

 Open access • Journal Article • DOI:10.1515/BIS-2018-0005

Conditional and Unconditional Cash Transfers: Implications for Gender

— [Source link](#) 

Karine Levasseur, Stephanie Paterson, Nathalia Carvalho Moreira

Published on: 13 Jul 2018 - Basic Income Studies (Walter de Gruyter GmbH)

Topics: Cash transfers, Conditional cash transfer, Cash and Public policy

Related papers:

- [When Are Cash Transfers Transformative](#)
- [Do Conditional Cash Transfers Promote Human Development](#)
- [Inequality and conditionality in cash transfers: Demographic transition and economic development](#)
- [Building trust? Conditional cash transfers and social capital](#)
- [The Contribution of Increased Equity to the Estimated Social Benefits from a Transfer Program: An Illustration from PROGRESA](#)

Share this paper:    

View more about this paper here: <https://typeset.io/papers/conditional-and-unconditional-cash-transfers-implications-278vxx9xoa>

FROM SOCIAL SAFETY NET TO SOCIAL POLICY?

THE ROLE OF CONDITIONAL
CASH TRANSFERS IN WELFARE STATE
DEVELOPMENT IN LATIN AMERICA

Working Paper number 60 December, 2009

Francesca Bastagli

Centre for Analysis of Social Exclusion (CASE),
London School of Economics and Political Science



Copyright© 2009
International Policy Centre for Inclusive Growth
United Nations Development Programme

International Policy Centre for Inclusive Growth (IPC - IG)
Poverty Practice, Bureau for Development Policy, UNDP

Esplanada dos Ministérios, Bloco O, 7º andar

70052-900 Brasília, DF - Brazil

Telephone: +55 61 2105 5000

E-mail: ipc@ipc-undp.org ▪ URL: www.ipc-undp.org

The International Policy Centre for Inclusive Growth is jointly supported by the Poverty Practice, Bureau for Development Policy, UNDP and the Government of Brazil.

Rights and Permissions

All rights reserved.

The text and data in this publication may be reproduced as long as the source is cited.
Reproductions for commercial purposes are forbidden.

The International Policy Centre for Inclusive Growth disseminates the findings of its work in progress to encourage the exchange of ideas about development issues. The papers are signed by the authors and should be cited accordingly. The findings, interpretations, and conclusions that they express are those of the authors and not necessarily those of the United Nations Development Programme or the Government of Brazil.

Working Papers are available online at www.ipc-undp.org and subscriptions can be requested by email to ipc@ipc-undp.org

Print ISSN: 1812-108X

FROM SOCIAL SAFETY NET TO SOCIAL POLICY? THE ROLE OF CONDITIONAL CASH TRANSFERS IN WELFARE STATE DEVELOPMENT IN LATIN AMERICA *

Francesca Bastagli**

ABSTRACT

During the 1990s, conditional cash transfers (CCTs) were adopted by countries across Latin America as central elements of their poverty reduction strategies. Alongside other developments in the area of social assistance, CCTs represent an opportunity for countries to develop an integrated and inclusive set of social policies. At the same time, particular CCT features risk promoting the further residualisation and fragmentation of safety nets. Drawing on the experience of six countries in Latin America, this paper identifies the variations and recent trends in CCT design and implementation. Based on this review, it considers the contribution of CCTs to the potential transition from a largely absent or minimal safety net to a coordinated system of social policies.

Keywords: cash transfers, targeting, conditionality, social protection, Latin America.

1 INTRODUCTION

Since the early 1990s, conditional cash transfers (CCTs) have been adopted by countries across Latin America as central elements of their poverty reduction strategies. CCTs share three components in common: a cash transfer, a targeting mechanism, and conditionality. In sum, CCTs pay a transfer to the poor provided they follow a pre-specified course of action.

This paper analyses the CCT experience in six countries that were among the first to introduce such policy instruments (see Table 1 at the end of the paper). After providing an overview of developments in formal welfare systems in Latin America, it explores the different rationales underlying the introduction of CCTs and compares their policy parameters, including the cash transfer, targeting mechanism, conditionality, duration and exit, cost and financing, and institutional arrangements. Building on this comparative analysis, the paper then discusses the risks and potentialities associated with defining CCT features and the potential transition from a minimal safety net to inclusive social policy.

* The author is grateful to Armando Barrientos, Tatiana Britto, John Hills, Marcelo Medeiros, Joana Mostafa, Peter Townsend and Fabio Veras Soares for helpful discussions on this topic and comments on the paper.

** Centre for Analysis of Social Exclusion (CASE), London School of Economics and Political Science.

The study reveals that while particular CCT parameters risk further enhancing the residual nature of existing safety nets, this need not be the case. In some countries, the design and implementation details of CCT components reflect a concern for the development of an integrated and inclusive set of interventions. The paper argues that such efforts could be taken into account by policymakers and analysts to ensure that CCTs, along with other policies in the area of social assistance, are further developed to promote the shift from fragmented systems of last resort to inclusive social policy.

2 THE DEBATE

Formal welfare systems in Latin America have historically been characterised by the predominance of social insurance policies and by a weak or largely absent social assistance sector (Mesa-Lago, 1991).¹ Social insurance—mainly financed by contributions from employers, employees and the government—paid benefits to formal sector employees, leading to a welfare system strongly associated with employment protection. As Barrientos (2004) observes, prior to the reforms of the 1990s, the Latin American welfare mix could be broadly described as “conservative-informal”, relying on social insurance in terms of formal policy design and, in practical terms, largely depending on informal arrangements.²

This institutional configuration, along with its mismanagement,³ led to the exclusion of large portions of the population from any formal social protection coverage. The reliance on formal social insurance transfers that largely miss low-income groups due to the large share of poor working in the informal sector (ECLAC, 2006; Lindert et al., 2006), coupled with the limited social assistance interventions, gave rise to a predominantly “truncated” welfare state, one in which formal protection covers the higher parts of the distribution and there is a “clear break in coverage between the second and third or third and fourth quintiles of the income distribution” (Fiszbein, 2005).

The severe economic crisis that hit Latin America in the 1980s highlighted the inadequacy of the existing welfare arrangements in providing even a basic safety net. The corresponding rise in poverty rates in the region (ECLAC, 1997) drew attention to the glaring policy imbalance and gap.⁴ Partly in response to these developments, the late 1980s witnessed the introduction of interventions directly aimed at reaching low-income and vulnerable excluded groups. These included in-kind transfers and feeding programmes (Rogers and Coates, 2002), social funds (Reddy, 1998), workfare programmes, and non-contributory categorical cash transfer programmes.⁵

In the early 1990s, such efforts led to the introduction of a policy tool that rapidly gained popularity and was adopted by countries across the region: CCTs. Table 1 presents an overview of CCTs in the six countries examined by the present study.⁶

The introduction of measures explicitly aimed at the poor raised considerable interest and expectations, both as regards their potential impact on well-being and their capacity to address the aforementioned policy imbalance and vacuum.

As regards well-being outcomes, evaluations of the early efforts to develop social assistance in the late 1980s indicated promising results, and such initiatives were broadly welcomed. Yet analysis of the institutional impact pointed to the development of interventions

that were weakly coordinated with existing social protection measures and that were mainly residual—that is, temporary and narrowly targeted on the poor.

With respect to the broad positioning of the new interventions, Fiszbein (2005) observes the shift from a “truncated” system to a “dual” one. Under the latter, policies develop as two separate subsystems that are weakly integrated and have little consistency with each other. While developments in the area of social assistance have helped address some of the shortcomings of the existing predominant system, Fiszbein argues that the new system provides “well funded protection for the middle class, and poorly funded and often clientelistic protection to the poor” (Fiszbein, 2005).

Other analysts have further qualified recent welfare state development in the region by observing a shift from a predominantly “conservative” system to a “liberal” one. Barrientos (2004) describes the broad social protection reforms of the 1990s as contributing to a transition from a “conservative-informal” to a “liberal-informal” welfare mix.⁷ In the area of anti-poverty policy and social assistance, a “liberal” system implies the predominance of narrowly targeted, means-tested interventions aimed at particular social groups deemed to be vulnerable or otherwise deserving. Under this scenario, recent developments in social assistance would lead to the establishment of a set of measures that protect against narrowly defined specific risks and provide at most a safety net of last resort.

Much of the literature analysing specific early anti-poverty interventions echoes these reflections. Studies on social funds, for example, while recognising positive impacts in terms of participation and beneficiary outcomes, have underlined that such funds can potentially condemn social policy to short-term, project-based, compensatory interventions (Reddy, 1998; Tendler, 2004). Indeed, many of the early programmes were viewed as potentially diverting efforts from the task of building permanent and universalistic policies. Such measures, moreover, would pose a threat to the development of universal programmes by establishing parallel institutions for programme administration and implementation, and by circumventing existing institutions (Huber, 1996).

Many of the common features of the early efforts to develop social assistance measures—short-term interventions, establishment of parallel institutions and so on—were attributed to the “‘projectising’ and ‘micro-ising’ mode of operations of development organisations” (Tendler, 2004), as well as to the narrow concepts of risk (Gentilini, 2005), and to the focus on poverty outcomes that informed policy formation (de Haan, 2005).

How has the more recent adoption of CCTs in numerous Latin American countries contributed to the development of their welfare systems? Given the experience to date, do CCTs reflect the further residualisation and fragmentation of social safety nets? Conversely, are they part of broader efforts geared to developing inclusive and coordinated social policy?

Support for the adoption of CCTs rests partly on the results of policy assessments highlighting intended and desirable policy outcomes.⁸ As regards performance in the area of targeting (understood as a programme’s ability to concentrate resources on low-income groups), CCTs have performed well compared to other public cash transfers (Lindert et al., 2006). CCT impact evaluations, moreover, document their contribution—in some instances—to improved consumption/income poverty measures and intermediate education and health indicators (Lomeli, 2008; Rawlings and Rubio, 2004; Ribas et al., 2008).

Beyond these recognised achievements, however, the rising popularity of CCTs has been interpreted as reflecting the continuation towards the establishment of residual safety nets of last resort. In this view, the emphasis on narrow targeting practices and on beneficiary behavioural requirements that has characterised social policy developments more broadly (Mkandawire, 2005; Townsend, 2004) has informed the design of specific CCT components, pointing to the consolidation of minimal safety nets.

This paper contributes to the debate in two ways. First, on the basis of a detailed comparative analysis of CCTs in Section 3, it reveals the variety of CCT parameter design options, showing how CCT transfer amounts and coverage, targeting mechanisms, conditionalities and institutional configurations vary in practice. Often, the policy debate is based on broad policy design features—targeted benefits as opposed to universal benefits, conditional as opposed to unconditional transfers. In reality, policy choices are more subtle (Atkinson, 1995). For instance, with regards to targeting, in some countries the expansion of CCTs has been accompanied by calls for the fine-tuning of targeting in terms of the narrow identification of population subgroups and strict enforcement of eligibility rules. In practice, the design and administration of targeting in CCTs lead to different coverage rates and eligibility limits.⁹ Similarly, conditionality design and implementation differ, reflecting varying degrees of emphasis on beneficiary behaviour and on the sanctioning of departures from prescribed conduct.¹⁰ Section 3 sheds light on the wide range of policy options associated with different CCT parameters.

Second, building on the comparative review, this paper reflects in Section 4 on the risks and potentialities associated with variations in CCT features and the policy objectives of social inclusion and institutional development. Variations in the details of CCT parameter design and implementation raise questions regarding the social and administrative costs associated with such practices, as well as their political economy implications.¹¹ Focusing on social and administrative considerations, Section 4 discusses the multiple channels through which CCT parameters influence progress towards inclusive social policy, and makes the case for the more careful consideration of CCT parameter design details in CCT assessments.

3 CCTS IN LATIN AMERICA: A COMPARATIVE ANALYSIS

3.1 POLICY RATIONALE

All CCTs share the common objective of reducing poverty. There are differences, however, in the emphasis placed on how this objective is to be achieved. At least four underlying motivations may be traced to the introduction of the six CCTs examined in this paper (see Table 2).¹²

In some countries, the prevailing principle underlying the introduction of a CCT is one of universalism, understood as the objective of reaching those excluded from existing policies and establishing minimum common procedures and benefit levels nationally.¹³ This is the case of Brazil's Bolsa Família, launched in 2003 to guarantee a minimum income to the extreme poor and to promote national standards and procedures within a selective measure. The Brazilian reform consolidates four existing national cash transfer programmes targeted on the poor into a single national transfer, includes an increase in the average benefit payment, and introduces an unconditional transfer component that is paid to anyone

with a declared income below the extreme poverty threshold, independently of family composition or other characteristics.¹⁴

In other countries, CCTs were launched to assist the very poorest who were falling through an existing safety net, with the aim of integrating them into a national social protection system. This is the case of Chile's Programa Puente-Chile Solidario (Programa Puente meaning "bridge programme"). Programa Puente provides beneficiaries with a variety of personalised services designed to assist them in overcoming poverty traps. The programme's emphasis on the establishment of adequate incentives to modify beneficiary behaviour arises from the prevailing perception in Chile that the incentives generated by pre-existing social transfers are largely responsible for the persistence of extreme poverty (Cohen and Villatorio, 2006).

In other countries, CCTs were originally introduced as compensatory measures, targeting the poorest who were adversely affected by periods of adjustment. This is the case in Colombia and Honduras. Colombia's Familias en Acción was initially designed as an emergency response to one of the country's worst recessions (1996–1999), and was introduced as part of the Red de Apoyo Social (RAS) component of Plan Colombia. Its design parameters—the emergency-transitional approach, the choice of target population and target areas—still largely reflect the original motivations underlying its introduction, though Familias en Acción has been transformed into a long-term component of Colombia's system.

In Honduras, similarly, the Programa de Asignación Familiar (PRAF) was introduced in 1990 as a transitional programme to alleviate the burden of macroeconomic adjustment on the poor (Cohen et al., 2006b). The underlying motivation was to compensate poor families for the reduction in their income resulting from the adjustment period. The restructuring of PRAF in 1998 reflected a shift in its objectives. Instead of alleviating poverty in the short run, it now aimed to tackle the root causes of poverty: in Phase II, PRAF's main goal is to encourage poor households to invest in their family's education and health by giving them incentives to increase primary school enrolment and health care visits (Glewwe and Olinto, 2004).¹⁵ PRAF's shift in emphasis towards human capital accumulation among the poor leads us to the fourth main motivation for CCTs.

The main stated goal of CCTs may also be to promote human capital accumulation among the poor who are at high risk of being excluded from access to basic services in education and health. This is the case of the Programa de Educación, Salud y Alimentación (PROGRESA) in Mexico, which was introduced in 1997. Now known as Oportunidades, this CCT aims to improve health, nutrition and education among the poor, particularly children and their mothers. From the outset, PROGRESA transfers were designed to reach families that were unable to meet their basic needs in education, health and nutrition. The introduction of PROGRESA was accompanied by a considerable reorganisation of Mexico's social policy, as generalised food subsidies were gradually phased out and administrative reforms were instituted to improve integration among government programmes (Levy and Rodriguez, 2004).¹⁶

3.2 POLICY DESIGN AND IMPLEMENTATION

CCTs are typically grouped into a single policy category. Indeed, all CCTs share three common components: a monetary transfer, a targeting mechanism and conditionalities. The design and implementation of these components, however, vary considerably as do other features such as

a CCT's duration and exit strategies, its costs and financing, and its institutional configuration. The following section compares these for the six case studies. Tables 1–7 at the end of the paper report parameter details by CCT.

3.2.1 Cash Transfers: Coverage and Amount

Some CCTs benefit large portions of the total population, while others reach much smaller segments. Some of them moreover, aim to reach all the poor or large subgroups of the low-income population, while others target restricted subgroups of the poor.

Total population coverage is comparatively higher in Brazil (24 per cent), Mexico (20 per cent) and Honduras (15 per cent). Conversely, CCTs are narrowly targeted to smaller shares of the total population in Chile (225,000 households; 6 per cent of the total population), Colombia (5 per cent) and Nicaragua (3 per cent). In Brazil, Bolsa Família pays a basic benefit to all the extreme poor and a benefit to poor households with young or school-age children and an income between the extreme poverty and the poverty threshold. In Honduras, PRAF targets families in the poorest 25 per cent of the income distribution. Other CCTs are designed to reach particular subgroups of the poor more narrowly. In Chile, Programa Puente targets all the extreme poor; Colombia's Familias en Acción reached 11 per cent of the poor (in 2005); and in Nicaragua, the Red de Protección Social (RPS) reached 10 per cent of the extreme poor (in 2005).

The design of the transfers varies by complexity and depends on the priority target groups. Some CCTs consist of several cash transfers targeting numerous subgroups, while others comprise one or two types of transfer at most. In all the CCTs reviewed here, children and pregnant or nursing women are priority target groups. But the emphasis placed on these groups varies. In Mexico, for example, where PROGRESA seeks to prioritise groups at a high risk of dropping out of school and of maternal and infant mortality, beneficiary households must include children of 8 to 18 years old who are enrolled in primary or secondary education, and/or infants of 4 to 24 months, undernourished children of 2 to 5 years, and pregnant or nursing women. In these cases, the CCT acts as a categorical transfer and income poverty alone does not entitle an individual to a benefit.

In contrast, by design Brazil's Bolsa Família guarantees a basic transfer to all the extreme poor. The only other country in our sample that by design includes a cash component for all poor households, independently of their composition, is RPS in Nicaragua. In this case the food grant or *bono de seguridad alimentaria*, is paid to all extreme poor households.

Recent CCT developments in some countries have included the introduction of additional transfers. For example, starting in 2001–2002 Mexico's Oportunidades added a new transfer component to its existing transfer scheme: cash transfers to children in high school. From 2003 it extended the cash transfer by introducing a grant to children completing high school, as well as a transfer to those above 70 years of age. In Nicaragua, similarly, RPS II added another transfer for adults completing the new education and employment training programmes. Once participants have completed training courses, they receive a *bono de habilitación laboral* to purchase equipment and material to start up an economic activity.

As regards the design of the transfers, CCTs may include a supply-side component. By design, the CCTs in Honduras and Nicaragua include cash transfers to service providers such as health centres and schools (Glewwe and Olinto, 2004; Largaespada

Fredersdorff, 2006).¹⁷ Other CCTs include transfers to local authorities with CCT administration responsibilities. This is the case in Brazil, where the Ministry of Social Development transfers administrative cost subsidies to municipalities.¹⁸

Transfer amounts vary as a share of beneficiaries' income or expenditures.¹⁹ In Mexico and Nicaragua the benefits are equivalent to about 20 per cent of beneficiary households' annual expenditures (Maluccio, 2003). In Brazil, Bolsa Família accounts for about 10 per cent of beneficiaries' monthly income (Bastagli, 2008a). Elsewhere, the amounts represent a smaller share of beneficiary resources: Chile Solidario accounts for 6–7 per cent of the total income of households covered by the programme (Galasso, 2006); PRAF in Honduras accounts for 4 per cent of beneficiary consumption (Flores, 2003).²⁰

The regulation of CCT transfer amounts also varies depending on whether they are subject to an adjustment or uprating rule. In Honduras, during PRAF I, real transfer values dropped by 30 per cent (Cohen et al., 2006b). For PRAF II, transfer values were indexed to inflation. In Nicaragua, the real value of RPS transfers fell by 7 per cent during the first year of implementation alone (Maluccio, 2003). Bolsa Família benefits were increased for the first time in 2007 since their introduction in 2003 (Bastagli, 2008a). Mexico's Oportunidades transfers are indexed to inflation (Cohen et al., 2006a).²¹

Finally, the transfer amounts may include phasing-out schemes. In Nicaragua's RPS, for example, the value of the *bono de seguridad alimentaria* transfer by design declines over three years. In Chile's Programa Puente, the *bono de protección* value falls every six months during the two years that beneficiary families are entitled to the transfer. In Brazil, full Bolsa Família transfer amounts are paid as long as beneficiaries remain eligible.

3.2.2 Targeting

CCTs rely on a combination of targeting mechanisms to identify eligible subgroups of the population and priority areas of a country. Depending on the variables used to determine eligibility, on the procedures to verify information quality and on the frequency of beneficiary recertification, targeting mechanisms include more or less demanding and complex processes of information collection and analysis. Table 5 summarises the targeting criteria and techniques for each CCT.

Geographic targeting aims to ensure that resources are directed at particular areas or administrative units. In Colombia, Familias en Acción is implemented in poor municipalities with fewer than 100,000 inhabitants, a bank, and adequate education and health infrastructure (Attanasio et al., 2005). Similarly, in Nicaragua, RPS was initially implemented in departments that satisfied minimum administrative and infrastructure requirements, including adequate physical access to health posts and schools (Maluccio and Flores, 2005).²² Geographic targeting is also used in Brazil, where estimates of the number of poor households per municipality are used to allocate a quota of potential Bolsa Família beneficiaries to each municipality. Such quotas act as a benchmark that guides the implementation of the programme and is not set in stone: in practice, the number of municipal beneficiaries can exceed the estimated quotas.

In selecting CCT beneficiaries, all the programmes reviewed in this paper except for Bolsa Família use a combination of methods to determine eligibility, including categorical and proxy means testing.²³ Mexico's Oportunidades uses a three-stage targeting mechanism. Following a geographic targeting procedure, the selection of beneficiary households

relies on two separate procedures depending on area of residence. In rural areas, social workers visit every household and take a census. The list of eligible families obtained is then presented to a community assembly responsible for final approval of the beneficiary list. In urban areas, potential beneficiary households compile a module on their socioeconomic background, which is used to compute a score for each household. Eligible households are then visited by a social worker to verify the declared information (Orozco and Hubert, 2005).

In Colombia, the assessment of living conditions is based on the System for Selecting Beneficiaries of Social Spending (SISBEN). In an initial phase, municipalities identify poor rural and urban areas to be surveyed. In the second stage, municipalities apply the SISBEN questionnaires to all residents in selected areas, and a SISBEN index is computed for each household. This captures four dimensions (housing quality and possession of durables; public utility services; human capital levels; and family demographics). CCT eligibility is determined by the SISBEN score (Castañeda, 2005).

In Brazil, beneficiary eligibility is determined based on self-reported household income. Bolsa Família claimants declare their income and information on household composition to the local authorities at municipal registry offices. This information is fed into a national database managed by Brazil's federal public bank, the Caixa Economica Federal (Caixa), which is responsible for beneficiary selection. Unlike in other CCTs, beneficiaries are selected centrally at the Caixa, where each applicant's declared income is compared to the eligibility threshold set nationally.²⁴

3.2.3 Conditionality

Conditionality requires cash transfer recipients to follow a specified behaviour. The review of conditionalities in the six CCTs reveals that they vary in three ways: how central they are to implementation of the CCT; their definition in terms of behavioural requirements and target groups; and regulation of the response to non-compliance.

Conditionalities are central to the operation of a CCT when compliance is first monitored and verified, and when benefits are paid only subsequently. This is the case in Chile and Mexico. In Programa Puente, *bono de protección* payments start when beneficiary families have complied with the first set of required behavioural criteria (Silva, 2004). In Oportunidades, benefits are paid only when compliance with the conditionality has been verified (Cohen et al., 2006a). Elsewhere, transfers are made immediately and the monitoring and verification of compliance take place at later stages of beneficiaries' participation in the programme.

In Latin America, CCT conditionalities are typically in the areas of education and health, and they target young children (0–6 years of age), pregnant and nursing women, and school-age children. In education, the conditionalities commonly require children to enrol in school and to attend classes for a minimum period of the school week. They may include other requirements. In Nicaragua, for example, originally RPS also required school-age children to pass their grade level.²⁵ In the area of health, the conditionality typically requires beneficiary households to ensure that young children and pregnant or nursing women regularly attend health centres and keep their health and vaccination booklets up to date.

Chile's Programa Puente includes other behavioural requirements. Beneficiary families sign a contract and agree to meet 53 minimum conditions considered necessary to overcome

extreme poverty. They are expected to participate in several activities, including the use of personalised services in the areas of employment and family dynamics.²⁶

If a beneficiary does not comply with the conditionality, CCT response mechanisms vary. In some countries, non-compliance leads directly to suspension from the programme. This is the case of Chile's Programa Puente, where *bono* payments are terminated if a family does not meet its commitments (Silva, 2004). In other countries, an initial episode of non-compliance triggers a phased series of responses.

For a family participating in Mexico's Oportunidades, for example, non-compliance is initially followed by a suspension of the benefit payment. If non-compliance persists, the benefit is suspended indefinitely (beneficiary families may be readmitted to the programme) and, eventually, suspended for good (beneficiary families cannot be readmitted) (Steta, 2006). In Colombia, beneficiaries are suspended from Familias en Acción if they fail to comply with conditionalities for three consecutive months, or if they fail to comply with a conditionality in four non-consecutive months within a twelve-month period (Núñez and Cuesta, 2006).

In Brazil, where a beneficiary's failure to comply with conditionality is understood as a "flag of vulnerability", in the first instance the response to non-compliance includes verification of the reasons for non-compliance, and the beneficiary is entitled to additional support and individualised services from the municipal authorities (MDS, 2006).²⁷ Only if non-compliance persists do beneficiaries initially receive a notification from the Ministry of Social Development. At subsequent stages, benefit payments are suspended and in a final step they are terminated.²⁸

3.2.4 Duration, Exit and Graduation

CCT participation has a maximum duration when it is set for a specified amount of time and then withdrawn, independently of the socioeconomic circumstances of the beneficiary at that time. Alternatively, CCTs may include a graduation strategy that regulates the circumstances under which beneficiaries leave the programme because of changes in their socioeconomic conditions.²⁹ Table 7 provides detailed information on exit and graduation rules for each CCT.

Chile's Programa Puente and Nicaragua's RPS both have maximum duration periods. In Chile, the *bono de protección* is paid for 24 months (Silva, 2004).³⁰ In Nicaragua, the RPS cash benefit was paid for three years, while by design the services were provided for five. Similarly, when it was first launched Colombia's Familias en Acción had a maximum duration of three years, reflecting the initial agreed duration of the programme based on available funding. This limit was later extended and beneficiaries now face no maximum time limit (Núñez and Cuesta, 2006).

When there is no maximum period for beneficiaries' participation in a CCT, typically the programme includes a recertification or reassessment process whereby the beneficiary information used to determine eligibility is verified. In Mexico, beneficiary households undergo recertification every three years. If they are still eligible, their participation is extended. If their socioeconomic conditions have improved and the eligibility requirements are no longer being met, they move into the Esquema Diferenciado de Apoyos (EDA, Differentiated Support Scheme). This was launched in 2003 and provides eligible households with additional support for a period of four to six years (Cohen et al., 2006a). In Brazil, Bolsa Família legislation mandates that beneficiary households undergo reassessment every two years.

They may continue to receive transfer payments as long as their declared monthly per capita income satisfies the income threshold.

Given the stated aims of CCTs, their exit and graduation rules raise some questions. If the main aim is to promote human capital accumulation, then a maximum period of three years may significantly limit their potential impact in view of the length of child development and education cycles (Veras Soares and Britto, 2007). Short time periods also contrast with a concern to establish a minimum income for low-income households. In some cases, time limits are determined by CCT funding mechanisms: where a programme relies entirely on external financing and on the necessary renewal of financing agreements with international financial institutions, the time limit is typically set in line with the duration of secured financing. Such implications are discussed in the next subsection.

3.2.5 Cost and Financing

The cost of CCTs as a percentage of GDP ranges from about 0.1 per cent (Colombia and Chile) to 0.2 per cent (Honduras and Nicaragua) and 0.4 per cent (Brazil and Mexico). Although they are considered to be “not particularly expensive” (World Bank, 2004), in many countries CCTs are externally financed. In Colombia, Honduras and Nicaragua, CCT funding has come almost exclusively from international financial institutions. Brazil, Chile and Mexico fund their national CCTs mainly through the national budget.

How does reliance on external funding influence CCT design and continuity? The availability of external financing may be crucial in initiating safety net measures, particularly in countries with weak public finances. It has helped legitimise programmes and inform CCT development in some instances by supporting monitoring and evaluation. Yet complete reliance on external financing that is guaranteed for limited periods and is subject to renegotiation has additional implications for CCT continuity and ownership.

Commentators have argued that Colombia’s complete reliance on external funding contributed to a mismatch between the initial rationale for Familias en Acción and how the programme adapted over time. According to Nuñez and Cuesta (2006), the lack of immediate resources for Familias en Acción resulting from long negotiations with the multilateral banks meant a delay in the introduction of the programme. Familias en Acción was eventually approved and launched as a temporary measure. It was extended later and has become a central component of Colombia’s safety net while retaining its original compensatory emphasis.

Financing arrangements also raise concerns about continuity. In Honduras, PRAF was originally intended to last for two years, in order to reflect the initial planned duration of external funding. It was later extended, partly as a result of the favourable outcomes of an evaluation. To date, however, the duration of benefit payments to the beneficiaries depends on the renewal of external funding agreements. Similarly, Colombia’s Familias en Acción and Nicaragua’s RPS were initially launched as pilot programmes. They were later extended with funding from the Inter-American Development Bank (IDB) and the World Bank, and they continue to rely on the renewal of financing agreements between the government and the international financial institutions.

In the experiences reviewed here, countries in which CCTs are financed from the national budget are also those that have made greater efforts to integrate such tools into their social

protection systems. In Mexico, CCT development was accompanied by the phasing out of existing in-kind transfers, as well as by investment in government institutions in the provision of CCT transfers and services (Levy and Rodriguez, 2004). Where CCTs are entirely externally funded, they have largely been introduced—especially in the first instance—as separate additional programmes that are more weakly coordinated with existing policies and institutions. In Nicaragua, the attempt to integrate RPS into the country’s broader social protection system during the programme’s second phase in late 2002 met with resistance. Tensions arising from the widespread perception that the programme was largely donor-driven and from a pervasive sense of weak national ownership contributed to the gradual dismantling of RPS (Moore, 2009).³¹

3.2.6 Institutional Arrangements: Actors and the Allocation of Responsibilities

The institutional allocation of responsibilities for CCT coordination and implementation is an important indicator of the positioning of such tools within a country’s social protection system, and of their potential contribution to its development.

Responsibility for coordination lies either with a line ministry, the presidency, or in units set up especially for CCT coordination outside government institutions. In Brazil, Chile and Mexico, coordination responsibilities are assigned to line ministries: Bolsa Família’s coordination unit is part of the Ministry of Social Development; coordination of Programa Puente/Chile Solidario falls to the Ministry of Planning; in Mexico, Oportunidades is coordinated by the Ministry of Social Development.

In Colombia, responsibility for coordinating Familias en Acción lies with the presidency, in the Agencia Presidencial para la Acción Social y la Cooperación Internacional-Acción Social. This was created in 2003 to group all the nationally and internationally funded initiatives for vulnerable groups (Núñez and Cuesta, 2006). Though a Ministry of Social Protection was created in 2002, Familias en Acción remains directly dependent on the presidency, and its bodies for coordination and execution are not integrated with those for other social assistance measures.

In Honduras, a special PRAF unit was set up for coordination purposes, one that was both institutionally and physically autonomous from existing ministries and branches of government. In Nicaragua, the first phase of RPS was executed by the Fondo Social Suplementario (FSS), which was entrusted with coordinating all anti-poverty programmes. In 2002, for phase two of RPS, coordination was passed to the Ministry of the Family with a view to institutionalising the programme within a line ministry (Regalia and Castro, 2007). As described earlier, the transition of responsibilities to a federal public entity encountered such resistance that RPS financing has not been renewed.

CCT implementation typically involves a variety of actors from different government sectors (health, education, social protection) and levels (federal, state, municipal). In some countries, it has also involved non-governmental organisations (NGOs) and the private sector (see Table 4). The necessary collaboration between these different actors, while presenting an opportunity for institutional and administrative capacity building, also faces many challenges that have been addressed in different ways.

Lindert et al. (2007) describe in detail the public management tools that accompany the Bolsa Família reform in an effort to promote quality in implementation and strengthen

administrative capacity and coordination. These include joint management agreements between municipal, state and federal authorities, a system of audits, and performance-based financial incentives to municipalities. Though there have been difficulties in implementation, and though variations in capacity and coordination levels persist, an early evaluation of the administrative subsidies paid by the federal government to municipal authorities to support Bolsa Família administrative costs suggests they are promoting a “catching up” effect among poorer municipalities that have weaker administrative capacities (Bastagli, 2008a).

In some countries where the capacity of public providers is deemed weak, efforts to improve the provision of health and education services as part of CCT implementation has led to collaboration between public and private organisations and/or NGOs. In Nicaragua, increasing the Ministry of Health’s capacity to provide additional services to RPS beneficiaries was considered unfeasible, and RPS relied on government-contracted NGOs (Regalia and Castro, 2007). Though this measure was adopted to help ensure an effective delivery mechanism (Maluccio and Flores, 2005), in practice it caused substantial institutional friction. Moore (2009) reports persisting tensions between Ministry of Health and RPS staff, compounded by the fact that the providers earned higher salaries than the ministerial staff.³²

From an institutional perspective, moreover, CCT implementation involves regular information collection and analysis. In some countries, the data requirements associated with targeting and conditionality implementation and with the impact evaluations that have characterised CCTs from the outset, have stimulated demand for information and efforts to improve data collection and administration systems. For instance, in his analysis of the development of Mexico’s monitoring and evaluation system for social programmes at the Ministry of Social Development, Hernandez (2005) maintains that the 1997 introduction of PROGRESA in conjunction with its planned evaluation was central to promoting a “new evaluation culture” and new accountability mechanisms.

4 FROM SOCIAL SAFETY NET TO SOCIAL POLICY?

The literature has characterised recent developments in Latin American welfare systems as leading to formal arrangements that are predominantly “dual” (Fiszbein, 2005) and “liberal” (Barrientos, 2004). These analyses suggest that social safety nets in the region are poorly coordinated with other social policies, narrowly targeted on the poor, and of a prevalently residual nature. Does the adoption of CCTs reflect a strengthening of these features of social safety nets? What do the variations and recent trends in the design of CCT components and their implementation, as identified in the previous section, suggest about CCTs’ positioning within broader policy developments?

The cash transfer

As regards coverage, CCTs prioritise groups that typically have been excluded from existing social protection systems. In some countries, moreover, the trend in CCT coverage over time has been one of expansion. Where CCTs were initially limited to particular geographic areas (such as in Mexico), they have expanded to cover previously excluded areas. In countries where CCTs originated at a local level (Brazil, for example), efforts over time have led to the national regulation of a national policy. At the same time, CCTs’ priority concern for human capital

accumulation in some countries continues to restrict coverage to poor households that satisfy particular demographic characteristics (typically, households with young children). This leads to the continued exclusion of low-income and disadvantaged groups when alternative social programmes are not in place for those that do not satisfy such demographic criteria.

Cash transfer amounts are set to satisfy competing policy priorities. Reducing current income poverty might prevail over minimising the potential adverse incentives to adult labour force participation. Low transfer amounts, while in principle generating a weaker incentive for working-age adults to reduce their labour supply, condemn CCTs to act as residual social assistance.³³ This risk is further compounded by the failure to revise transfer amounts regularly, leading to an erosion of their real value over time.

The limited duration of CCTs reflects a persistence of the priority for such tools to act as short-term poverty alleviation or compensatory measures. A maximum duration of three years, for example, as was the case of Nicaragua's RPS, while potentially providing valuable support in the short term, limits the possibility for such tools to promote human capital outcomes and provide entitlement-based social assistance in the long term.

Developments in CCTs in some countries have led to increases in the amount of the benefit as a share of beneficiaries' income (Brazil), and to the introduction of benefit uprating practices (Honduras). Maximum duration periods were revised in Colombia.

Targeting

CCTs target broad segments of the population or several population subgroups. Targeting practices, moreover, vary by level of complexity. Some CCTs rely on a single eligibility criterion or a limited number of criteria and have modest informational requirements; others demand information on several indicators, have lengthy verification procedures in the beneficiary selection process and frequent beneficiary recertifications. Targeting mechanisms also vary depending on the regulation of benefit payments in response to an increase in a beneficiary's income or proxy means score above the eligibility threshold, with the automatic suspension of transfer payments leading to 100 per cent benefit withdrawal rates.

Policies that target multiple population subgroups and that rely on numerous information requirements and verification procedures risk fragmenting interventions to such an extent that coverage becomes "patchy" or duplicated (Devereux, 2002). The administrative and social costs associated with means testing (Besley, 1990) risk increasing as targeting becomes more complex, leading for instance to barriers to take-up (Hernanz et al., 2004).³⁴ The high marginal tax rates generated by some transfers by design, moreover, risk generating negative labour supply responses (Atkinson, 1995).

As regards the overall targeting system, in some countries CCT implementation has proceeded in tandem with the reorganisation of targeting tools. This has led to the consolidation of beneficiary registries and the standardisation of eligibility rules nationally. Such reforms promise to promote administrative simplification and to guarantee minimum standard procedures nationally.

In most countries the selection of CCT beneficiaries relies on proxy means tests, an approach that has significant informational requirements. This is the case in all the CCTs reviewed here apart from Brazil's Bolsa Família, which relies on self-reported income. The widespread reliance

on proxy means tests stems partly from its perceived superiority in securing targeting outcomes, though comparative evidence suggests that targeting in programmes that rely on simple means tests performs as well as or better than those relying on proxy tests (Coady et al., 2004).³⁵ Bolsa Família, for example, has the targeting accuracy of the other best-performing CCT in our sample, Chile Solidario (Lindert et al., 2006; Soares et al., 2007).

Evaluations also shed light on the social costs of targeting practices in CCTs, such as perceptions of deeper social divisions. Adato's (2000) study of Mexico's PROGRESA, for instance, highlights the tensions arising from PROGRESA's targeting mechanism in the form of unease and resentment resulting from the distinction between beneficiaries and non-beneficiaries.

Contrary to the predictions of conventional models of targeted interventions, the evidence on CCTs so far points to the absence of a negative labour supply effect (Bastagli, 2008a; Skoufias and Di Maro, 2006), even when *by design* a CCT displays a 100 per cent benefit withdrawal rate. This result may be at least partly explained by the weak association *in practice* between increases in beneficiary income and the automatic suspension of benefit payments. In the early years of CCT implementation, the administrative failure to carry out regular beneficiary reassessments and to strictly enforce income eligibility thresholds, coupled with the limited knowledge of income eligibility levels among potential beneficiaries, may have contributed to this weak disincentive effect.

The discussion and evidence on some of the costs of targeting summarised above support the case for the careful consideration of the balance between the gains from increased concentration of benefits and the administrative and social costs of alternative targeting practices. As the experience of implementing CCTs grows, discussions of how to fine-tune the targeting would benefit from consideration of the wide range of alternative designs.³⁶ Recommendations for more stringent enforcement of income limits and eligibility verification processes could be treated with caution—on the basis of CCT targeting assessments to date and of concern for the administrative and social costs associated with such practices.

Conditionality

Despite sharing basic common definitions, conditionality in CCTs varies depending on how central it is to programme implementation and on the responses to non-compliance. In some cases, moreover, conditionality is accompanied by supply-side interventions that aim to improve services. In others, it is implemented with a primary emphasis on beneficiary behaviour.

The design and implementation of conditionality raise concerns about its potential to exclude poor households—and to work against programme objectives—when participation is subject to prior conditionality compliance and when non-compliance leads to the automatic suspension of benefit payments. In such cases, poor households with the greatest difficulties in meeting the conditions, those facing high opportunity costs determined by low resources and limited access to services, risk experiencing a higher probability of exclusion from the programme. In their study of beneficiaries that left Mexico's PROGRESA as a result of non-compliance with the conditionalities, Alvarez et al. (2006) find that indigenous populations and the extreme poor in communities where there is likely to be greater inequality have higher odds of dropping out of the programme.³⁷ Other studies have drawn attention to the risk that conditionality might impose burdens disproportionately among

household members, with additional responsibilities falling mainly to mothers (González de la Rocha, 2005; Molyneux, 2006).

A variety of design and implementation options have been adopted to minimise such risks of exclusion. In Brazil, Bolsa Família's system of response to non-compliance includes a procedure to determine the reasons for non-compliance and to offer additional services to non-compliant beneficiaries. In some countries, CCT demand-side transfers are accompanied by supply-side payments to service providers with a view to improving service provision and quality. Although such payments were limited in the programmes' early years in some cases (such as Honduras), efforts to improve access to and the quality of education and health services are central to ensuring that conditionalities act as tools to promote human capital outcomes rather than as additional discriminatory devices. The option of restricting implementation to areas with adequate service provision poses the obvious risk of excluding vulnerable groups if excluded areas are not covered by alternative programmes.

Conditionality costs also arise from people's (mis)perceptions of the definitions and purpose of conditionality in CCTs, and the related unintended behavioural effects.³⁸ In Nicaragua, one of the conditionalities in the first phase of RPS required children to gain weight. If they twice fell below an established weight gain, parents could be sanctioned by suspension of benefits. Adato (2008) reports how this requirement led to overfeeding children before they were weighed. In education, the RPS conditionality requiring pupils to pass their grades successfully led some schools to advance children to the next grade even when such a move was not merited (Maluccio, 2003). In Brazil, interviews with teachers reveal the widespread practice for absent beneficiary children to be marked as present (Bastagli, 2008a). Teachers explained their reluctance to penalise poor children further, revealing that their understanding of Bolsa Família's conditionality differs substantially from the official regulation of conditionality.

It follows that the regular dissemination of information on the rationale for and definition of conditionality to administrators and potential claimants is a central component of implementing conditionality, in addition to regular monitoring of beneficiary behaviour and the responses to non-compliance. These activities incur administrative costs that could be taken into account when assessing whether and how to include conditionality in cash transfers. Caldes et al. (2004) estimate the cost of separate CCT activities for PROGRESA, PRAF and RPS. They show that the activity cost shares of conditionality vary depending on the intensity of the programme's implementation and its maturity; conditionality costs rise as a share of total activity costs as monitoring activities are stepped up.

CCT impact evaluations estimating the effects of conditionality on outcomes yield additional implications for the design and implementation of conditionality. According to De Brauw and Hoddinott's (2007) study of PROGRESA, conditionality monitoring affects enrolment among children moving to secondary school and has no measurable impact on children continuing in primary school. As regards the implementation of conditionality, impact evaluations (De Brauw and Hoddinott, 2007; Schady and Araujo, 2006) show that conditionality information-sharing and initial monitoring stages have the intended effect on intermediate indicators (such as school enrolment), independently of regular behavioural monitoring and of the penalisation of non-compliance, at least in the early stages of implementation.³⁹

On the basis of early studies on the perceptions and effects of conditionality, initiatives in various countries have sought to revise conditionality's definition and implementation.

These include the suspension of specific requirements (in Nicaragua), and training programmes to inform local administrators and the public of conditionality's definition and purpose (in Brazil). Full implementation of the different stages of conditionality remains weak in many countries, and administrative efforts are increasing as CCT programmes reach maturity. This presents a valuable opportunity to carefully assess the benefits and exclusionary risks that arise in practice from alternative conditionality design details.

Institutional arrangements

In most countries, CCTs were introduced in response to institutional shortcomings. An important variation in the experiences reviewed here, however, is that in some cases CCTs have directly addressed these shortcomings, in other cases, CCTs were, at least initially, specifically designed to bypass such failures. The Brazilian, Mexican and Chilean reforms explicitly state their administrative goals and were accompanied by significant efforts at policy reorganisation and institutional redesign in a mid- to long-term perspective. This was less the case where CCTs were set up in emergency situations to circumvent inflexibility and inefficiencies. Under such circumstances, responsibility for coordinating and implementing CCTs was assigned mainly to entities outside the formal public institutions.

While this institutional set-up may have been functional to the short-term, emergency circumstances in which such CCTs were originally launched, it also influences their future development, potentially relegating them to residual safety nets. In Nicaragua, the attempt at an institutional reconfiguration with the aim of consolidating responsibility for RPS coordination in the Ministry of the Family was unsuccessful, and programme financing has not been renewed.

In several countries, CCT implementation has led to new institutional synergies and better communication and accountability mechanisms (De la Brière and Rawlings, 2006). In the area of service provision, CCT supply-side transfers (in Honduras and Nicaragua), as well as administrative subsidies to local authorities (in Brazil), aim to improve service access and quality. Although early evaluations of the impact of supply-side transfers in Honduras/PRAF indicate a modest impact on outcomes, this is largely because of the limited execution of the subsidy components (Glewwe and Olinto, 2004). Where programme implementation is accompanied by interventions aimed at improving services (particularly where they are weak) and stimulating institutional coordination, the adoption of CCTs holds some potential to improve use of services and human capital outcomes.

From social safety net to social policy?

The potential for social fragmentation and exclusion generated by multiple transfer types and limited transfer amounts, narrow targeting practices and punitive conditionality have been addressed in some countries and have informed CCT reform. The expansion of cash transfers to cover increasing shares of the population and the regular adjustment of amounts, are steps in this direction. In the area of targeting, in some cases efforts have been made to standardise eligibility criteria and minimise exclusion errors. At the same time, the high informational and administrative requirements that have characterised CCT targeting practices, along with calls for the stricter enforcement of eligibility criteria, risk increasing administrative costs and generating disincentive effects. The design and implementation of conditionalities have been reviewed in some circumstances to take account of unintended behavioural effects and to

promote service provision, as opposed to the immediate penalisation of non-compliant beneficiaries. Where conditionalities continue to act as additional burdens and lead to automatic sanctions in the event of non-compliance, they risk intensifying exclusionary processes. As regards institutional arrangements, where CCT development has been marked by the standardisation of practices, the reorganisation of fragmented existing programmes and efforts to coordinate with existing government institutions, CCTs promise to promote a shift towards a more integrated social policy.

5 CONCLUSION

Along with other developments in social assistance, the expansion of CCTs represents an opportunity for countries to address the policy gap where formal social protection has been traditionally absent, and to tackle the policy imbalance where social protection has relied mainly on social insurance policies. Whether such developments will contribute to the establishment of minimal safety nets or of inclusive social policy remains a central issue. Based on the experience of six countries in Latin America, this paper has highlighted the variety of design options of defining CCT features and has discussed the advantages and disadvantages of such variations relative to the goal of promoting inclusive social policy.

The challenge is threefold. First, developments will depend to a large extent on a shift in the prevailing understanding of social policy objectives. The residual nature of many of the safety nets in Latin America is related to the predominant view that such interventions should first and foremost provide mechanisms to tackle the social costs associated with economic change and market imperfections (de Haan, 2005; Solimano, 2004). The emphasis in policy analysis on narrow concepts of risk and risk management, as well as on beneficiary poverty outcomes, has allowed the development of short-term, narrowly targeted measures that circumvent more demanding institutional reforms.

Second, and building on this shift in emphasis, the development of a coordinated set of policies requires a serious reconsideration of the positioning of CCTs in the social protection system. In addition to broad policy objectives and design questions, this will necessarily have to include a discussion of financing arrangements. As they stand, CCTs in several countries have been implemented because of their relatively low cost and affordability, both financial and political. If they are to develop further into permanent social policies, the challenge is to ensure that in the longer term such interventions are sustainable by national social protection systems. In countries that currently spend a small share of GDP on social protection, much of it focused on providing basic social assistance, it is to be hoped that initiatives in this sector will include plans for adequate fiscal and social insurance arrangements for policy financing. In countries in the region with more developed systems, typically characterised by a significant share of GDP spent on social protection, dominated by social insurance and weak social assistance, developments will have to address the imbalances of the tax and social protection systems.

Finally, with regard to CCTs as specific interventions, this paper has underlined that “the devil is in the details”: to promote inclusive social policy, the design details of CCT parameters and accompanying measures must minimise the risks of exclusion. As the paper has shown, cash transfer coverage and amounts, targeting practices, and conditionality design and implementation may vary to reflect a priority concern for inclusion and long-term institutional development.

TABLE 1

CCT Name, Start Year, Coverage and Cost

Country	CCT name	Start year	Coverage	Target population (see targeting methods in Table 5)	Cost and funding
Brazil	Bolsa Família	2003 (previous national CCTs included Bolsa Escola, 2001)	11.2 million households (2006) 24% of total population	Two target groups: - all the extreme poor (defined as anyone with a declared per capita monthly income below ¼ the minimum wage) - all poor households (with a per capita monthly income below ½ the minimum wage) with children aged 0-15 years (up to three) or pregnant woman - in all municipalities	0.4% of GDP (2007)
Chile	Chile Solidario– Programa Puente	2002	225,000 households (target group covered between 2002 and 2005) 5.7% of total population	- extreme poor households	0.1% of GDP (2005)
Colombia	Familias en Acción (FA)	2001-2002	515,000 households (2005) 5% of total population 762 municipalities (out of 1,060) targets 20% of the poorest households in towns with fewer than 100,000 people, adequate education and health structures, and a bank	- extreme poor households with children (0-17 years old) in selected municipalities with adequate infrastructure and fewer than 100,000 inhabitants	0.1% of GDP (2005)
Honduras	Programa de Asignación Familiar (PRAF)	1990 Phase I 1998 Phase II	47,000 households 15% of total population	- extreme poor households with children (0-12 years old) and/or pregnant women - in 70 out of 297 municipalities	0.2% of GDP (2001)
Mexico	Progres- Oportunidades	1997 2002	5 million households (2006) 20% of total population	- extreme poor households with children, living in rural communities with fewer than 2,500 inhabitants; later expanded to urban areas	0.4% of GDP (2006)
Nicaragua	Red de Protección Social (RPS)	2000: stage I, two-year pilot 2003: stage II, project life of 3 years	30,000 households (2005) 3% of total population 9 municipalities 9.3% of the extreme poor pop. covered by RPS in 2001, increase in coverage should lead to cover of about 10.6% of extreme poor	- extreme poor households (without children, may be entitled to the health bonus; with children, entitled to the school bonus)	between 0.08% and 0.22% of GDP (2000-2005)

Source: Author's compilation on the basis of a review of official documents and legislation.

TABLE 2

CCT Rationale

Country	CCT	Motivation
Brazil	Bolsa Família	To fight poverty and promote the emancipation of the poor by: guaranteeing a minimum income; promoting access to and use of basic services; promoting the coordination of and synergies between government bodies (ministries) and levels (federal-state-municipal). Preceded by a law regulating the Basic Citizen's Income (L.10.835, 2004). Bolsa Família consolidates four existing national cash transfer programmes targeting the poor. Its launch in 2003 led to the recertification of existing beneficiaries, the integration of new ones, the expansion of the average benefit amount and coverage, and significant institutional reorganisation, with policy coordination awarded to a single unit in a single ministry and the adoption of detailed federal legislation regulating Bolsa Família design and administration.
Chile	Chile Solidario System– Programa Punte	Programa Punte targets the extreme poor falling through the existing safety net and supports their insertion into Chile's formal social protection system. The underlying principle emphasises both individual and public responsibility—hence the programme's slogan, "With your effort and one opportunity". The narrow targeting is matched by a set of services designed around the beneficiary household and including psychosocial assistance. This underlying rationale is reflected in the transfer design, characterised by a maximum duration of two years, a decreasing transfer amount over time, and a clear exit strategy for beneficiaries.
Colombia	Familias en Acción (FA)	Familias en Acción (FA) was initially launched in 2000 to mitigate the adverse effects of macroeconomic shocks that hit Colombia in the second half of the 1990s. It was introduced as part of the <i>Red de Apoyo Social</i> , which included other two components: job creation and training programmes. FA's main initial motivation was compensatory. Poor families adversely affected by the crisis were to be compensated with income support provided they sent their children to school and to regular health visits. The human capital accumulation objectives were thus initially secondary. This has changed as the programme has evolved and today FA's main aim is to foster the accumulation of human capital. More specifically, today it aims to increase family expenditures on food, reduce school absence and drop-out rates (among primary and high school students), and increase health care provision for young children.
Honduras	Programa de Asignación Familiar (PRAF)	When it was first introduced in 1990, PRAF I was a transitional programme that sought to compensate poor families for the reduction in income they would face during the adjustment period. Today, its main aim is to promote human capital accumulation by targeting young children in the poorest families and, in doing so, to help break the cycle of poverty.
Mexico	Progresa-Oportunidades	PROGRESA (<i>Programa de educación salud y alimentación</i> ; "education, health and nutrition programme") was launched in 1997 with the explicit objective of promoting human capital accumulation among the poorest. The main goal was to target groups at the highest risk of dropping out of school and of high maternal and infant mortality rates. When it evolved into Oportunidades in 2002, it maintained its focus on human capital accumulation but included new components to further promote human capital investments, such as a grant to children completing high school.
Nicaragua	Red de Protección Social (RPS)	RPS was introduced to promote human capital accumulation among the very poor. Its main stated objectives are to supplement household income for up to three years in order to increase expenditures on food; increase school enrolment and attendance among children aged 7-13; increase basic health care and nutritional status of children under 9; and improve pre-natal and post-natal care for women. Its aims have remained the same over time, although the programme has undergone some minor changes. For example, priority attention in the area of health and nutrition has been expanded from children aged 0-5 to children up to 9 years of age.

Source: Author's compilation on the basis of a review of official documents and legislation.

TABLE 3

CCT Benefit Type and Amount

Country	CCT	Benefit type and amount
Brazil	Bolsa Família	Basic transfer: US\$17 (R\$50)/hh/month (basic amount: paid to anyone with an income below the eligibility threshold of R\$60 per capita monthly income) Varying transfer: US\$5 (R\$15) per child up to three children/month (min. amount R\$15; max. R\$95) (to poor households—per capita monthly income up to US\$40 (R\$120)—with children 0-15 years) Average BFP amount US\$22 (65R\$) (2007)
Chile	Chile Solidario– Programa Punteo	Initial “Bono de protección” for two years: value decreases every six months, independent of family size or composition; in 2006: US\$20.3 (month 1-6); US\$13.30 (month 7-12); US\$9.20 (month 13-18); and US\$5.80 (month 19-24; same amount as SUF) After 24 months, “Bono de egreso” for 3 years, same amount as last “bono de protección” payment
Colombia	Familias en Acción (FA)	Education: Primary school subsidy: about US\$6/month/child enrolled in primary school (14.000 pesos) High school subsidy: about US\$11/month/child (28.000 pesos) 6-17 years old conditional on high school attendance Health: Nutrition subsidy: about US\$15/month/child (46.000 pesos) age 0-7 years on condition they visit health clinics (2005)
Honduras	Programa de Asignación Familiar (PRAF)	<i>Demand-side benefits:</i> Education bonus to households: US\$3-5/child/month (average US\$58 per child per year); to poor households with children 6-12 in primary school, for up to three children/hh Health bonus to households: US\$3-4/hh/month (average US\$46.3 per family per year); to poor households with pregnant women and/or children under 3 years of age, for up to two children/hh <i>Supply side benefits:</i> Education supply incentive: average US\$4,000/school/year (to parent-teacher association of each primary school; amount varies depending on school size). Health supply incentive: average US\$6,000/facility/year; amount depends on the size of the population served by the health centre
Mexico	Oportunidades	Education: US\$11-69/child/month; increasing transfers amount from primary through high school; amounts vary by gender: females receive higher amounts in high school and middle-higher education transfers Food and nutrition: US\$16/hh/month; cash support to improve income and food intake; nutritional complement to children under 5 years old and pregnant women Health: basic preventive health services; workshops in health and nutrition Saving accounts: US\$300; for students that finish high school and with access to new options Contribution to the elderly: US\$23; cash support for the elderly (years>70)
Nicaragua	Red de Protección Social (RPS)	<i>Demand-side benefits: (stage II)</i> School transfer (bono escolar): up to US\$90/hh/year (to hh with children aged 7-13 attending school and not completed fourth grade of primary school; fixed amount per household) School backpack/school supplies (mochila escolar): US\$25/child/year contingent on enrolment (per child transfer) Food bonus (bono alimentario): US\$168 first year; \$145 second; \$126 third/hh/year. (Note: in stage I, average US\$224 per hh/year transfer decrease) Paid to all eligible (extreme poor) households, every other month, contingent on attendance at educational workshops and bringing children under 5 for scheduled preventative health care appointments with specially contracted providers <i>Supply-side benefits:</i> Education: US\$8/student/year delivered to teacher (given to each beneficiary child to give to teacher). The teacher keeps one half while the other half is earmarked for the school. Health: US\$90/hh/year + health education workshops, provision of antiparasite medicine, vitamins, iron; vaccination

Source: Author's compilation on the basis of a review of official documents and legislation.

TABLE 4

CCT Institutional Set-Up

Country	CCT	Coordination	Implementation – actors involved
Brazil	Bolsa Família	Ministry of Social Development (MDS) Overall coordination: Citizen's Income Unit, MDS Overall supervision: National Council (comprises M&E: Monitoring and Evaluation Unit, MDS)	The MDS, states and municipalities sign terms of agreement regulating responsibilities for BF implementation. These are compulsory. States: responsible for monitoring overall state implementation and coordination. Municipalities: responsible for the registration of all poor households into the national single registry and for the monitoring of conditionality compliance in education and health. They are also required to set up social councils responsible for the overall monitoring of BF implementation at the municipal level. Service provision: the ministries of education and health are responsible for the provision of universal public education and health services through schools and health centres. Benefit payment: transfers are paid directly to beneficiary families from the CAIXA federal bank.
Chile	Chile Solidario– Programa Puente	Ministry of Planning (MIDEPLAN) <i>Coordination and supervision: National supervision team</i>	Regional coordination and provincial support. Municipality: voluntary participation, but must create a Family Intervention Unit and Local Intervention Network if it agrees to participate. Family Intervention Unit: family support; individual signs an agreement with the family. Local Intervention Network: coordinates existing local public and private services.
Colombia	Familias en Acción (FA)	Presidency Departamento Administrativo de la Presidencia de la República–Fondo de Inversión para la Paz is responsible for implementation of FA through the Unidad Coordinadora Nacional (UCN)	The UCN coordinates with regional coordinating units and municipal liaison offices. Benefit payment is made through a local bank directly to the household.
Honduras	Programa de Asignación Familiar (PRAF)	Special PRAF unit CCT started under the FHS (social fund), but shortly after was made independent to become PRAF	Service provision: PRAF and state secretariats of health and education sign administrative agreements formalizing their relations. Conditionality compliance is monitored by community organisations, responsible for verifying eligibility criteria. Benefit payment is made through the banking system.
Mexico	Oportunidades	Ministry of Social Development Overall coordination: National Oportunidades coordination unit Overall supervision: National Council: (comprises secretaries of state for education, health, social security, social development as well as state governments)	Joint commitment agreements are signed by the federal and state authorities. Conditionality compliance is monitored by state coordinators. Benefit payment is made directly to beneficiary households, either in cash or through deposits in personalised bank accounts.
Nicaragua	Red de Protección Social (RPS)	Presidency Overall policy strategy and coordination: coordinating council, led by the Secretariat of Strategy and Coordination initially from the presidency. More recently, the RPS Executing unit—initially located in the Supplementary Social Fund, FSS—was incorporated into the Ministry of the Family, MIFAMILIA, made in charge of overall programme administration and execution before the phasing out of programme financing.	Municipal coordination: committees composed of delegates from the health and education ministries, representatives from civil society, and RPS personnel. Local representatives known as <i>promotoras</i> (beneficiary women chosen by the community) and local school and healthcare service providers implement the programme. Service provision: health care services were provided by government-contracted NGOs rather than directly by the Ministry of Health. Set of forms to verify beneficiaries meet conditions. These are prepared by central government; NGOs are contracted to collect information; the information is processed at the central level. There is no regulation of follow-up to non-compliance

Source: Author's compilation on the basis of a review of official documents and legislation.

TABLE 5

CCT Targeting Mechanism

Country	CCT	Targeting mechanism
Brazil	Bolsa Família	<p>The Cadastro Unico (national single registry) is used to collect information on all poor households, including declared income and household characteristics. Note that the threshold for registration into the Cadastro is higher than the Bolsa Familia eligibility thresholds. The Caixa federal bank identifies the beneficiaries based on the information in the Cadastro and national eligibility requirements.</p> <p>Municipalities are allocated beneficiary quotas, based on poverty estimates computed using Brazil's annual national household income survey. These quotas are used as a rough point of reference in the implementation of the BF at the municipal level but are not strictly enforced (i.e. actual beneficiary numbers can be higher than the allocated quota).</p>
Chile	Chile Solidario– Programa Puente	Relies on proxy means testing using the Ficha CAS. The Ficha CAS collects information on all those living in the home of a benefit claimant. Such information is updated every two years. Thirteen variables in four dimensions (housing, education, job and income) are used to compute a score used to classify households on the basis of unmet needs.
Colombia	Familias en Acción (FA)	<p>First, the FA is targeted geographically: of 1,024 municipalities, 691 qualified for the programme. These are municipalities with fewer than 100,000 people, with adequate education and health infrastructure, and with a bank.</p> <p>Within each selected municipality, the poorest 20% of households and with children aged 0-17 are eligible. These households are identified using the SISBEN—beneficiary selection system for social programmes. The SISBEN computes a score that summarises living conditions and household characteristics. Households with a SISBEN score of 1 are eligible.</p>
Honduras	Programa de Asignación Familiar (PRAF)	The PRAF is targeted geographically: 70 (of 297) of the most disadvantaged municipalities in 7 departments were identified, based on the average height-for-age of children in first grade. These municipalities were then categorised into five strata and, within each stratum, municipalities were randomly allocated to four programme evaluation groups. All households with children below 13 years or with a pregnant woman were considered eligible for the programme and selected using a proxy means test.
Mexico	Progres-a-Oportunidades	<p>Progres-a was initially targeted at poor rural areas. Oportunidades has been expanded, using a marginality index, to urban areas.</p> <p>The targeting is in three stages: 1) a marginality index—which attaches priority to areas with a high concentration of poverty—is applied to the geographical areas with the highest poverty rates; 2) beneficiaries are selected using a census that collects information on a set of basic indicators for each family (families below the extreme poverty line are eligible to receive the benefits); and 3) community meetings are held to review the family selection, to possibly include families incorrectly excluded or to filter out the ineligible who were included.</p>
Nicaragua	Red de protección social (RPS)	<p>Combination of geographical and household level targeting: in villages with 55% or more extreme poverty rate, geographic targeting is applied and all households are potential beneficiaries. In villages with less than 45% poverty rate, household targeting using a proxy means test is applied.</p> <p>The pilot phase of RPS was implemented in two stages. In the first, the programme benefited all of the approximately 6,000 households in 21 census “comarcas”. The comarcas were selected from six municipalities in the northern part of the Central Region. In the second stage, about 4,000 additional beneficiary households from different comarcas, but the same six municipalities, were selected using household-level targeting mechanisms.</p>

Source: Author's compilation on the basis of a review of official documents and legislation.

TABLE 6

CCT Conditionality Definition and Response to Non-Compliance

Country	Policy	Conditionality	Response to non-compliance
Brazil	Bolsa Família	Education: children aged 6-15 to enrol in school and at least 85% frequency. Health: children aged 0-7 and pregnant and lactating women to undertake regular health visits, have vaccination booklets up-to-date and follow-up of children's nutritional development.	Five-step system (each consecutive episode of non-compliance must be registered within 18 months from the previous one for the system to move to the next step): 1. notification: first recorded non-compliance: beneficiary receives a notification, benefit is paid regularly; 2. benefit blocked: 2 nd recorded non-compliance (within 18 months from the first); 3. benefit suspended: 3 rd recorded non-compliance; 4. benefit suspended: 4 th recorded non-compliance; 5. benefit is cancelled, beneficiary household is taken off the programme. Households taken off BF can reapply (if still eligible) 6 months thereafter.
Chile	Chile Solidario– Programa Puente	Beneficiary household required to participate in the PP programme of 4 components: psychosocial support to the family; training and supervision; reaching the minimum conditions; monitoring and evaluation. 53 minimum quality-of-life conditions in 7 dimension: identification, health, education, family dynamic, housing, work, income Note: one condition is "at least one of the household members has a regular job and a stable source of income".	Transfer payment is terminated if the beneficiary family does not comply with its commitments.
Colombia	Familias en Acción (FA)	Education: children 7-18 attend no less than 80% of school classes Health: children <7yrs attend regular medical checkups	Enrolment is monitored annually and enrolment certificate is required for children to benefit from school subsidy.
Honduras	Programa de Asignación Familiar (PRAF)	Education: school enrolment and maximum of 7 days of school absence in a 3-month period (i.e. 85% attendance) Health: children and women to comply with the required frequency of health centre visits: Children 0-2 once a month; 2-5 every 3 months; pregnant women: 5 pre-natal check-ups	The enrolment requirement was enforced, the attendance requirement was not, in response to challenges encountered in monitoring compliance.
Mexico	Progresas-Oportunidades	<i>Education: school enrolment and minimum attendance rate of 85%, both monthly and annually of children 8-18 years;</i> Health: compliance by all household members with the required number of health centres visits for children under 5 years and pregnant and lactating mothers and mothers' attendance at health and nutrition training Savings account: conclude high school Elderly: biannual health care visits	Conditionalities must first be complied with; payments are made only subsequently. Three-step system: 1. suspension of monthly benefits (implemented the same month non-compliance is recorded; when: members do not meet health conditionalities; no school attendance certificate; four or more unjustified absences in the month); 2. indefinite suspension of benefits (families are removed from the beneficiary list but can be reactivated at a later date; when: non-compliance of health conditionalities for 4 consecutive months or 6 intermittent months during previous 12 months); 3. definite suspension of benefits (families are removed from the beneficiary list and cannot be reactivated; when: 2 consecutive suspensions accumulated per year concerning educational benefits; repetition of same grade thrice; elderly: health conditionalities are not met for more than two consecutive cycles).
Nicaragua	Red de Protección Social (RPS)	Education: children 7-13 enrolled in school with adequate attendance and performance: fewer than 6 days of unexcused school absence in a 2-month period school; and school grade promotion. Health: children <5 years old and pregnant women, attend health check-ups and health training: regular health care visits for child's growth monitoring; up-to-date vaccinations; and attendance of health and nutrition training.	Transfer payment is suspended when beneficiaries do not comply with a specific conditionality. No detailed regulation of follow-up to non-compliance. Note: some conditionalities were dropped during implementation. For example, enforcement of grade promotion was dropped when it was learned that some schools practiced automatic promotion; when delays in the delivery of vaccines were recorded, the up-to-date vaccination condition was also never enforced. A third condition: punishment of children who did not have adequate weight gain, was dropped at the end of Phase I because of a concern about the role of measurement error and the finding that the poorest households were more likely to be punished (Maluccio and Flores, 2005).

Source: Author's compilation on the basis of a review of official documents and legislation.

TABLE 7

CCT Exit or Graduation*

Country	CCT	Exit from CCT
Brazil	Bolsa Família	As long as eligibility criteria persist, beneficiaries are entitled to the Bolsa Família. Legislation mandates that beneficiary recertification must be carried out every two years to determine whether eligibility persists.
Chile	Chile Solidario–Programa Puente	Has a clearly regulated maximum duration and exit strategy. "Bono de protección" payments are paid in decreasing amounts for 24 months; after that a graduation bonus is paid for 3 years. Families graduate from programme after 5 years. They automatically access the SUF and have preferential access to all social assistance programmes.
Colombia	Familias en Acción (FA)	Beneficiary households are automatically graduated out of the FA after 5 years.
Honduras	Programa de Asignación Familiar (PRAF)	Programme financing availability determines duration.
Mexico	Progresa-Oportunidades	Beneficiary recertification takes place for families after three years of benefit receipt. If eligibility criteria persist, they continue on the programme until completing 4 years in urban areas and 6 years in rural or semi-urban areas. After this they are transferred to the Differentiated Support Scheme for 3 years (if they continue to comply with the conditionalities).
Nicaragua	Red de Protección Social (RPS)	Cash transfers are paid to beneficiary households for 3 years. After this period they can continue to receive services for another 2 years.

Source: Author's compilation on the basis of a review of official documents and legislation.

* Excluding reasons linked with programme administration such as false reporting or failure to update/recertify registry information and conditionality non-compliance and if they no longer satisfy the demographic eligibility requirements. For example, FA beneficiaries exit the programme if they have only one minor member that turns 18 years old.

REFERENCES

- Adato, Michelle (2008). 'Integrating Survey and Ethnographic Methods to Evaluate Conditional Cash Transfer Programs', *IFPRI Discussion Paper* 00810. Washington, DC, International Food Policy Research Institute.
- Adato, Michelle (2000). 'The Impact of PROGRESA on Community Social Relationships'. Final Report submitted to PROGRESA, Government of Mexico. Washington, DC, International Food Policy Research Institute.
- Alvarez, Carola, Florencia Devoto and Paul Winters (2006). 'Why Do the Poor Leave the Safety Net in Mexico? A Study of the Effects of Conditionality on Dropouts', *Working Paper* 2006-10. Washington, DC, American University.
- Atkinson, Anthony B. (1995). 'On Targeting and Family Benefits' in Anthony B. Atkinson (ed), *Incomes and the Welfare State: Essays on Britain and Europe*. Cambridge, UK, Cambridge University Press.
- Attanasio, Orazio et al. (2005). 'How Effective Are CCTs? Evidence from Colombia', *Briefing Note* 54. London, Institute for Fiscal Studies.
- Barrientos, Armando (2004). 'Latin America: Towards a Liberal-Informal Welfare Regime' in I. Gough and G. Wood (eds), *Insecurity and Welfare Regimes in Asia, Africa and Latin America*. Cambridge, UK, Cambridge University Press.
- Bastagli, Francesca (2008a). 'The Design, Implementation and Impact of Conditional Cash Transfers Targeted on the Poor: An Evaluation of Brazil's Bolsa Família'. PhD Thesis, London School of Economics and Political Science.
- Bastagli, Francesca (2008b). 'Conditionality in Public Policy Targeted on the Poor', *Social Policy and Society* 8 (1), 127–140.
- Besley, Timothy (1990). 'Means Testing Versus Universal Provision in Poverty Alleviation Programmes', *Economica* 57 (225), 119–129.
- Britto, Tatiana (2005). 'Recent Trends in the Development Agenda of Latin America: An Analysis of Conditional Cash Transfers'. Brasilia, Ministry of Social Development. Mimeographed document.
- Caldés, Natalia, David Coady and John A. Maluccio (2004). 'The Cost of Poverty Alleviation Transfer Programs: A Comparative Analysis of Three Programs in Latin America', *FCND Discussion Paper* 174. Washington, DC, International Food Policy Research Institute.
- Castañeda, Tarsicio (2005). 'Targeting Social Spending to the Poor with Proxy Means Testing: Colombia's SISBEN System', *Social Protection Discussion Paper* 0529. Washington, DC, World Bank.
- Coady, David, Margaret Grosh and John Hoddinott (2004). *Targeting of Transfers in Developing Countries: Review of Lessons and Experience*. Washington, DC, World Bank.
- Cohen, Ernesto, R. Franco and P. Villatoro (2006a). 'Mexico: El programa de desarrollo humano Oportunidades' in E. Cohen and R. Franco (eds), *Transferencias con corresponsabilidad. Una mirada latinoamericana*. Mexico City, FLACSO-SEDESOL.

Cohen, Ernesto, R. Franco and P. Villatoro (2006b). 'Honduras: El Programa de Asignación Familiar' in E. Cohen and R. Franco (eds), *Transferencias con corresponsabilidad. Una mirada latinoamericana*. Mexico City, FLACSO-SEDESOL.

Cohen, Ernesto and Pablo Villatoro (2006). 'Chile: Puente-Chile Solidario' in E. Cohen and R. Franco (eds), *Transferencias con corresponsabilidad. Una mirada latinoamericana*. Mexico City, FLACSO-SEDESOL.

De Brauw, Alan and John Hoddinott (2008). 'Must Conditional Cash Transfer Programmes Be Conditioned to Be Effective? The Impact of Conditioning Transfers on School Enrollment in Mexico', *IFPRI Discussion Paper 757*. Washington, DC, International Food Policy Research Institute.

De Haan, Arjan (2005). 'Beyond Residual Social Policy in the Development Context'. Paper prepared for the Hamilton conference of the GASSP programme, September 2004. Mimeographed document.

De la Brière, Bénédicte and Laura Rawlings (2006). 'Examining Conditional Cash Transfer Programs: A Role for Increased Social Inclusion?' *Social Protection Discussion Paper 0603*. Washington, DC, World Bank.

Devereux, Stephen (2002). 'Social Protection for the Poor: Lessons from Recent International Experience', *IDS Working Paper 142*. Brighton, UK, Institute of Development Studies.

ECLAC (1997). *The Equity Gap: Latin America, the Caribbean and the Social Summit*. Santiago, Chile, Economic and Social Commission for Latin America and the Caribbean.

ECLAC (2006). *Shaping the Future of Social Protection: Access, Financing and Solidarity*. Santiago, Chile, Economic and Social Commission for Latin America and the Caribbean.

Esping-Andersen, Gosta (1999). *Social Foundations of Post-Industrial Economies*. Oxford, Oxford University Press.

Fiszbein, Ariel (2005). 'Beyond Truncated Welfare States: Quo Vadis Latin America?'. Washington, DC, World Bank. Mimeographed document.

Galasso, Emanuela (2006). *With Their Effort and One Opportunity: Alleviating Extreme Poverty in Chile*. Washington, DC, World Bank.

Gelbach, Jonah B. and Lant Pritchett (2002). 'Is More for the Poor Less for the Poor? The Politics of Means-Tested Targeting', *Topics in Economic Analysis and Poverty* 2 (1), 1027.

Gentilini, Ugo (2005). 'Mainstreaming Safety Nets in the Social Protection Policy Agenda: A New Vision or the Same Old Perspective?' United Nations World Food Programme. Mimeographed document.

Glewwe, Paul and Pedro Olinto (2004). 'Evaluating the Impact of CCTs on Schooling: An Experimental Analysis of Honduras' PRAF Program'. Final report for USAID. Mimeographed document.

Gonzalez de la Rocha, Mercedes (2005). 'Familias y politica social en Mexico. El caso de Oportunidades', *Serie Seminarios y conferencias* 46. Santiago, Chile, Economic and Social Commission for Latin America and the Caribbean.

Government of Honduras website,
<http://www.gob.hn/portal/poder_ejecutivo/desconcentrados/praf/mensaje/>,
accessed June 2006.

Hernandez, Gonzalo (2006). M&E of Social Programs in Mexico. Mexico City, Social Development Secretariat (SEDESOL), Government of Mexico.

Hernanz, Virginia, Franck Malherbet and Michele Pellizzari (2004). 'Take-Up of Welfare Benefits in OECD Countries: A Review of the Evidence', *OECD Social, Employment and Migration Working Papers* 17. Paris, Organisation for Economic Cooperation and Development.

Huber, Evelyne (1996). 'Options for Social Policy in Latin America: Neoliberal versus Social Democratic Models' in G. Esping-Andersen (ed), *Welfare States in Transition*. London, Sage Publications.

Largaespada Fredersdorff, Carmen (2006). 'Nicaragua: Red de protección social y sistema de atención a crisis' in E. Cohen and R. Franco (eds), *Transferencias con corresponsabilidad. Una mirada latinoamericana*. Mexico City, FLACSO-SEDESOL.

Levy, Santiago and Evelyne Rodriguez (2004). 'Economic Crisis, Political Transition and Poverty Policy Reform: Mexico's PROGRESA-Oportunidades Program'. Mimeographed document.

Lindert, Kathy et al. (2007). 'The Nuts and Bolts of Brazil's Bolsa Família Program: Implementing Conditional Cash Transfers in a Decentralized Context', *Social Protection Discussion Paper* 0709. Washington, DC, World Bank.

Lindert, Kathy, Emmanuel Skoufias and Joseph Schapiro (2006). 'Redistributing Income to the Rich and Poor: Public Transfers in Latin America and the Caribbean', *Social Protection Working Paper* 0605, Washington, DC, World Bank.

Lomeli, Enrique (2008). 'Conditional Cash Transfers as Social Policy in Latin America: An Assessment of their Contributions and Limitations', *Annual Review of Sociology* 34:475-99

Maluccio, John A. (2003). Education and Child Labor: Experimental Evidence from a Nicaraguan Conditional Cash Transfer Program. Washington, DC, International Food Policy Research Institute.

Maluccio, John A. and Rafael Flores (2005). 'Impact Evaluation of a Conditional Cash Transfer Program: The Nicaraguan Red de Protección Social', *IFPRI Research Report* 4. Washington, DC, International Food Policy Research Institute.

Medeiros, Marcelo, Tatiana Britto and Fabio Veras Soares (2008). 'Targeted Cash Transfer Programmes in Brazil: BPC and the Bolsa Família', *IPC-IG Working Paper* 46. Brasilia, International Policy Centre for Inclusive Growth.

Mesa-Lago, Carmelo (1991). 'Social Security and Prospects for Equity in Latin America', *World Bank Discussion Paper* 140, Washington, DC, World Bank.

Ministério do Desenvolvimento Social e Combate à Fome (MDS), Bolsa Família conditionality monitoring website,
<<http://www.mds.gov.br/bolsafamilia/condicionalidades/acompanhamento/>>,
accessed June 2006.

Mkandawire, Thandika (2005). 'Targeting and Universalism in Poverty Reduction', *Social Policy and Development Programme Paper* 23. Geneva, United Nations Research Institute for Social Development.

- Molyneux, Maxine (2006). 'Mothers at the Service of the New Poverty Agenda: Progresas/Oportunidades, Mexico's Conditional Transfer Programme', *Social Policy and Administration* 40 (4), 425–449.
- Moore, Charity (2009). 'Nicaragua's Red de Protección Social: An Exemplary but Short-Lived Conditional Cash Transfer Programme', *IPC-IG Country Study* 17. Brasilia, International Policy Centre for Inclusive Growth.
- Moore, Charity (2008). 'Assessing Honduras' CCT Programme, Programa de Asignación Familiar (PRAF): Expected and Unexpected Realities', *IPC-IG Country Study* 15. Brasilia, International Policy Centre for Inclusive Growth.
- Nunez, M. Jairo, and Laura Cuesta (2006). 'Colombia: Familias en Acción' in E. Cohen and R. Franco (eds), *Transferencias con corresponsabilidad. Una mirada latinoamericana*. Mexico City, FLACSO-SEDESOL.
- Orozco, Monica and Celia Hubert (2005). 'La focalización en el programa de desarrollo humano Oportunidades de Mexico', *Serie de Documentos de Discusión sobre la Protección Social* 0531. Washington, DC, World Bank.
- Rawlings, Laura (2004). 'A New Approach to Social Assistance: Latin America's Experience with Conditional Cash Transfer Programs', *Social Protection Discussion Paper Series* 0416, Washington, DC, World Bank.
- Rawlings, Laura and Gloria M. Rubio (2005). 'Evaluating the Impact of Conditional Cash Transfers', *World Bank Research Observer* 20 (1), 29–55.
- Reddy, Sanjay (1998). 'Social Funds in Developing Countries: Recent Experiences and Lessons', *UNICEF Staff Working Papers* EPP-EVL-98-002. New York, UNICEF.
- Regalia, Ferdinando and Leslie Castro (2007). 'Performance-Based Incentives for Health: Demand- and Supply-Side Incentives in the Nicaraguan Red de Protección Social', *CGD Working Paper* 119. Washington, DC, Center for Global Development.
- Ribas, Rafael Perez, Fabio Veras Soares and Guilherme Issamu Hirata (2008). 'The Impact of CCTs: What We Know and What We Are Not Sure About', *Poverty In Focus* 15. Brasilia, International Policy Centre for Inclusive Growth.
- Rogers, Beatrice Lorge and Jennifer Coates (2002). 'Food-Based Safety Nets and Related Programs', *Social Protection Discussion Paper Series* 0225. Washington, DC, World Bank.
- Schady, Norbert and Maria Caridad Araujo (2006). 'Cash Transfers, Conditions, School Enrollment and Child Work: Evidence from a Randomized Experiment in Ecuador', *World Bank Policy Research Working Paper* 3930, Washington, DC, World Bank.
- Sen, Amartya (1995). 'The Political Economy of Targeting', in D. van de Walle and K. Nead (eds), *Public Spending and the Poor*. Baltimore, John Hopkins University Press.
- Silva, Veronica (2004). 'Programa Puente la entrada a Chile Solidario'. Presentation at the Second International Workshop on CCTs, São Paulo, Brazil, 26–29 April. Mimeographed document.
- Skoufias, Emmanuel and Vincenzo Di Maro (2006). 'Conditional Cash Transfers, Adult Work Incentives and Poverty', *World Bank Policy Research Working Paper* 3973. Washington, DC, World Bank.

Soares, Sergei et al. (2007). 'Conditional Cash Transfers in Brazil, Chile and Mexico: Impacts upon Inequality', *IPC-IG Working Paper 35*. Brasilia, International Policy Centre for Inclusive Growth.

Solimano, Andres (2004). 'Reevaluación de las políticas sociales en América Latina: del Consenso de Washington al desarrollo basado en derechos'. Presentation at the seminar 'Los derechos y el desarrollo en América Latina: un seminario de trabajo'. Santiago, Chile, December. Mimeographed document.

Steta, María Concepción (2006). 'Oportunidades: Monitoring Conditionalities'. Presentation at the Third International Conference on Conditional Cash Transfers, Istanbul, 26–30 June. Mimeographed document.

Tendler, Judith (2004). 'Why Social Policy is Condemned to a Residual Category of Safety Nets and What to Do about It' in T. Mkandawire (ed), *Social Policy in a Development Context*. Geneva, United Nations Research Institute for Social Development.

Townsend, Peter (2004). 'From Universalism to Safety Nets: The Rise and Fall of Keynesian Influence on Social Development' in T. Mkandawire (ed), *Social Policy in a Development Context*. Geneva, United Nations Research Institute for Social Development.

Van de Walle, Dominique (1995). 'Public Spending and the Poor: What We Know, What We Need to Know', *Policy Research Working Paper 1476*. Washington, DC, World Bank.

Veras Soares, Fabio and Tatiana Britto (2007). 'Growing Pains: Key Challenges for New Conditional Cash Transfer Programmes in Latin America', *IPC-IG One Pager 44*. Brasilia, International Policy Centre for Inclusive Growth.

World Bank (2004). *Inequality in Latin America: Breaking with History?* Washington, DC, World Bank.

NOTES

1. This paper uses the terms “welfare state” and “welfare system” indiscriminately when referring to the set of formal social insurance, social assistance and universal policies that seek to protect against specific risks (such as old age and unemployment) and that pursue poverty reduction and redistributive objectives.
2. The typologies identified by Barrientos (2004) build on Esping-Andersen’s (1990; 1999) work. They refer to the informal sector, capturing an important component of welfare arrangements in securing livelihoods in poorer countries. This paper confines itself to the formal arrangements and does not discuss the implications of informal ones.
3. Mesa-Lago (1991) describes employers’ evasion, payment delays of the insured employee’s wage contributions and the role of the state as the principal debtor to social insurance.
4. In the mid 1990s, the regional poverty average was still above the levels prevailing before the crisis. In 1980, 35 per cent of households were in poverty; that proportion stood at 41 per cent in 1990, and in 1994 the figure was still as high as 39 per cent (ECLAC, 1997).
5. Non-contributory cash transfer policies were mainly introduced in countries with a longer tradition in formal social protection, typically dominated by social insurance policies.
6. CCTs are implemented in: Argentina (Plan Familias), Brazil (Bolsa Família), Chile (Chile Solidario), Colombia (Familias en Acción), Costa Rica (Superémonos), Dominican Republic (Solidaridad), Ecuador (Bono de Desarrollo Humano), El Salvador (Red Solidaria), Honduras (PRAF), Jamaica (PATH), Mexico (Progres/Oportunidades), Paraguay (pilot Tekopora), Peru (Juntos) and Uruguay (Ingreso Ciudadano, Plan de Atención Nacional a la Emergencia Social).
7. Esping-Andersen (1999) refers to the liberal welfare regimes as those that “reflect a political commitment to minimise the state, to individualise risks, and to promote market solutions”. Liberal social policy is residual in the sense that it adopts a narrow definition of who should be eligible, favours means tests to ascertain need, and adheres to a narrow conception of what risks should be considered “social”.
8. For a detailed analysis of the reasons for CCTs’ popularity, including political feasibility considerations, see Britto (2005).
9. Van de Walle (1995) refers to “degrees of targeting” and distinguishes between more finely and broadly targeted schemes.
10. For a review of the arguments in favour of and against conditionality in policies targeted on the poor, see Bastagli (2008b) and De Brauw and Hoddinott (2008).
11. The focus of this paper is mainly on the social and administrative costs of alternative CCT parameters. For a discussion of the political economy implications of targeting, see Gelbach and Pritchett (2002) and Sen (1995).
12. Such motivations are not mutually exclusive. In fact, all CCTs typically pursue an objective in terms of human capital accumulation (hence the conditionality) and all aim to direct resources to low income or vulnerable groups (hence the targeting). The priority awarded to these alternative concerns varies, however, and this is reflected both in the stated objectives embodied in legislation and in their parameter design.
13. This section examines the principles underlying the introduction of a CCT. In many cases, the original and central motivation has changed over time, often leading to changes in policy design in order to reflect a shifting priority. In this section, attention is paid first and foremost to the original motivation.
14. The reform was preceded by the adoption of a law that in principle regulated Brazil’s Citizen’s Income, and Bolsa Família was initially understood as a first step towards establishing a basic citizen’s income. Institutionally, Bolsa Família’s coordination unit was set up in the “Citizen’s Income” unit at the Ministry of Social Development. While a citizen’s income has yet to be introduced in Brazil, the programme’s design details and the institutional developments that have accompanied its implementation reflect a central concern to guarantee common national standards and procedures (Bastagli, 2008a).
15. Honduras’s CCT is an example of how aims and priorities can shift: “PRAF experienced a substantial change and moved from being a compensatory measure to a social and human development tool, which views the family as its primary subject, involved in a process in which every individual can and must become an agent of his own development” (Government of Honduras, 2006).
16. In this sense, PROGRESA was introduced as part of a broader reform, aimed at addressing the shortcomings of the existing institutional set-up of poorly coordinated programmes
17. In Honduras, PRAF II includes a health voucher to health centres and an education voucher to schools. These were introduced in PRAF II following the experience of PRAF I, which showed that demand-side transfers alone were insufficient to influence human capital outcomes; supply side interventions were necessary (Cohen et al., 2006b). By design, Nicaragua’s RPS included an education voucher paid per beneficiary child to teachers.

18. The federal administrative subsidies are designed both to support the additional costs incurred in the administration of the programme and as incentive-based management tools. The receipt and amount of the subsidy are determined by the achievement of a minimum score on an administrative performance indicator.
19. Such comparisons must be treated with caution, since they are measured with reference to different variables.
20. For the PRAF, transfer amounts are based on the approximate foregone cost of child labour (for the education transfers) and of female labour (for health transfers).
21. Oportunidades benefit amounts are adjusted every six months in line with the Índice Nacional de Precios de la Canasta Básica price index (Cohen et al., 2006a).
22. "By targeting purposively, RPS avoided devoting a disproportionate share of its resources in Phase I to increasing the supply of educational and health-care services" (Maluccio and Flores, 2005).
23. Proxy means testing requires the collection of information on several dimensions of a potential beneficiary's circumstances in order to determine eligibility. A score for each potential beneficiary is computed on the basis of a number of observable characteristics, and eligibility is determined by comparing the score against a predetermined cut-off (Coady et al., 2004).
24. In practice, eligibility does not necessarily translate automatically into receipt of a benefit, since an upper limit of beneficiaries is set nationally and this target number has been reached. Additional beneficiaries are included in the programme as current beneficiaries leave it.
25. When it was observed that some schools were being advanced by a grade when they had not passed the previous one, the conditionality was not enforced (Maluccio, 2003). Mexico's Oportunidades also seeks to promote achievement in addition to school attendance. In this case, the aim is incorporated into the cash transfer design and children who complete high school are awarded a graduation bonus.
26. The Programa Puente-Chile Solidario operates on seven dimensions: employment, education, health, housing, identification, income and family dynamics.
27. "The purpose of conditionality monitoring is to ... enforce government responsibility for guaranteeing the access to services and for actively seeking the most excluded and vulnerable families; identify, in the cases of non-compliance, the families experiencing greatest vulnerability and direct government action towards the assistance of these families" (Ministério do Desenvolvimento Social e Combate à Fome, MDS, conditionality monitoring website).
28. Beneficiaries that leave Bolsa Família as a result of conditionality non-compliance may re-apply six months later.
29. Duration, exit and graduation practices reviewed in this section do not include reasons related to programme administration and conditionality compliance.
30. The Programa Puente includes four steps: 1) contact and incorporation; 2) intensive support; 3) monitoring; and 4) exit and post-exit. Exit from the Programa Puente does not mean an exit from all forms of assistance. Chile's permanent Family Allowance, Subsidio Único Familiar (SUF), is paid to poor households, including those that have participated in the Programa Puente and are eligible.
31. Writing in 2006, Largaespada draws attention to the coming to the end of RPS II that same year and the failure to secure further external funding for the programme (Largaespada Fredersdorff, 2006).
32. The latter received no extra compensation despite experiencing increased workloads related to programme implementation.
33. It is worth noting here that CCT evaluations to date reveal the absence of a clear effect between programme participation and adult labour market participation. A study of Mexico's PROGRESA indicates that the programme does not have any significant effect on adult labour force participation and leisure time (Skoufias and Di Maro, 2006). Similarly, for Brazil, studies show that Bolsa Família participation is not associated with adult labour market participation (Bastagli, 2008a; Medeiros et al., 2008).
34. In their review of the take-up of benefits in countries of the Organisation for Economic Cooperation and Development (OECD), Hernanz et al. (2004) show how take-up is influenced by the administrative burden of complex means testing on applicants (who have to provide detailed information about incomes, assets and family characteristics) and on welfare officials (burdened by complex evaluation of applications, frequent eligibility checks and so on).
35. Coady et al. (2004) analyse 122 targeted interventions in 48 countries and show that proxy means-tested policies on average have a poorer targeting performance than those using other means tests.
36. Concern for the poverty trap caused by high marginal tax rates, for example, has led governments to taper the withdrawal of benefits, so that the reduction is less than one unit for one unit of increase in income (for a review of the experience in western industrialised countries, see Atkinson, 1995). Adato (2000) discusses alternative targeting design practices that would address the social costs that emerge from her study, such as targeting that includes a band of inclusion wide enough to ensure clarity and higher levels of acceptability among people living in target communities.

37. The study by Alvarez et al. (2006) also underscores the role played by service providers in influencing dropouts, and reveals differences in dropout rates across types of health care service provider.

38. Studies reporting CCT claimants' and administrators' perceptions of the definitions of and motivation for conditionality reveal that they can differ substantially from official policy regulation and intention.

39. De Brauw and Hoddinott (2007) show that whether a household had received a school attendance form for attendance monitoring influenced the likelihood of children attending school. In another study, Schady and Araujo (2006) reveal that unenforced conditionalities had significant effects on school enrolment: even though requirements were not monitored or enforced, households that believed there was a school enrolment requirement are more likely to send their children to school.



International Policy Centre for Inclusive Growth (IPC - IG)

Poverty Practice, Bureau for Development Policy, UNDP

Esplanada dos Ministérios, Bloco O, 7º andar

70052-900 Brasília, DF - Brazil

Telephone: +55 61 2105 5000

E-mail: ipc@ipc-undp.org ▪ URL: www.ipc-undp.org