



Conditional Cash Transfers (CCT)

The Spanish Trust Fund for Impact Evaluation (SIEF) is a €10.4 million program funded by Spain, to support the World Bank in evaluating the impact of innovative programs to improve human development (HD) outcomes. The SIEF supports prospective, rigorous evaluations in eligible developing countries, impact evaluation training, publications, and dissemination of results. The program will run from July 2007–July 2010.



Policy Questions

- Do CCT programs need conditionality in order to improve outcomes? If so, what types of conditionality work best?
- What is the effect of CCTs on the accumulation of human capital, including final outcomes in education (years of schooling completed, learning) or health and nutrition (children's height and weight)?
- What is the impact of CCT programs on medium and long-term poverty reduction?
- Does it matter who (in the family) receives the conditional cash transfer?
- How much does the quality of supply (availability or quality of local schools or health clinics) affect the outcomes from demand-side incentives like CCTs?

Background & Context

Conditional Cash Transfers (CCT) have become an increasingly popular strategy for poverty reduction programs. Though used most extensively in Latin America, CCT programs are now being implemented across the globe. The idea behind CCT programs is simple – cash transfers are provided to households that meet certain specific conditions. In other words, for a household to receive a cash transfer they **must** undertake certain activities (like regular health exams for children or ensuring that school-aged children go to school).¹ The objective is to make short-term income transfers contribute to the longer-term objective – protecting the health and schooling of low-income children as a strategy for more sustained poverty reduction.

Notable example of CCT Programming: Mexico's PROGRESA

Mexico's Health, Nutrition and Education (PROGRESA) program was launched in 1997 to combat the country's high poverty rate and to replace a food subsidy and other poverty programs that were considered ineffective. As the program was phased in with a strategy of randomly assigning eligible communities into the program over a three year period, by 1999 it was possible

¹ De Brauw, Alan and John Hoddinott. "Must Conditional Cash Transfer Programs be conditioned to be effective? The impact of conditioning transfers on school enrollment in Mexico." Washington DC: World Bank. 2007.

to rigorously evaluate the impact of the program. The evaluation found that the program produced noteworthy increases in school enrollments, especially in middle school enrollment, declines in levels of child malnutrition and illness, and reductions in poverty.² Since then, the program has been expanded, weathered multiple political changes and now serves 20 million people - one-fifth of Mexico's population.³

Next Generation of Evidence

Despite the accumulated experience with CCT programs, there remain critical questions regarding CCT program design, implementation and context for which evaluation evidence is not conclusive. The goal of this SIEF cluster is to expand the evidence base and address these critical questions, while creating a platform for cross-country knowledge sharing.

SIEF-funded Impact Evaluations

Morocco – This IE is evaluating the cost-effectiveness of several key strategies for increasing girls' primary school enrollment and completion. Randomly selected rural schools are being offered a supply-side investment (providing lavatories); while other schools are receiving a demand-side intervention (government-administered cash transfers). Different variants of CCT are also being studied including targeting the transfer to the father, mother or student.

Indonesia – This IE is measuring the direct and indirect impacts of two different strategies for delivering CCT programs; both programs are cash-transfers conditional on utilization of basic health services and children's school attendance. The household approach provides CCTs directly to poor households with young children and pregnant women; the community-based CCT provides villages with block grants. Both cash-transfer programs are conditional on the utilization of basic health services and children's school attendance.

Burkina Faso - This IE is evaluating the impact, and comparing the effectiveness, of four variants of a cash transfer program to poor households: CCTs given to the mother, CCTs given to the father, unconditional cash transfers given to the mother, and unconditional cash transfers given to the father.

Chile – This IE is examining how Chile's *Solidario* program – a package of benefits including a small cash payment, preferential access to various social services and subsidies and regular visits by a social worker – performs in terms of increasing low-income families' uptake of social programs reducing extreme poverty.

Conditional Cash Transfers	Country	Budget
Impact Evaluation of a Randomized Conditional Cash Transfer Program in Rural Education in Morocco	Morocco	\$ 400,000
Evaluating and improving the Indonesian CCT	Indonesia	\$ 400,000
Gender and Social Protection Programs in Developing Countries: A Randomized Evaluation of Conditional and Unconditional Cash Transfers in Burkina Faso	Burkina Faso	\$ 224,600
Estimating the Dynamic Effects of Chile Solidario	Chile	\$ 61,140
	Total	\$ 1,085,740

² Ibid.

³ Coady, David. "Alleviating Structural Poverty in Developing Countries: The Approach of PROGRESA in Mexico," Background Paper for the 2004 World Development Report, February 2003.