

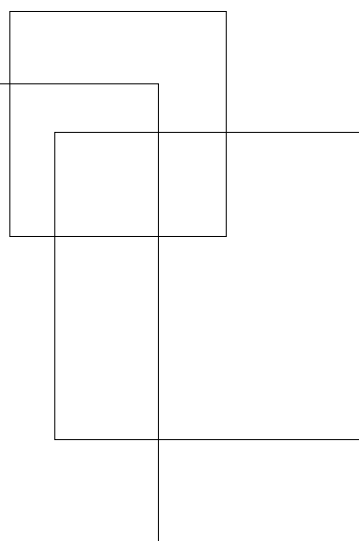


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Eligibility and participation in unemployment benefit schemes: Evidence from Mauritius

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**Eligibility and participation in unemployment
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Abstract

A growing number of emerging and developing economies run unemployment benefit programmes to protect workers against the risk of job-loss and to prevent out-of-work poverty. However, coverage of these interventions remains low especially among vulnerable groups and this limits their effectiveness. We study the determinants of participation in the unemployment benefit system in Mauritius, a policy that stands out internationally as it grants access also to previously informal workers. Our main result is that informal workers – despite having legal access to the programme – largely fail to participate. This is because they are both less likely to meet the eligibility criteria and to take-up the policy even when they are eligible.

Key words: unemployment insurance, social protection, informal employment

JEL Code: J46, J88, K31, K33

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1. Introduction

In an increasing number of emerging and developing economies, governments are implementing or scaling-up unemployment benefit programmes to protect workers against the risk of job-loss and prevent out-of-work poverty (ILO, 2019). These interventions can play an important role from an efficiency and equity perspective (Duval and Loungani, 2019). In particular, unemployment benefits can facilitate consumption smoothing by addressing market failures arising from structural gaps in credit and insurance markets. At the same time, high levels of working poverty and informality increase the need to sustain living standards and address labour market inequalities. Yet, coverage of unemployment benefit programmes remains low in emerging and developing economies. Only one out of ten unemployed receives unemployment benefits in emerging economies compared to around six out of ten in advanced economies (Asenjo and Pignatti, 2019).

Low coverage rates of unemployment benefit programmes in emerging and developing economies remain a puzzle. The presence of eligibility criteria clearly limits programme participation, especially in highly informal labour markets where only a small share of the labour force contributes to social security (ILO, 2019). However, the stringency of qualifying conditions is similar between advanced and emerging economies and the pool of legally eligible workers is actually larger in emerging economies (Asenjo and Pignatti, 2019). This suggests that differences in the share of the eligible population cannot entirely explain the observed gaps in coverage rates. Rather, incomplete take-up of unemployment benefits seems also to play a role. In line with this, experimental studies explain incomplete take-up of social programmes based on information availability (Bhargava and Manoli, 2015), organizational complexity (Chemin, 2018) and stigma (Friedrichsen et al., 2018).

Disentangling the relative importance of eligibility and take-up in determining participation in unemployment benefit programmes is important. If participation is held back by certain eligibility criteria (e.g. tenure requirements), their relaxation can relatively easily increase participation of specific groups (e.g. young people with intermittent career paths). If instead the main constraint is incomplete take-up, it is crucial to understand the underlying reasons. For example, certain advantaged groups might not enrol in the policy due to perceived small gains from participation (e.g. not in need of support for finding a job). This might even ensure that only those in need benefit from the policy. At the same time, take-up could be incomplete due to administrative or information constraints that prevent vulnerable individuals to apply (e.g. complex registration requirements). In that case, there likely are gains from policy interventions that increase take-up.

Only few studies have examined the determinants of participation in social protection programmes in emerging and developing economies and, to our knowledge, none of the existing analyses has investigated the topic in relation to an unemployment benefit scheme. We study this question in the context of the unemployment benefit programme in Mauritius, the so-called “Workfare Programme”. The scheme stands out internationally as it allows also previously informal workers to join the intervention. This distinctive feature carries some risks in terms of moral hazard and fiscal sustainability of the programme, but ensures equal treatment among formal and informal workers and increases coverage of unemployment benefits. In this sense, the specific case of Mauritius is relevant to other emerging and developing economies characterised by large informal labour markets where governments aim to expand social protection coverage.

The analysis compares the universe of unemployment benefit recipients (based on the administrative records of the Ministry of Labour, Industrial Relations and Training; henceforth, Ministry of Labour)

with a representative sample of the unemployed population in the country obtained from the Continuous Multi-Purpose Household Survey. We first estimate coverage, eligibility and take-up rates of the Workfare Programme for all unemployed as well as for specific groups in the labour market. In a second step, we employ OLS regression analysis to disentangle the role of different individual and household characteristics in explaining the determinants of participation, eligibility and take-up.

We find that Workfare Programme coverage rates have increased over time, but participation remains concentrated among specific groups. Men, prime-age workers, married individuals and previously formal workers are more likely to participate in the programme. For men, this is the result of both a higher likelihood of meeting the eligibility requirements and also of applying to the programme once eligible. Prime-age workers instead are only more likely to meet the eligibility criteria. In contrast, married individuals are simply more likely to take-up the policy. Finally, previously formal workers are both more likely to meet the eligibility criteria and to take-up the policy. This last result is the strongest in magnitude and suggests that merely opening the policy to informal workers did not overcome the barriers to their participation in the programme.

Overall, the results suggest that the presence of eligibility criteria skews the pool of participants towards relatively advantaged groups in the labour market, while information availability and perceived benefits from participation might explain differential take-up rates among different groups of eligible unemployed workers. This suggests that political interventions might be required to increase participation among less advantaged groups of workers. The rest of the paper is organised as follows. Section 2 describes the unemployment benefit system in Mauritius; Section 3 introduces the database and descriptive statistics; Section 4 presents the descriptive evidence; Section 5 discusses the results of the regression analysis. The last section summarises and concludes.

2. The Workfare Programme

The Workfare Programme is the current system of unemployment benefits in Mauritius. The policy has been in place since 2009 and replaced the previous system of unemployment protection, which was mostly centred on the provision of severance payments. The Workfare Programme is particularly informative due to two distinguishable design features. First, both previously formal and informal workers can participate (i.e. eligibility is not conditional on previous social security contributions). Second, the programme combines income support with the mandatory participation in active labour market policies (i.e. which is absent or very weak in other emerging economies). The first feature is particularly interesting for the current analysis, as it aims at increasing coverage of unemployment benefits also to the informal sector of the labour market.

Unemployed Mauritian workers can join the Workfare Programme if they fulfil three main eligibility conditions: (i) they were employed for at least 180 days without interruption in their previous job (henceforth: tenure requirement), (ii) they were working full-time in their previous job (henceforth: full-time requirement), and (iii) termination of employment occurred due to layoff (rather than resignation, henceforth: dismissal requirement). These criteria imply the exclusion of part-time workers. Implicitly, the dismissal requirement also leads to the exclusion of self-employed individuals. Public sector workers are also excluded from the policy.

If the three eligibility criteria are met, individuals coming from both formal and informal jobs can join the intervention and previous employment biographies are assessed against the participation requirements independently from whether social security contributions were paid. This is an important programme feature, given that Mauritius presents a high rate of informal employment (at around 53 per

cent of the employed population) and that in the vast majority of advanced and emerging economies unemployment benefit schemes are accessible only to workers who had previously made social security contributions (Asenjo and Pignatti, 2019). Eligibility is granted to individuals that were in either an open-ended or (since 2013) fixed-term employment relation in their previous job. The relevant administrative information is obtained from the employment contract and the letter of termination of employment; or directly from the worker in case these documents do not exist. The responsible caseworker verifies the information provided by contacting the former employer.

To enter the programme, an eligible unemployed must register in the Labour Office of the district of residence within 14 days upon job loss. Participants can stay in the Workfare Programme for a maximum of 12 months but are required to exit earlier in case of re-employment. Once in the programme, in the first three months of unemployment they receive unemployment benefits equal to 90 per cent of the wage at job-loss. The replacement rate then declines to 60 per cent (months 4-6 of unemployment) and finally to 30 percent of the wage at job-loss (months 7-12 of unemployment). In international comparison, the initial replacement rate is relatively generous but it decreases sharply with time spent in unemployment (Asenjo and Pignatti, 2019). Besides the declining schedule, the TUB never exceeds an upper bound (updated yearly, equal to 16,665 Mauritian rupees in 2018) and never falls below a lower bound (constant since 2009 at 3,000 Mauritian rupees). These upper and lower bounds correspond to US\$180 and US\$1,020 in purchasing power terms (based on IMF, 2019).

The receipt of the unemployment benefit is conditional on registration in one out of three available active labour market policies (ALMPs): (i) job-placement services, (ii) start-up support, and (iii) training (discontinued in 2016). Participants can freely choose among these interventions at the time of registration in the Labour Office and they need to register directly with the different providers of the ALMP chosen before the first unemployment benefit is transferred.

3. Database and descriptive statistics

Our analysis draws on rich administrative and survey data from different sources, most of which have been used in the present analysis for the first time for research purposes. Importantly, these data allow us to examine the determinants of participation and isolate the role played by the presence of eligibility criteria and policy take-up.

First, we rely on administrative data from the records of the Workfare Programme that we obtained from the Ministry of Labour in Mauritius. The data contain the information reported by the participant at the time of registration in the Labour Office and are updated during the individuals' stay in the programme. Importantly for the analysis, information reported includes some individual characteristics (e.g. ID number, gender, age, regional details) and information on the elapsed employment relationship (e.g. previous wage, occupation, start and end dates of the employment relationship, the reason for its termination). Moreover, the data contain information on the ALMP chosen and the date of exit from the Workfare Programme. The data are available for the universe of Workfare Programme participants since the beginning of the policy until 2016 (on average around 5,000 individuals per year). Based on these data, we thus identify the pool of unemployment benefit recipients, which we then compare to a broader sample representative of all unemployed workers in the country.

The second database corresponds to different waves of the Continuous Multi-Purpose Household Survey (CMPHS), which has been provided by the National Institute of Statistics in Mauritius. The CMPHS is the main household survey in the country and it has a rotating panel structure. Individuals are interviewed for two consecutive quarters, are left out of the survey for the two following quarters

and are interviewed again for another two consecutive quarters (i.e. 2-2-2 rotating panel). The survey contains detailed information on individual and household characteristics, including a detailed labour market module. It includes each year around 10,000 households (corresponding roughly to 30,000 individuals). The CMPHS thus provides us with a representative sample of all unemployed individuals in Mauritius. In order to recall detailed employment characteristics on the previous job of currently unemployed individuals, we exploit the panel structure of the CMPHS and use information elicited during a previous interview round if they were employed at that time (see below for details).

These two databases provide for the main samples in the analysis. We use two supplementary data sources to obtain further information on Workfare programme participants, as the administrative programme records do not recall some important characteristics of the job seeker. In particular, for the pool of individuals opting for job-placement among the three available ALMPs (corresponding to 85 per cent of participants) we obtain additional variables (e.g. marital status, district of residence) from the records of the Employment Information Centres, the providers of job-placement services. Additionally, we rely on information on the previous formality status in employment from the social security records of the Ministry of Social Security. Depending on whether a programme participant paid contributions to social security, we inferred whether the employment relationship at job-loss was formal or informal. From these data, for programme participants we also derive information on firm size using a representative sample of the employed population in Mauritius. We estimate firm size for each formal establishment in the country and then merge this information to Workfare Programme participants.

We are now going to examine descriptive statistics for the two main groups at the centre of the analysis: the universe of Workfare Programme participants and the representative sample of unemployed workers. Starting with individual characteristics (Panel A of Table 1), it emerges that Workfare Programme participants are on average more likely to be men than the overall unemployed individuals (60 and 41 per cent are men in the two samples, respectively). Programme participants are also older than the overall unemployed (average age is equal to 35.9 among programme participants compared to 29.8 among the unemployed overall). These differences are reflected in differences in marital status, as Workfare Programme participants are more likely to be single and less likely to be married.¹

Looking at labour market characteristics of unemployed individuals in their previous job (Panel B), it is important to note that for the CMPHS sample this information has been retrieved exploiting the panel structure of the survey and looking at the employment characteristics of the previous job that the (currently unemployed) individual had during a previous interview. For this reason, the number of individuals for which this information is available is considerably smaller and the information is also probably measured with some error.² For the Workfare Programme sample, some labour market characteristics (i.e. previous wage and job tenure) were obtained directly from the Workfare Programme administrative data, while other variables (i.e. previous formality status and firm size) were computed

¹ Marital status for the Workfare Programme sample is available only for the sub-sample of individuals opting for job-placement among the available ALMPs. However, this constitutes the vast majority of participants in the sample.

² In particular, employment characteristics in the previous job could be retrieved only if the (currently unemployed) individual (i) was observed in a previous interview round, and (ii) was employed in that round. Additionally, there is no guarantee that the employment characteristics retrieved in this way correspond to those of the last employment relationship (i.e. the individual might have lost and re-found a job between two interview rounds).

by matching this database with records from social security records.³ Bearing these caveats in mind, it appears that Workfare Programme participants in their previous job had slightly higher wages but shorter tenures. The most striking differences emerge when looking at the previous formal status in employment, as Workfare Programme participants are much more likely to have worked formally.⁴ Workfare Programme participants tend also to have worked in larger firms. These characteristics are also likely to be interdependent.

Finally, we look at the probability of the unemployed overall to meet the eligibility criteria of the programme. While these variables are set equal to one for the sample of Workfare Programme participants, we again re-construct this information for the unemployed overall (i.e. these variables have been retrieved by looking at characteristics of the job that an unemployed individual had in the previous survey interview round, if available). This implies that – similarly to the labour market characteristics – the CMPHS sample becomes considerably smaller and the parameters might be measured with error. Bearing this in mind, we find that an estimated 57 to 62 per cent of unemployed workers met one of the three requirements for participation assessed separately (i.e. full time, tenure and dismissal requirements).⁵ However, only 21 per cent met the three requirements at the same time and were therefore eligible to participate in the intervention.

³ However, the merge in this case allows to retrieve information for most of Workfare Programme participants.

⁴ Information on previous formal status in the labour market is available in the CMPHS only starting in 2012; hence descriptive statistics for this variable (for both samples) are presented only for the period 2012-2016.

⁵ Note that the survey does not directly ask individuals whether they quit their job voluntarily. To obtain a measure of the share of the unemployed overall meeting the third eligibility criterion, we define as voluntary resignations those connected with (i) family responsibilities (e.g. child and elderly care); (ii) lack of satisfaction with the current job, and (iii) resumption of studies or training.

Table 1: Descriptive statistics

	Sample of unemployed workers overall (CMPHS sample)			Universe of Workfare Programme participants		
	N	Mean	SD	N	Mean	SD
<i>Individual characteristics</i>						
Male (%)	10810	0.41		22814	0.60	
Age (years)	10810	29.80	10.92	22814	35.91	11.19
Single (%)	10810	0.54		21707	0.35	
Married (%)	10810	0.39		21707	0.60	
Other (%)	10810	0.08		21707	0.05	
<i>Labour market characteristics</i>						
Previous wage (2017 Rupees)	2669	8746.56	13282.27	22715	10362.64	6654.94
Tenure in previous job (months)	2681	42.00	73.53	22287	35.19	45.04
Previously formal worker (%)	1404	0.33		18029	0.81	
Previous firm size: <5 (%)	10810	0.11		22814	0.10	
Previous firm size: 5-9 employees (%)	10810	0.02		22814	0.07	
Previous firm size: >9 workers (%)	10810	0.12		22814	0.60	
Previous firm size: missing (%)	10810	0.75		22814	0.24	
<i>Eligibility criteria</i>						
Full-time requirement (%)	2091	0.59		22814	1.00	
Tenure requirement (%)	2681	0.62		22814	1.00	
Dismissal requirement (%)	6994	0.57		22814	1.00	
Eligible (i.e. three criteria) (%)	1776	0.21		22814	1.00	

Note: For Workfare Programme participants, data on gender, age, previous wage and tenure in the previous job comes from the Workfare Programme administrative records; data on marital status from the database of the Employment Information Centres; data on previous formality status and firm size in the previous job from the Ministry of Social Security. For the CMPHS sample, data on individual characteristics are elicited to the unemployed at the time of the interview; data on labour market characteristics and eligibility criteria is reconstructed using the panel dimension of the survey, as explained in the main text.

Source: Authors' calculations based on survey and administrative data.

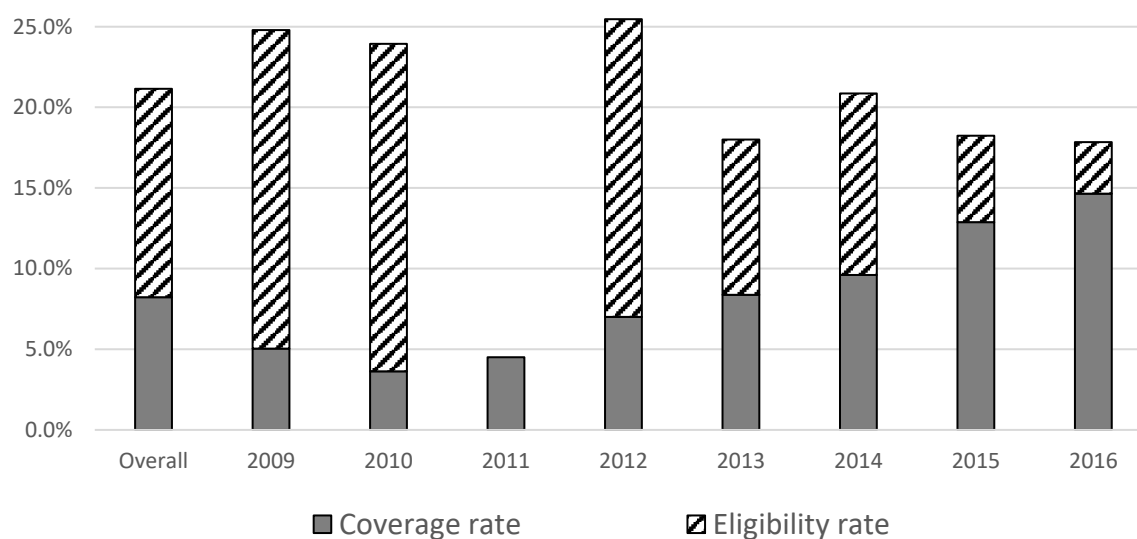
4. Descriptive analysis

The descriptive analysis is conducted by computing coverage, eligibility and take-up rates of the Workfare Programme overall as well as for specific sub-groups. The purpose is to obtain a first understanding of the extent to which the policy reaches different groups in the labour market. Specifically, we estimate the coverage rate by dividing the number of participants (obtained from Workfare Programme records) by the total number of unemployed workers in the country (estimated from the CMPHS). To estimate the eligibility rate, we rely on CMPHS data to infer the share of unemployed individuals in Mauritius who are eligible for participation in the Workfare Programmes (i.e. meeting the three eligibility criteria). This is done using contemporaneous information provided at the time of the interview on the reason for termination of employment (for the dismissal requirement) and exploiting the panel structure of the survey for the tenure and full-time requirements. The eligibility rate is then computed as the number of eligible unemployed out of the total number of unemployed. Finally, the take-up rate is simply obtained as the ratio between the number of participants and the number of eligible unemployed.

According to our estimates, between 2009 and 2016 approximately 21 per cent of the unemployed in Mauritius met the three eligibility criteria for participation in the Workfare Programme (eligibility rate). However, only 8 per cent of unemployed participated in the policy during the same period (coverage rate). As a result, the take-up rate among eligible individuals was approximately 39 per cent (i.e. 8 per cent divided by 21 per cent) meaning that roughly only 4 out of 10 eligible unemployed participated in the Workfare Programme. Trends in participation show a persistent increase over time. While in 2009

less than 2,000 unemployed workers participated (resulting in a coverage rate of 5 per cent of unemployed individuals), the number of participants increased steadily to reach 5,700 in 2016 (resulting in a coverage rate equal to 15 per cent). This trend was the result of a strong increase in the take-up rate (from 20 per cent in 2009 to 82 per cent in 2016 of eligible unemployed), while there was a slight decrease in the eligibility rate during the same period (from 25 to 18 per cent of all the unemployed) (Figure 1). The coverage rate is substantially below values reported in advanced economies (generally higher than 40 per cent), but it tends to be in line with values registered in other middle-income economies (Asenjo and Pignatti, 2019). At the same time, the policy take-up rate is now on a par with the values registered in advanced economies (between 60 and 80 per cent) (Hernanz et al., 2004).

Figure 1: Workfare Programme coverage and eligibility rates, overall and by years (2009-2016)



Note: This figure presents the estimated eligibility rates (the share of unemployed individuals meeting the criteria to participate in the Workfare Programme) and the coverage rates (the share of unemployed individuals participating in the Workfare Programme) overall and for the different years. The take-up rate is simply computed as the ratio between the two. Data on eligibility for 2011 are not available.

Source: Authors' calculations based on CMPHS and administrative data.

We now look at programme coverage for different groups in the labour market, with the objective of understanding whether participation is homogeneous or concentrated among specific groups. In this respect, the existing literature is inconclusive on the categories of workers that are more likely to participate in social protection programmes in emerging and developing economies (Maquet et al., 2016). Starting with the analysis by sex, Figure 2 shows that the programme's coverage rate across years is equal to 14 per cent for men and only 6 per cent for women. This means that the male unemployed are more than twice as likely as the female unemployed to participate in the intervention. At first glance, the gap in programme coverage by sex seems to stem from both differential eligibility and take-up rates. While 24 per cent of unemployed men meet the eligibility criteria of the Workfare Programme, only 18 per cent of unemployed women do so. At the same time, only around one out of three eligible women participates in the programme while more than half of eligible men do.

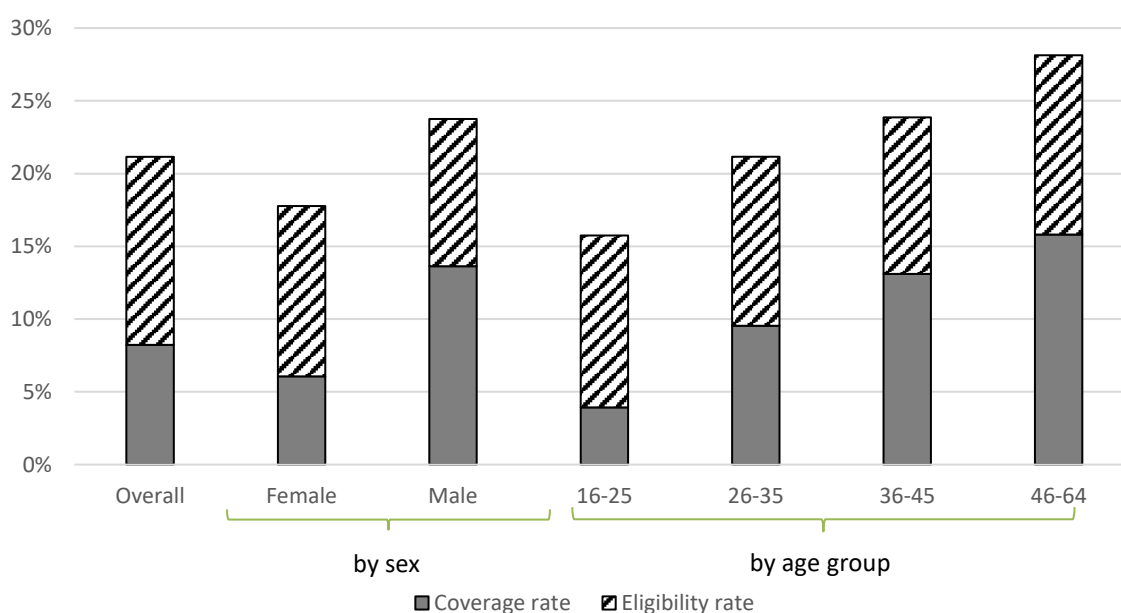
Looking further into the reasons for differential eligibility rates by sex, our estimates from the CMPHS suggest that men and women have similar probabilities of meeting the tenure and full-time requirements (i.e. minimum of 180 days in the previous job and having been laid-off in the previous job). However,

women are much more likely than men to resign for voluntary reasons (52 per cent of women resign voluntarily compared to 32 for men). According to our estimates, this difference is accounted almost exclusively by differences in the shares of resignations due to family reasons (including marriage, child birth or other responsibilities in the household). These motivations account for 22 per cent of the reasons for termination of employment among women and 0 per cent among men. At the same time, it is instead only possible to speculate on the possible reasons behind differences in take-up rates between sexes. These might be related to the lower labour market attachment of women, who might leave the labour market upon job-loss.

Coverage rates differ substantially also by age groups. In particular, the coverage rate of the Workfare Programme increases steadily from 4 per cent of the unemployed in the age group 16-25 to 16 per cent of the unemployed above 45 years old. This means that the older unemployed are four times more likely to participate in the programme than their younger counterparts. Again, our estimates from the CMPHS suggest that differential coverage rates are the result of both differences in eligibility and take-up rates. The estimated eligibility rates range from 16 per cent among young unemployed to 28 per cent among the older unemployed. Moreover, we estimate that the take-up rate is equal to 25 per cent among young unemployed workers, while it reaches 42 per cent among the oldest age group (Figure 2).

Assessing the underlying reasons for differences in eligibility rates, it seems that young unemployed workers are less likely to meet the tenure requirement as well as the dismissal requirement. Estimates from the CMPHS show that only 53 per cent of the unemployed aged 16 to 25 report having worked for at least 180 days in their previous job compared to 75 per cent of workers above the age of 45. Similarly, the share of unemployed individuals that terminate their employment relationship voluntarily is equal to 74 per cent among young workers and 50 per cent among older workers. In contrast, no substantial differences across age groups are found with respect to the share of workers employed full-time. Once again, it is instead only possible to speculate on the possible reasons for differential take-up rates across age groups. These differences might at least in part depend on different levels of labour market attachment – with young people reverting to education or training upon job-loss.

Figure 2: Workfare Programme coverage and eligibility rates, overall and by groups (2009-16)



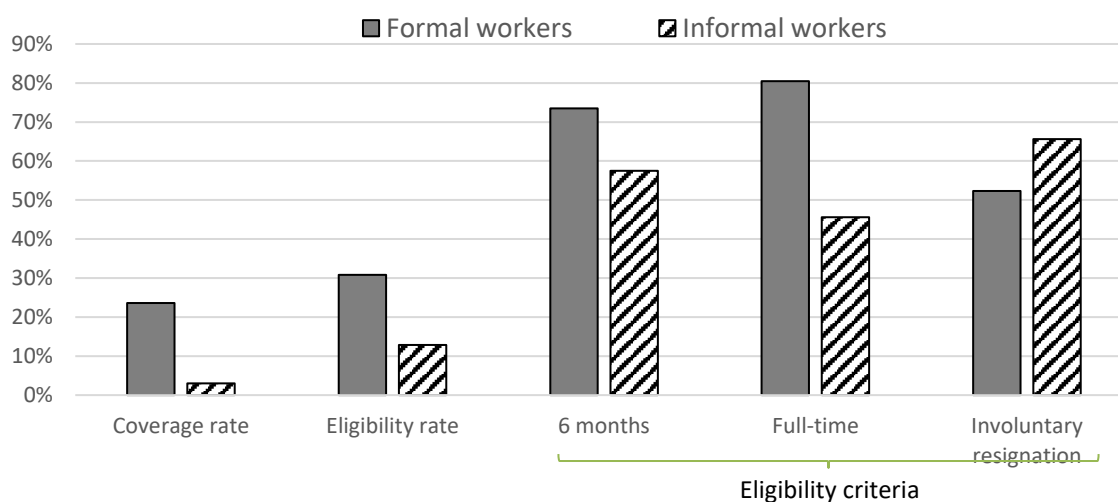
Note: The estimates are on pooled years 2009 to 2016. See the note to Figure 1 for details.

Source: Authors' calculations based on CMPHS and administrative data.

Finally, we look at differential participation rates for workers according to their previous formality status in the labour market. Indeed, one of the defining elements of the Workfare Programme is that it grants access to unemployed individuals independently from the previous social security contributions. Nevertheless, results show that participation is still strongly concentrated among previously formal workers. The estimate programme coverage rate (equal to 8 per cent for all participants) is equal to 24 per cent among previously formal workers and only 3 per cent among previously informal workers (Figure 3). This substantial gap seems to be explained by both differences in eligibility and take-up rates. In particular, the Workfare Programme eligibility rate is higher among previously formal workers (31 per cent) compared to previously informal workers (13 per cent). This means that almost 80 per cent of formal workers who were eligible to participate in the Workfare Programme joined the intervention, while less than 25 per cent of eligible informal workers did.

The gap in eligibility rates between formal and informal workers seems to be driven by the fact that informal workers are less likely to meet the tenure condition and the full-time requirement. This is consistent with the informal nature of their jobs, which often are of only casual nature (ILO, 2018). On the contrary, informal workers are more likely to have been dismissed, thereby meeting the third eligibility condition. This suggests that informal workers are more likely to enter unemployment out of necessity (rather than as the result of a deliberate decision), but they then lack adequate government support. Reflecting upon the possible reasons of differential take-up rates between formal and informal workers, discussions with local authorities have pointed to the role played by burdensome administrative requirements (e.g. the requirement that the previous employer must visit the Labour Office to confirm registration details) which are more problematic to meet for informal workers.

Figure 3: Workfare Programme coverage and eligibility rates, previously formal and informal workers (2012-2016)



Note: The figure shows the coverage and eligibility rates for the Workfare Programme (left side) as well as the share of workers meeting the different eligibility criteria (right side) for formal and informal workers. All figures refer to the years from 2012 onwards, for which the information on informality is available in the CMPHS. See the note to Figure 1 for details.

Source: Authors' calculations based on the CMPHS and administrative data.

5. Regression analysis

The discussion presented so far has summarised the descriptive evidence on coverage, eligibility and take-up rates for the Workfare Programme overall and among different groups of the unemployed in Mauritius. However, purely descriptive evidence does not allow disentangling the relative importance of different individual or household characteristics to the extent that these variables are correlated. For

instance, lower coverage rates among young workers might simply be the result of their higher likelihood of working informally before job loss. Similar issues would apply to the analysis of the determinants of differences in eligibility and take-up rates. In order to net out the effects of different variables, we present OLS regression analysis focussed on three different aspects. We first analyse the determinants of participation in the Workfare Programme (i.e. compared to the status of non-participation), then we look at the determinants of meeting the eligibility requirements (i.e. compared to the status of not being eligible) and then we analyse what drives take-up (i.e. participation in the Workfare Programme, controlling for eligibility).

The analysis is based on pooled Workfare Programme administrative records and CMPHS survey data (more specifically, the sample of unemployed workers from the CMPHS). Before presenting the results, some methodological caveats need to be mentioned. In particular, in the CMPHS some labour market characteristics were obtained exploiting the panel structure of the survey for unemployed workers who were employed in a previous interview round. As explained in Section 3, these characteristics are available only for a sub-sample of the overall unemployed and they are likely to be observed with some error. Additionally, it is likely that some unemployed individuals in the CMPHS participated in the Workfare Programme. However, for confidentiality reasons we were not able to match the two databases and we cannot tell which unemployed in the CMPHS also participated in the Workfare Programme. In this sense, we are in fact comparing the average programme participant with the average unemployed worker (rather than the average non-participant).⁶ Therefore, the results (and especially the point estimates) should be interpreted with some caution, though we aim to reveal major patterns of interest.

Bearing these caveats in mind, we start the analysis by analysing the determinants of participation (independently from the role played by eligibility and take-up). In this case, the dependent variable equals one if the unemployed individual participated in the Workfare Programme and zero otherwise. The sample is composed of (i) unemployed individuals from the CMPHS (which are assigned a value of zero for the dependent variable), and (ii) Workfare Programme participants from the records of the Ministry of Labour (which will have instead a value of one for the dependent variable, see Section 3 above for details).

The results generally confirm findings from the descriptive analysis, with some additional details (Table 2). First, relatively older workers (i.e. the omitted age category in the regression corresponds to individuals between 16 and 25 years old) are more likely to participate in the Workfare Programme. The magnitude of the effect is stable across age groups, suggesting that the probability of participating is similar for prime-age workers of different age (between 25 and 64 years old). At the same time, we find that men are more likely than women to participate in the Workfare Programme. The effect decreases in magnitude once we control for labour market variables, suggesting that part of the differences in coverage rates discussed in the descriptive section result from differences in labour market characteristics between sexes. Nevertheless, the gender dummy is significant even in the most complete specification (column 6) and similar in magnitude to the coefficients for the age groups. Continuing in the analysis of personal characteristics, we find that married individuals (compared to single ones, which represents the omitted category for marital status) are more likely to participate. This

⁶ Similarly, concerns relate to the different sampling strategy of the two survey (i.e. universe of participants for the Workfare Programme administrative records random sampling for the CMPHS) as well as their differences in terms of the theoretical population of interest (i.e. unemployment benefit recipients and the overall population, respectively)

can be explained by their need to sustain living standards of their families, especially when participants have dependent members in the household.⁷

Turning to the labour market variables, the results show that formal status in the previous job is the single strongest determinant of participation in the Workfare Programme. Unemployed individuals that were previously working in a formal job are around 74 per cent more likely to participate the Workfare Programme compared to otherwise similar individuals that were previously working informally (column 6). This is an important – yet puzzling – result, as the Workfare Programme was conceived to expand unemployment protection coverage also to informal workers. Other labour market characteristics also play a role in explaining participation, despite these not being directly linked to the programme eligibility requirements. Unemployed individuals that recorded higher wages in the previous job are slightly less likely to participate in the Workfare Programme (in the most complete specification). However, the coefficient is very small in magnitude and also changes sign across specifications. Similarly, individuals working in larger firms (compared to the omitted category of firms below five workers) are more likely to join the intervention. We also include in the final specification a series of dummies for the occupational status in the previous job, measured at the one-digit level. The results reveal some variation across occupational groups (compared to the omitted category of managers), but the inclusion of these dummies does not otherwise affect the results of the other variables.

⁷ Evidence from administrative data from the Employment Information Centres show that Workfare Programme participants have on average 1.9 dependents, in most of the cases being fully dependent on the participant (ILO, 2019)

Table 2: Participation in the Workfare Programme

	Participation in the Workfare Programme (1/0)					
	(1)	(2)	(3)	(4)	(5)	(6)
Age groups (omitted 16-25)						
26-35	0.209*** (0.007)	0.172*** (0.008)	0.053*** (0.006)	0.050*** (0.006)	0.023*** (0.004)	0.024*** (0.004)
36-45	0.253*** (0.008)	0.201*** (0.009)	0.056*** (0.006)	0.053*** (0.006)	0.027*** (0.005)	0.026*** (0.005)
46-64	0.259*** (0.007)	0.204*** (0.009)	0.066*** (0.006)	0.064*** (0.006)	0.023*** (0.005)	0.022*** (0.005)
Gender (omitted: female)						
Male	0.135*** (0.005)	0.141*** (0.006)	0.007* (0.004)	0.005 (0.004)	0.022*** (0.003)	0.023*** (0.003)
Marital status (omitted: single)						
Married		0.097*** (0.007)	0.031*** (0.004)	0.030*** (0.004)	0.016*** (0.003)	0.017*** (0.003)
Other		-0.046*** (0.013)	-0.032*** (0.011)	-0.033*** (0.011)	-0.015** (0.007)	-0.014* (0.007)
Characteristics of previous job						
Formal in previous job			0.185*** (0.006)	0.183*** (0.006)	0.738*** (0.012)	0.737*** (0.012)
Previous wage (in 1,000 Rupees)				0.001** (0.000)	-0.001*** (0.000)	-0.001** (0.000)
Size of previous firm (omitted: <5 workers)						
5-9 workers					0.043*** (0.006)	0.041*** (0.006)
>9 workers					0.040*** (0.005)	0.037*** (0.005)
Missing					0.766*** (0.011)	0.763*** (0.012)
Occupation in previous job (omitted: manager)						
Professionals						0.006 (0.019)
Technicians & associate professionals						0.025 (0.017)
Clerical support workers						0.043*** (0.016)
Service & sales workers						0.009 (0.016)
Skilled agric., forestry, fishery workers						0.021 (0.019)
Craft & related workers						0.017 (0.016)
Plant & machine operators and assemblers						0.039** (0.016)
Elementary occupations						0.039** (0.016)
Constant	0.461*** (0.011)	0.435*** (0.012)	0.766*** (0.010)	0.763*** (0.010)	0.181*** (0.011)	0.151*** (0.019)
Observations	25,186	24,478	18,918	18,825	18,825	18,547
R-squared	0.145	0.160	0.133	0.131	0.535	0.538
Year FE	YES	YES	YES	YES	YES	YES
District FE	YES	YES	YES	YES	YES	YES
SE	Robust	Robust	Robust	Robust	Robust	Robust

Notes: OLS-regression analysis of a dummy variable equal to 1 in case an individual participates in the programme (i.e. is observed in the administrative programme data) and equal to 0 otherwise (i.e. when an individual is observed in the CMPHS data) on key observable characteristics capturing age, gender, marital status, previous job characteristics, firm size, and occupation. These characteristics are expressed in terms of dummy variables except for the previous wage. The analysis is based on pooled administrative data (all programme participants) and CMPHS survey data (sample of unemployed individuals), as explained in the text. Robust standard errors are in parentheses, with *** p<0.01, ** p<0.05, * p<0.1.

These findings shed light on the determinants of participation in the Workfare Programme, but they do not allow differentiating between the role of eligibility and take-up in explaining differences in the probability to participate among different groups of unemployed. The rest of the analysis will be concerned with this question. Starting from the analysis of the determinants of eligibility, the dependent variable in this case corresponds to a binary indicator equal to one if an unemployed individual meets all three eligibility criteria (and zero otherwise) in columns (1) to (6). We also analyse the determinants of meeting the three different eligibility criteria separately (column (7) to (9) for the tenure, full-time and dismissal requirements, respectively). For this analysis, the sample is composed uniquely of unemployed individuals from the CMPHS.

We find that some personal and labour market characteristics determine the probability of being eligible to the Workfare Programme (Table 3). While some results match those discussed above in the specification explaining the determinants of participation, important differences also emerge – leaving room for take-up in explaining final participation decisions. Starting with personal characteristics, in the most complete specification (column (6)), we find that relatively older individuals are more likely to be eligible to participate.⁸ If we look at the three eligibility criteria separately (columns 7 to 9), we find that this is mostly a result of a higher likelihood of meeting the tenure requirement of 180 days in the previous job (column (7)). This is consistent with the shorter employment spells that characterise the employment trajectories of labour market entrants. Regarding gender, men are more likely than women to be eligible and this seems to be driven uniquely by a higher probability of being dismissed (rather than resign) in their previous job (column (9)). As mentioned above, many women resign to take household and childcare responsibilities and this might limit their participation in the policy. Finally, no statistically significant differences in meeting the eligibility requirements are found with respect to marital status. In particular, married individuals are less likely to have worked full-time but more likely to meet the tenure and dismissal requirement – so the overall effect on eligibility is non-significant.

Looking at previous labour market characteristics of currently unemployed individuals, we find that those previously employed in a formal job are substantially more likely to be eligible. This result is strong in magnitude and applies to the first two eligibility criteria (i.e. tenure and full-time requirements), while previously formal workers are less likely to have been dismissed (third eligibility criterion). While formality status in the previous job is not an explicit requirement to join the Workfare Programme, a possible explanation for these results is that individuals employed in formal jobs tend to enjoy better employment conditions (e.g. longer tenures, more regular working hours) which translate into a higher likelihood of being eligible to join the intervention. A similar interpretation can be provided with the results on previous wages, which show that individuals with higher previous wages are more likely to be eligible. Also in this case, this is driven by a higher likelihood of meeting the tenure and full-time requirements while they are less likely to have been dismissed in their previous job (although this latter coefficient is not statistically significant). The results by firm size show that individuals that were previously working in larger firms are more likely to meet the full-time requirement, but at the same time they are less likely to meet the tenure requirement. As a result, the effect of firm size on overall eligibility is small and generally non-significant. Finally, results for the occupational dummies are generally inconclusive but do not affect the other coefficients.

⁸ The omitted categories for all the covariates remain the same as before and can be consulted in the table.

Table 3: Eligibility to the Workfare Programme

	Eligibility to the Workfare Programme (1/0)						Tenure	Full-time	Layoff
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Age groups (omitted 16-25)									
26-35	0.090*** (0.029)	0.089*** (0.031)	0.083*** (0.031)	0.071** (0.032)	0.072** (0.032)	0.067** (0.032)	0.093*** (0.036)	0.028 (0.033)	0.009 (0.039)
36-45	0.090*** (0.032)	0.089** (0.037)	0.102*** (0.037)	0.094** (0.037)	0.099*** (0.037)	0.100*** (0.038)	0.118*** (0.041)	0.035 (0.040)	0.112** (0.046)
46-64	0.093*** (0.033)	0.092** (0.041)	0.087** (0.040)	0.070* (0.040)	0.074* (0.040)	0.076* (0.040)	0.135*** (0.045)	-0.059 (0.045)	0.123** (0.050)
Gender (omitted: female)									
Male	0.082*** (0.023)	0.084*** (0.025)	0.097*** (0.024)	0.090*** (0.024)	0.092*** (0.025)	0.068** (0.027)	-0.013 (0.030)	0.011 (0.028)	0.074** (0.035)
Marital status (omitted: single)									
Married		-0.000 (0.031)	-0.003 (0.031)	-0.001 (0.031)	0.001 (0.031)	0.001 (0.032)	0.026 (0.035)	-0.09*** (0.033)	0.044 (0.038)
Other		0.013 (0.045)	0.025 (0.043)	0.027 (0.043)	0.030 (0.043)	0.037 (0.044)	-0.097* (0.051)	-0.025 (0.047)	0.072 (0.054)
Characteristics of previous job									
Formal in previous job			0.179*** (0.026)	0.162*** (0.027)	0.137*** (0.030)	0.145*** (0.030)	0.197*** (0.031)	0.195*** (0.031)	-0.10*** (0.036)
Previous wage (in 1,000 Rupees)				0.003** (0.001)	0.003** (0.001)	0.003** (0.001)	0.007*** (0.001)	0.004*** (0.001)	-0.001 (0.001)
Size of previous firm (omitted: <5 workers)									
5-9 workers					-0.007 (0.037)	-0.000 (0.038)	-0.108** (0.049)	0.202*** (0.047)	-0.037 (0.052)
>9 workers					0.049* (0.028)	0.050* (0.029)	-0.13*** (0.033)	0.242*** (0.034)	0.040 (0.036)
Occupation in previous job (omitted: manager)									
Professionals						0.167 (0.110)	0.236** (0.119)	-0.143 (0.118)	0.242* (0.130)
Technicians & associate professionals						0.226** (0.111)	0.172 (0.121)	0.012 (0.110)	0.092 (0.131)
Clerical support workers						0.122 (0.106)	0.113 (0.118)	-0.019 (0.109)	0.161 (0.126)
Service & sales workers						0.108 (0.100)	0.199* (0.114)	0.067 (0.105)	0.010 (0.120)
Skilled agric., forestry, fishery workers						0.154 (0.115)	0.250* (0.132)	-0.150 (0.116)	0.158 (0.145)
Craft & related workers						0.179* (0.101)	0.213* (0.114)	0.003 (0.105)	0.310*** (0.120)
Plant & machine operators and assemblers						0.091 (0.106)	0.225* (0.123)	0.025 (0.112)	-0.050 (0.130)
Elementary occupations						0.092 (0.101)	0.132 (0.116)	-0.069 (0.106)	0.093 (0.122)
Constant	0.151*** (0.054)	0.150*** (0.056)	0.059 (0.058)	0.051 (0.058)	0.037 (0.059)	-0.083 (0.120)	0.521*** (0.125)	0.368*** (0.118)	0.405*** (0.136)
Observations	1,194	1,194	1,169	1,160	1,160	1,159	1,386	1,381	1,162
R-squared	0.034	0.035	0.079	0.086	0.089	0.101	0.123	0.219	0.131
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES
District FE	YES	YES	YES	YES	YES	YES	YES	YES	YES
SE	Robust	Robust	Robust	Robust	Robust	Robust	Robust	Robust	Robust

Notes: OLS-regression analysis of a dummy variable equal to 1 in case an individual meets the eligibility criteria (columns (1) to (6)) or each of the criteria assessed separately (columns (7) to (9)) and equal to 0 otherwise on key observable characteristics capturing age, gender, marital status, previous job characteristics, firm size, and occupation. These characteristics are expressed in terms of dummy variables except for the previous wage. The analysis is based on unemployed individuals observed in the CMPHS survey. Robust standard errors are in parentheses, with *** p<0.01, ** p<0.05, * p<0.1.

As a last step, we aim to analyse differences in take-up of the Workfare Programme among otherwise eligible unemployed workers. For this reason, the dependent variable is the same as in Table 2 above (i.e. being equal to one if the individual participated in the Workfare Programme and zero otherwise) but we also include among the covariates the dummy for eligibility (which was the dependent variable for Table 3). The sample is composed of (i) unemployed individuals from the CMPHS (which are assigned a value of zero for the dependent variable), and (ii) Workfare Programme participants from the programme records (which are assigned the value of one for the dependent variable).

The results reveal some important differences in the likelihood of taking-up the policy among groups of unemployed individuals that are eligible for participation (Table 4). Starting with the analysis by age, no differences emerge in the probability of taking-up the policy among eligible unemployed of different age groups. This suggests that the higher participation of relatively older workers in the Workfare Programme (Table 2) is driven uniquely by their higher likelihood of meeting the eligibility requirements (especially the tenure criterion, as seen in Table 3) while take-up of the policy is similar across age groups. At the same time, in the most complete specification (column (6)) we find that eligible men are slightly more likely to participate in the Workfare Programme than eligible women. This means that the higher likelihood of participating in the Workfare Programme (column (6) of Table 2) is the result of a higher probability for men to meet the eligibility criteria (Table 3) as well as a higher probability of taking-up the policy. Moving to marital status, we find that married individuals (compared to single ones) are more likely to take-up the policy when they are eligible. Since we did not find any difference in the determinants of eligibility across marital status (Table 3), this means that the higher likelihood of married individuals to participate in the policy (as seen in Table 2) is uniquely driven by their higher take-up rate. In the final specification (column (7)) we control for the three eligibility criteria separately (rather than including a single dummy for eligibility), but results do not significantly vary.

Finally, we look at the determinants of take-up according to individuals that differ with respect to their previous labour market characteristics. We find that previous formality status has a positive effect on the probability of eligible individuals to participate in the policy. This means that the higher likelihood of previously formal workers to participate in the Workfare Programme (as discussed in Table 2) is the result of both a higher likelihood of meeting the eligibility criteria (Table 3) and of take-up conditional on being eligible. A possible explanation is that the registration procedures for the Workfare Programme require the presentation of certain documents (e.g. letter of termination of employment) and the involvement of the previous employer (who should visit the Labour Office), which could be difficult to meet for otherwise eligible informal workers. Additionally, we find that individuals with previous higher wages have a lower probability to take-up the policy once they are eligible. This suggests that the slightly lower probability of relatively rich individuals to participate in the policy (as seen in Table 2) is the result of two opposing forces: a (weaker) positive probability of meeting the eligibility requirements and a (stronger) negative probability of taking-up the policy. This might be motivated by the advantageous position of this group of workers, which can afford remaining outside the Workfare Programme during the period of joblessness. Finally, we find that eligible unemployed working in larger firms are more likely to take-up the policy. Since we did not find any significant effect of firm size on the probability of meeting the eligibility criteria (Table 3), the higher likelihood of this group of workers to participate in the policy (Table 2) is entirely driven by higher take-up. The higher take-up in larger firms might be the result of better information sharing, management practices or higher trade union representation in larger firms. Finally, no differences in take-up rates are found across occupations.

Table 4: Take-up of the Workfare Programme

	Take-up of the Workfare Programme (1/0)						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Age groups (omitted 16-25)							
26-35	0.001 (0.002)	-0.001 (0.002)	0.000 (0.002)	0.002 (0.003)	0.001 (0.002)	0.001 (0.002)	0.003 (0.003)
36-45	0.001 (0.002)	-0.001 (0.003)	-0.000 (0.003)	0.001 (0.003)	0.000 (0.003)	-0.000 (0.003)	0.001 (0.003)
46-64	0.001 (0.002)	-0.001 (0.003)	0.001 (0.003)	0.001 (0.003)	-0.001 (0.003)	-0.002 (0.003)	-0.002 (0.003)
Gender (omitted: female)							
Male	-0.003** (0.002)	-0.004** (0.002)	-0.004*** (0.002)	-0.002 (0.002)	0.003* (0.002)	0.004** (0.002)	0.008*** (0.002)
Marital status (omitted: single)							
Married		0.006*** (0.002)	0.007*** (0.002)	0.007*** (0.002)	0.006*** (0.002)	0.006*** (0.002)	0.009*** (0.002)
Other		-0.011** (0.005)	-0.009* (0.005)	-0.009* (0.005)	-0.008 (0.005)	-0.008 (0.005)	-0.005 (0.006)
Characteristics of previous job							
Formal in previous job			0.020*** (0.003)	0.020*** (0.003)	0.187*** (0.016)	0.188*** (0.016)	0.307*** (0.016)
Previous wage (in 1,000 Rupees)				-0.001*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.002*** (0.000)
Size of previous firm (omitted: <5 workers)							
5-9 workers					0.010** (0.004)	0.009** (0.004)	0.014*** (0.005)
>9 workers					0.005 (0.003)	0.004 (0.003)	0.008** (0.004)
Missing					0.194*** (0.016)	0.194*** (0.016)	0.316*** (0.017)
Occupation in previous job (omitted: manager)							
Professionals						-0.010 (0.011)	-0.010 (0.013)
Technicians & associate professionals						-0.008 (0.010)	0.001 (0.011)
Clerical support workers						-0.001 (0.009)	0.005 (0.011)
Service & sales workers						-0.009 (0.009)	-0.010 (0.011)
Skilled agric., forestry, fishery workers						-0.008 (0.012)	0.002 (0.014)
Craft & related workers						-0.012 (0.009)	-0.015 (0.011)
Plant & machine operators and assemblers						-0.000 (0.009)	0.005 (0.011)
Elementary occupations						-0.001 (0.009)	0.005 (0.011)
Control for eligibility	Dummy	Dummy	Dummy	Dummy	Dummy	Dummy	3 Dummies
Constant	0.005 (0.003)	0.006 (0.004)	0.004 (0.004)	0.008** (0.004)	-0.045*** (0.006)	-0.040*** (0.012)	-0.640*** (0.025)
Observations	19,731	19,023	18,684	18,598	18,598	18,320	18,320
R-squared	0.798	0.798	0.802	0.801	0.818	0.818	0.737
Year FE	YES	YES	YES	YES	YES	YES	YES
District FE	YES	YES	YES	YES	YES	YES	YES
SE	Robust	Robust	Robust	Robust	Robust	Robust	Robust

Notes: OLS-regression analysis of a dummy variable equal to 1 in case an eligible individual participates in the programme and equal to 0 otherwise on key observable characteristics capturing eligibility, age, gender, marital status, previous job characteristics, firm size, and occupation. These characteristics are expressed in terms of dummy variables except for the previous wage. The sample is composed of (i) unemployed individuals from the CMPHS meeting the eligibility criteria (which are assigned a value of zero for the dependent variable), and (ii) Workfare Programme participants from the programme records (which are assigned the value of one for the dependent variable). Robust standard errors are in parentheses, with *** p<0.01, ** p<0.05, * p<0.1.

6. Conclusions

Unemployment benefit programmes are increasingly implemented around the world to provide protection to workers' incomes after job-loss and to prevent out-of-work poverty. As countries industrialise, governments substitute simpler forms of unemployment protection (like severance payments) with fully-fledged unemployment benefit schemes (Ozkan, 2019). However, coverage of unemployment benefits remains low in emerging compared to advanced economies (Asenjo and Pignatti, 2019). This limits the reach and effectiveness of these interventions and it also represents a puzzle given that eligibility criteria are not stricter in emerging compared to advanced economies. To our knowledge, there are no studies that have examined the determinants of participation in unemployment benefit schemes in developing and emerging economies, differentiating between the role played by eligibility criteria and policy take-up. Yet the relative importance of these factors is particularly important from a policy perspective as different types of labour market interventions would be needed (if any) in the two cases.

We study this question in the context of the unemployment benefit programme in Mauritius (the so-called Workfare Programme), a policy that stands out from an international perspective as it aims to provide coverage also to dismissed workers who were previously employed in an informal job. As most emerging and developing economies present large shares of informal employment, understanding the policy options available to extend unemployment protection to this segment of the labour market is informative beyond the Mauritian context. Drawing on rich survey and administrative data, we first estimate coverage, eligibility and take-up rates and then employ OLS regression analysis aiming to isolate the role played by different individual and household characteristics in determining these rates. While some caveats concerning the data construction are discussed in the paper and need to be addressed in future work, the analysis should detect patterns explaining differential access to the policy at the group level.

We find that certain groups of workers are more likely than others to participate in the policy. This is driven in certain cases by their higher likelihood of meeting the eligibility criteria (for prime age compared to young unemployed) and in other cases by their higher likelihood of taking-up the policy when they are eligible (for married individuals compared to single ones). Results by gender show that men are more likely to both meet the Workfare Programme eligibility criteria (because they are less likely to resign in their current job) and also to take-up the intervention when eligible. The most striking result concerns participation patterns by previous formal status in the labour market. Even though the Workfare Programme is open to both formal and informal workers, we find that only 3 per cent of unemployed individuals previously working informally participate in the Workfare Programme compared to 24 per cent of previously formal workers. This gap is driven by both a higher likelihood of formal workers of meeting the eligibility criteria as well as a lower likelihood of previously informal workers to apply to the programme even if they are eligible.

This suggests that simply opening the policy to informal workers does not necessarily guarantee their inclusion in the programme. Rather, both eligibility criteria and registration procedures need to be conceived in a way that encourages equal participation of formal and informal workers. This result is particularly relevant to policy makers in emerging and developing economies that consider expanding social protection coverage to more vulnerable groups in the labour market.

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