

## The impact of employment guarantee schemes and cash transfers on the poor

‘There is a need for higher quality studies on Unconditional Cash Transfers and Employment Guarantee Schemes, and for improved quality of quantitative research outside the Latin American region generally.’

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### The review question

This systematic review assesses the evidence on the impact of employment guarantee schemes and cash transfers on the poor.

Employment Guarantee Schemes (EGSs) are a form of employment programme that guarantees paid employment, in return for a cash or in-kind payment, to a specified population over a sustained or ongoing period, unlike public works programme that tend to only offer employment for short periods of time. Cash transfers (CTs) provide a cash benefit, without a work requirement, and may or may not offer ongoing or guaranteed transfers. Cash transfers may either be unconditional (UCTs) or conditional on satisfying requirements such as school enrolment or making regular visits to health clinics (CCTs). EGSs are sometimes considered to be a particular form of conditional cash transfers, with the condition being the work requirement. The work requirement however represents a significantly greater time contribution than the satisfaction of conditionalities relating to service utilisation from recipients and for this reason, the two interventions may be considered as alternatives, and materially different policy options, as in this review.

The primary objective of this study is to review the evidence available on the direct impact of both interventions on the poor and where possible synthesise the evidence to draw broad conclusions. The secondary objective is to assess the quality of the available evidence and to identify research gaps.

### Who wants to know and why?

CTs have been implemented for many decades in low and middle-income countries, as well as high income countries throughout the world, and have been particularly popular in Latin America. There is a wide range of robust quantitative analysis on the impact of CTs. EGSs are not as widespread as CTs, and have not been subject to similar levels of evaluation due to the fact that most have only recently been initiated, or were implemented for a relatively limited period. This review is the first to summarise empirical findings relating to both EGS and CT programme impacts on money-metric measures of poverty and to attempt to compare the evidence on the impact of the two kinds of interventions. The results of this review will be of interest to both researchers and policy makers, who are facing the choice between the adoption of these two interventions which are often perceived as substitutes.

### Methods of the review

36,184 potentially relevant studies were identified and a systematic review protocol was applied to them. Out of these, 37 studies were included in the final analysis, selected on the basis of their use of good quality datasets, robust analytical techniques, and the adoption of money-metric measurements of poverty (poverty indices, income and expenditure). A comparative meta-analysis of programme impacts, highlighting the relative performance of the two instruments, was not feasible given the diversity of intervention design, populations

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and impacts, the range and inconsistency of methodological approaches adopted, and the limited data on targeting incidence and statistical significance. Instead the quality of evidence was examined and compared by intervention, and by poverty measure. In addition evidence on the performance of CTs and EGSs against the three money-metric poverty indicators was examined.

## Results

- Despite the adoption of minimum quality criteria for studies included in the review, the quality of the included studies varies widely.
- The diversity of methodological approaches, definitions and assumptions makes it difficult to compare results, within or between different interventions.
- Studies on CCTs are of consistently higher quality than those analysing EGS and UCTs in particular.
- The quality of studies is highest for Latin-American interventions.
- Studies adopting expenditure indicators are consistently of higher quality than those using income or poverty index indicators.
- CTs and EGSs have a predominantly but not exclusively positive impact across all indicators.
- 20% of the studies report increased money-metric measures of poverty during programme participation – which may reflect a preference for regular low transfer income over irregular higher wages and adverse employment conditions. This finding was not linked to lower quality studies.
- The studies finding negative impacts are of higher quality across all three indicators, suggesting that there is no correlation between identification of a negative impact and low study quality.

- The indicator selected has a significant bearing on the impacts identified, so that comparisons across studies using different indicators are not meaningful.
- Most studies analyse impact without considering programme incidence (the extent to which programmes are successfully targeted to the poor).
- The lack of data on statistical significance makes it difficult to draw hard conclusions.

## Implications

- In order to draw robust impact comparisons both within and between interventions greater methodological consistency in terms of analytical approaches and indicator selection is needed.
- There is a need for higher quality studies on UCTs and EGSs, and for improved quality of quantitative research outside the Latin American region generally.
- More research needs to be done into why some interventions may lead to higher poverty for beneficiaries, in particular with respect to the labour allocation responses at household level, and impact of transfer receipt on withdrawal from adverse employment conditions.
- There is a need to report the statistical significance of findings.

The full report of this systematic review can be found at: <http://www.dfid.gov.uk/R4D/SystematicReviewNew.asp>

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