



A New Approach to Social Assistance: Latin America's Experience with Conditional Cash Transfer Programs

Conditional cash transfers (CCTs) are an innovative and increasingly popular approach to social assistance. They provide money to poor families contingent upon certain behavior, usually investments in human capital such as keeping children in school or taking them to health centers on a regular basis. These programs are perhaps the clearest policy manifestation of a new line of thinking on the long-term role of social assistance programs. Not only are they instruments for short-term poverty alleviation, but they also encompass longer-term economic growth and human capital development objectives. They have been adopted internationally and in several countries they have been scaled up to become integral components of poverty alleviation strategies.

An Innovation in Social Assistance

Latin America has been at the forefront of introducing CCT programs. The first generation of these programs, established mainly in the late 1990's in Brazil, Colombia, Honduras, Jamaica, Nicaragua and Mexico, sought to improve upon traditional social assistance programs in a variety of ways:

- *Changing accountability relationships* by providing cash grants directly to poor households, conditioning the transfer upon the consumption of health and education services, and targeting mothers as the recipients of the grants;
- *Addressing both current and future poverty* by seeking to foster human capital accumulation among the young as a means of breaking the

inter-generational cycle of poverty, as well as providing income support as a means of improving consumption in the short-term;

- *Targeting the poor* usually through both poverty maps to identify geographic areas and proxy means tests to select individual households;
- *Providing cash*, which is more flexible, efficient and cost-effective than in-kind transfers.
- *Fostering synergies in human development* by focusing on the complementarities between investments in health, nutrition and education.
- *Using evaluations strategically*. The provision of sound, empirically based evidence of effectiveness has facilitated the scaling up of CCT programs and helped maintain their continuity in the face of changing political regimes.

Findings

In a marked departure from past practice in Latin America, the first generation of CCT programs prioritized the early use of technically rigorous impact evaluations. These new programs have been accompanied by systematic efforts to assess their impact on human capital accumulation as well as understand their broader impact on household's behavior. CCTs are administratively efficient and they have been successful in addressing many of the criticisms of earlier methods of social assistance such as poor poverty targeting, disincentive effects and limited welfare impacts. A recent review of CCT programs' tar-

Table 1. Objectives, Components and Target Population of CCT Programs in Latin America and the Caribbean

Program	Components		Target population
	Objectives	Education	
<i>Bolsa Escola, Brazil</i>	<ol style="list-style-type: none"> Increase the educational attainment of school-age poor children Reduce current and future poverty 	<p>Cash grants</p> <p>—</p>	<p>Poor children 6-15</p> <p>—</p>
<i>PETI, Brazil</i>	<p>Eradicate the worst forms of child labor (i.e. those involving a health risk), while increasing educational attainment and reducing poverty.</p>	<p>Income transfer</p> <p>After-school program</p>	<p>Children 7-14</p> <p>—</p>
<i>Familias en Acción, Colombia</i>	<ol style="list-style-type: none"> Increase the human capital investment among extreme poor families Serve as a safety net 	<p>Bi-monthly school subsidy</p>	<p>Poor households with children 7-17 enrolled in school (2nd - 11th grade)</p> <p>Poor households with children 0-6 not participating in other programs</p>
<i>PRAF II, Honduras</i>	<p>Increase the accumulation of human capital among children of the poorest families and thereby help to break the circle of poverty.</p>	<ol style="list-style-type: none"> Demand incentives (educational voucher) Supply incentives for primary schools 	<p>Poor households with children 6-12 who have not yet completed the 4th grade of primary school</p> <p>Poor households with pregnant women and/or children under three</p>
<i>PATH, Jamaica</i>	<ol style="list-style-type: none"> Increase educational attainment, improve health outcomes, and thus reduce poverty. Reduce current poverty Reduce child labor Serve as a safety net 	<p>Education grant</p>	<p>Poor households with children 6-17</p> <p>Poor households with children 0-5; pregnant and lactating women; elderly over 65; persons with disabilities; and destitute adults under 65.</p>
<i>PROGRESA, ¹ Mexico</i>	<p>Improve the educational, health and nutritional status of poor families, particularly children and their mothers</p>	<ol style="list-style-type: none"> Educational grants Support for school materials Strengthening the supply and quality of education services 	<p>Poor households with children 8-18 enrolled in primary (1st to 3rd grade) and secondary (3rd grade and higher) school²</p> <p>Cash grants are targeted to poor households while nutrition supplements are targeted specifically to pregnant and lactating women, children 4-24 months old and malnourished children 2-5 years old.</p>
<i>Red de Protección Social, Nicaragua</i>	<p>Promote human capital accumulation among households living in extreme poverty</p>	<ol style="list-style-type: none"> Education grant Support for school materials Supply incentive 	<p>Poor children 6-13 enrolled in primary school grades 1st to 4th</p> <p>Cash grants are targeted to poor households; health care services are targeted to children 0-5</p>

Source: Rawlings and Rubio, 2004

¹ In March 2002, PROGRESA changed its name to *Oportunidades* and broadened its objectives. The renewed program aims to create income generating opportunities for poor households through preferential access to microcredit, housing improvements and adult education.

² Since 2001, students up to 20 years old enrolled in high school are also eligible for education grants

Table 2. Conditionality and Transfer Size of CCT Programs in Latin America and the Caribbean

Transfer size

Program	Conditionality ³		Transfer size	
	Education	Health and Nutrition	Education	Health and Nutrition
	Education	Health and Nutrition	Local Currency	Local Currency
<i>Bolsa Escola</i> , Brazil	At least 85% school attendance in a 3-month period	—	R\$15 – R\$45 (US\$6-19) per family per month	—
PETI, Brazil	At least 80% school attendance and participation in the after-school program <i>Jornada Ampliada</i>	—	Varies across states between R\$25-39 (US\$11-17) per child per month ⁴	—
<i>Familias en Acción</i> , Colombia	At least 80% school attendance in a 2-month cycle	Regular health care visits for child's growth and development monitoring	Primary: Col\$14,000 (US\$6) per child per month Secondary: Col\$28,000 (US\$12) per child per month	Col\$ 46500 (US\$20) per family per month
PRAF II, Honduras	School enrollment and maximum 7 days of school absence in a 3-month period.	Compliance with the required frequency of health center visits	Educational voucher: L\$ 828 (US\$58) per child per year Average supply incentive: L\$57,940 (US\$4,000)/school/year	Health voucher: L,\$660 (US\$46.3) per family per year Avg. supply incentive L\$87,315 (US\$6,020)/facility/year
PATH, Jamaica	Minimum school attendance of 85% (maximum 9 days of school absence per term	Compliance with the required number of health visits per year, which varies by beneficiary age/status	J\$500 (US\$9)/child/mo	J\$500 (US\$9) per eligible household member per month
PROGRESA, Mexico	School enrollment and minimum attendance rate of 85%, both monthly and annually	Compliance by all household members with the required number of health centers visits and mother attendance at health and nutrition lectures	Primary: varies by grade US\$8-17/child/month + US\$11/year/child for school materials Secondary: varies by grade and gender US\$2.5-32/child/month + US\$20/year/child for school materials ⁵	Mex\$125 (US\$13) per household per month (1999) ⁶
<i>Red de Protección Social</i> , Nicaragua	School enrollment; less than six days of unexcused school absence in a two-month period school; and school grade promotion	Regular health care visits for child's growth monitoring; up-to-date vaccinations; and attendance to health and nutrition talks	Grant: C\$240 (US\$17) every 2 months per family School material support: C\$275 (US\$20) per child per year Supply incentive: C\$10 (US\$0.7) per student every 2 months	C\$480 (US\$34) per family every 2 months

Source: Rawlings and Rubio, 2004

³ In practice, some programs have not enforced all conditions. For example, delays in the development of the PRAF management information system prevented the enforcement of conditionalities during the first months of program implementation. In Nicaragua, the practice of automatic grade promotion and problems with the supply of vaccine serums led to less stringent enforcement of conditions.

⁴ In Bahia and Sergipe, the income transfer is R\$25/per month for each child. In Pernambuco, the transfer is R\$50 for 1-2 participating children, R\$100 for 3-4 children and R\$150 for 5 or more children.

⁵ At the end of 1999, educational grants for primary school varied between Mex\$80-165/child/month depending on the grade (3rd to 6th); for secondary schools transfers varied from between mex\$240-265/boy/month and Mex\$245-305/girl/month. In addition, households received Mex\$100 per year per primary school enrolled child and Mex\$190 per year per secondary school enrolled child.

⁶ The maximum monthly transfer per household per month is Mex\$750 (approximately US\$75)

getting concludes that more than 80% of the benefits reach the poorest 40% of the families. Clear evidence of success is provided by programs in Brazil, Colombia, Mexico and Nicaragua:

- *Educational impact:* In Nicaragua, primary school enrollment rates increased nearly 22 percentage points in the treatment areas. In Mexico, both primary and secondary school enrollment rates rose, with a greater impact on girls' enrollment.
- *Child labor:* CCT programs in Mexico reduced the probability of working among 8 to 17 year olds by 10 to 14 per cent.
- *Nutrition and Health:* The PROGRESA evaluation in Mexico reveals a significant increase in nutrition monitoring and immunization rates. There was also evidence of a significant impact on increasing child growth and lowering the probability of stunting for children aged 12 to 36 months. In Colombia, the proportion of children under 6 enrolled in growth monitoring increased 37 percentage points and the incidence of acute diarrhea decreased.
- *Consumption:* CCTs in Colombia resulted in improved dietary intake. Evidence in Nicaragua suggests that CCT programs may help the poor protect their consumption during times of crisis.

Challenges

Despite these promising initial results, several concerns have been voiced about CCT programs:

- From an institutional design perspective, critics contend that CCTs may distract from the more difficult task of reforming inefficient public services, notably health and education and social insurance programs. Others point to what is often perceived as overly-centralized administration, a concern with particular resonance in countries where democratically-elected governments are in their infancy and where

efforts are being made to strengthen the capacity and autonomy of local governments.

- Without greater attention to the provision of quality services, CCT program conditionalities run the risk of mandating the poor's use of low quality health and education services, thus tying them to ineffective service providers and undermining the program's potential impact on long-term welfare. There is a clear need to focus on coordination with those responsible for the supply of health and education services to ensure quality service provision and effective coordination between demand and supply-side approaches.
- CCT programs have become the cornerstones of several countries' social assistance policies. This has raised questions concerning their position within the broader social security system—How can incentives be structured to encourage families to graduate from social assistance, while providing mechanisms for transition? How can the needs of particular populations be met as their circumstances change? What can be done for equally needy families which fall outside of the demographic groups and/or geographic areas served by CCT programs?
- Targeting practices have raised concerns. Proxy means tests are often seen as fostering discord within communities, lacking in transparency from beneficiaries' perspectives, and not being amenable to households' changing situations particularly as a counter-cyclical tool in times of crisis.
- Context and scope must also be considered. Positive evaluation results from a handful of programs do not imply that these experiences can be replicated under different circumstances, nor are CCT programs likely to be effective in addressing problems beyond those they have been designed to take on.

The World Bank Social Safety Nets Primer series is intended to provide a practical resource for those engaged in the design and implementation of safety net programs around the world. Readers will find information on good practices for a variety of types of interventions, country contexts, themes and target groups, as well as current thinking on the role of social safety nets in the broader development agenda.



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