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AFTER THE TRANSFERS STOP

Cash transfers directed to female caregivers in Nicaragua led to gains in child-development outcomes that persisted beyond the duration of the program.

Featuring evaluations by Tania Barham, Karen Macours, John A. Maluccio, Norbert Schady, and Renos Vakis

Early childhood is a critical period for investment in human development, the circumstances of which can have lifelong impacts. Physical, cognitive, or behavioral delays in development can result in long-term negative effects on health, educational attainment, labor-market outcomes, and other indicators of well-being.

Conditional cash transfer (cct) programs are one way to help parents who lack resources invest more in their children. These programs provide families with cash grants as long as they undertake certain activities such as having their children attend regular health check-ups. While there is a large body of evidence on the short-term impacts of CCTs on children's development, there is less evidence on their long-term impacts. To better understand the effects of CCTs later in life, researchers evaluated two distinct CCT programs in Nicaragua.



In the first evaluation, researchers Tania Barham (University of Colorado Boulder), ysa affiliate Karen Macours (Paris School of Economics), and John A. Maluccio (Middlebury College), examined the long-term impacts of CCTs on child development. In this study, they tested whether there is a critical window of time (the first 1,000 days from in utero to age two) for cognitive and physical development by taking advantage of the random assignment of households to receive cash transfers in either an "early" or "late" treatment group. In the second evaluation, Karen Macours, Norbert Schady (Inter-American Development Bank), and Renos Vakis (World Bank) studied a CCT program with three variations to understand the channels through which different program components impacted early childhood development.

Conditional cash transfers improved children's development. Overall child-development outcomes were 0.09 standard deviations higher for children in households offered one year of transfers than in comparison households, a result which largely persisted two years after the last transfer.

Investments made during the first 1,000 days led to larger gains in cognitive development but not in physical development. Seven years after the program ended, six-year-old boys exposed to CCTs earlier in life had better cognitive development outcomes than those exposed at a later period, but were equivalent in physical development.

Larger transfers did not lead to better child-development outcomes. Although households that received larger transfers spent more money, their child-development outcomes were equivalent to households that received smaller transfers. This suggests that program impacts were not solely a function of increased income, but came partly from positive behavioral change among parents.

Labeling cash transfers as intended for investment in children and targeting them to women may have improved outcomes. Both programs informed beneficiaries through a social marketing campaign that transfers should be used to improve children's diets and directed transfers to women—two non-cash components of the intervention that may help explain gains in children's health and development.

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