



## Conditional Cash Transfers, Female Bargaining Power And Parental Labour Supply

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Conditional Cash Transfer (CCT) programmes do not have an aggregate effect on adult labour supply, according to recent empirical findings. Other intra-household dynamics, on the other hand, have received little study. The effect of household bargaining power on parental labour supply in response to CCT programmes is investigated in this research. Women with more bargaining power in the household are four percentage points less likely to be employed than other women, according to a randomised experimental CCT design from rural Honduras (PRAF).

Conditional cash transfer (CCT) programmes aim to improve children's human capital by providing a monetary incentive to disadvantaged families that meet certain criteria (such as school attendance, immunizations, and medical controls) on a regular basis. Some of these programmes have had positive effects in Latin America and the Caribbean (LAC), such as lowering child labour, increasing school enrollment, and increasing health check-ups.

CCT designs, on the other hand, may not always consider for such secondary consequences (e.g. a change in adult labour supply). Unexpected and unplanned individual behavioural reactions, according to Fiszbein et al. (2009), are partly responsible for the fact that, for most CCTs, the influence on consumption is smaller than the magnitude of the transfer itself. Adults in the beneficiary home may react in one of three ways to the CCT providing a varied quantity of labour: A pure income effect that raises leisure demand; increases in time allocated to fulfil programme conditionalities (e.g., taking children to school and health centres); or adults working less hours to remain or become eligible for the CCT if it is means-tested. CCTs may also result in an increase in adult labour supply, for example, if households need to compensate for a loss of income due to a reduction in child labour or

can afford to raise school expenditures; or if the elimination of home-based childcare activities frees up time.

Exploring labour supply responses to CCT programmes is critical for better understanding impoverished people's income-generation processes and identifying potential poverty traps. It's also crucial for guiding policy debates and figuring out how to properly build CCTs. Recent studies of the impact of conditional and unconditional cash transfer programmes on labour market outcomes in developing (Baird et al., 2018; Banerjee et al., 2017) and developed (Mariusescu, 2018) nations have found null or minor effects on average adult labour. However, information on the impact of bargaining power in determining adult labour responses to cash transfer programmes is lacking. Using data from the randomised experimental assessment design of the Programa de Asignación Familiar, this research explores the influence of CCT programmes on the labour supply of parents in rural Honduras (PRAF). Unlike other studies, however, we investigate whether the CCT programme has heterogeneous impacts as a result of varied bargaining power structures in the home, providing insight into the decision-making process. PRAF provides an excellent context to analyse these diverse effects on adult labour supply because the intended recipients of the transfers were women, despite the cash transfer being minimal (equal to only 3.6 percent of household consumption on average).

CCTs appear to have rather modest effects on adult labour supply, according to earlier research. We do discover, however, that the CCT has a diverse effect on mother bargaining power. Women who have more bargaining power in the home are four percentage points less likely to be employed than other women. The lack of bigger effects of CCTs on adult labour sup-

ply is explained by Fiszbein et al. (2009). It's possible that the income elasticity of leisure in poor households is very low. It's also conceivable that meeting the CCT conditionalities will result in cost increases equal to or greater than the transfer itself. It's also possible that households view the move as transient rather than permanent. Finally, as the authors imply, it's possible that labour supply implications are being investigated too soon after the programmes' installation, leaving potential long-run effects unaccounted

for.

#### **Conflict of interest**

The author declares that there is no competing Interest.

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