The Hayami Award is presented to a researcher at a Japanese institution who is 40 years of age or younger and whose paper is presented at the annual JADE conference. The selection committee chooses Tomoaki Tanaka of Queen Mary University of London, University of Tokyo and JICA for his paper "Extensive and intensive margins of informal workers' public pension demand: evidence from a Mongolian pension reform."

The major problems of development in the second half of this century will be framed by two overwhelming trends. One is global climate change. The other is demographic change. As population pyramids become towers, many countries in the developing world face growing demands on social protection, including support for the aged, with fewer young workers to sustain the tax base. Developing countries characteristically have shallow reserves of accumulated wealth and low rates of participation in the formal economy. These create additional challenges relative to social protection plans in wealthy countries.

Not much is known about this problem. The literature on social protection in developing countries is replete with impact evaluations conducted as experiments under conditions controlled by the researcher. However, there is a tension between internal rigor and external validity. This paper's contribution, using real-world data, is firmly on the side of policy relevance. It explores take-up of public pension participation by herders (pastoralists) in Mongolia. Herders account for one-third of the Mongolian labor force but are mostly rural, remote, not closely engaged with the formal economy, and vulnerable to wide annual fluctuations in income. Those conditions are not conducive to saving for retirement. Meanwhile, Mongolia's potential support ratio (working-age population to retirees) has fallen by half from its peak in 2009 and is predicted to halve again by 2050. Finding cost-effective means to support the aged, including those in hard-to-reach sub-populations, is a first-order policy challenge.

Using administrative data, the author exploits a policy change that had exogenously differential effects on the costs and benefits of public pension plan participation by age, thus creating a natural experiment. The empirical analysis uses regression kink design to estimate the impact of the policy on participation (extensive margin) and contributions (intensive margin). The pension policy reform incentivized participation, and the author finds that the extensive margin response to the policy is significant, especially among younger people. The paper's bottom-line finding is that "offering modest incentives for younger generations is effective and cost-effective in boosting coverage." If robust, these findings provide potentially important guidance to governments throughout the developing world as they seek least-cost means to expand pension coverage among disadvantaged groups.

The selection committee recognizes that as with virtually all conference papers, there is potential

for further improvement in several areas. Nevertheless, we find that this paper meets the Hayami Award's criteria of originality of research ideas, innovativeness in analysis, and (above all, in this case) importance of policy implications.

JADE 2024 Hayami Award Selection Committee:

Takeshi Aida, Ian Coxhead (chair), Yuya Kudo, Momoe Makino, Masaru Nagashima.