

Ten best resources on conditional cash transfers

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The world's economy is in a fragile state. Although cautiously recovering from a global recession, unemployment rates and poverty levels remain high. At the same time, food and fuel crises have resulted in skyrocketing commodity costs, straining household budgets even further than before. In the wake of these financial pressure points, there has been increased focus on social safety net programmes. More recently, Brazil's 'Bolsa Familia' conditional cash transfer (CCT) programme has celebrated its tenth-year anniversary, renewing focus on this particular aspect of social transfer programmes. This essay examines one particular aspect of these social safety net programmes: CCTs. CCT programmes are useful social programmes that have had demonstrable effects on many different populations. However, they are not a 'magic bullet' against poverty, and their image has suffered from unreasonable expectations of their impacts. This 10 best list is an ideal starting point from which a potential user can begin to understand CCTs. There remain significant gaps in the literature behind CCTs, with a particular need for much more research on emerging areas such as impacts on gender, long-term school and health outcomes, methods for increasing efficiency and adapting conditionalities within cultural contexts, among others. However, this list can function as a starting point from which the reader can gain an understanding and appreciation for what we believe to be one of the most innovative social programmes for addressing poverty worldwide.

Keywords Conditional cash transfers, poverty reduction, social transfer programmes

KEY MESSAGES

- Current economic conditions have increased focus on conditional cash transfer programmes (CCTs).
- CCTs throughout Latin America, the Caribbean and some other countries have reported improved health outcomes, while programmes in Africa have achieved mixed success.
- CCTs are good means of addressing poverty but must be offered in combination with other social transfer programmes to provide comprehensive support.

Introduction

The world's economy is in a fragile state. Although cautiously recovering from a global recession, unemployment rates and poverty levels remain high. At the same time, food and fuel crises have resulted in skyrocketing commodity costs, straining

household budgets even further than before. In the wake of these financial pressure points, there has been increased focus on social safety net programmes. More recently, Brazil's 'Bolsa Familia' conditional cash transfer (CCT) programme has celebrated its tenth-year anniversary, renewing focus on this particular aspect of social transfer programmes.

CCT programmes involve a cash payment to poor families or individuals in exchange for their fulfilling certain behavioural conditions. Also referred to as conditionalities (De Janvry and Sadoulet 2006), these conditions may include such things as consistent school attendance, prenatal health check-ups or physicals and vaccinations for children (Fiszbein *et al.* 2009). CCTs function by increasing ‘human capital’ investment—encouraging parents to send their children to school rather than work and promoting preventative health care measures (Danvers 2010). At the same time, they reduce poverty levels by increasing a family’s income to provide money for food and other necessities.

Although the programmes do not necessarily have an impact on the adults’ educational status, they break the cycle of poverty by ensuring that the family’s children are educated and have better prospects for the future (Fiszbein *et al.* 2009).

The first CCT programme was initiated in Mexico in 1997, reaching 300 000 poor families in rural Mexican areas. Today, ‘Oportunidades’ reaches 5 million individuals—more than 30% of Mexico’s population—and functions as the country’s primary social safety net (Fernald *et al.* 2008). This programme has spawned many similar systems throughout Latin America; it is estimated that nearly 40 countries now have some form of CCT programme in existence, with many more in development (Arnold *et al.* 2011). The programmes vary in size and scope; in Honduras, a CCT programme provides ~7% of household cash for consumption, while Oportunidades provides over 20% of cash for consumption (Fiszbein *et al.* 2009).

Evaluations conducted to date have been largely in favour of the efficacy of CCT programmes. Benefits have been reported ranging from increased school attendance to increased household consumption, to name but two (Oosterbeek *et al.* 2008; Danvers 2010). There has also been evidence of unexpected positive impacts, such as the increased prevalence of females in the workforce due to increased children in school (Foguel and Barros 2010). At the same time, there have been concerns about unintended consequences such as violence against women (Bradshaw 2008), increases in divorce rates (Bobonis 2009) and a perception of conditionalities as being intrusive and condescending (Molyneux 2007). There have also been many arguments against the need for conditionalities at all, with several studies citing benefits in similar un-CCT (UCT) programmes (Schubert and Slater 2006; Fiszbein *et al.* 2009; Ozler *et al.* 2010; De Brauw and Hoddinott 2011), and a recent randomized controlled trial (RCT) comparing UCTs and CCTs finding little statistical difference between the programmes (Robertson *et al.* 2013). However, the RCT found that CCT programmes did have significant positive impacts in comparison to control groups who did not receive any cash transfers, demonstrating their efficacy at improving various health and poverty measures (Robertson *et al.* 2013). Whether given unconditionally or with conditions, it is clear that CCTs have positive impacts on their communities.

As the anniversary of Bolsa Familia brings renewed focus to CCTs and their potential for development (Jamison *et al.* 2013, Kim 2013), potential new users may be debating the introduction of such programmes in their service areas. This essay offers a well-rounded introduction for those considering the design and implementation of CCT programmes within their service

area. We identify the drawbacks and potential problems that can arise as a result of their use, and provide resources that discuss these challenges (and the means by which organizations can minimize or avoid them). The 10 identified resources have been grouped according to the following categories: programme design and implementation; location, cost and resource considerations; and programme evaluation and integration.

Considered resources were identified using traditional keyword searches in several databases, such as PubMed. Additional resources were found using snowball sampling and scanning of websites, such as World Bank, Overseas Development Institute and others, widely known and respected in the cash transfer field. Finally, some resources were found using disseminated newsletters and news releases from these experts and other not-for-profit organizations.

Although CCT programmes exist in both developed and developing countries (Arnold *et al.* 2011), the focus of this list is the suitability and implementation of such programmes in developing countries. This essay does not consider the role of CCTs in humanitarian settings, as the use of conditionality in such scenarios is not generally advisable (Harvey 2007).

Resources

When conditionalities work—programme design and implementation

As the journalistic equivalent to a beginner’s guide, Adato and Hoddinott’s (2007) *Conditional Cash Transfer Programs: A ‘Magic Bullet’ For Reducing Poverty?* offers an excellent introductory look at CCTs. They provide a short, succinct and relatively simplistic definition of CCTs, followed by the all-important justification of their worth: a summary of impacts on education, health and nutrition in several different (and geographically separated countries). Adato and Hoddinott (2007) are also very realistic and unbiased about CCTs; they identify and discuss aspects such as programme expense, drawbacks of conditionality and the need to support CCTs with complementary social programmes. The highlight of this article, however, is a series of questions that Adato and Hoddinott (2007) pose in order to help the reader ascertain whether using CCTs is suitable for their needs. Is there room for improvement in attendance rates? Are there administrative resources available to start and continue such a programme? Would the programme be politically supported? By using these questions, and others, Adato and Hoddinott (2007) enable the introductory reader to take a pragmatic approach to CCTs, and ensure that it is understood that CCTs are not, as the title mentions, a ‘magic bullet’ for poverty reduction.

For those with a little more time on their hands and a desire for a more in-depth resource, Fiszbein *et al.* (2009) have literally written the book on CCTs. Once labelled as the World Bank’s *Bible on CCTs* (Irin 2010), *Conditional Cash Transfers: Reducing Present and Future Poverty* provides a detailed summary of existing programmes, impacts and debates on CCTs, in addition to all the technical details that one needs to implement a CCT programme. Fiszbein *et al.* (2009) provide a comprehensive summary of CCT impacts, discussing such traditional measures as child health, school attendance and use of health services as

determined by individual country studies. They further this analysis by examining the results for heterogeneity in child age, socioeconomic status and size of payment. Their discussion on the lack of need for a linear relationship between extreme poverty and size of transfer payment is particularly helpful and highlights a common question in CCT programmes of whether payments should increase with level of poverty. The book also provides a thorough economic justification for investing in CCT programmes over other traditional social investments such as buying school or medical supplies. Fiszbein *et al.* (2009) also offer suggestions for integrating costs into other areas of government policy to maximize efficiency, such as using proxy means tests to determine recipients for CCT programmes in addition to other government programmes.

When conditionalities may not work—location, gender and resource considerations

Another 'how-to' guide for social transfer programmes is Samson *et al.*'s (2006) *Designing and Implementing Social Transfer Programmes*. In this guide, the authors look at three types of social transfer programmes: unconditional transfers, conditional transfers and public works programmes, which they define as payment for work. This guide is an exceptional resource for those who believe a social transfer programme is appropriate for their country, but cannot decide which type is most suitable. Unlike the previously mentioned resources, Samson *et al.* (2006) do not spend much time covering the historical aspects of social transfer programmes. After a brief introduction indicating evidence of social transfer success, they delve immediately into the technical aspects of the programmes, providing exceptional levels of detail that enable even the greenest of neophytes to follow and replicate the guide's plans (they even instruct readers on what to include in a proposal's terms of reference). They offer a comprehensive section on programme targeting that is applicable to all three types of social transfer programmes, in addition to detailed sections on designing each type of scheme. Writing from a South African perspective, they are understandably hesitant about the costs and challenges of conditionalities, but also acknowledge their value from a political and social perspective. Their section on designing conditionalities is extremely strong, cautioning against the use of 'hard' conditionalities that offer no 'exit' options, such as those that encourage parents to send ill children to school. One of the most attractive features of this guide is that it offers options to the reader unsure of CCTs, and encourages the use of a combination of programmes in order to maximize overall success. Several sections, including implementation and monitoring and evaluation, are written generically for all three types of social transfer programmes in order to facilitate their combination and reduce administrative costs to the country or provider. Finally, they supplement their report with numerous case studies from countries around the world, offering innovative approaches and success stories to encourage and inspire the reader.

Although Fiszbein *et al.* (2009) include some discussion of the advantages and disadvantages of conditionality in their report, a more recent evidence article from the United Kingdom's Department for International Development delves more deeply into what is likely one of the most contentious issues surrounding CCTs—the obligations, or conditions, attached to the transfers. In *Cash Transfers: Evidence Paper*, Arnold *et al.*

(2011) provide a comprehensive summary of the successes and failures of conditionality, and a discussion of where each type of cash transfer may be most appropriate. This resource is also unique in that it is one of the few available white papers that devote significant attention to CCT programmes from an African context. Given that CCT and UCT programmes are newer and less prevalent in Sub-Saharan Africa, a lack of impact evaluations has made incorporation of African programmes challenging for 'how-to' guides and globally-focused white papers. Arnold *et al.* (2011) have managed to compile the limited available research, and examine the geographical, social and political differences that make CCTs more challenging to implement in an African context. They also discuss whether conditionalities are useful in the region; in particular, they highlight a study by Ozler *et al.* (2010) that found no difference between conditional and unconditional transfers in Malawian girls' school attendance.

Sub-Saharan Africa has emerged as an area of focus in the cash transfer sector, with numerous pilot programmes underway and several expansion programmes in development (Davis *et al.* 2012); despite this, little comprehensive research existed with a focus on application in the African context. The *Journal of Development Effectiveness* has responded to this need, recently publishing a special issue devoted to cash transfer programmes across Africa. An introduction by Davis *et al.* (2012), entitled 'Evaluating the impact of cash transfer programmes in sub-Saharan Africa: an introduction to the special issue', neatly summarizes the results of several impact evaluations and the history of cash transfer schemes across Africa. They also discuss the additional challenge of weak government systems that many African nations face. They echo sentiments that conditionalities require a significant administrative investment that could be better invested in building up educational and health resources (Kakwani *et al.* 2005; Schubert and Slater 2006), and discuss community-based targeting, a new variant on conditionalities that is being piloted in several regions. Community-based targeting uses community members to identify worthy recipients, and has been found by many to avoid inclusion and exclusion criteria problems, while continuing to address poverty at a rate equal to, or better than, traditional CCT schemes (Handa *et al.* 2012).

Gender equality is such a central concern in CCT programmes (Bradshaw 2008) that it is deserved of its own spot on the 10 best resource list. Although there is no definitive resource on this topic due to its divisive nature, Soares and Silva (2010) present a pragmatic but ultimately heartening view of the subject in *CCT Programmes and Gender Vulnerabilities: Case Studies of Brazil, Chile and Colombia*, examining the impacts of three cash transfer programmes on various measurements of gender inequality in the three identified countries. Their results are not staggering, but are overall positive; some changes include higher labour market participation rates, and greater feelings of empowerment (Soares and Silva 2010). They do not find an increase in male share of domestic chores, however, and place great emphasis on the need for this factor to be addressed in future programmes. Although the topic could warrant its own list of 10 best resources, a further article worth reading is 'Two cheers for CCTs' (Molyneux 2007). Although the article at points claims inherent discrimination in CCTs, Molyneux does find increased school attendance and graduation rates amongst daughters, and argues a critical point that in order for such

benefits to arise, we must ensure to include men in cash transfer programmes so as not to alienate them from the process.

A list of 10 best resources would not be complete without a hefty dose of scepticism, which Freeland (2007) provides in his opinion article entitled 'Superfluous, pernicious, atrocious and abominable: the case against conditional cash transfers'. Taking the somewhat dramatic step of likening CCTs to the historical treatment of slaves in the sugar trade, Freeland paints a picture of conditionalities as yet another feature of a nanny state, and an unnecessary feature in many countries. Although his tone can be theatrical, his concerns are extremely valid; he highlights many characteristics of conditionalities that make them difficult to implement and monitor, and argues that cash transfers can be equally (or more) successful in increasing positive educational and health outcomes. In part, he bases his research on a diagram originally produced in Samson *et al.*'s (2006) guide, arguing (as the authors did) that many countries do not have problems with individual desires to access services, but lack the supply-side resources to sustain any increases in use. As a risk management expert with South Africa's Regional Hunger and Vulnerability Programme, Freeland has extensive firsthand experience with the context and applicability of CCTs in sub-Saharan Africa. Although we disagree with an outright dismissal of conditionalities, he identifies crucial concerns that should be considered and addressed before the commencement of any type of social transfer scheme.

Future directions for CCTs: programme evaluation, integration and evolution

CCT programmes generally involve rigorous monitoring and evaluation criteria, and have some of the strongest inbuilt evaluation systems of any social transfer programmes. This readiness of data has resulted in the publication of numerous evaluations and systematic reviews; of these, perhaps the most frequently referenced is Rawlings *et al.*'s (2005) 'Evaluating the impact of conditional cash transfer programs'. As a country sector director for Latin America and the Caribbean with the World Bank, Rawlings is intimately familiar with the workings of CCT programmes, and this knowledge is reflected in the depth and strength of this meta-evaluation. Six major CCT programmes are discussed: Colombia, Honduras, Jamaica, Turkey, Mexico and Nicaragua. All of the programmes are fairly well developed and reach a significant portion of their population, and as such, the outcomes discussed in this evaluation (such as impacts on enrolment rates and preventative health care improvements) can be considered reliable and reflective of the strengths and weaknesses of CCT programmes overall. Most importantly, Rawlings *et al.* (2005) give a critical look at the evaluation procedures in place for 'first-generation' CCT programmes, and offer valuable suggestions on aspects to include in monitoring/evaluation of second-generation programmes, particularly incorporating more measurement of long-term programme benefits, and analysing the 'trade-off' between amount of transfer and number of beneficiaries [a topic also covered well in Fiszbein *et al.*'s (2009) guide].

Those with an interest in further evaluation would benefit from reading Lagarde *et al.*'s (2007) *The Impact of Conditional Cash Transfers on Health Outcomes and Use of Health Services In Low*

and Middle Income Countries. This article employs a slightly more scientific evaluation approach, evaluating the programmes in question for bias and confounders in results. Lagarde *et al.* (2007) provide their search strategies and criteria for inclusion, allowing for replication of their study. By analysing bias and confounders, they also help the reader to avoid misreporting impacts. Finally, they also include an evaluation of Brazil's Bolsa Familia programme—notably missing from Rawlings *et al.* (2005).

At this point in time, the reader will be well familiar with CCTs, UCTs and whether conditionalities are appropriate, given the local context. The reader can develop CCT programmes, evaluate them, and are aware of several concerns and imbalances that may arise. But those who work in development know the most dangerous outcome of an innovative new programme—the death of a pilot programme that failed to integrate. Those wary of repeating this mistake will appreciate the directives from Robalino *et al.* (2012) 'Building Social Protection and Labour Schemes: Concepts and Operational Implications'. This World Bank background paper discusses how to best integrate cash transfers, and other social programmes, to minimize administrative costs, increase reporting capacity and streamline service provision. It provides helpful case studies on how integration has increased uptake and enabled the continuation of some successful cash transfer schemes, while analysing the administrative failures that have befallen others. In essence, it is the perfect resource to carry the reader forward to successful implementation of CCT schemes—offering suggestions, shortcuts and rationale at the policy, programme and administrative level.

Conclusion

CCT programmes are useful social programmes that have had demonstrable effects on many different populations, but they are not a 'magic bullet' against poverty, and their image has suffered from unreasonable expectations of their impacts. There remain significant gaps in the literature behind CCTs, with a particular need for much more research on emerging areas such as impacts on gender, long-term school and health outcomes, methods for increasing efficiency and adapting conditionalities within cultural contexts. However, this article provides sufficient evidence from global experience to encourage cautious expansion; in particular, as global mobile phone networks increasingly reach remote and marginalized groups, these programmes can be used to address the needs of the world's most marginalized. This list serves to provide a starting point from which the reader can gain an understanding and appreciation for what we believe to be one of the most innovative social programmes for addressing poverty worldwide.

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Authorship

This report was researched and written entirely by C.M. with input, revisions and guidance from P.H. The authors declare that they participated in all aspects of the manuscript's creation and that they have seen and approved the final version.

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Resources

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