CONDITIONAL CASH TRANSFERS

A World Bank Policy Research Report
CONDITIONAL CASH TRANSFERS
REDUCING PRESENT AND FUTURE POVERTY

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with

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THE POTENTIAL IMPACT OF THE GLOBAL FINANCIAL CRISIS OF 2008 on living standards in the developing world has given renewed emphasis to the importance of social safety net programs. The right policies can be a smart investment in an uncertain world. This report reviews the evidence on conditional cash transfers (CCTs)—safety net programs that have become popular in developing countries over the last decade. It concludes that CCTs generally have been successful in reducing poverty and encouraging parents to invest in the health and education of their children.

The CCT programs studied in the report span a range of low- and middle-income countries; large and small programs; and those that work at local, regional, and national levels. Although there are important differences between countries and regions in how CCTs are used, they all share one defining characteristic: they transfer cash while asking beneficiaries to make prespecified investments in child education and health.

The largest CCTs, such as Brazil’s Bolsa Família and Mexico’s Oportunidades, cover millions of households. In Chile and Turkey, CCTs are focused more narrowly on extremely poor and socially excluded people, whereas CCTs in Bangladesh and Cambodia have been used to reduce gender disparities in education. Most recently, CCT pilot programs are being implemented in Sub-Saharan Africa to help alleviate the plight of millions of orphans in the wake of the continent’s devastating HIV/AIDS epidemic. CCTs are proven versatile programs, which largely explains why they have become so popular worldwide.
This report considers the impact that CCTs have had on current poverty, education, health, and nutrition outcomes. It draws heavily on a large number of carefully constructed impact evaluations of CCT programs. As the authors note, it would not have been possible to write this report without the efforts made by the administrators of CCT programs themselves, a number of academics, and staff at international organizations, including the World Bank, to encourage and sustain these evaluations, and to make the results widely available. This clearly is a legacy worth sustaining.

By and large, CCTs have increased consumption levels among the poor. As a result, they have resulted in sometimes substantial reductions in poverty among beneficiaries—especially when the transfer has been generous, well targeted, and structured in a way that does not discourage recipients from taking other actions to escape poverty. Because CCTs provide a steady stream of income, they have helped buffer poor households from the worst effects of unemployment, catastrophic illness, and other sudden income shocks. And making cash transfers to women, as virtually all CCTs do, may have increased the bargaining power of women (itself an important goal in many contexts).

In country after country, school enrollment has increased among CCT beneficiaries—especially among the poorest children, whose enrollment rates at the outset were the lowest. CCT beneficiaries also are more likely to have visited health providers for preventive checkups, to have had their children weighed and measured, and to have completed a schedule of immunizations. These are important accomplishments. Nevertheless, the report shows that the evidence of CCT impacts on final outcomes in health and education—achievement and cognitive development rather than school enrollment, child height for age rather than growth monitoring—is more mixed. An important challenge for the future is better understanding what complementary actions are necessary to ensure that CCTs have greater impact on these final outcomes. This report argues that these complementary actions broadly fall into two categories: policies that improve the quality of the supply of health and education services, and policies that help promote healthier and more stimulating environments for children in their homes.

Even the best-designed CCT program cannot meet all the needs of a social protection system. It is, after all, only one branch of a larger tree that includes workfare, employment, and social pension programs. The
report therefore considers where CCTs should fit within a country’s social protection strategy.

As the world navigates a period of deepening crisis, it has become vital to design and implement social protection systems that help vulnerable households weather shocks, while maximizing the efforts of developing countries to invest in children. CCTs are not the only programs appropriate for this purpose, but as the report argues, they surely can be a compelling part of the solution.

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### Acronyms

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<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AFDC</td>
<td>Aid to Families with Dependent Children</td>
</tr>
<tr>
<td>AIN-C</td>
<td>Atención Integral de la Niñez en la Comunidad</td>
</tr>
<tr>
<td>ATM</td>
<td>automated teller machine</td>
</tr>
<tr>
<td>BDH</td>
<td>Bono de Desarrollo Humano</td>
</tr>
<tr>
<td>BEDP</td>
<td>Basic Education Development Project</td>
</tr>
<tr>
<td>BANHCAFE</td>
<td>Banco Hondureño del Café</td>
</tr>
<tr>
<td>BANSEFI</td>
<td>Banco del Ahorro Nacional y Servicios Financieros</td>
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<tr>
<td>CCT</td>
<td>conditional cash transfer</td>
</tr>
<tr>
<td>CESSP</td>
<td>Cambodia Education Sector Support Project</td>
</tr>
<tr>
<td>CSP</td>
<td>Child Support Program</td>
</tr>
<tr>
<td>CT-OVC</td>
<td>Cash Transfer for Orphans and Vulnerable Children</td>
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<tr>
<td>EMA</td>
<td>Education Maintenance Allowance</td>
</tr>
<tr>
<td>FFE</td>
<td>Food for Education</td>
</tr>
<tr>
<td>FISDL</td>
<td>Fondo de Inversión Social para el Desarrollo Local</td>
</tr>
<tr>
<td>FSSAP</td>
<td>Female Secondary School Assistance Program</td>
</tr>
<tr>
<td>GDP</td>
<td>gross domestic product</td>
</tr>
<tr>
<td>GNP</td>
<td>gross national product</td>
</tr>
<tr>
<td>HIV/AIDS</td>
<td>human immunodeficiency virus/acquired immunodeficiency syndrome</td>
</tr>
<tr>
<td>JFPR</td>
<td>Japan Fund for Poverty Reduction</td>
</tr>
<tr>
<td>JPS</td>
<td>Jaring Pengamanan Sosial</td>
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<tr>
<td>LATE</td>
<td>local average treatment effect</td>
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<tr>
<td>MEGS</td>
<td>Maharashtra Employment Guarantee Scheme</td>
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<tr>
<td>NGO</td>
<td>nongovernmental organization</td>
</tr>
<tr>
<td>OAP</td>
<td>Old-Age Pension</td>
</tr>
<tr>
<td>OVC</td>
<td>Orphans and Vulnerable Children</td>
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<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
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<tr>
<td>PATH</td>
<td>Program of Advancement through Health and Education</td>
</tr>
<tr>
<td>PCE</td>
<td>per capita expenditure</td>
</tr>
<tr>
<td>PCI</td>
<td>per capita income</td>
</tr>
<tr>
<td>PESP</td>
<td>Primary Education Stipend Program</td>
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<td>PESRP</td>
<td>Punjab Education Sector Reform Program</td>
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<tr>
<td>PETI</td>
<td>Programa de Erradicação do Trabalho Infantil</td>
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<tr>
<td>PKH</td>
<td>Program Keluarga Harapan</td>
</tr>
<tr>
<td>PRAF</td>
<td>Programa de Asignación Familiar</td>
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<tr>
<td>RDD</td>
<td>regression discontinuity</td>
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<tr>
<td>ROSC</td>
<td>Reaching Out-of-School Children</td>
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<tr>
<td>RPS</td>
<td>Red de Protección Social</td>
</tr>
<tr>
<td>SCAE</td>
<td>Subsidio Condicionado a la Asistencia Escolar–Bogotá</td>
</tr>
<tr>
<td>SEDGAP</td>
<td>Secondary Education Development and Girls Access Program</td>
</tr>
<tr>
<td>SES</td>
<td>socioeconomic status</td>
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<tr>
<td>SRMP</td>
<td>Social Risk Mitigation Project</td>
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<tr>
<td>SUF</td>
<td>Subsidio Unitario Familiar</td>
</tr>
<tr>
<td>TAE/ILAE</td>
<td>Tarjeta de Asistencia Escolar/Incentivo a la Asistencia Escolar</td>
</tr>
<tr>
<td>TANF</td>
<td>Temporary Assistance for Needy Families</td>
</tr>
<tr>
<td>TVIP</td>
<td>Test de Vocabulario en Imágenes Peabody</td>
</tr>
<tr>
<td>UCT</td>
<td>unconditional cash transfer</td>
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<tr>
<td>WDI</td>
<td>World Development Indicators</td>
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All dollar amounts are in U.S. dollars, unless otherwise indicated.