



# Emprendiendo una Vida Mejor

 Fundación Capital

## What does the “Emprendiendo una Vida Mejor” graduation program involve?

Since 2016, Fundación Capital, along with the Secretariat of Development and Social Inclusion (SEDIS) of Honduras and the Inter-American Development Bank (IDB), has worked on the design and adaptation of the graduation model as part of the *Bono Vida Mejor* [Better Life Voucher] conditional cash transfer program of the government of Honduras.

This joint development process led to the establishment of the *Emprendiendo una Vida Mejor - EVM* program. Implementation of the program began in July 2018 with 840 families in three departments: Copán, Lempira and El Paraíso. This initiative, completed in December 2019, aimed to support rural households facing extreme poverty that are part of the *Bono Vida Mejor* conditional cash transfer program, in particular households led by women, so they could travel down a path allowing them to overcome their extreme poverty, increasing their resilience and self-esteem.

## Main Features of the Program

**Duration:** 18 months

**Support for basic consumption:** Provided through the *Bono Vida Mejor* conditional cash transfer program, for a maximum annual amount of 10,000 Lempiras (USD 411<sup>3</sup>), depending on the number of children per household. The transfer is delivered on average every three months and is deposited into a savings account selected by the families, in which they also receive the *Bono Vida Mejor*.

**Promotion of savings:** Saving habits are promoted through different channels: 1) EVM is integrated into a financial education and inclusion program that is part of *Bono Vida Mejor* called *Mujeres Ahorradoras para*

<sup>3</sup>. Exchange rate USD 1 = HNL 24.33.

una Vida Mejor [Women Saving for a Better Life], which includes increased financial skills through tablets using the LISTA methodology<sup>4</sup> and peer education. 2) The formal savings are complemented with informal savings practices through Mi Casita Fuerte, a user-friendly, flexible savings tool that adapts to the irregular and fluctuating incomes of the majority of people who live in extreme poverty, which make it difficult for them to develop saving habits.

**Transfer of assets:** The participant designs a business profile with the support of a manager. This profile is presented and approved by the participant's community, and 8,546 Lempiras (USD 350) are deposited into the participant's savings account. The participant then uses these resources to purchase the supplies needed to start or enhance a productive activity.

**Training in life skills and business and financial education:** Business managers visit the participants'

4. LISTA Initiative: combines an innovative tablet-based app designed to promote financial skills among the population at the base of the pyramid, with a LISTA peer education strategy.

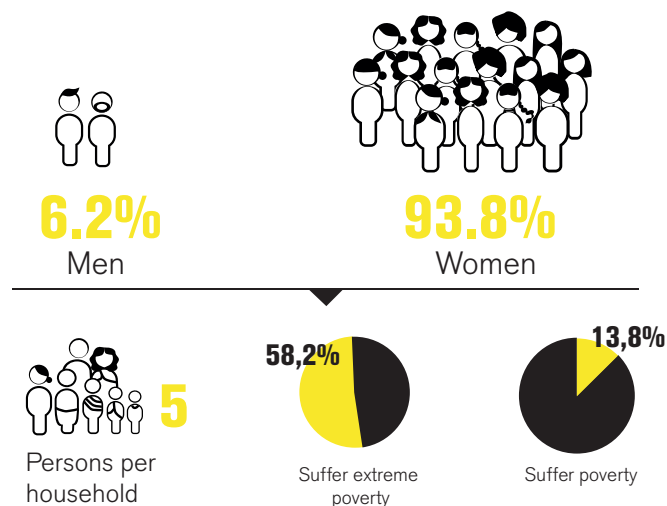
homes every 15 days. These managers are responsible for providing the families with support in designing their business profiles and offering financial, productive and human development training.

On average, a manager is responsible for 65 participants. Participants have access to AppTitude, a digital training tool developed specifically for this program. Through it, participants learn to save, develop their business ideas and increase self-esteem through videos, animations and games. Additionally, each participant receives a workbook containing exercises, which lets them practice what they learn in AppTitude.

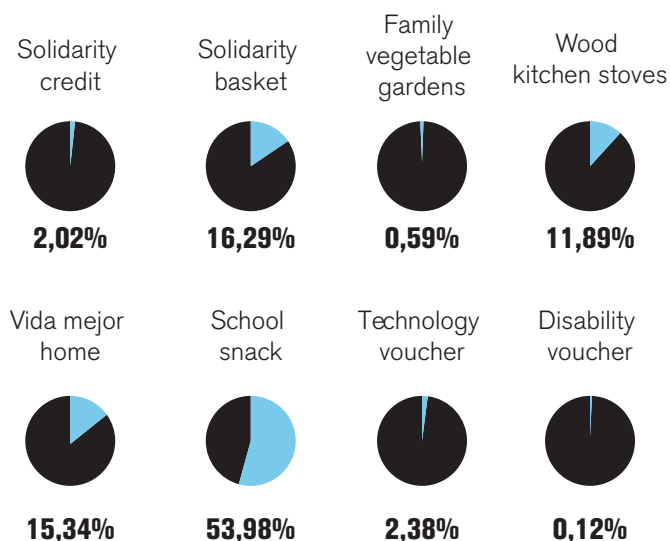
**Technical support:** Technical skills training is provided through personalized visits and group training sessions. The primary production items have been identified and through home vegetable gardens and small demonstration plots at the homes of some participants, learning is reinforced using "learning by doing" and "peer learning" methodology.

## Participants profile at program entrance

### Basic sociodemographic data



### Circumstances and support



### Financial behavior



**\$2,34 USD**  
Daily per capita income



**\$1,23**  
Hours per day dedicated to work

Informal savings



Formal savings



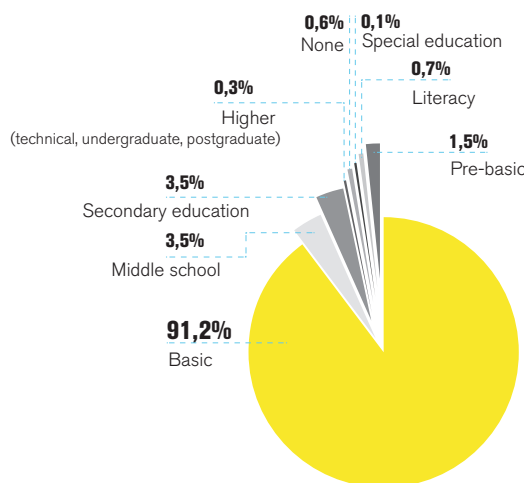
Informal credits



Formal credits



### Education



## Assessment of program impact

The EVM program was assessed using an impact assessment methodology by Randomized Controlled Trial (RCT). This assessment was done by the Center for Economic Development Studies (Centro de Estudios sobre el Desarrollo Económico – CEDE) of the University of the Andes within the framework of the Platform for Evaluation of Graduation Programs in Latin America, an initiative funded by the Ford Foundation and IDRC Canada.

An RCT is a type of impact assessment from an experimental design, with two points of comparison (baseline and end). To implement it, one group of people who received the intervention (treatment) and another group that did not participate in the project (control) were randomly selected, with the purpose of measuring changes in the well-being of the households (socioeconomic, attitudinal, financial and social variables) as a result of their participation in the project. This type of assessment corresponds to the methodology of the greatest validity for identifying changes in participants that can be attributed to their participation in the program.

Comparable conditions were ensured between the treatment and control households in terms of geography; age (household mean, age of head of household, age of participant, number of minors in the household); composition of the household (number of people, men, women, female head); education (years of education of the head of

household and the participant); and other sociodemographic characteristics.

In total, 755 households participated in the treatment group and 739 households in the control group.

	Sample initially expected	Sample collected final baseline
# Treatment Households	793	755
# Control Households	801	739
<b>Total</b>	1.594	1.494

Most of the project participants were women (86%) with an average age of 39 years.

# Key findings of the EVM program impact assessment

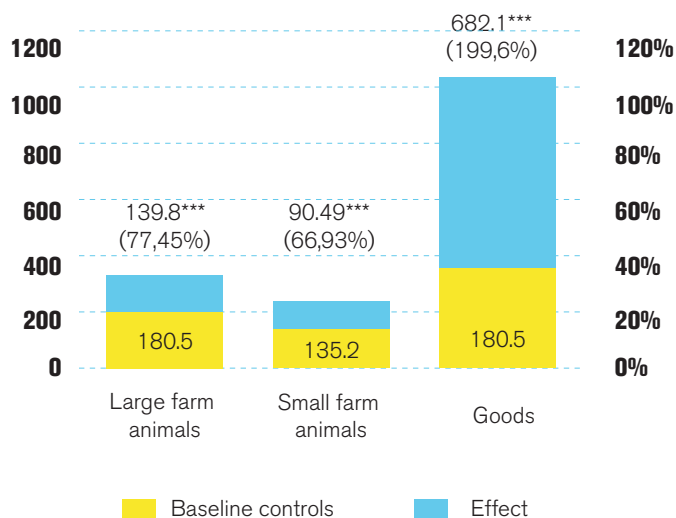
Below are the key findings of the assessment in eight dimensions of analysis. These results are compared with assessments (Banerjee et al, 2015) of other Graduation programs implemented worldwide and particularly in Honduras.

It is worth noting that data were collected one year after the end of the program, during this period the families faced different socio-environmental shocks (pandemic, hurricanes, drought). In spite of this, the program presented strong effects in relation to the control group.

## 1. Assets Dimension: Possession and monetary value of the various household assets

The assessment showed that, compared to the control population, the participant population of the program significantly increased the value and possession of small and large farm animals. The value of large farm animal assets increased by 77.5% (corresponding to a value of USD 139.8 PPP) and there was a 66.9% increase in possession of small farm animals (corresponding to a value of USD 90.5 PPP), compared to the control population. In addition, the assessment found an increase of USD 682 PPP in the value of business goods (grocery stores, restaurants, etc.).

Value of assets (USD PPP)<sup>3</sup>



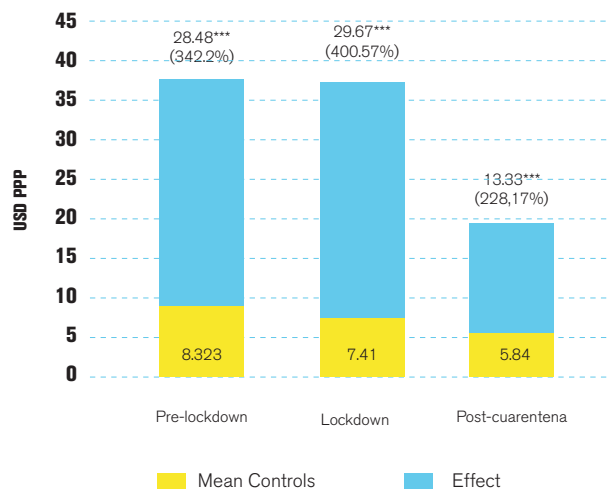
3. Purchasing Power Parity.

Note: Results Double differences; significance: \*  $p < 0.1$  ;  $p < 0.05$ , \*  $p < 0.01$ .

## 2. Income Dimension: Daily per-capita household income and income from different productive activities

The incomes of households participating in the program showed a significant increase in relation to their own service activities (grocery stores, restaurants, etc.). This effect was maintained throughout and even after lockdown due to the COVID-19 pandemic. In face, before lockdown, income for this item had values that were USD 28.5 PPP/month higher, 342% more than the control population. This effect was very similar during lockdown, and even afterwards it remained significant, with USD 13.3 PPP/month more than the control group.

Own service activities (USD PPP/month)



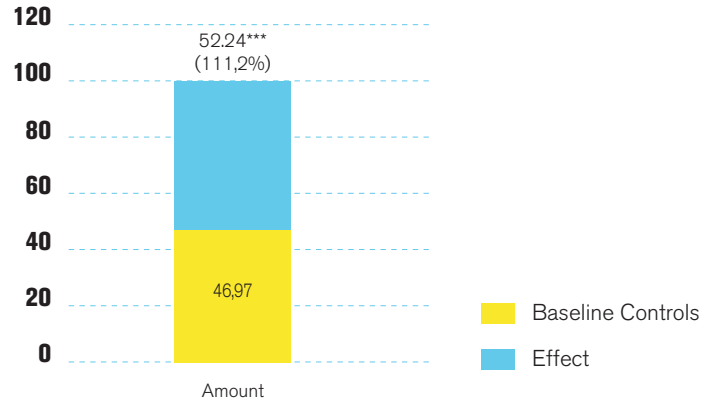
Note: Results Double differences; significance: \*  $p < 0.1$  ;  $p < 0.05$ , \*  $p < 0.01$ .

### 3. Access to Financial Services Dimension:

Percentage of households that save/borrow both formally and informally and the mean amount of savings/debt per household

The assessment showed that the amount of formal savings for participating households increased by USD 52.24 PPP, that is 111% more than the amount of formal savings for the control population. This increase is explained by a greater likelihood of formally saving (23.5%) by participating households. Added to this are significant results of a lower likelihood of accessing informal credit (4.8%) and an increase in likelihood of saving informally (9.09%).

Formal savings (USD PPP)

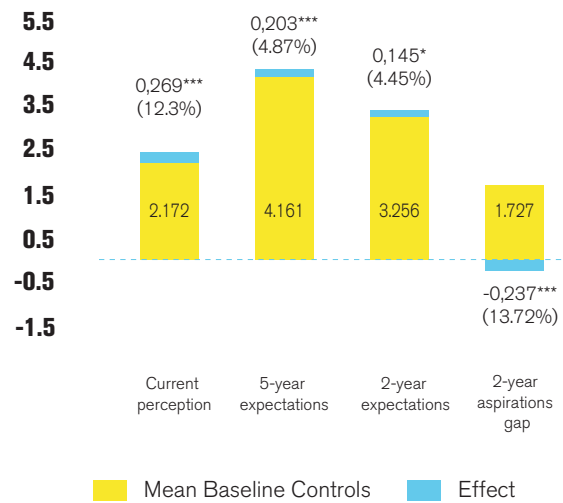


Note: Results Double differences; significance: \*  $p < 0.1$  ;  $p < 0.05$ , \*  $p < 0.01$ .

### 4. Well-being and Empowerment Dimension: Current perception of well-being (scale of 1 to 6), expectations and aspirations of well-being in 2 and in 5 years (scale of 1 to 6) and gender roles scale

The results demonstrated significant increases in current perception of well-being among participating households (0.27 points higher), as well as in the 5-year and 2-year expectations. Additionally, the gap between perceived well-being and 2-year aspirations is reduced by 0.237 points for program participants.

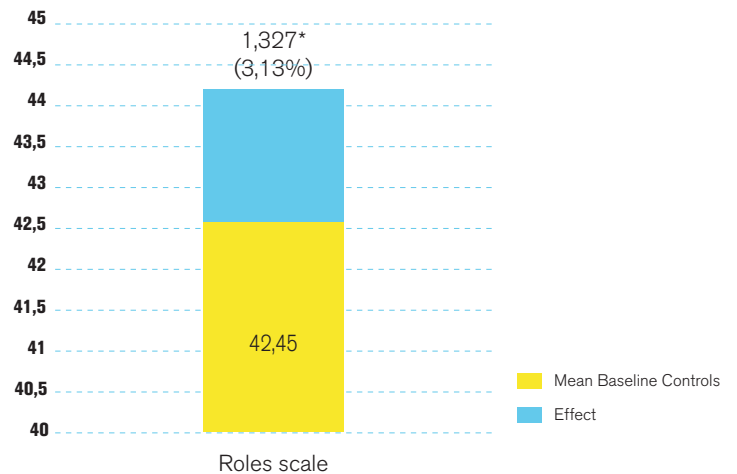
Well-being



Note: Results Double differences; significance: \*  $p < 0.1$  ;  $p < 0.05$ , \*  $p < 0.01$ .

Furthermore, a positive effect of the program is observed on the gender role scale. Participants' perception of equity in gender roles improved by 1.3 points, 3.1% higher than for the control population. As a reminder, 86% of EVM participants were women.

Empowerment

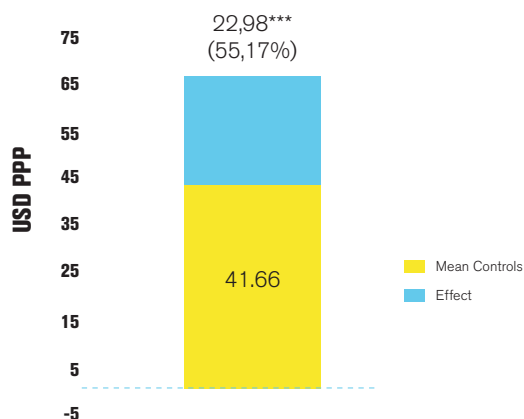


Note: Results Double differences; significance: \*  $p < 0.1$  ;  $p < 0.05$ , \*  $p < 0.01$ .

**5. Productive Activities Dimension:** Average working hours of participants and labor income of participants

After implementation of the project, participants reported a significant increase of 0.691 hours per day of work. This increase in work hours translates into an increase in participants' labor income USD 22.98 PPP higher than the average of the control group, which represents about 55.2% more.

Effect on labor income

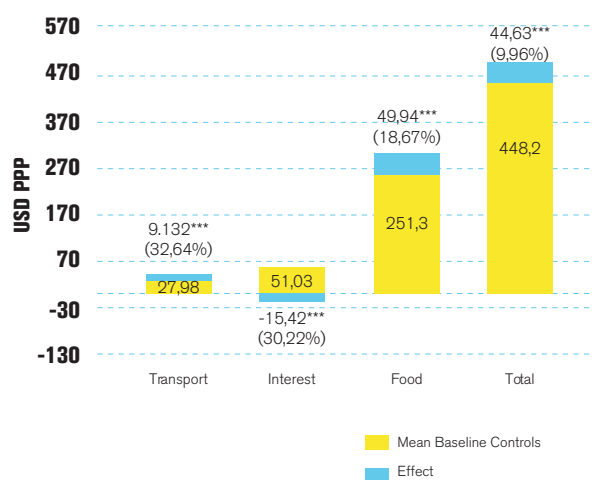


Note: Results Simple differences with controls; significance: \*  $p < 0.1$ ;  $p < 0.05$ , \*  $p < 0.01$ .

**6. Consumption Dimension:** Total monthly household spending and composition of household spending

At the end of the project, the consumption of participating households increased by USD 44.6 PPP compared to the control population, about 10.0% more if comparing both groups. This is explained by significant increases in various household spending groups, such as food and transportation. In addition, a decrease in interest expenses of USD 15.4 PPP is noted.

Effects on total spending

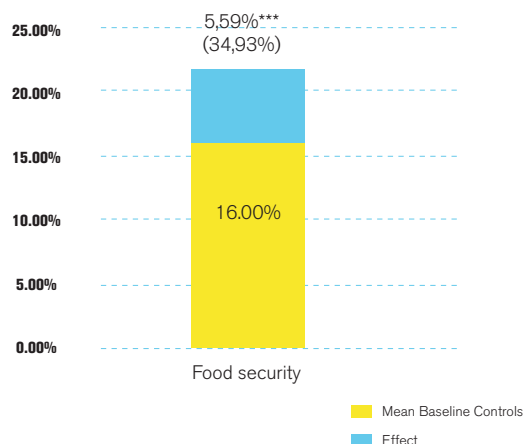


Note: Significance: \*  $p < 0.1$ ;  $p < 0.05$ , \*  $p < 0.01$ .

**7. Food Security Dimension:** Latin American and Caribbean Food Security Scale (Escala Latinoamericana y del Caribe de Seguridad Alimentaria – ELCSA)

The increased food spending is accompanied by a 6.1% reduction in the households' concern about food security, as measured by the ELCSA. The percentage of households that find themselves in a situation of food security increased by 5.6 percentage points, 34.9% compared to baseline control households.

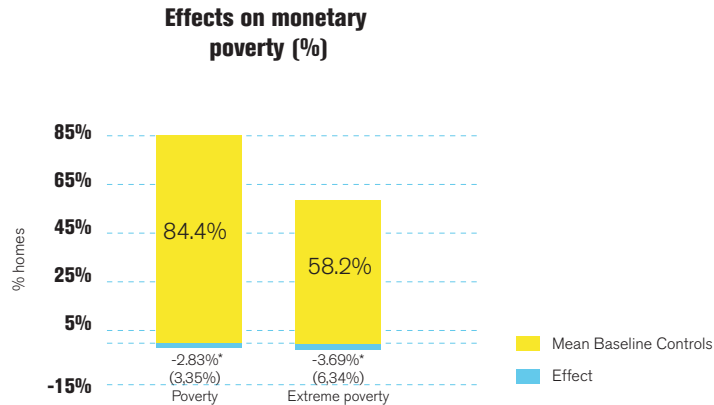
Households in a condition of food security (%)



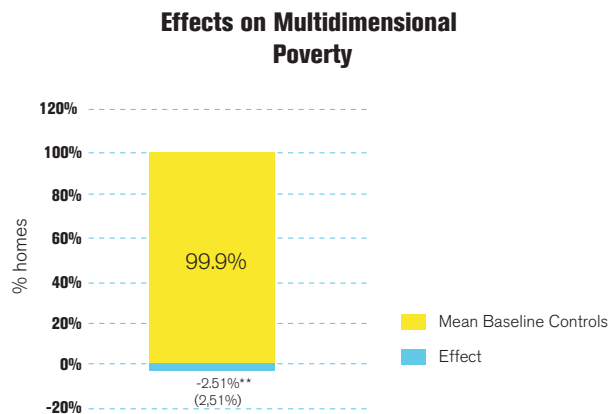
Note: Significance: \*  $p < 0.1$ ;  $p < 0.05$ , \*  $p < 0.01$ .

### 8. Poverty: Monetary poverty and multidimensional poverty index

The program has positive results on the percentage of households living in conditions of monetary and multidimensional poverty. In fact, the assessment showed a -2.83% effect on monetary poverty and -3.69% on extreme monetary poverty. The effect on multidimensional poverty has a similar reduction of 2.51%.



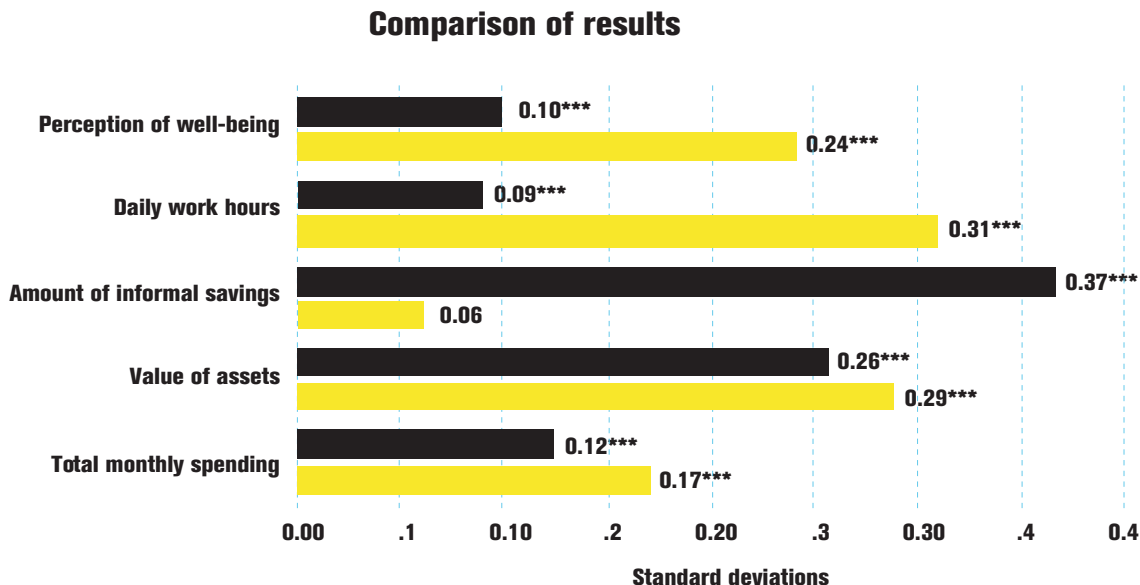
Note: Results Double differences; significance: \*  $p < 0.1$  ;  $p < 0.05$ , \*  $p < 0.01$ .

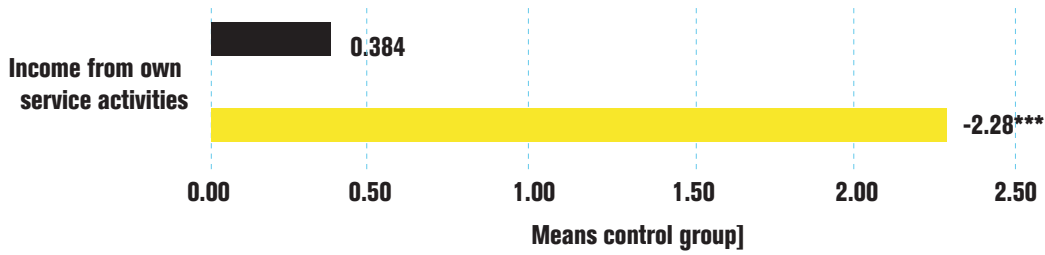


Note: Results Double differences; significance: \*  $p < 0.1$  ;  $p < 0.05$ , \*  $p < 0.01$ .

### Comparison of results with other similar programs:

Compared to other Graduation programs implemented around the world, the Embarking on a Better Life program has demonstrated significant positive effects of a greater magnitude on the various dimensions of **well-being, productivity, assets, spending and income.**





■ Banerjee et al (2015)  
 ■ EVM

Note: Results Double differences; significance: \*  $p < 0.1$ ; \*  $p < 0.05$ , \*  $p < 0.01$ .

## Conclusions:

1. Despite the crisis caused by the pandemic, the EVM program maintains positive effects on important, long-term and structural variables, such as increased possession of assets, savings and formal credit.
2. The project was shown to improve the living conditions of households in terms of food security, subjective well-being and finances within the household.
3. Finally, the program demonstrated positive effects with long-term repercussions for the sustainability of the effects, since it improved variables of empowerment, expectations and aspirations.
4. The results of the impact assessment show how Graduation programs can be a powerful strategy to promote the resilience of vulnerable families when facing massive shocks and their economic recovery.

### For more information:

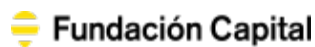
Platform for Evaluation and Learning of Graduation Program in Latin America:

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