

## Conditional Cash Transfer Programs: Assessing their Achievements and Probing their Promise

by WENDY HUNTER | University of Texas–Austin | wendyhunter@austin.utexas.edu  
and NATASHA BORGES SUGIYAMA | University of Wisconsin–Milwaukee | sugiyamn@uwm.edu

### References

- Cornia, Giovanni Andrea  
2010. “Income Distribution under Latin America’s New Left Regimes,” *Journal of Human Development and Capabilities*, Vol. 11 No.1, pp. 85-114, February.
- Cornia, Giovanni Andrea, Juan Carlos Gómez-Sabaini and Bruno Martorano  
2011. “A New Fiscal Pact, Tax Policy Changes and Income Inequality: Latin America during the Last Decade”, UNU/WIDER Working Paper n. 70/2011, Helsinki.
- Panizza, Francisco E.  
2005. “Unarmed utopia revisited: the resurgence of left-of-centre politics in Latin America.” *Political studies*, 53 (4). pp. 716-734.
- Roberts, Kenneth  
2012, “The Politics of Inequality and Redistribution in Latin America post-Adjustment Era”, UNU/WIDER Working Paper n. 08/2012, Helsinki. ■
- Since the mid-1990s, social policies geared at poverty alleviation in Latin America have undergone a significant transformation. Conditional cash transfer (CCT) programs now represent an important pillar in the new paradigm of social protection in the region. Following the widespread enactment of piecemeal safety-net programs that complied with the fiscal austerity of neoliberal economic restructuring, governments in Latin America more recently have adopted strategies aimed at alleviating poverty in the short term and breaking the transmission of intergenerational poverty in the long term. Many countries have also sought to empower women and girls by targeting mothers as program beneficiaries and by allocating greater resources to daughters. In general, CCTs target cash assistance to poor and indigent families provided that their children adhere to behaviors thought to enhance human development, such as attending school regularly and engaging in preventive health care practices, including receiving the core childhood vaccinations. Additional “co-responsibility” requirements vary across the region; some CCTs require parenting classes, prenatal care for mothers, and even breastfeeding.
- Mexico’s federal PROGRESA and Brazil’s municipal Bolsa Escola (school grant) were among the first CCTs to be implemented and to win international acclaim for innovative program designs in the mid-1990s. Since then, CCTs have spread throughout Latin America and the Caribbean at a remarkable pace.<sup>1</sup> Eighteen countries have now adopted such programs.<sup>2</sup> To put this trend in perspective, over twenty-five million families (about 113 million people) or 19 percent of the regional population participates in CCTs.<sup>3</sup> Depending on the program, cash transfers represent between roughly eight percent
- and 33 percent of household income. The money can be significant enough to put families who live in utter destitution above the level of indigence.<sup>4</sup> There is, however, great variation in the size, scope, and degree of institutionalization of CCTs across countries. Such programs differ significantly in whether or not they enjoy stable funding, are guided by a national plan with provisions for evaluation, and are constrained by a legal framework that specifies mandates and responsibilities.
- There are a number of positive outcomes generally associated with CCTs. Several studies have found that most income-subsidy programs have alleviated poverty, increased school enrollment and attendance, promoted the utilization of health services, and led to better nutritional outcomes.<sup>5</sup> Some CCTs have even contributed to lowering economic inequality by raising incomes among the poorest segments of society.<sup>6</sup> An additional downstream benefit concerns the identity documents that such entitlements have motivated many poor people to obtain; these are not only necessary to enroll in CCTs but also confer rights and social protection of other types.<sup>7</sup> What’s more, CCTs have produced all of these benefits in a very cost-effective fashion. In the context of total social spending, the amounts allocated to CCT programs generally make up a small percentage of GDP—between roughly 0.4 percent and 0.8 percent.<sup>8</sup> Given the small share of money involved, the positive results associated with CCTs are quite striking. In any event, because most cash transfers are designed to focus resources sharply on the poor, they are widely deemed by economists and development practitioners to be more efficient than many other programs, such as food subsidies.

Notwithstanding their merits, CCTs are not the answer to fundamental and sustained development. Their contributions need to be placed in perspective, and their shortcomings need to be recognized. To begin with, the resources allocated to income subsidies are too modest to ensure a major shift in the regional landscape of poverty and inequality. Moreover, they need to be highly targeted (avoiding errors of both inclusion and exclusion) in order to have a significant impact on the lives of the poor. Also, the potential that CCTs have for encouraging children to attend school and visit medical clinics can only be realized if a reasonable education and health infrastructure is in place to begin with. Moreover, increasing the number of children who seek access to schools and clinics does little or nothing to address the quality of the services provided. Indeed, the most pressing problem in contemporary Latin America is not that too few children attend school but rather that they learn too little once they are there.<sup>9</sup>

Finally, the verdict is still out as to whether and to what extent CCTs empower women. On the one hand, the fact that payments tend to go directly to female heads of household can enhance their autonomy within the family. On the other hand, the lion's share of the burden entailed in fulfilling conditionality requirements generally rests on mothers. This burden is a double-edged sword, however, as entering into contact with school personnel and the public health community can broaden the horizons of socially marginalized individuals, enhance their self-confidence, and induce them to make greater use of public services more broadly.

Another important and fairly recent line of inquiry concerns the promise of CCTs to help create a culture of "citizenship and rights" in a region where social assistance

has historically been delivered as political patronage.<sup>10</sup> This history has caused many poor people to regard social provisioning more as a "favor" handed to them by beneficent politicians than as an obligation of the state. By suppressing people in lower income brackets from making demands, such thinking has effectively contributed to perpetuating the status quo. It is crucial to build a "culture of rights" if citizens are to hold their governments accountable for meeting basic needs and providing decent social services. We contend that CCTs, if well designed and implemented, can contribute to building such a culture. Public information campaigns that stress the bureaucratic rather than political criteria for program enrollment are an important start. The regular and direct nature of the payout reduces opportunities for clientelist intervention. Most of the time the funds come in monthly intervals via ATM cards. The institution of bureaucratic mechanisms to resolve problems with people's applications and payments also reduces the likelihood that political brokers will intervene in exchange for political support. Whether CCTs are promoting a change in perspective among beneficiaries and the mechanisms by which they might be doing so are questions that remain inadequately answered at this point. The path is open for further research on such questions.

#### Endnotes

<sup>1</sup> On the diffusion of CCT programs in Latin America, see Natasha Borges Sugiyama, "The diffusion of Conditional Cash Transfer programs in the Americas," *Global Social Policy* 11, no. 2/3 (2011).

<sup>2</sup> The countries that currently have CCTs are Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, Dominican Republic, Trinidad and Tobago, and Uruguay.

<sup>3</sup> Simone Cecchini and Aldo Madariaga, "Conditional Cash Transfer Programmes: The recent experience in Latin America and the Caribbean," *Cuadernos de la CEPAL* no. 95 (2011), 7.

<sup>4</sup> Cecchini and Madariaga, "Conditional Cash Transfer Programmes," 118.

<sup>5</sup> See, for example, Ariel Fiszbein and Norbert Schady, *Conditional Cash Transfers: A World Bank Policy Research Report* (Washington, D.C.: World Bank, 2009); and Enrique Valencia Lomelí, "Conditional Cash Transfers as Social Policy in Latin America: An Assessment of their Contributions and Limitations," *The Annual Review of Sociology*, 2008.

<sup>6</sup> On the effects of CCTs on income inequality and poverty, see Cecchini and Madariaga, "Conditional Cash Transfer Programs," 117-136.

<sup>7</sup> Mía Harbitz and María del Carmen Tamargo, "The Significance of Legal Identity in Situations of Poverty and Social Exclusion," Inter-American Development Bank, Technical Note, 2009; Laura R. Wong and Cassio M. Turra, "O Sub-Registro de Nascimentos no Brasil," Inter-American Development Bank, project ATN/NS-8915-RS.

<sup>8</sup> Valencia Lomelí, "Conditional Cash Transfers," 476.

<sup>9</sup> Javier Corrales, *The Politics of Education Reform*, vol 2, no. 1 of Education Reform and Management Series (Washington, D.C.: World Bank, 1999).

<sup>10</sup> For an example, see Natasha Borges Sugiyama and Wendy Hunter, "Whither Clientelism? Good Governance and Brazil's Bolsa Família," unpublished manuscript. ■