



Conditional Cash Transfers, Adult Work Incentives, and Poverty

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Country	Mexico
Organizing Theme	Economic Opportunities and Access to Assets
Status	The Project is ongoing but the evaluation is complete
Intervention Category	Cash Transfer
Sector	Social Protection
Abstract	<p>Conditional cash transfer (CCT) programs aim to alleviate poverty through monetary and in-kind benefits, as well as reduce future levels of poverty by encouraging investments in education, health, and nutrition. The success of CCT programs at reducing poverty depends on whether, and the extent to which, cash transfers affect adult work incentives. The authors examine whether the PROGRESA program of Mexico affects adult participation in the labor market and overall adult leisure time, and they link these effects to the impact of the program on poverty. Using the experimental design of PROGRESA's evaluation sample, the authors find that the program does not have any significant effect on adult labor force participation and leisure time. Their findings on adult work incentives are reinforced further by the result that PROGRESA leads to a substantial reduction in poverty. The poverty reduction effects are stronger for the poverty gap and severity of poverty measures.</p>
Gender Connection	Gender Informed Analysis
Gender Outcomes	Gender disaggregated labor force participation, income
IE Design	Clustered Randomized Control Trial (Clustered at locality level)
Intervention	PROGRESA is a conditional cash transfer that provides poor families with children in grades 3-9 with cash every two months if the children attend school more than 85% of the time. PROGRESA also provides basic preventative health interventions and nutritional supplements for young children. The payment is distributed directly to the mother.
Intervention Period	The program began in 1997. Households receive the transfer once a month.
Sample population	The sample consists of 23,000 households, 183,646 individuals (89,207 adult males and 94,439 adult females). About 65% of the sample received the program. These households came from 506 localities, 320 of whom received the treatment, while 186 served as controls.
Comparison conditions	The control groups started receiving the benefits 2 years after the treatment group.
Unit of analysis	Individual and Household Level



Evaluation Period	November 1997- November 1999
Results	PROGRESA does not have any significant effect on adult labor supply choices. In particular, the results show that there has been no particular reduction in labor market participation rates for men or women. PROGRESA also leads to substantial reductions in poverty, the poverty gap is reduced by 30%.
Primary study limitations	
Funding Source	
Reference(s)	Skoufias, E., & Di Maro, V. (2008). Conditional cash transfers, adult work incentives, and poverty. <i>The Journal of Development Studies</i> , 44(7), 935-960.
Link to Studies	http://www.tandfonline.com/doi/abs/10.1080/00220380802150730
Microdata	