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sustainable options for ending hunger and poverty



MEXICO

PROGRESA

BREAKING THE CYCLE OF POVERTY



For many of the world's poor, public safety-net programs are the only hope for a life free from chronic poverty and undernutrition. But the proper combination of incentives and support can be difficult to achieve. The International Food Policy Research Institute's in-depth evaluation of Mexico's PROGRESA (Programa de Educación, Salud y Alimentación) indicates that antipoverty programs that combine education, health, and nutrition interventions in one package can be quite successful in improving the capacity of families to pull themselves out of the poverty that often ensnares generations.

In collaboration with the Mexican government, IFPRI® rigorously reviewed PROGRESA's impact on education, nutrition, health and rural poverty, as well as the program's overall operation. The evaluation was based on repeated surveys of individuals from 24,000 households in 506 localities in randomly assigned PROGRESA and non-PROGRESA areas. Formal surveys, structured and semi-structured interviews, focus groups, and workshops were held in seven states where the program was first implemented on a pilot basis. The research asked a series of questions about PROGRESA's effectiveness.

IMPACT ON POVERTY

Does PROGRESA reach the poor?

PROGRESA's targeting, in terms of both selecting localities where poor households are more likely to be found and selecting the poorest households within these localities, is good. Though not perfect, PROGRESA's targeting is relatively accurate. The program is more successful in identifying the extremely poor households within localities than in selecting households that are moderately poor.

PROGRESA performed closer to the ideal of "perfect" targeting than any other feasible transfer and targeting scheme examined. PROGRESA's approach reduced poverty measures and weighted extremely poor households more heavily than other measures.

Skoufias, Davis, and Behrman 1999.

Does PROGRESA reduce levels of poverty?

The results of the simulated impact of PROGRESA's cash transfers show that PROGRESA interventions reduced the number of people with income levels below the poverty level by about 10 percent. The depth of poverty is reduced by 30 percent, and the severity index is reduced by 45 percent. For comparison, an untargeted transfer is found to reduce the depth of poverty by 28 percent and the severity of poverty by 36 percent. Given that these indicators put greater weight on the poorest of the poor, the simulation results suggest that PROGRESA's largest reductions in poverty are being achieved in the poorest population.

Skoufias 2001.

IMPACT ON EDUCATION

Are enrollment rates higher in PROGRESA localities?

After an exhaustive series of statistical tests, researchers concluded that in all cases, PROGRESA has had a positive enrollment effect for both boys and girls in primary and secondary schools.

At the primary school level, where enrollment rates before PROGRESA were already between 90 and 94 percent, statistical methods that control for the age and family background of children as well as community characteristics revealed that PROGRESA succeeds at increasing the enrollment rate of boys up to 1.07 percent and of girls up to 1.45 percent. At the secondary school level, where the initial enrollment rates before PROGRESA were 67 percent for girls and 73 percent for boys, the increase in enrollment effects for girls ranged from 7.2 to 9.3 percentage points and for boys from 3.5 to 5.8 percentage points. This represents a proportional increase of above 8 percent for boys' enrollment and of 14 percent for girls' enrollment.

Schultz 2000.

To what extent does schooling increase as a result of PROGRESA?

If the positive program effects could be sustained over the period in which a child is of school age, the accumulated effect on educational attainment for the average child from a poor household would be the sum of the estimated change for each grade level. Summing these values for grades 1 to 9, the research findings suggest that the program can be expected to increase educational attainment of the poor of both



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sexes by 0.66 years of additional schooling. Girls, in particular, will gain 0.72 years of additional schooling by the ninth grade while boys gain 0.64 years. Given that the average youth aged 18 achieved about 6.2 years of completed schooling prior to the program, these data suggest an overall increase in educational attainment of about 10 percent.

Schultz 2000.

Does PROGRESA affect drop-out rates, progression through grades, grade repetition, and school re-entry rates?

The study found that PROGRESA students are entering school at earlier ages, experiencing less grade repetition, and better grade progression. PROGRESA students have lower drop-out rates and higher school re-entry rates among those who had dropped out. The program is especially effective in reducing drop-out rates during the transition from primary to secondary school. In addition, at the secondary level the program appears to be more effective in inducing boys to enroll in the second and third years of secondary school, despite the fact that the benefits given are slightly higher for girls. The study also finds the program to be effective in inducing children who dropped out prior to the initiation of the program to re-enter school. However, it should be noted that a related analysis finds that the impacts of the program on children who were previously out of school are not sustainable over time. This suggests that those who do return to school tend to do so for only a year and then drop out again.

Behrman, Sengupta, and Todd 2000.

MEXICO

Does PROGRESA affect school performance?

Whereas PROGRESA has a significant impact on the number of children who enroll in school, it thus far does not show a significant impact on the time children spend in school or on the time they spend after school on assigned homework. This suggests that the impacts of PROGRESA are primarily to increase the number of children in school and to reduce the number of children who are working. However, a substantial number of children continue to combine both work and school under the program. The analysis of student achievement is difficult to quantify. The review of standardized achievement tests showed that PROGRESA had no significant impact on improving student scores. However, qualitative analysis of the opinions of directors, teachers, and administrators indicates that PROGRESA students have shown positive educational outcomes.

Skoufias and Parker 2001; Behrman, Sengupta, and Todd 2000.

What is PROGRESA's impact on the trade-off between child education and labor?

The results show reduced labor-market participation of PROGRESA children for both boys and girls, in both salaried and non-salaried activities. Labor-force participation for boys shows reductions as large as 15 to 25 percent relative to the probability of participating prior to the program. For girls, in spite of their overall lower participation level prior to the program, there are also significant reductions in child labor associated with PROGRESA. The lower incidence of child work due to the PROGRESA program is found to account for 65 percent (in November 1999) to 82 percent (in November 1998) of the increase in the enrollment of boys in school.

Skoufias and Parker 2001.



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How effectively did the educational component of PROGRESA operate?

Analysis of the beneficiary surveys suggests that, on the supply side, the increased demand for education generated by the program has not led to a degeneration in the quality of education services. In many cases, there seems to have been an improvement. This view is also consistent with evidence from the quantitative survey of directors, with most schools reporting some improvements in infrastructure and other resources, albeit from a poor initial position. On the demand side, the program allows those parents who were always motivated to send their children to school and those students who always wanted an education to continue with schooling. The education subsidy (or scholarship) seems to have been effective in increasing demand.

On the whole, teachers and families saw the program as beneficial for the communities and were in favor of greater participation in it. Teachers and parents invariably agreed with the objectives of the program as well as the conditions on which transfers were made. Some even suggested extra conditions, such as linking scholarships to academic performance. Most were in favor of money transfers, although concern for how households spent their money was behind some suggestions that food or education coupons be introduced.

Adato, Coady, and Ruel 2000.



IMPACT ON HEALTH, NUTRITION, AND HEALTH CARE USE

What has been PROGRESA's impact on adult and child health?

Frequency and duration of illness have profound effects on development and productivity. The analysis indicates that improved nutrition and preventative care in PROGRESA areas have made younger children more robust against illness. PROGRESA children aged 0–5 have a 12 percent lower incidence of illness than non-PROGRESA children. In addition, adult members in beneficiary households were found to be significantly healthier. On average, PROGRESA adult beneficiaries have 19 percent fewer days of difficulty with daily activities due to illness than non-PROGRESA individuals, 17 percent fewer days incapacitated, and 22 percent fewer days in bed. Adult PROGRESA participants are able to walk about 7 percent more than nonbeneficiaries without tiring.

Gertler 2000.

Has PROGRESA had an impact on the use of health clinics?

In January 1996, more than a year before PROGRESA began, average visits to clinics were identical in control and treatment localities. In 1998, the first full year in which PROGRESA was operational in all treatment localities, visit rates in PROGRESA communities grew faster than in control areas. In addition, there was a significant increase in

nutrition monitoring visits, immunization rates, and prenatal care. Regarding prenatal care, the analysis indicates that PROGRESA increased the number of first visits in the first trimester of pregnancy by about 8 percent. This shift to early prenatal care reduced the number of first visits in the second and third trimesters of pregnancy.

Gertler 2000.



Are PROGRESA's nutritional supplements having an impact on child growth and how will improved nutrition benefit children in the future?

The data suggest that PROGRESA has had a significant impact on increasing child growth and in reducing the probability of stunting for children in the critical age range of 12 to 36 months. Estimates imply an increase of about 16 percent in mean growth per year.

The analysis indicates that PROGRESA may be having a substantial effect on lifetime productivity and potential earnings of currently small children in poor households. IFPRI estimates that the impact from the nutrition supplements alone could account for a 2.9 percent increase in lifetime earnings.

Behrman and Hoddinott 2000.

MEXICO

How effectively is the health and nutrition component of PROGRESA operating?

In 1999, registration of beneficiaries was reported to have reached 97 percent and health care professionals reported few problems filling out forms. The health education seminars (*pláticas*) were found to be widely available, effective, and very popular among beneficiaries, administrators, and health professionals. However, some problems were reported with *pláticas*. In some cases, it was culturally problematic for male doctors to talk to women about family planning and pap smear tests. And PROGRESA's health and nutrition benefits did have some spillover as non-beneficiaries were also participating in the seminars.

Nutritional supplements for the mother and child are very popular among beneficiaries, yet some get only a fraction of the daily ration they are supposed to receive from the program. Surveys reveal that families run out of supplements, share the supplements with other household members, or dilute the supplements, thus diminishing their effectiveness. It also appears that the supplements are being distributed to nonbeneficiaries, regardless of their nutritional status.

Adato, Coady, and Ruel 2000.

IMPACT ON HOUSEHOLDS

Have consumption patterns of food and durable goods changed after PROGRESA began?

Analysis of the data coming from the three surveys after the start of PROGRESA shows that the average level of consumption (including purchases and



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consumption from own production) increased by nearly 14.5 percent.

From November 1998 to November 1999, median food expenditures increased from 2 to 10.6 percent of total expenditures in PROGRESA versus control households. Not only are PROGRESA households increasing overall acquisition of food, they are choosing to improve dietary quality over caloric intake. The increase in household consumption is driven largely by higher expenditures on fruits, vegetables, meats, and animal products. By November 1999, median caloric acquisition had risen by 7.8 percent. These quantitative findings from the 7-day recall surveys reinforce the views of beneficiaries that access to PROGRESA has meant that they “eat better.”

Hoddinott, Skoufias, and Washburn 2000.

Does PROGRESA have an effect on a household's pattern of decisionmaking or work?

PROGRESA's monetary transfers are crucial in changing the patterns of decisionmaking within households. While *residing in* a PROGRESA locality is shown to have no effect on patterns of decision-making, *being in* a PROGRESA household decreases the probability that the husband is the sole decision-maker. In PROGRESA families, over time, husbands are less likely to make decisions by themselves,



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By comparing the cost-benefit ratios of different hypothetical programs to those of the actual program, which is targeted and provides cash transfers conditionally, the relative importance of the different *activity costs* can be identified. The largest activity cost component is that associated with targeting at the household level, which accounts for nearly 30 percent of the program cost. The costs associated with making the program conditional account for 26 percent.

particularly as they affect the children. The surveys also indicate that over time the probability that women solely decide on the use of their extra income increases.

Statistical analysis of time use by program participants shows that the time demands associated with satisfying program obligations is significant for women. Women in PROGRESA are more likely to report spending time taking household members to school, clinics, and so on, as well as participating more in community work (*faenas*).

Furthermore, PROGRESA does not appear to create negative incentives for work. Analysis of before and after program data shows no reduction in labor force participation rates either for men or women. These results may in part reflect PROGRESA's design, which is guaranteed to provide benefits to families for three years, irrespective of family income and earnings while in the program.

Adato 2000; Adato et al. 2000; Parker and Skoufias 2000.

How costly is PROGRESA?

PROGRESA's program costs were analyzed calculating cost-benefit ratios incurred in transferring monies to beneficiaries. IFPRI found that for every 100 pesos allocated to the program, 8.2 pesos were administrative or program costs.

When the additional costs to the family brought on by the program (private costs) are added to the program costs, the total cost-benefit ratio increases by about 27 percent.

Overall, the administrative costs employed in getting transfers to poor households appear to be small relative to the costs incurred in previous programs and for targeted programs in other countries.

Coady 2000.

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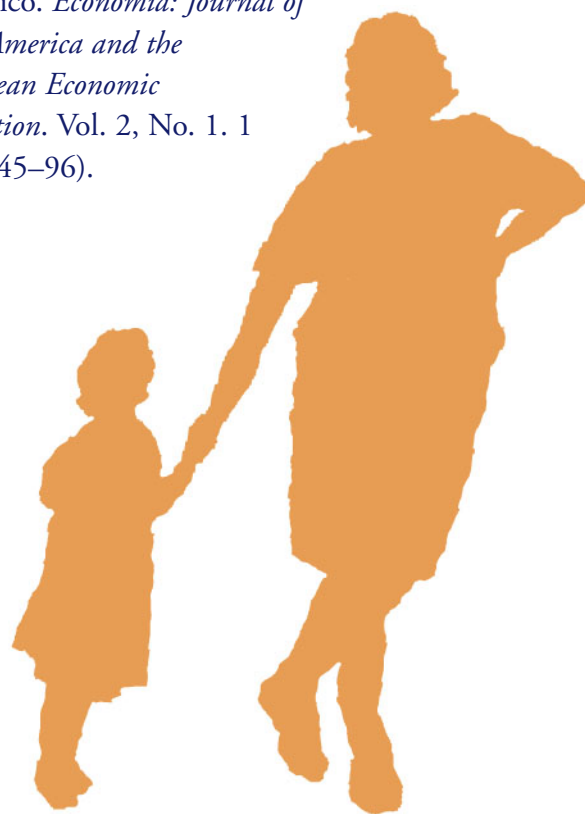
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