



Discussion Paper BRIEFS

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Discussion Paper 123

Conditional Cash Transfers and Their Impact on Child Work and Schooling: Evidence from the *PROGRESA* Program in Mexico

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A number of new antipoverty programs have been introduced in Latin America that depart from previous antipoverty policies. They are based on the premise that one of the fundamental causes of poverty and of its intergenerational transmission is the lack of investment in human capital. A distinguishing characteristic of these programs is the provision of cash transfers on the condition that poor families send their children to school. One of the first programs of this kind was Programa Nacional de Educacion, Salud y Alimentacion (PROGRESA), which, while providing cash transfers, aims to increase families' investment in human capital as defined by education, health, and nutrition. To achieve this objective, PROGRESA conditions cash transfers on children's enrollment and regular school attendance as well as clinic attendance.

Purpose

In this paper, the authors conduct a detailed analysis of the extent to which PROGRESA has an impact on schooling, work, and time allocation of boys and girls ages 8-17. Some of the questions addressed are

- Does the program reduce child labor?
- Does it increase participation in school activities and, if so, is this at the expense of children's leisure time?
- How do the effects of the program vary by age group and gender?

Methodology

The analysis relies on data from a quasi-experimental design used to evaluate the impact of the program involving a sample of communities that receive benefits and comparable communities that receive benefits at a later time. The analysis is conducted in two parts, using a progressively broader definition of work. In the first part, data from various survey instruments used in the evaluation of PROGRESA are applied to both treatment and control groups before and after program

implementation. In this way, the authors can estimate the impact of the program using the double-difference estimator.

In the second part, the authors take advantage of a module on time use carried out about a year after program implementation. This module allows use of a broader definition of work that includes time allocated during the previous day to domestic and farm activities; this also allows for an examination of the impact of PROGRESA on leisure.

Results

Overall, PROGRESA has had important impacts on children's participation in work activities and school attendance. Double-difference estimates of the impact of the program before and after the implementation of PROGRESA show significant increases in the school attendance of boys and girls that are accompanied by significant reductions in the participation of boys and girls in work activities.

In general, the displacement of the incidence of work is smaller than the gain in schooling, particularly for girls. Given that the participation of girls in work activities is already quite low, these results suggest that most of the increased school attendance of girls is most likely occurring by girls combining school with domestic work (which was left out of the measure of work).

A more inclusive measure of work is obtained from the time-use module that collected information on the hours devoted during the previous day on a variety of activities. The results were that children, and in particular boys and girls of secondary school age, are much more likely to attend school and to spend more time on

school activities. In terms of work, boys of secondary school age also show strong reductions in participation in both market work and domestic work. Girls, on the other hand, show reductions in participation and/or hours spent in domestic work at all ages.

It is possible to implement a large-scale evaluation that combines short-run poverty reduction with improvement in human capital.

The reduction in domestic work for girls as a result of PROGRESA is noteworthy, as it shows that subsidizing school enrollment can reduce the time spent in domestic work. Thus PROGRESA is associated with both increasing enrollment and reducing domestic work. This suggests that domestic work competes with time spent on school, although many girls nevertheless combine both domestic work and school.

With respect to the general relationship between school and work and the extent to which work appears to be a deterrent to school, the findings confirm that children's work is an important deterrent to school for both boys and girls, but less for girls relative to boys. Using a broader definition of work that includes market, domestic, and farm work, the reductions in work for boys are, to a large degree, comparable with the increases in schooling. In contrast, for girls, the reductions in work implied by the coefficients are significantly less than the increases in schooling. This is a likely consequence of the trends shown earlier, that while many girls participate in domestic work, many work a (low) number of hours, which permits them to continue combining both school and work.

Discussion and Recommendations

The analysis here, along with the majority of the results of the evaluation of the impact of the program in other areas, shows a large degree of support for the idea that schooling and work are incompatible and that work can be reduced through subsidizing schooling. A targeted and administered conditional cash grant program like PROGRESA that lowers the price of schooling can succeed to induce families to withdraw their children from work and enroll them in school instead. Taking into consideration the positive effects of the program (analyzed elsewhere) on nutrition and health, the

findings of the evaluation provide solid support to the notion that it is possible to combine short-run reduction in rural poverty with improvements in the human capital of younger and older rural family members.

Undoubtedly, the opportunity to conduct a rigorous evaluation of the program like PROGRESA has created a higher set of standards for the design and conduct of social policy in Mexico and in Latin America in general. As policymakers now have a better sense of what types of programs can be effective toward alleviating poverty in the short run and in the long run, the list of questions and concerns about program options and program design cannot help but grow bigger. Is it possible for unconditional cash transfers to have the same impact on human capital investments of poor rural families? Is the simultaneous intervention in the areas of education, health, and nutrition preferable to intervening in each sector separately? Is there a minimum cash transfer that could achieve the same impact, and if so, how could one determine it? Hopefully, early involvement in the design and evaluation of programs implemented in other Latin American countries, such as Honduras, Nicaragua, Colombia, Jamaica, and Argentina, can shed some light on these critical questions.

Keywords: child labor, schooling, time use

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