

# Consumption spillovers and non-material effects of public works programs: evidence from ELIIP's Community Social Services program in Egypt

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## Abstract

Public Work Programs (PWPs) are widespread in low- and middle-income countries and have been carried out in a variety of settings, including Argentina, Ethiopia, India and South Africa, among others. Together with cash transfer programs constitute the core of many developing countries' social safety nets. Despite the pervasiveness of PWPs across poor and developing countries, rigorous evidence about their impact and effectiveness is still scarce. The empirical literature consists primarily of non-experimental studies evaluating long-running PWPs in India, including the Maharashtra Employment Guarantee Scheme (MEGS) and the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). Studies using randomized interventions and in other geographical contexts are still rare.

PWPs being generally more costly than other forms of social protection schemes (such as cash transfers), the assessment of their cost-effectiveness hinges crucially on the positive spillovers of these programs to non-participants. These positive spillovers may be direct, through the value of the public infrastructure or services provided as part of the PWP; or indirect, through higher wages enjoyed by low-skilled workers due to increase in labor demand. In either case, the overall assessment of the PWP depend crucially on its effect on non-participants.

In this paper, we study one large-scale public work program that was implemented in the Arab Republic of Egypt between 2015 and 2017, the Emergency Labor Intensive Investment Project (ELIIP). Funded by the World Bank and piloted by Egypt's Social Development Agency, this program financed the creation by NGOs of community social services employing long-term unemployed people in destitute villages.

Due to the double randomization of the program, at the individual as well as at the village level, we are able to estimate the direct as well as the spillover effects of these programs. We are also able to capture the effect of the PWP on non-material outcomes, such as mental health, perceived poverty, and social capital. Moreover, as approximately three quarters of the jobs created as targeted towards women, we are able to assess to which extent having occupied a "good job" changed attitudes towards female labor force participation and gender roles.

Preliminary results show that the program has important positive spillovers in consumption in the treated villages; however, social capital and non-material outcomes do not show any marked sign of improvement beyond the treated individuals, which could be due to grievances linked to the

perceived arbitrariness of the randomization.