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Proposal for the study of the food effectiveness of the food voucher as part of the new child benefit in the TSA – Georgia

December 7th, 2018

Team

LTA Program Manager – Carolina Latorre

Principal Investigator – Orazio Attanazio

Senior Quantitative Researcher – Jaime Millán-Quijano

Senior Qualitative Researcher – Claudia Peñaranda

Local Junior Researcher – Kristina Margvelashvili

Junior Researcher – Stefanny Martinez

PROPOSAL FOR THE STUDY OF THE FOOD EFFECTIVENESS OF THE FOOD VOUCHER AS PART OF THE NEW CHILD BENEFIT IN THE TSA – GEORGIA

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ACRONYMS

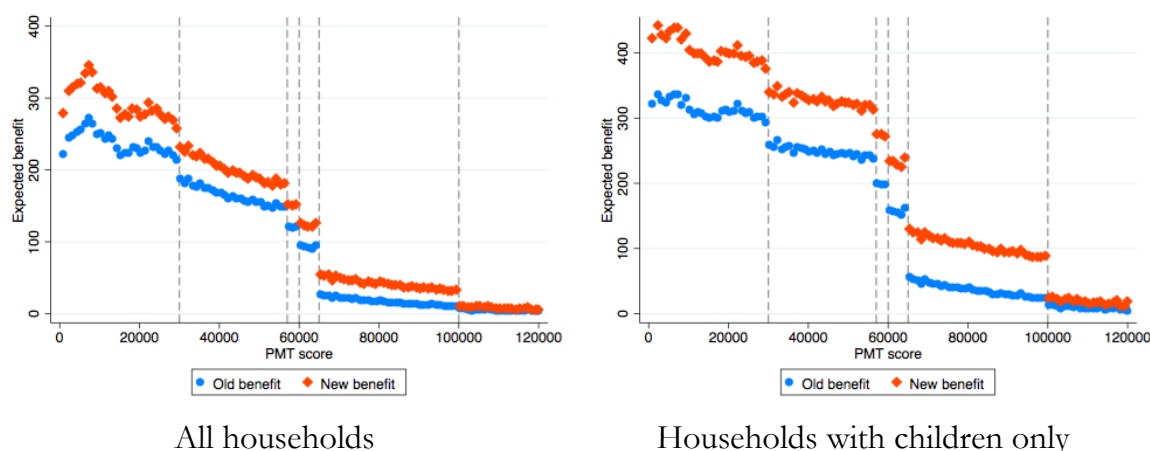
GEL	Georgian Lari
PMT	Proxy Means Test
TSA	Targeted Social Assistance

METHODOLOGICAL PROPOSAL

From January 2019, the Georgian Government will implement some changes in the *Targeted Social Assistance Program* (TSA). The most important one is an increase in the amount each child will receive as part of the Program. The transfer will increase from 10 GEL per child to 50 GEL per child for all households with a PMT score lower or equal to 100000.

This represents a significant change in the expected benefit as is shown in the next figure.

Figure 1. Expected benefit by PMT score in the first interview, before and after the change in the child benefit



Source: Own calculations using PMT data from SSA Georgia

As we can see, there is a significant change in the expected benefit received by household, particularly around the last cutoff (100000). Now, the difference between being eligible or not for TSA benefits is larger than it was before and that difference is stronger, obviously, when we focus on households with children.

Within this increase in the amount each child receives, the Government is planning to divide this benefit into two parts: 20 GEL in a direct transfer (as it is being done), and 30 GEL as a food voucher. However, is it better to give the voucher or would it be better just to give all the transfer in cash? This is a very important question to be answered.

One branch of economics literature argues that unconditional transfers allow households to allocate their income in the most efficient way according to their needs. A second branch in the literature argues that in-kind transfers – like vouchers- may have some

advantages, particularly when policy makers target a specific population or want to change certain individual behavior (see the discussion in Currie & Gahvari, 2008).

To answer this question, we propose the following study. We will randomly divide the TSA households with children in two groups. To the first group, we will implement the changes planned by the government, meaning that households will receive 20 GEL in cash and 30 GEL as a food voucher. In the second group, we will delay the implementation of the food voucher and will give 50 GEL in cash. Comparing the outcomes between the two groups will allow us to understand and quantify the differential effects of having the food voucher or receiving all the transfer in cash.

To implement the study we propose the following scheme:

1. The group selection will be done at municipality level. Therefore, all eligible households in 18 municipalities will receive the food voucher, and all eligible households in 18 municipalities will receive cash. Allocating the treatment at municipality level will make the implementation by the Liberty Bank easier and will reduce the probability of treatment contamination. It is important to note that the 41% of the eligible households has children under 16 years old.
2. Following previous literature, to be able to identify changes in household expenditure, we propose to keep the differences between both groups for at least 6 months. For example, in Hidrobo et. al (2014), they compare households receiving cash, voucher and food after 5 months of treatment in Ecuador. Additionally, Trenouth et. al (2018) evaluate the cost-efficiency of similar policies after 6 months in Dadu (Pakistan). If we would like to measure changes in other outcomes, such as children health, we should wait longer.

Within this study, we can also test the importance of information and labelling. Currently, the Program makes the total transfer per household via a deposit in an account in the Liberty Bank. However, the household does not distinguish which is the benefit per household member. This may be very important in the case of households with children, even more with the increase in the child benefit. When a household with two children receives 50 GEL extra, they do not necessarily use them for children investments. Therefore, we propose to extend our study using an extra treatment. We can add a third group to our study, which will receive the 50 GEL per child in cash, but will also receive one (or more) messages giving details about the transfer. Particularly, we can give a message where we disentangle the transfer per household member and the transfer per child. In this case, households may change

their expenditure behavior and will allocate the child benefit money for extra investments which are child oriented. We can also add a fourth group, where we send a message to some households who are receiving the food voucher.

With the extension, we will have a design with four arms:

- Arm 1.1 (voucher + message): Individuals receive 20 GEL cash and 30 GEL voucher. Additionally, they receive one (or more) messages remembering that 50 GEL are benefits for children.
- Arm 2.1 (cash + message): Individuals receive 50 GEL cash. Additionally, they receive one (or more) messages remembering that 50 GEL are benefits for children.
- Arm 1.2 (voucher): In these municipalities, the implementation continues as planned and households with children will receive 20 GEL in cash and 30 GEL in the food card per child.
- Arm 2.2 (cash only): In these municipalities, the new child benefit will be 50 GEL in cash per child.

Then, we can make the following comparisons:

- Arm 1.1 and Arm 1.2 vs Arm 2.2 and 2.2: This comparison quantifies the importance of getting a voucher instead of getting cash.
- Arm 1.2 and Arm 2.2 vs Arm 1.1 and Arm 2.1: This comparisons quantifies the importance of receiving a message
- Arm 1.2 vs Arm 2.2: This comparison quantifies the importance of getting the voucher when there is no message.
- Arm 1.1 vs Arm 2.1: This comparison quantifies the importance of getting the voucher when households are receiving a message about the child benefit.
- Arm 1.2 vs Arm 1.1: This comparison quantifies the importance of receiving a message when the households are getting the voucher.

- Arm 2.2 vs Arm 2.1: This comparison quantifies the importance of receiving a message when the households are getting only cash.

If we wait for at least 6 months for collecting the data, we expect to be able to find changes in expenditure and maybe in some nutritional outcomes. Therefore, data collection could be done at the same time as the TSA impact evaluation. For the impact evaluation, we are proposing to survey households from a random sample taken in each PMT cutoff that creates changes in the benefits received by households (see figure 1). The design of this sample will allow us to make estimations by each cutoff. In order to use the same sample in both evaluations, we can design a sample in which, after aggregating individuals around all cutoffs, we could have enough individuals from municipalities in each treatment (depending on the final decision about how many arms we want to use) capturing small differences with good levels of precision.

At the end of this study, the Georgian Government will be able to quantify the cost benefit of cash transfers and food vouchers (with and without information), and will be able to take decisions about which strategy is more cost-efficient in order to improve children and household welfare.

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