

Timeline

2020

Study Type

Quasi-experimental Analysis

Research Implemented by IPA

Yes

The Impacts of the Ingreso Solidario program to confront the Covid-19 crisis in Colombia

Researchers

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Abstract

How do cash transfers support newly-designated vulnerable populations and informal workers during an economic crisis? To help answer these questions, researchers studied the effect of Ingreso Solidario (Solidarity Income), a new unconditional cash transfer in Colombia that was launched in response to the COVID-19 pandemic. Ingreso Solidario will assist over 3 million lower middle-income households that were not previously enrolled in other existing social assistance programs, thereby expanding social protection coverage to lower middle-income populations. Researchers evaluated the effects of the transfer on eligible households' income, food and nonfood spending, labor market participation, education, and take-up and use of digital financial products, among other outcomes. The study found that Ingreso Solidario increased eligible households' probability of maintaining an income source during the pandemic and did not disincentivize labor market participation.

Project Outcomes of Interest

Beneficiaries' income, food and nonfood spending, labor market participation, education, and take-up and use of digital financial products

Partners

Inter-American Development Bank

Departamento para la Prosperidad Social

Departamento Nacional de Planeación

Impact Goals

- Build resilience and protect the financial health of families and individuals
- Improve social-safety net responses

Project Data Collection Mode

- CAPI (Computer-assisted personal interviewing)

Results Status

Results

Results

The study found that Ingreso Solidario increased the probability that eligible households maintained an income source during the pandemic and did not disincentivize labor market participation. For households who experienced large labor market shocks (e.g. that lost a majority of their income) during the pandemic, Ingreso Solidario played a particularly important role in allowing households to maintain a source of income.

Overall, the study did not find effects of the program on food consumption. However, for those households that experienced large labor market shocks, the transfers mitigated more than 50 percent of associated drops in food consumption.

Results also showed that the transfers increased the probability of spending on health, such as cleaning supplies, and education, such as school supplies. Researchers also found that the transfer increased household expenditures on education, and increased the probability that school-aged children spent at least four hours on virtual schooling activities by 11 percentage points. The program also increased the time students spent on education between 27-46 minutes, which represents 9-15 percent more than students from comparison households. However, researchers did not find any effects on the amount of time parents spent with their children on their studies.

The team did not find any effects on the probability of being a victim of domestic violence (a concern during the pandemic with lockdowns and increased stresses on families), financial stress, or households' primary category of concern.

Finally, Ingreso Solidario substantially increased the opening of bank accounts by 14

percentage points (equivalent to 56 percent of the comparison group), and also increased beneficiaries' likelihood of using digital tools for financial transactions by 7.7 percentage points. While the authors note that usage of bank accounts and digital tools, relative to the proportion that opened new accounts, had a relatively minor effect, this is still an encouraging foundation for expanding financial inclusion and literacy in Colombia.

Overall, the authors note that Ingreso Solidario is a successful emergency assistance program, and insights from the program may be used to inform further knowledge on social protection programs.