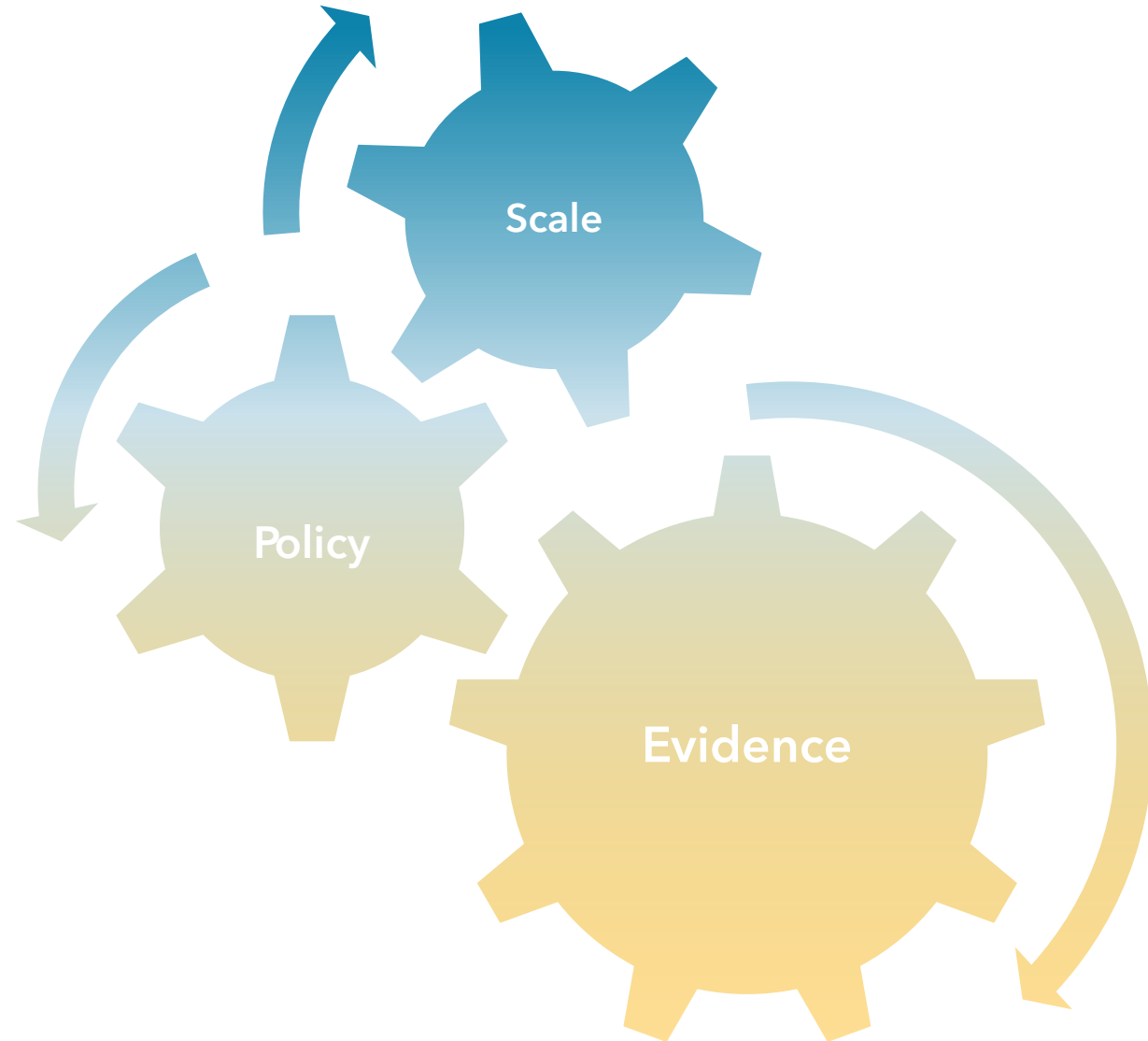
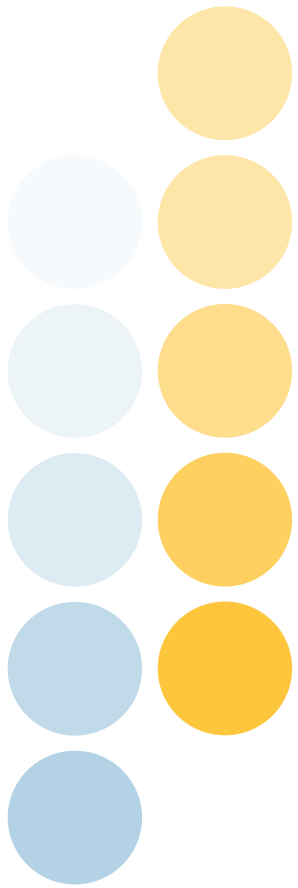


PEI Impact Evaluation Workshop

Moving Economic Inclusion to scale



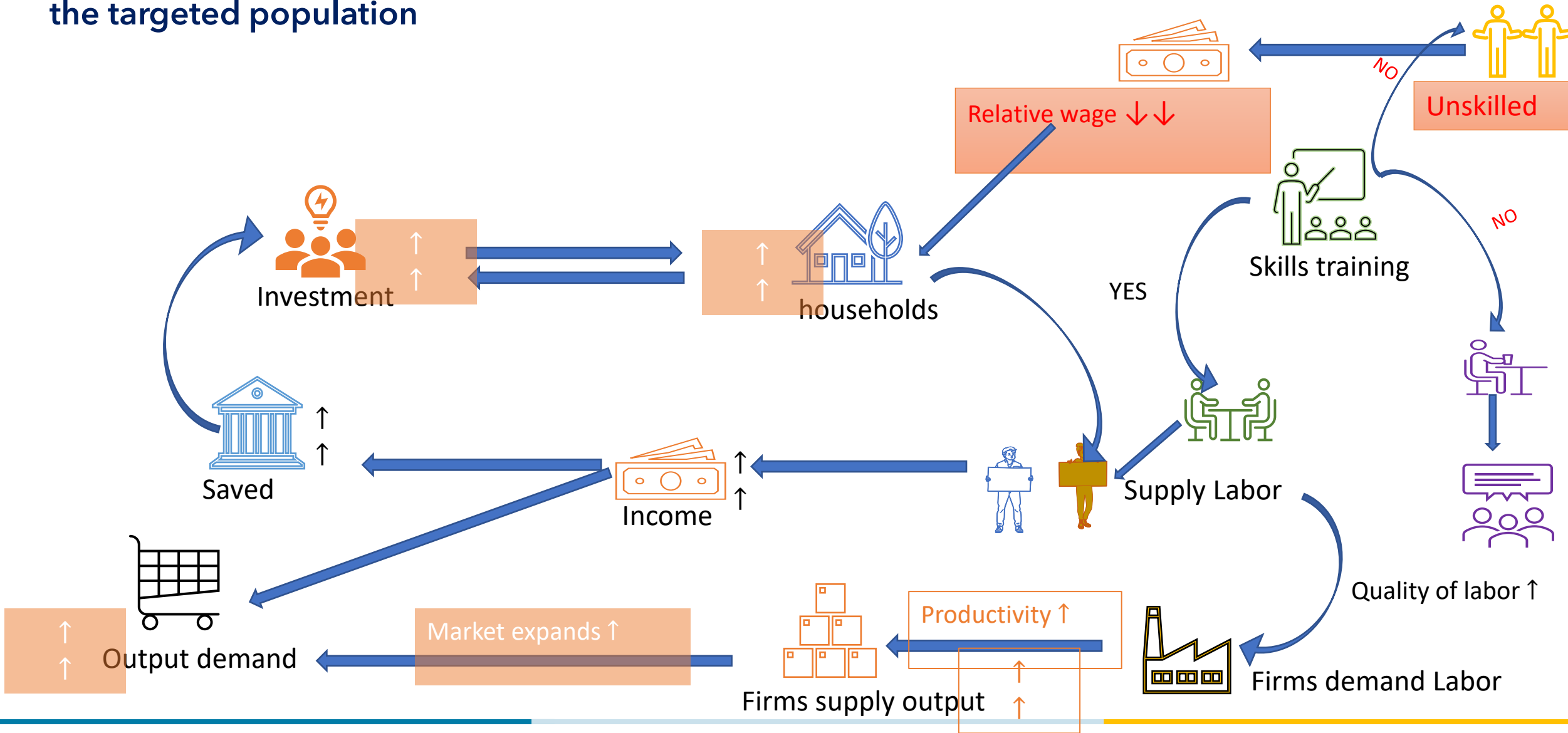


Looking beyond the targeted population

how do large-scale programs affect wellbeing more broadly?

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World Bank, AGIL

Overall welfare and cost-effectiveness of interventions depends on what happens beyond the targeted population

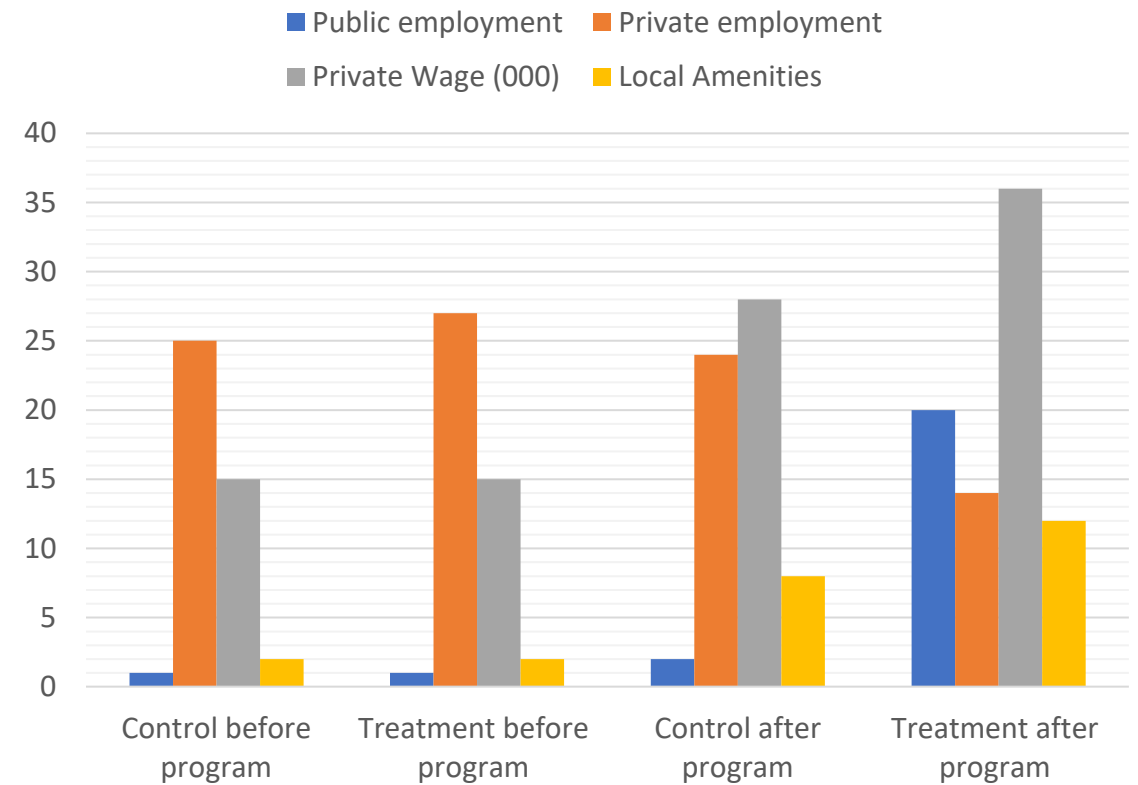


General equilibrium effects: why do we care?

Social programs often have indirect or spillover effects

- Intervention/shocks leads to unexpected changes in economic outcomes
- The individual impacts may differ from the aggregate effects
 - Such effects become apparent at scale
 - Relative prices change
- Cash or in-kind transfers affect consumption of non-beneficiaries and prices

EXAMPLE: DIRECT AND INDIRECT IMPACTS OF PW



Case 1: A public employment program (Ethiopia)

Ethiopia's UPSNP (Urban Productive Safety Net Program)

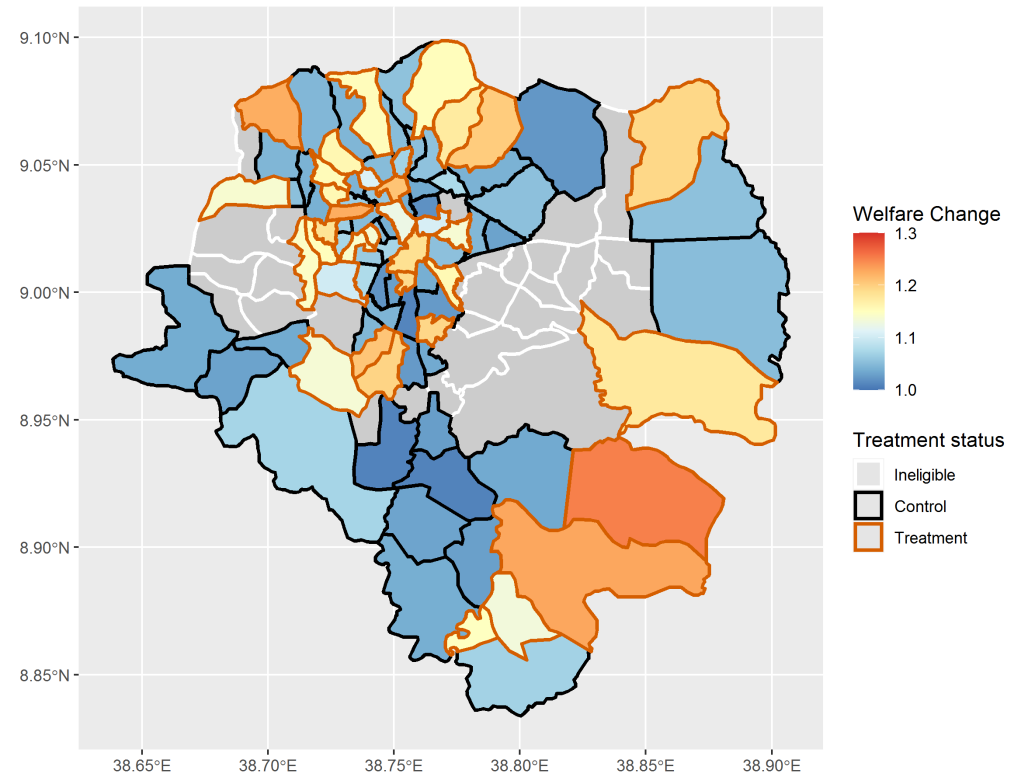
- UPSNP
 - three years of employment on neighborhood projects for the poor.
- How well does the program reduce poverty?
 - Direct: Estimates of the program effects on employment and earnings
 - Indirect: improvements in local amenities (and consumption and residential mobility).
 - Indirect: spatial spillovers through the commuting network on labor markets across the city.



Case 1: A public employment program (Ethiopia)

Ethiopia's UPSNP (Urban Productive Safety Net Program)

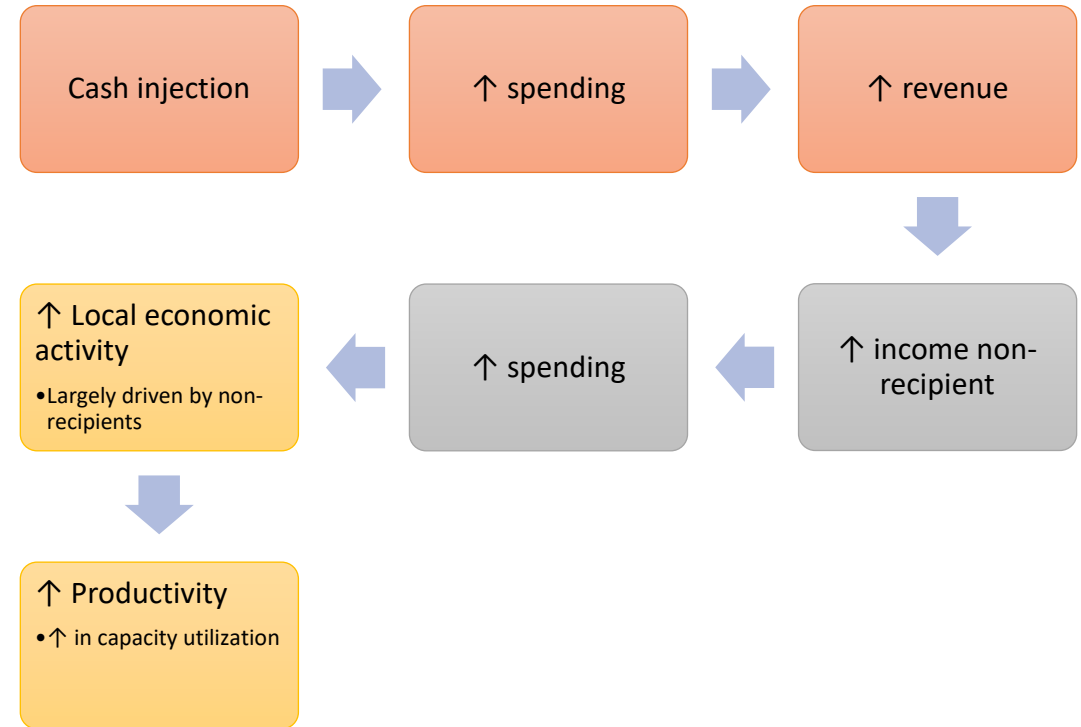
- In treated locations, the program generates
 - Increased public employment (12.5%)
 - Reduced private labor supply (12.8%)
 - Improvements in local amenities (2.5%)
- A simple Treated and control woredas comparison of wages suggest a 9.3% increase in wages
- Considering labor market spillovers
 - Private sector wages increased by 14% in treated and 3% in untreated labor markets
 - Under full roll-out, wages increased by 18.6% everywhere.



Case 2: Direct Cash Transfer (Kenya)

GENERAL EQUILIBRIUM EFFECTS OF CASH TRANSFERS: EXPERIMENTAL EVIDENCE FROM KENYA (Egger Et Al., 2021)

- A one-time cash transfer worth roughly USD 1000 to over 10,500 poor households in a sample of 653 villages
- Explore both the direct and indirect impacts of the transfer
 - What happens to those who did not receive the cash grant?
- Significant consumption and asset impacts on recipients. But no labor supply effect
- Positive cross-village spillovers,
 - Enterprise revenue increase by 47% in treatment and 32% in control villages driven by an aggregate demand shock
 - Increase in expenditure among non-recipients (due to higher business income and labor earnings)



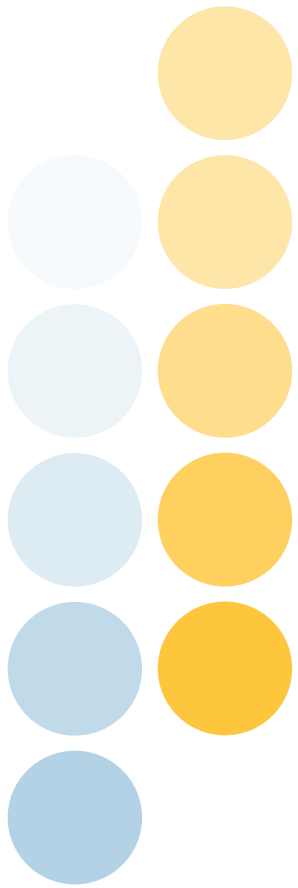
Conclusions

What can we do?

- Studies that simply compare treatment and control individuals/locations may under- or over-state true program impacts
 - Majority of studies do not have the scale to look at GE effect
- Estimating equilibrium effects is challenging:
 - Need randomized partial roll-out but at scale.
 - Optimal unit of randomization might be not be clear *a priori* or expensive to implement
 - Effects may spillover across units of randomization

A mix of strategies could help

- Larger randomization unit
 - Individual vs. village-level randomization
- Increase the type of surveys: individuals, hhs, market, prices, public goods
 - Income from various sources
 - Admin data could complement (e.g., LFS, hh or enterprise census)
- Increasing the spatial coverage of studies
- Try to anticipate what spillover effects exists and think about the likely impacts
 - Identify people who would be indirectly affected (business skills training: market stealing effects)
 - Identify areas where the effect of the intervention might spillover to



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Thank you!



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