Are Palliative Cash Transfers Effective to Counteract the Effects of Stay-at-Home Orders? Evidence from Peru

Authors and affiliations and contact emails
Matthew Bird. Universidad del Pacífico. Email: bird_md@up.edu.pe
Veronica Frisancho. Inter-American Development Bank, Research Department. Email: vfrisancho@iadb.org
Pablo Lavado. Universidad del Pacífico. Email: p.lavadopadilla@up.edu.pe

Abstract
Several governments in LAC are increasingly imposing mandatory quarantines for all citizens to contain the expansion of the COVID-19 pandemic. These measures have proved to be the most effective to flatten the curve, but their downside are the economic and unequal consequences they trigger, particularly in a region with a large informal sector. We take advantage of a large-scale public program that is delivering cash transfers to almost 7 million poor and vulnerable households in Peru and measure the short and medium run effects of cash grants on consumption, mobility, health, and intrahousehold dynamics. Since eligibility was determined either by an index of living conditions or by household income in the informal activity, we rely on a regression discontinuity design to estimate local effects.

Data description
The study relies on two different data sources. First, administrative records on eligibility to draw the sample of interest. These come from the Ministries in charge of selecting beneficiaries and delivering the transfers (i.e., Ministry of Development and Social Inclusion, Ministry of Finance, and Ministry of Labor). Second, we rely on multiple rounds of survey records that will be collected over the telephone during the coming weeks. Outcome variables measured in the survey will include consumption (e.g., food), income shocks and strategies to cope, health (e.g., physical and mental health, such as anxiety and depression), and household dynamics (e.g., household time use with a focus on gender, WHO indicators of psychological and emotional abuse). Additional outcomes will relate to labor market outcomes (e.g. employment status and activity) and transit during the quarantine to test if the transfer can effectively reduce exposure through reduced movement.

JEL codes for the project
D1, D14, I38

Keywords
Cash transfers, social protection, emergency response, COVID-19