

Public Works and Welfare A Randomized Control Trial of the Community Works and Local Participation Project in Tunisia

The World Bank

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Public Works and Welfare

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Did you know?

The MENA region will need to create over 50 million jobs in the next decade to ensure social and political stability.

In Tunisia youth unemployment is especially high at around 40%.

Context

In recent years, Tunisia's economic growth slowed as the result of the financial, food, and fuel crises. This had a profound effect on the real economy, particularly through a drop in trade. Depressed external demand (particularly from the European Union, which is the destination of 76 percent of Tunisia's exports) resulted in a drop of over 25 percent of Tunisia's export value in the first seven months of 2009. This led to a reduction in industrial production, which resulted in the loss of 38,000 manufacturing jobs in 2009. All the while, prices of staple foods, such as rice and vegetable oil, doubled between January and May 2008 and continued to rise in 2009 and 2010. Higher food prices exacerbated economic woes and in January 2014 culminated in political unrest and the toppling of Zine Ben Ali, the country's long-time ruler.

The Jasmine revolution and its aftermath present new Tunisian authorities with a twin challenge. Tunisia's labor market outlook has worsened and unemployment rates, particularly for young people, remain high partly due to the slow pace of economic recovery. The revolution has had an impact on some essential local services. In some localities, clinics and hospitals have been closed, while food supply routes have been disrupted, making disadvantaged populations even more vulnerable. Local services such as waste collection have also been disrupted and existing plans to expand or improve health and education services especially in disadvantaged areas have stalled.

Intervention

It is in this context that, together with the Tunisian Ministry of Vocational Training and Employment, the World Bank is supporting the *Community Works and Local Participation* (CWLP) project in *Jendouba*, one of the underserved and underdeveloped governorates in Tunisia. Funded through a grant from the Japan Social Development Fund (JSDF), this pilot project will provide temporary employment opportunities to long-term unemployed men and women who have little or no skills. Employment will be on local labor-intensive public works projects. The project aims to provide beneficiaries with immediate income support through 3-4 months of employment. It is hoped that this will help them to smooth consumption and to strengthen their future income earning capacity while also

improving the quality of the infrastructure in their communities. Because the project requires beneficiaries to work at relatively low wages, only those workers most in need, with limited outside opportunities, self-select into the program.

NB. This evaluation will also provide evidence on the effects of an add on intervention in the form of an unconditional cash transfer aimed to enhance earning capacity of female beneficiaries outside of the CWLP project. This transfer is hypothesized to improve beneficiaries' employability (through investment in their human capital e.g. specialized vocational training) or speed up micro-enterprise growth (through investment in physical capital).

Evaluation Questions

The proposed evaluation addresses the following research questions:

- 1) What are the effects of temporary employment in a cash-for-work program on the social and economic outcomes of poor workers and their households?
- 2) What are the effects of community infrastructure created as part of the cash-for-work program on the social and economic outcomes of recipient communities?
- 3) Are there spillover effects and/or heterogeneous effects associated with CWLP interventions?

The IE design (to be described in the next section) will allow us to identify causal evidence for research questions 1 and 2. For research question 3, our IE design does not allow us to identify these effects causally. However, we will collect a wealth of data enabling us to investigate statistical associations.

Evaluation Method

The labor-intensive public works intervention will be implemented using a randomized control trial design in order to facilitate the isolation of average causal effects.

The randomization will be implemented at two levels—at the community level and then at the individual level within selected communities—in order to capture the direct effects of both temporary employment and productive community assets. The study's design feature will also allow us to measure spillover effects of short-term employment on non-beneficiary households within recipient communities.

Expected Policy Impact

In the MENA region high unemployment, particularly amongst young people, has been a challenge for some time, and became especially apparent during the Arab Spring. A recent World Bank report estimates that the region will need to create over 50 million jobs in the next decade in order to ensure social and political stability (World Bank 2011). Reaching such employment levels will require comprehensive long-term strategies and economic reforms but the most immediate challenge is the need to create employment interventions in the short term that will protect the most vulnerable against extreme poverty and to maintain current peace and stability. In recent years, workfare programs such as Tunisia's CWLP have been a popular instrument in many developing countries to protect the livelihoods of the most vulnerable, and to combat chronic poverty and unemployment (Subbarao et al. 2013).

The evidence produced by this impact evaluation will allow policymakers to assess the appropriateness and relevance of the CWLP and similar interventions in improving the welfare of poor households. Moreover, given that the CWLP project is a pilot project, the impact evaluation will provide critical evidence to inform scale-up decisions. Finally, as many other countries in the region, including Egypt, Morocco and Yemen, are engaged in or preparing to carry out similar programs, the findings from this impact evaluation study will be relevant to the policy and operations of PWP in the MENA region and beyond.

Policy Lessons

The findings are very encouraging for the use of PWPs to create economic, social, and psychological benefits to underserved and vulnerable communities. Given the preliminary nature of these findings, it would be premature to generate policy implications.

To assess spillover, it will be important to utilize administrative data collected prior to the program implementation in order to offer further evidence that these estimated effects are the result of spillovers rather than ex ante economic differences in imadas.

Though female employment increases in recipient households, we also estimate increased emotional and economic violence towards females within villages. Since none of the individual indicators of violence are significant in this analysis, it is difficult to assess how such increases have manifested. We are currently designing an add-on intervention specifically aimed at addressing the role of intimate partner violence and gender based violence to ensure that these effects are clearly measured.

Key Findings

Economic Effects

The results show that participation in the CWLP Program led to direct positive economic effects (expenditure, assets, savings, employment) on the program beneficiaries. Expenditure effects seem to be driven most by rent and food purchases, while increases in assets include greater home ownership and ownership of productive assets. Workers are more likely both to be employed and to be earning more than their eligible counterparts in control villages one year after CWLP. They are also more likely to be savers and to save more on the intensive margin than control individuals.

Social & Psychological Effects

CWLP participants report greater psychological wellbeing one year after the program's end, in comparison to their control counterparts. Additionally, participants also have improved civic engagement/ This result seems to be driven by an increased desire to seek up to date information outside of the circles of family and friends, through more formal sources, and a renewed belief in the political efficacy of the individual.

Spillover Effects

Finally, results show significant evidence of spillovers between program recipients in treatment imadas and eligible non-participants in their communities. We find evidence of greater expenditure, higher asset holdings, and increased wage employment and savings amongst this population as well as spillovers in the effects on civic engagement. Such evidence that the effects of PWP projects can transcend their immediate users is encouraging, and the mechanisms through which this has occurred is an important area for further study.

Economic Effect Finding

Workers spent significantly more on rent (112%) and home improvement items (52%) compared to their control counterparts.

Psychological Effect Finding

Significantly fewer treatment workers declare they fear losing control (11%) or feel that what they think or feel is of no importance to others (10%) compared to their control counterparts.

Spillover Effect Finding

8% of individuals in beneficiary communities are more likely to report having a job in the past month. This increases to 10% when surveying the head of the household.