The Long-Term Impacts of Conditional Cash Transfers in Honduras

J-PAL office: J-PAL North America

Location: Minnesota, United States of America

Sample: 70 municipalities across western Honduras

Target group: Children Children under five Parents Urban population

Intervention type: Housing and neighborhoods

AEA RCT registration number: AEARCTR-0002807

Research Papers: Experimental long-term effects of early-childhood and school-age exposure to a ...

Notes: This analysis was done by J-PAL affiliate Karen Macours and co-authors of a randomized evaluation originally studied by Saul S Morris et al., and others.

Partner organization(s): The Government of Honduras

Although a large body of evidence suggests that conditional cash transfers (CCTs) can have positive short-term impacts on health and education, there is less evidence about their long-term effects. Researchers used census data in Honduras to determine the impact of PRAF-II, a CCT program, 13 years after it began. They found that the CCT program had positive impacts on educational attainment and international migration for non-indigenous individuals, but had more mixed impacts on marriage, fertility, and labor market outcomes.

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Conditional cash transfer (CCT) programs, which provide cash grants to recipients conditional on certain actions such as school attendance or preventative health visits, have existed in Latin America for two decades and reach a quarter of the region's population. Often, these grants have dual goals of alleviating current poverty while also prompting individuals to invest in nutrition, health, and education. Many studies demonstrate that CCTs can be effective at achieving their goals in the short term.

Despite this evidence, less is known about the longer-term impacts of CCTs on children's development and life outcomes including education, health and cognition, and future earnings. There is also minimal evidence on the impacts of CCTs on indigenous populations, which often experience higher poverty, poorer access to markets, and increased labor market discrimination than non-indigenous populations. How do CCT programs affect long-term education and labor market outcomes for individuals whose families received cash during their childhood?

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Between 2000 and 2005, the Government of Honduras implemented a CCT program called Programa de Asignación Familiar (PRAF-II), or Family Allowance Program. At the time, 19.6 percent of Hondurans were undernourished,[1], the under-5 mortality rate in the country was 3.7 percent,[2] and schooling delays were common, with many secondary school-aged children remaining in primary school. The program, modeled after Mexico's CCT program, PROGRESA, therefore aimed to increase family investment in nutrition, health, and education during childhood.

PRAF-II focused on 70 municipalities in western Honduras with the highest malnutrition rates in the country as well as high rates of poverty. Within these municipalities, all households with children aged 0-12 were eligible to receive vouchers. Because of relatively higher rates of malnutrition in indigenous communities, geographic targeting on malnutrition led to a higher proportion of indigenous people (39 percent) who participated in the study than the national population (6.5 percent).



Three children read a book in Honduras.

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Researchers built on a previous randomized evaluation to test the long-term impacts of the PRAF-II CCT program on the education, fertility decisions, and labor market outcomes of recipient families' children 13 years after the program started or eight years after the program ended.

PRAF-II provided vouchers easily exchangeable for cash to two eligible groups. The first group consisted of households with pregnant women or children ages 0-3 (0-5 starting in 2003). The vouchers were conditional on child health and growth monitoring visits and the mother's attendance at health education workshops. The second group consisted of households with children ages 6-12 who had not yet completed fourth grade. These vouchers were conditional on school enrollment and regular attendance. The CCT vouchers averaged about four percent of household income and were distributed twice a year. The program also included a second, related intervention that supported the quality of health and education services.

To evaluate the impacts of different pieces of the PRAF-II program, municipalities were randomly placed into one of four different groups:

1. *Just CCTs:* Households received CCTs conditional on nutrition, health, and education behaviors (20 municipalities)
2. *Both CCTs and service support:* Households received CCTs conditional on nutrition, health, and education behaviors and schools and health centers received direct investments and support (20 municipalities)
3. *Just service support:* Schools and health centers received direct investments and support (10 municipalities)
4. *Comparison:* No intervention took place (20 municipalities)

Researchers measured the program's impacts on marriage and fertility, education, migration, and labor market outcomes using data from the XVII Honduran National Population and Housing Census of 2013, eight years after the program ended. They also used the 1988 and 2001 national censuses, as well as short-term PRAF-II program evaluation data. Due to implementation delays of the service support components that may have affected results, researchers focused their analysis on impacts among the first group, who received only CCTs.

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Overall, researchers found that the CCT program had positive impacts on completion of education and international migration for non-indigenous individuals of a wide age range (including both the cohorts targeted by the health and by the education conditionalities). They also find positive educational effects for a subset of female indigenous participants. The CCT program had mixed impacts on marriage, fertility, and labor market outcomes.

Education: Individuals who were aged 6-13 at the start of the CCT program and were directly exposed to the education transfers completed 0.31 to 0.43 more grades of schooling than comparison groups, who completed an average of six grades. When considering indigenous and non-indigenous together, the CCT had smaller and mostly not significant impacts on educational attainment for younger cohorts exposed to the nutrition and health components or born after the program ended.

The program had, however, positive effects on educational attainment for non-indigenous participants, regardless of gender and across multiple age groups, including those exposed to the nutrition and health components and even those born after the program ended. Effects on the indigenous populations were less consistent: positive effects were only found for indigenous female participants, while there were few effects on educational attainment of indigenous male participants. The CCT program hence had different long-term impacts for indigenous and non-indigenous boys and girls.

Migration: The CCT program reduced domestic migration of male participants aged 6-10 and 14-16 at the start of the program by 4 to 4.5 percentage points (a 20 to 22 percent decrease). Meanwhile, international migration (which is much less common in general) increased for male participants aged 11-16 at the start of the program by 3.4 to 4 percentage points, an 85 to 100 percent increase relative to international migration in the comparison group (4 percent). When broken down by cohort, there was no impact on international migration for indigenous participants.

Marriage and fertility for women: Although there were no significant effects on marriage rates for indigenous or non-indigenous women, the impact of the program on fertility rates is mixed. Indigenous and non-indigenous women aged 13-15 in 2013 in the CCT municipalities were more likely to have given birth. The CCT had mixed (both positive and negative) effects on the fertility of other age groups for both indigenous and non-indigenous women. It is unclear why pregnancy rates increased among some groups of women; possible explanations include girls completing education earlier and transitioning to the next phase in their life cycle and/or improved nutrition leading to earlier sexual maturity.

Labor market outcomes: Long-term labor market outcomes of the CCTs were difficult to determine, given that most participants were only just entering the labor market at the time of data collection, and female labor force participation rates were low. Using data from the national annual labor survey, researchers did not find strong domestic labor market returns for the older cohorts exposed to the CCT, aged 19-26 in 2013.

Overall, results suggest that a five-year program with modest cash transfers can have substantial impacts and influence the educational trajectory of a generation. Results also highlight the importance of spillovers to community members not directly targeted. More research is needed to understand how to design programs to achieve intended objectives for indigenous populations and to understand how CCTs influence migration.

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1. https://data.worldbank.org/indicator/SN.ITK.DEFC.ZS?locations=HN
2. https://data.worldbank.org/indicator/SH.DYN.MORT?locations=HN