

A study in Nicaragua shows that interactions with female leaders facilitated raising aspirations for families, which in turn led to better outcomes for children

## Social Multipliers at Work: Improving Children's Outcomes Through Aspirations and Role Models

**Every year, governments spend large amounts of resources on development programs that aim to change poor households' behaviors and attitudes toward investment in the education, health, and nutrition of their children as a way to end the cycle of poverty. One key mechanism that can achieve this is working to raise aspirations. But how do you do that in practice?**

In this project, together with Karen Macours of the Paris School of Economics and the Ministry of Family in Nicaragua, we find that beneficiary interactions with female role models in very low-income settings of Nicaragua had an enormous impact in raising the bar for the rest of the community. By helping to increase the aspirations of program beneficiaries, interactions with leaders were key to improving and sustaining outcomes for children in education and health two years after the program ended.

## The Project

The Nicaraguan government created a one-year productive cash transfer program targeting agricultural households affected by a severe drought. In the short term, the program sought to help families cope with immediate needs by giving them cash transfers. For the longer term, the program introduced interventions aimed at improving income opportunities and diversification.

To test alternative solutions, households were randomly assigned into different groups. The first received a regular conditional cash transfer (CCT) with the condition that the children in the family attend primary school and regular health check-ups. The second group received the CCT and a scholarship for vocational training. The third group received the CCT plus a lump-sum grant to develop a non-agricultural business; the fourth was the control group. This approach effectively allocated interactions with promotoras – or volunteer female treatment coordinators – and other existing female leaders in the communities to program beneficiaries, thus randomly exposing beneficiary households to leaders with different levels of treatment intensity.

Unexpectedly, the involvement of eligible local leaders – potential role models to those in the study – created benefits for both leaders and program participants. Physical proximity, and the fact that the program formalized social interactions among beneficiaries through intervention-mandated events and workshops, made it easier for leaders to interact with other beneficiaries (especially with those that received the same package).

A question emerged: would these interactions affect changes in attitudes towards the future, or higher program impacts over and above any program impact? Would any short-term effects be sustainable after the program ended? We study the results from two different periods: nine months during program implementation, and two years after the program ended.



## The Results

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### In the short run, female leaders helped multiply the impacts of the program.

After nine months, the program was found to improve several child outcomes. But beneficiaries who interacted more with female leaders that received the business grant (by far the largest package) experienced additional increases in the short-term program impacts on households' investments in education and nutrition. For example, the social interactions added an additional 9.7 percentage points in school attendance rates (on top of the overall program impact), while expenditures on food with higher nutritional value increased by two additional percentage points.

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### Social interactions also amplified program impacts on the income generation side.

Income from non-agricultural activities among beneficiaries with proximity to an additional local leader who received the lump-sum grant grew by an additional US\$3.30 per capita, while the average value of a household's animal stock increased by another US\$12 – a big change in the context of extreme poverty. And given that the average baseline income from non-agricultural activities was \$8.75 per capita, the additional income attributed only to social interactions was an astounding 40 percent!



### Sustained interaction matters.

The results indicate that there are no significant long-term impacts on human capital investments in the overall program components when beneficiaries were not exposed to female leaders. But two years after the transfers stopped, former beneficiaries of the business grant who live in the proximity of female leaders and received the same package still show significantly higher investments in education and nutrition for their children. In fact, the magnitude of the social multiplier effect is similar, if not larger, than those while the intervention was in place. For example, families that interacted with one additional female leader in their group and received the business grant spent 25% more on schooling for their children than families with no leaders.

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### These social interactions seem to be directly impacting attitudes towards the future, especially aspirations.

Beneficiaries exposed to successful female leaders sustained higher parental aspirations and expectations, even two years after the program ended. Households in this group were 20 percentage points more likely to aspire to see their children in a professional career and move forward in life compared to those that interacted little with leader.

## Policy Implications

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One crucial driver of this program's success is that it solves two very different problems concurrently: resources and aspirations. If we design with only money transfers in mind, the evidence suggests that the impact of the program will probably end shortly after the transfers stop. Similarly, by working to raise aspirations alone, there is good chance an intervention will fail by leaving beneficiaries with an *aspiration gap*. Addressing both in tandem is key.

Our study suggests that witnessing local success stories of upward mobility can be an important way to shift households' aspirations and investment behavior, particularly when they are provided with the resources to follow those examples. Natural leaders living in close proximity can be important vehicles for such changes by motivating and encouraging others and by providing examples that people aspire to follow.

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More generally, the results have implications for the debate on the feasibility and sustainability of using cash or asset transfer programs in low-income countries and program design. Some argue that such countries can simply not afford to distribute transfers to all poor households for long periods of time. The question then becomes whether and how short-term transfer programs can be designed to launch households on a sustainable pathway out of poverty. The sustainability of short-term interventions may depend on whether they manage to change household's attitudes towards the future, as well as related mental models and social norms. Our evidence points to the fact that designing such programs in ways that facilitate and encourage social interactions with local leaders where possible – and perhaps creating opportunities for leadership roles where existing leaders may be in short supply – may be important to create such shifts in attitudes.

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