**Slide 1**

* Hello everyone, I’m Alejandro Lagomarsino and I’ll be presenting a joint project with Lihuen Nocetto from the Catholic University of Chile.
* It’s super early stage, so literally all comments are welcome.

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* Let me start by motivating a bit the topic of this paper.
* There is a lot of evidence of mistargeting of CCT and UCT in developing countries and this has sparked the debate on what we should do about this.
* To mention the two biggest programs in LAC (as the program I study takes place in that region, but in no way this is a problem that exists exclusively in LAC) If we define coverage as % of individuals <USD PPP 2.5 that receive program and Leakage as % of beneficiaries with income > USD PPP 2.5, we see that coverage is roughly half of participants in Brazil’s Bolsa Familia and Mexico’s Progresa or Oportunidades while leakage is also around 50-60%.[[1]](#footnote-1)
* So it is tempting to suggest that, if we think that the perfect coverage, no leakage allocation is the welfare-maximizing allocation, then we should correct mistargeting to reach this allocation. However, it may well be the case that once you mistargeted your program, then what was optimal before launching the program may not be optimal today. In particular if people respond to losses differently than to gains, as prospect theory would suggest.

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* So what I want to assess is exactly this: how people respond to gains and losses of governmental cash transfers?
* Also, how peer effects could play a role exacerbating or attenuating these impacts and ultimately what this all means for the costs and benefits of retargeting cash transfer programs.

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* On a nutshell, what I intend to do is apply a fuzzy regression discontinuity design in which households that were initially receiving 1 cash transfer, quasirandomly lost it, kept it or doubled it and see how that impacts a series of dimensions.
* I will talk more about this dimensions when we get to the data section and will also discuss in detail the FRDD at the end of the talk.

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* First, I will start describing the context, the cash transfer program that we will be studying.
* Then I will discuss the data, some of which is already available but not all of it.
* Then I will show some descriptive binscatters to show that effectively the treatment was assigned following a pretty clear assignment rule and will also show some evidence that the program has certain impacts, just to make sure that it’s not an innocuous program.
* Finally, and this is where I would really value feedback, I would like to discuss potential empirical strategies for this project.

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* We will study a cash transfer program in Uruguay, and just to understand roughly the context, Uruguay is a small country in LAC, 3 MM people, GDP per capita of 16,000 (USD) close to Chile, during our period of analysis we had an economy that was growing every year, and where poverty was being reduced.

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* The program we will study is called Tarjeta Uruguay Social, which started in 2008 and which consists on a monthly allowance of money that is loaded into a card that households can use for any purchase in certain locations except tobacco, cigarettes and alcohol.
* The amount depends on a non-linear way on number of children (up to a maximum of 4 children), you also get a small extra if you are pregnant or have minors of 4 years old, it was 47 USD in 2012 for a household with two children and some household get double that amount.
* And the target population was mentioned as being all households with children in extreme poverty and this

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* But this makes no sense, because there are only 10,000 households in Uruguay in extreme poverty as defined by the National Institue of Statistics. So a report in 2011 acknowledge this issue, that basically it wasn’t clear which was the target population of this program.
* The Ministry elaborated a report where it evaluated all of its programs and regarding this one, they acknowledge the target population was unclear and made focalization analysis based on 5 different populations. So for example, if we consider target population 1, we get that 37% of those who should have been receiving the benefit were not receiving it and 92% of those that were receiving the benefit, shouldn’t have been receiving it.
* This was of course a big political scandal where the Secretary of Social Development went to the parliament to discuss this report and he explained all the measures that were being taken to solve this mess.

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* So this is what they did in fact, the line shows the average annual visitis from 2008-2011, which are roughly around 6,000, a bit higher in 2011 close to 8,000 and in 2012 it jumped to more than 50,000

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* In this visits a MIDES interviewer went to the household, asked to talk with a qualified respondent and conducted a questionnaire to asses the situation of the household

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* With the input from this visit, the Ministry computes a vulnerability index which will use to determine eligibility to UCT.
* The index was constructed with a probit model bla bla

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* Regarding the data we have: from the ministry we have the universe of household visits, and monthly data on whether they are recipients of UCT; we still don’t have the georeferencing.
* From the social security bank we have data on formal income (monthly), employment, CCT recipients for visited-CCT recipients.
* We also have individual level data on whether individuals voted on participatory budgeting elections in Montevideo. On these elections people can vote over local public goods that they would want the State to finance.
* Through another dataset we intend to have data on access to government welfare (like housing programs) and non-welfare programs (like job training programs, or business formalization programs), education (probably just enrollment twice a year), health outcomes (weight when you were born, size when you were born, how many times you went to the doctor during pregnancy but we are still fighting to see if we will get that data or not), employment (just whether you are employed or not).
* I believe in particular participation in welfare and non-welfare programs could be interesting. On one hand, one would think that if you get a transfer then that would make you less likely to get another transfer or program as these should be substitutes. On the other hand, there could be an enfranchisement effect, which dominates?
* We are also requesting other data I wont talk about

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* So our sample consists on 255 thousands households visited over the period January 2011, July 2018 bla bla

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* If we plot these visits according their vulnerability index, we have the following results, where in the top panel I show Montevideo and in the lower panel I show the rest of the country
* You see the index goes from 0 to 1, as it’s a probit, and the three lines you see are the cutoff values for enrolling into the CCT, One-UCT and Two UCT.
* It is reassuring to see that thee are a lot of visits where we want to have action which is around the cutoffs of the UCT

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* A challenge I will have to address for any RDD I want to follow is that when I run the McCrary test, there seems to be no problem at the first threshold, or at the CCT threshold, so no manipulation there. However, I strangely reject the null at the second threshold. If you decompose it a bit, it is due to the dot wee see in the rest of the country right below the second threshold.
* In a way, it’s strange, because one would expect that if people are strategically locating themselves, they would do so right after the threshold, not before. Also, no reason why we see this in rest of the country but not the capital city.
* My coauthor worked in the Ministry during 2012 and he was a supervisor of those that go in the field, and he went to the field himself and he also can’t think of a reason why this would happen rather than.
* So I will try to address this, and if not I can always just consider only the capital city which is almost half of the sample.

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* Also, for any RDD we may want to pursue, we need to have a first stage. Here we plot the mean number of UCTs that a household has 1 month after it’s visited for those households that were not receiving a transfer the month they were visited.
* We see basically no impact

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* The amount of time it takes vary, but I would say that by the 6th month we are in a point where we don’t see much changes there after.

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* These don’t intend to be proper results, but just to make sure that the program is not innocuous I make a binscatter of the variables that I believe would be most affected, to make sure things are going in the expected direction.
* So for those that were visited at least twice, I see what they answered in their second visit as a function of their vulnerability index computed in the first visit.
* You basically see that when people cross the threshold (i.e. receive UCT), they are less likely to state that didn’t have enough money to eat.

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* Similar results can be found if we look at whether there was not enough food for adults

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* Simialr results again for no found for minors.

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* The last non-result that I will show

What are the channels you are thinking?

* There is a change in income and that changes your behavior. But also, there is an increase in trust in the government, or support, some people model it as “you don’t know what the government’s preference are and when you get a transfer you see the government is a type that likes you”, or legitimacy in the system if you think you deserve that transfer, or an enfranchisement effect (people see they have rights). Similar to Laura’s Trucco’s paper: I don’t think that “better sidewalks” make you complain more, but rather government responsiveness makes you complain more.

What is pro-social behavior?

* Behavior intended to benefit someone else or the society as a whole

**Preguntas pa Lihuen**

* Como fueron trained los asistentes de campo? One day training, all of them were professionals or last year students
* Como identificaban los casos de violencia domestica? No clear guidelines, but only severe cases
* Pensas q gente no le queria contester al MIDES o le contestaba menos si ya tenia TUS? Si, y más en Montevideo
* TUS depende (monto, no si te la dan) de si menor va a la escuela? Cómo checkean esto?
* Se te ocurre por que Interior puede colocar gente justo abajo de threshold de TUS doble? No
* Porq cae educacion? Porque en escuela le dan comida

10:25

1. These figures come from a paper by Stampini and Tornaroli (2012) [↑](#footnote-ref-1)