

CONDITIONAL CASH TRANSFERS: LEARNING FROM THE LITERATURE

INTRODUCTION

Eastern Caribbean countries are currently developing and implementing substantial social safety net reforms. These reforms are based on, among other things, assessments of current provisions as well as lessons from international good practice and experience, with particular attention to the experience of other countries in the region and Latin America.

Social Safety Net Assessments were conducted in various Eastern Caribbean countries in the 2000s to provide a basis on which to propose reforms. The assessments made reference to conditional cash transfers (CCTs), but did not necessarily make clear recommendations as to whether or not they should be implemented in these countries.

Cash transfer programmes provide cash to poor individuals, households and vulnerable groups. The objectives are to increase the incomes of the poor and help individuals and households cope with diverse shocks, risks and crises. Unconditional (or 'non-conditional') cash transfers (UCTs) define a right to a cash transfer that becomes an entitlement for people with specified characteristics (such as age or disability status) who meet specified qualifying requirements, such as passing a means test. CCTs also specify characteristics and qualifications but, in addition, require that the applicant fulfil specified behavioural conditions in order to continue receiving the grant.

Ferreira and Robalino note that CCTs were first implemented in Brazil in 1995. CCT interventions became more well-known after the approach was adopted by Mexico in 1997. CCTs, as a form of non-contributory social assistance rather than contributory social insurance, were seen as attractive because of their ability to mitigate the limitations of what Ferreira and Robalino (2010: 10) describe as the "truncated welfare state" – where income redistribution took place primarily among the better off, to the exclusion of those most in need." However, Slater (2011: 252) notes that conditionality constitutes one of the most debated aspects of social protection with "strong views on either side."

Why Conditional Cash Transfers?

CCTs are broadly intended, as with UCTs, to assist with poverty alleviation. However, in addition to addressing current poverty, policymakers often advocate for CCTs on the basis that they will address future poverty by improving the health and education of household members, children in particular. These improvements will then, it is hoped, place the children in a position, once adult, where they are able to earn sufficient money to support themselves and their families and not require social assistance. The CCTs thus tend to

focus on children when imposing conditions and/or on the women who bear and care for the children.

Adato & Hoddinott (2005) see the arguments advanced in support of conditions as falling into four broad categories, namely (1) that the behaviour of poor people does not always conform to what is best for themselves and their families; (2) that 'sociocultural' biases within families may prevent the needs of the less powerful (such as young girls) from being met; (3) that conditions might reduce the stigma attached to being a beneficiary of a transfer; and (4) that wealthier and more powerful citizens, who will bear some of the costs of the grant, will be more inclined to support it if it is not seen as a hand-out.

None of these arguments holds in all contexts.

- 1 In respect of the first argument, for example, Brazilian Senator Suplicy (2008) states that poor families, if given a basic income, are likely to make the same effort to improve the education and health of their children as richer families do. Zimmerman (2006) observes that even if the objectives of the conditions are well-intentioned, the imposition of conditions itself reinforces dependency and lack of autonomy of poor and marginalised people.
- 2 In respect of the second argument (socio-cultural biases), it is not clear that the issue of gender bias within poor families in relation to children's access to education and health is relevant in the Caribbean, especially given the fact that a large proportion are lone mother families.
- 3 In respect of the third argument (stigma), Jones et al (2007) suggest that the emphasis by government officials in Peru on the need for beneficiaries to improve their personal appearance, care of children and domestic living conditions sends a message that beneficiaries are perceived as "dirty" and "idle." This suggests that conditions, instead of avoiding feelings of being stigmatised, might increase such feelings.
- 4 Finally, the fourth argument (views of wealthier citizens) implies that poverty is caused by an individual's failure rather than the situation in which the individual finds themselves and the opportunities they are offered. However, it may well be that overall

circumstances, largely beyond the control of individuals, are the strongest drivers of poverty.

What Type of Conditions?

Table 1 illustrates the type of conditions that are commonly imposed by CCTs, using six oft-cited programmes as examples. The programmes are Colombia's Familias en Acción (FA), Honduras' Programa de Asignación Familiar II (PRAF II), Jamaica's Program for Advancement through Health and Education (PATH), Mexico's Programa Nacional de Educación, Salud y Alimentación (PROGRESA), Nicaragua's Red de Protección Social (RPS) and Turkey's Social Solidarity Fund (SSF).

The indicators for Caribbean countries show a relatively positive picture in respect of the behaviours commonly targeted by CCTs. In the relatively small number of cases where education and health behaviour are not optimal, the question arises as to the reasons for this. An understanding of the reasons for suboptimal behaviour in these cases can then inform decisions as to whether conditions based on these behaviours are an appropriate tool. If policymakers wish to target behaviours other than those commonly targeted, additional thinking will be needed as to possible perverse incentives or even negative outcomes in addition to considering the reasons for the current undesirable behaviour and what other measures could be introduced to encourage improved behaviour.

What Determines the Amount of the Monthly Cash Transfer?

Table 2 gives a sense of the diversity in the composition of the monthly cash transfer for some key programmes. The table shows differences in how the amount is calculated, as well as the percentage the average household transfer constitutes of the poverty line in the country.

Table 2 raises interesting questions related to how the design of CCTs and size of the transfers relate to their overall purpose. In most of the above cases, there is a basic grant for a poor (or very poor) family, supplemented by additional grant amounts for children in the target range. In the case of Honduras, the supplement for a single child (the element to which the condition is attached) is larger than the amount for the family as a whole. This is also the case in many instances in Mexico. Table 2 also shows that these grants, with their focus on school-going children, are less concerned with younger children despite the fact that the impacts of nutritional and other deficits are more long-lasting. If, to counter this, a CCT was introduced for preschool-aged children, what would be done in respect of very young children who are cared for at home by their mothers or grandmothers? Would this behaviour be discouraged by a CCT for young children? Will families living in areas where preschool services are scarce be penalized because of failures in supply?

Conditions or Co-responsibilities?

Hailu & Soares see the realization that conditions can exclude people living in areas with inadequate services as having provoked the shift in some Latin American countries from talking about conditions to talking about 'co-responsibilities'. Under the new discourse, the conditions imposed on beneficiaries are meant to be counterbalanced by the responsibility of the state to ensure that services are available.

A challenge with this shift from 'conditions' to 'co-responsibilities' is that while the state can penalize non-complying citizens by withholding the grant, citizens do not have the same ability to penalize the state if it does not provide services. Those who support the co-responsibility approach and associated agreements feel that it encourages beneficiaries to exert political pressure on governments to deliver decent services. However, it is surely problematic if, at a point

TABLE 1
Examples of Education and Health Conditions in CCTs

Country programme	Education conditions	Health conditions
Colombia FA	At least 80 per cent school attendance in two-month cycle	Regular health care visits for child's growth and development monitoring
Honduras PRAF II	School enrolment and maximum seven days absence in three-month period	Compliance with required frequency of health centre visits
Jamaica PATH	Minimum attendance 85 per cent (maximum nine days absence per term)	Compliance with required number of annual health visits
Mexico PROGRESA	School enrolment with minimum attendance 85 per cent monthly and annually	Compliance by all household members with required number of health centre visits and mother's attendance at health and nutrition lectures
Nicaragua RPS	School enrolment, maximum six days unexcused absence in two-month period, grade promotion	Regular health care visits for growth monitoring, up-to-date immunization, attendance at health and nutrition talks
Turkey SSF	School enrolment, minimum attendance 85 per cent	Regular health care visits for growth monitoring and immunization according to Ministry of Health schedule

Source: Rawlings and Rubio, 2005: 35

TABLE 2

Examples of Composition and Relative Size of Monthly Cash Benefits

Country and programme	Monthly cash transfer	Average transfer as % of poverty line
Brazil: Bolsa Familiar	US\$18 per extreme poor family; \$5 per child up to 3 children	12%
Colombia: FA	\$20 per family; \$6 per primary child; \$12 per secondary child	-
Honduras: PRAF II	\$4 per family; \$5 per child	8%
Jamaica: PATH	\$9 per eligible household member	16%
Mexico: Oportunidades	\$13 per family; \$8-17 per primary child; \$25-31 per secondary child	23%
Nicaragua: RPS	\$18 per family; \$9 if school-aged child	18%

Source: Handa and Davis, 2006: 13

where good quality services are not accessible, citizens are penalized for non-performance.

In reality, it seems that some countries do not enforce conditions strictly. Ribas et al's (2008) discussion of Nicaragua's Red de Protección Social (RPS) is one of the few sources that provide evidence of serious enforcement. They report that about 10 per cent of beneficiaries received less than the full grant at least once during the first two years of implementation on account of non-compliance with conditions. Fewer than 1 per cent of households were expelled from the programme during the first two years, with the reasons for expulsion including, among others, repeated failure to comply, more than 27 days absence from school in one year without adequate excuse and failure to be promoted to the next grade.

Ribas et al report thought-provoking developments in respect of the other conditions in the RPS. These observations highlight how conditions can create perverse behavioural incentives and/or penalize beneficiaries through no fault of their own. Thus, they report that the condition in relation to progression at school was no longer enforced after it was discovered that some schools were automatically promoting all children. Similarly, the vaccination condition was dropped when it was discovered that the reason for non-compliance often related to late delivery of vaccines to health centres. Further, a condition related to weight gain was dropped after the pilot due to concerns about measurement error as well as the realization that this condition tended to penalize the poorest households.

More generally, Ribas et al note that health conditionalities are more difficult to monitor and enforce than those related to education because of the lesser availability of health services and because it is often more difficult to change attitudes towards preventive health than it is to change attitudes towards school attendance.

After a comprehensive review of available studies of health impacts of CCTs, Lagarde et al (2009) conclude that CCTs are unlikely to be successful if quality health services are not available. For education, Ferreira & Robalino (2010) argue that supply-side interventions are especially necessary because the children who are kept in school through CCT conditions tend to be from poorer families and may need

more educational support than children from better-off families to achieve the same educational outcomes.

What does this mean for CCTs in Eastern Caribbean countries?

The discussion above suggests that each of the assumptions underlying CCTs needs to be considered in the context of a particular country that is planning to introduce conditions. The financial and other costs associated with having conditions—including administration, enforcement and the extent to which deserving families would be excluded—would then need to be compared with the costs of alternative approaches, such as improving the supply and accessibility of quality services and improving public education about the benefits of positive behaviour alongside introducing or continuing with UCTs. The consideration of costs is especially important at present given the severe fiscal constraints facing countries in the region.

Other key findings from the literature can be summarized as follows:

- There is clear evidence of the impacts of cash transfers on education and health outcomes across a large number of countries. Impacts have been found for both CCTs and UCTs.
- The impacts are likely to be greater and more long-lasting the longer the duration of the transfer. This raises concerns about programmes that pay the transfer only for a few specified years of childhood and/or where there is a strong push for beneficiaries to 'graduate'. Impact on inter-generational poverty, a hoped-for result of CCTs as against UCTs, has not as yet been proven and is unlikely if the transfer is paid only for a short period.
- There is very little evidence available that it is the conditions that generate the impacts of transfers, as similar impacts are achieved for UCTs. Where there are strong impacts, it could thus well be the money (referred to in the literature as the 'income effect') or other support that is provided rather than the condition itself (the 'price effect') that is making the difference. In some cases, there is evidence that the conditions result in (generally unanticipated) negative impact.

- While the role that mothers play in CCTs may improve the benefit accruing to children, it simultaneously may add to the unpaid care responsibilities that women—and particularly lone mothers—face, and may thus hinder their efforts to earn money.
- Where CCTs are targeted explicitly at particular age groups and conditioned on school- or health-related behaviours, the programmes will not address the poverty challenges faced by families that do not contain members within that targeted age group.
- Monitoring conditions can be costly, necessitating analysis of the cost of imposing conditions against the benefits to be gained. This is especially important in constrained fiscal situations, such as those that prevail in many Eastern Caribbean countries at present.
- Strict enforcement of conditions through speedy termination of transfers may punish those who are already marginalized, while more enabling enforcement through providing assistance to those who struggle to comply is likely to be resource-intensive in terms of finances and personnel. Such assistance is probably only possible if the numbers to be assisted are very small.
- The impacts of cash transfers will be reduced if supply of relevant services is inadequate, of poor quality or the services are not expanded to meet increased demand resulting from the transfers.
- There is very little experience and evidence available on conditions related to sexual behaviour, and what evidence there is suggests that the impact can be negative.
- There is one example of a seemingly successful CCT in respect of early childhood development (ECD), but the example does not show that it was the conditions that were responsible for the achievements. Something not raised in the literature (but a likely challenge in many countries), is that if ECD conditions are conditioned on attendance at an ECD facility, challenges might arise for implementers and potential beneficiaries in respect of supply.

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