopting hard (and soft) coping strategies

- No difference between Treatment 1 and Control 1
  - On job modification (additional work, odd jobs, change in hours worked, change in nature and amount of pay, payment under the table)
  - On credit and loan, selling of house or car
- But Treatment 1 households are less likely to adopt hard and soft coping strategies

<table>
<thead>
<tr>
<th></th>
<th>T1</th>
<th>C1</th>
<th>different</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced consumption of food staple</td>
<td>42.4</td>
<td>50.7</td>
<td>different</td>
</tr>
<tr>
<td>Skipped meals</td>
<td>21.7</td>
<td>28.9</td>
<td>different</td>
</tr>
<tr>
<td>Reduced lighting/heating/water</td>
<td>55.3</td>
<td>59.6</td>
<td>different</td>
</tr>
<tr>
<td>Reduced entertainment consumption</td>
<td>61.9</td>
<td>63.6</td>
<td></td>
</tr>
<tr>
<td>Bought less clothes</td>
<td>62.6</td>
<td>67.7</td>
<td>different</td>
</tr>
<tr>
<td>Withdrew preschool kid</td>
<td>1.5</td>
<td>2.9</td>
<td>different</td>
</tr>
<tr>
<td>Withdrew from university</td>
<td>2.3</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>Withdrew from training classes</td>
<td>3.5</td>
<td>5.4</td>
<td>different</td>
</tr>
<tr>
<td>Reduced educational expenditures</td>
<td>9.7</td>
<td>10.6</td>
<td></td>
</tr>
<tr>
<td>Reduced doctor's appointments (preventive)</td>
<td>30.1</td>
<td>35.0</td>
<td>different</td>
</tr>
<tr>
<td>Reduced doctor's appointments (when ill)</td>
<td>32.5</td>
<td>36.6</td>
<td>different</td>
</tr>
<tr>
<td>Stopped buying medicine</td>
<td>33.4</td>
<td>36.4</td>
<td></td>
</tr>
<tr>
<td>Cancelled phone service</td>
<td>5.8</td>
<td>8.9</td>
<td>different</td>
</tr>
<tr>
<td>Postponed investments in business</td>
<td>3.1</td>
<td>4.4</td>
<td></td>
</tr>
<tr>
<td>Reduced help to friends</td>
<td>10.9</td>
<td>11.7</td>
<td></td>
</tr>
<tr>
<td>Cut TV service</td>
<td>5.2</td>
<td>7.2</td>
<td>different</td>
</tr>
<tr>
<td>Cut internet service</td>
<td>6.8</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>Change transportation mode</td>
<td>4.1</td>
<td>5.6</td>
<td></td>
</tr>
</tbody>
</table>
Summary of Findings

- **Targeting performance**
  - Most WWS beneficiaries are poor and vulnerable people

- **Administration and implementation**
  - Although beneficiaries view WWS positively, most participants do not know about programs linked to WWS

- **WWS performance as a safety net**
  - Mitigates the impact of income shocks
  - Protects households from adopting harmful coping strategies
  - Substitutes for other safety nets
  - Covers too few

- **Human capital accumulation**
  - WWS has a limited impact on skills and hence, long term employability