



# Evaluating the Social Protection Impact of Employment Policies

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# Presentation

- *Professor of Economics, Queen Mary University of London:* research on empirical labour economics
- Collaboration with Socieux+: technical assistance for Ministries of Employment, Labour and Social Security
- Former Secretary of State for Employment, Government of Portugal (2011-13): introduction of major reforms

# Social protection

Policies and programs to *reduce poverty and vulnerability* by

- *promoting efficient labour markets,*
- diminishing people's exposure to risks, and
- enhancing their capacity to manage economic and social risks
  - Unemployment, sickness, disability, work accidents, old age, etc

ADB's 2001 SP  
strategy definition

Includes not only social insurance and social assistance but also (active) labour market interventions and other dimensions of employment policies (collective bargaining, tripartite dialogue, employment law, PES..)

Major obstacle to labour market efficiency: segmentation/informality

# Employment policies can make a difference

## **Efficiency:**

- Major social gains from shorter unemployment spells, shorter unfilled vacancy durations, better jobseeker-vacancy matchings
- Large economies of scale in matching process
- Information (incl LMIS) is a "public good" - therefore typically not delivered at an efficient level by private markets
  - But governments sometimes struggle with technology adoption
- Activation can reduce the moral hazard from unempl insurance, reduce hysteresis and increase targeting of protection

## **Equity:** Focus on harder to help

# Main messages

**Policy evaluation** creates key evidence base to improve delivery and choose amongst competing priorities

- Counterfactual evaluation deserves particular attention

**Technology** offers still untapped potential in:

- Increasing SP effectiveness (e.g. reducing 'leakage')
- Improving Labour Market Information Systems
- Promoting formality (potentially also ensuring it is not too formal)

# Some current challenges faced by EPs/PES

- Characterising the evolving profiles/needs of jobseekers/vacancies
  - Following the recovery from the recession and future of work developments
- Taking full advantage of new internet/IT possibilities
  - Including big and linked data
- Considering (additional) partnerships with other agents
  - Other public agencies, local government, private and NGO providers
- Facilitating *evaluation* and benchmarking
  - National and international comparisons, development of metrics
  - Optimising balance between active and passive measures

# How can PES increase its (social protection) impact?

“What works? A meta analysis of recent ALMP evaluations”, by D. Card, J. Kluve and A. Weber (JEEA, 2017)

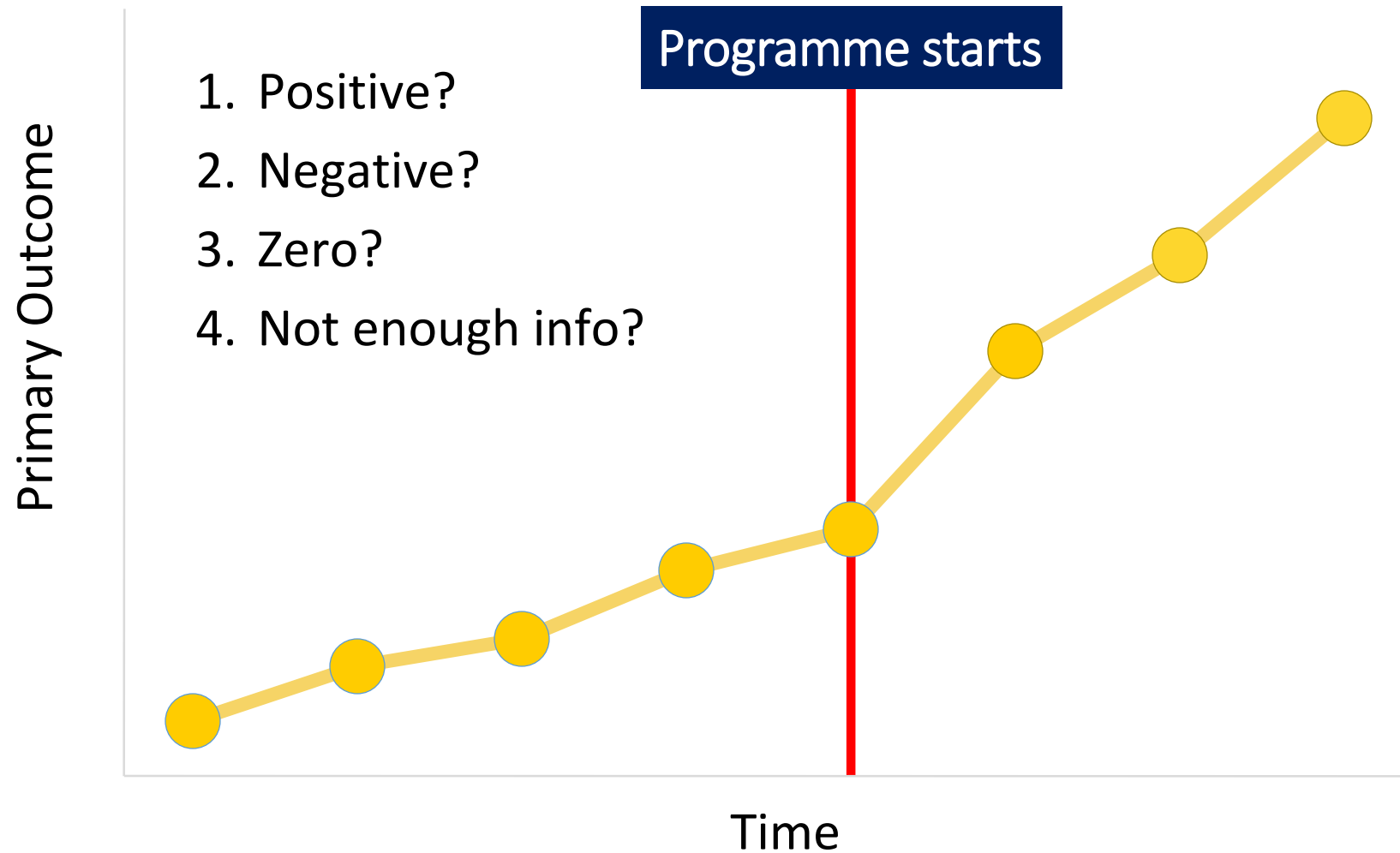
- Over 200 ALMPs studies
  - Very few from Asian countries
- Stronger positive effects:
  - 2-3 years after programme completion
  - Programmes that emphasise capital accumulation
  - Females and the long-term unemployed
  - In a recession
- Public sector employment programmes tend to be the least efficient

# The case for counterfactual evaluation

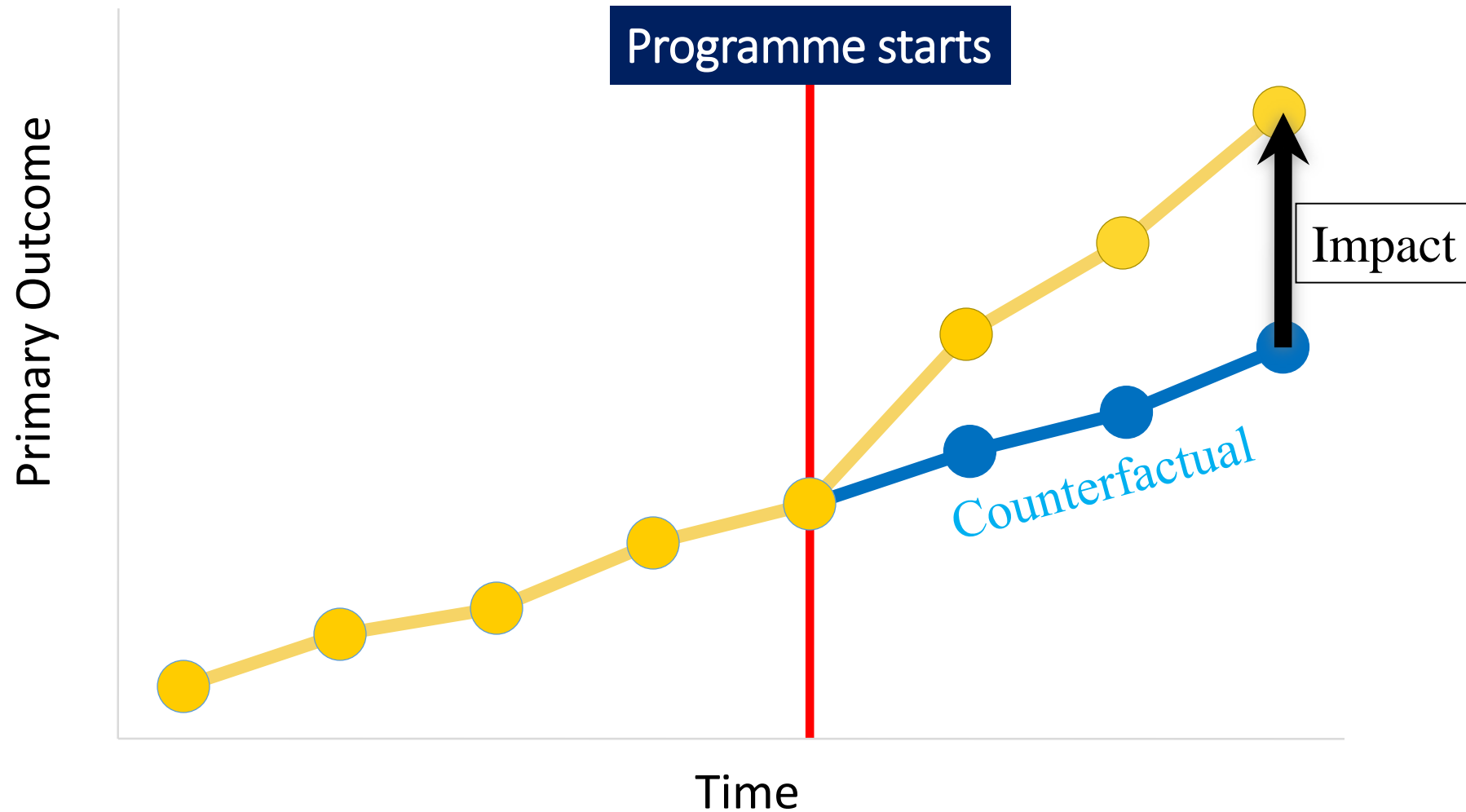
- Monitoring and evaluation are key components of most PES activities
  - Facilitates greater visibility in wider society
  - Both *ex post* and *ex ante* effects
- Making the case with funding bodies requires hard(er) evidence
- Counterfactual: what would have happened if a programme had not been implemented
- Counterfactual evaluation: comparison of *factual* (what in fact occurred) and counterfactual
  - Results can be very different from observational analysis (and biased against PES)



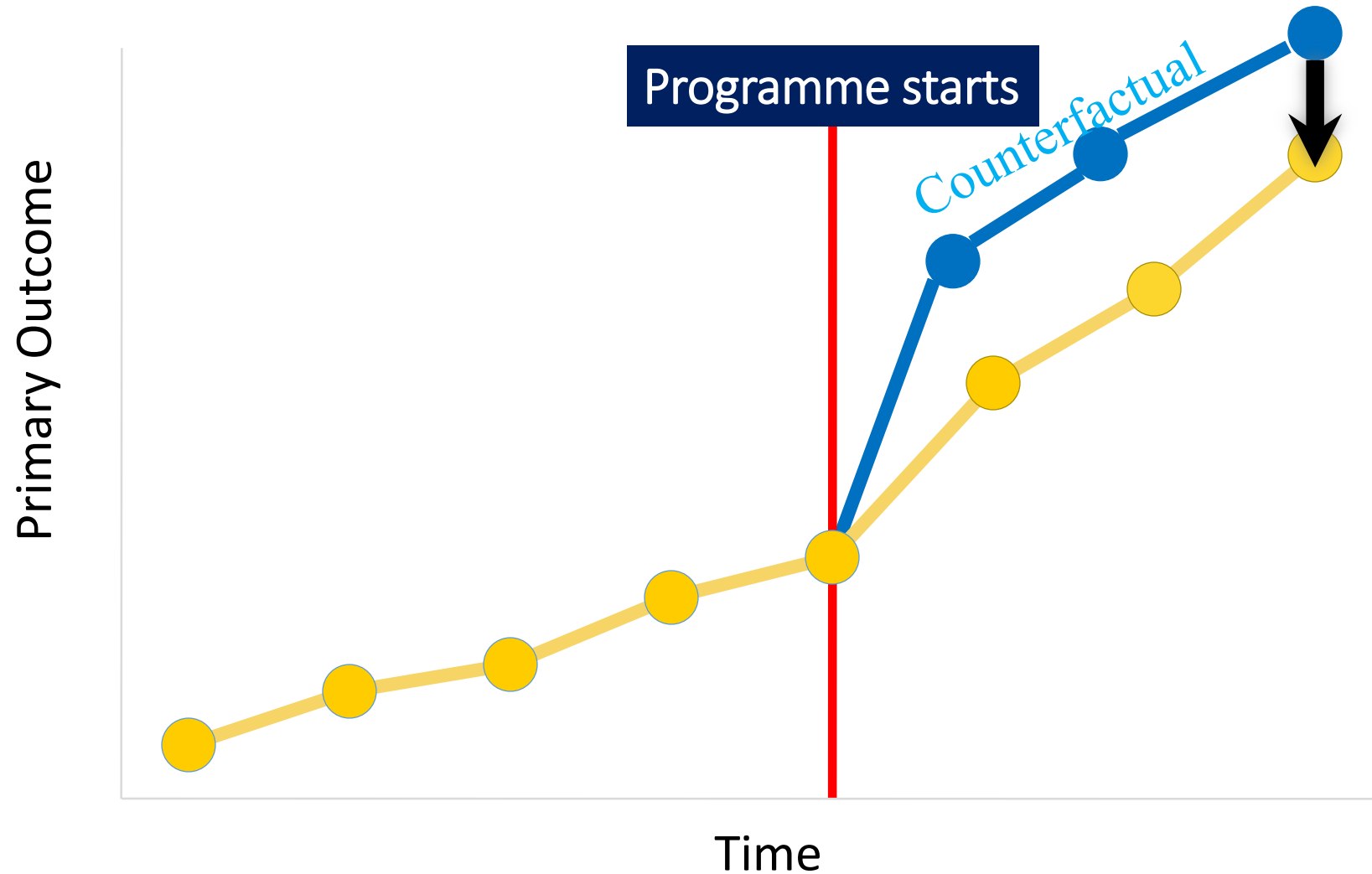
# What is the impact of the programme?



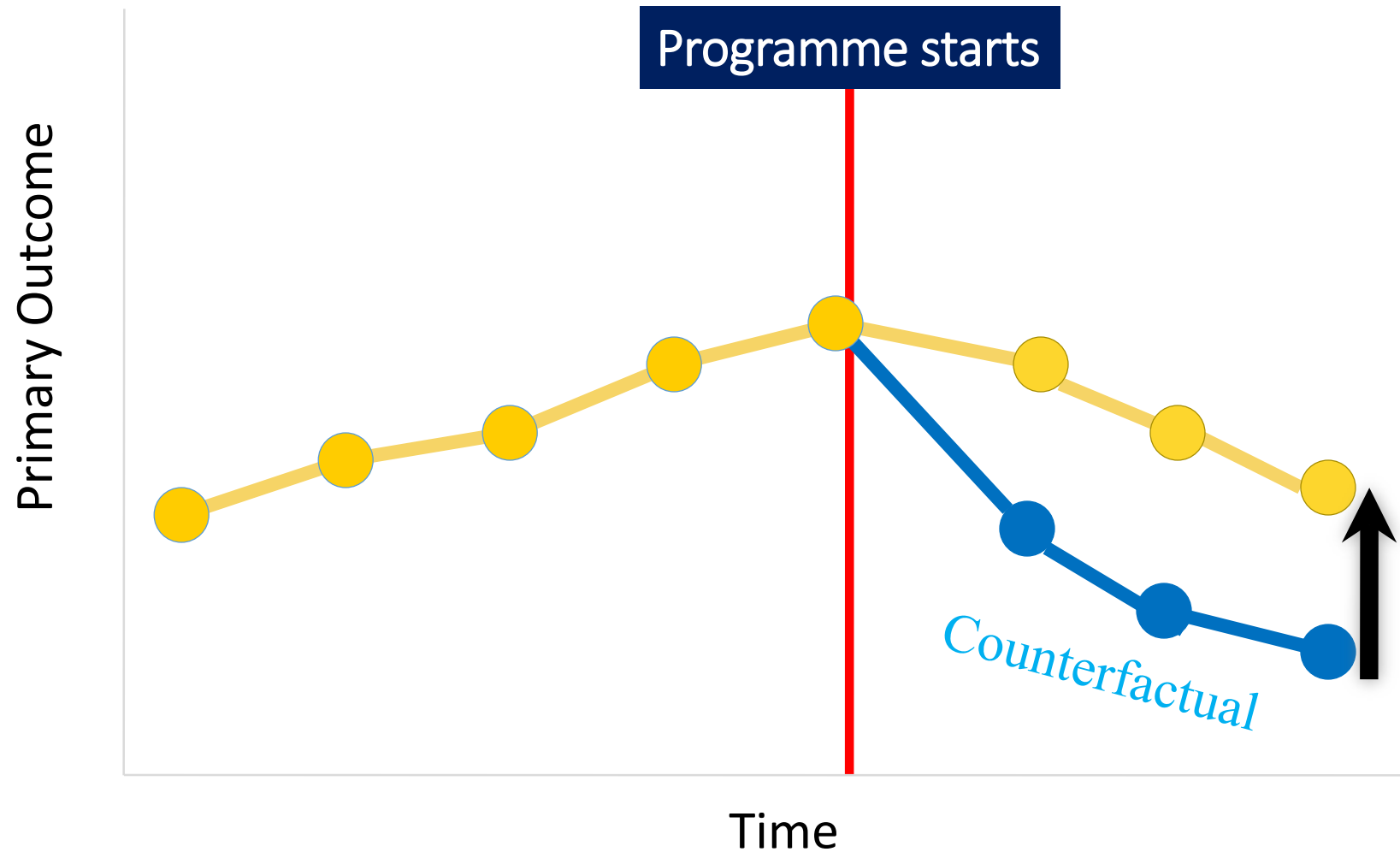
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# Different counterfactual methods


- Gold standard: Randomised controlled trial (experimental approach)
  - Randomly allocating eligible participants to intervention and comparison groups
  - Staggered introduction of new programmes (e.g. due to funding constraints)
  - Conflating evaluation and programme design
- Best evaluation alternatives (quasi-experimental approaches):
  - *Regression discontinuity*
  - Difference-in-differences
  - Synthetic controls



## Illustration: Biometric Smartcards in India

- ‘Building State Capacity’, by Muralidharan, Neihaus and Sukhtankar (AER, 2016)
- Impact evaluation of biometrically authenticated payments on participants in employment and pension programs
- Case study of one Indian state (Andhra Pradesh): *randomization* across 157 districts and 19m people



A close-up photograph of a person's finger being scanned on a biometric smartcard reader. The reader is a handheld device with a small screen and a keypad. The person's hand is resting on the device, and their finger is being scanned. The device has the 'FINO' logo on it. The background is slightly blurred, showing some fabric and a wooden surface.

## Illustration: Biometric Smartcards in India

- Faster payments, without negative effects on access
- Significant reduction in 'leakage'
- Cost-effective investment

# Illustration: UX

- Portal launched in 2012 by private IT firm in Mozambique
- New portal targeting informal sector launched in 2015
- Potential workers and employers can be matched online or even using 1990s mobile phone (USSD technology)
- Tens of thousands of matches every year, leaving detailed data trail that can be used for LMIS purposes



# Illustration – the ‘Summonings’ programme

“Reemployment and substitution effects from increased activation: Evidence from times of crisis”, P. Martins and S. Pessoa e Costa (2015)

- Requests for subsidised jobseekers to attend meetings with caseworkers when unemployed for six months
- Introduced in 2012 in Portugal, with over 200,000 participants
- Regression discontinuity: comparing trends at critical thresholds
  - At that margin, only difference between individuals is programme participation (after taking into account the role of unempl duration itself)
  - Number of additional conditions apply

