“The country that I work on:

Your answers:
A. “Already has a CCT Program in operation”
B. “Is actively developing a CCT Program”
C. “Is considering a CCT Program”
D. “Has no program or no plans for a CCT Program”
E. “…. May or may not have a CCT program / I don’t know”
What are CCTs & how do they differ from UCTs?
The Cash Part of CCTs (similar to UCTs)
The “Big C” for Conditionalities
Impacts of CCTs (and UCTs)
The Evolution of UCTs & CCTs
WHAT ARE UNCONDITIONAL CASH TRANSFERS?

Deliver Cash

To Poor Families

“So simple, right?”
WHAT ARE CONDITIONAL CASH TRANSFERS?

Deliver Cash

With conditions for actions by beneficiaries

To Poor Families

“Still pretty simple, right?”
### UCTs VS CCTs

**WHAT’S THE DIFFERENCE?**

<table>
<thead>
<tr>
<th>Unconditional Cash Transfers (UCTs)</th>
<th>Conditional Cash Transfers (CCTs)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main argument for UCTs</strong> is that the key constraint for poor people is simply a lack of money</td>
<td><strong>Main difference:</strong> cash is transferred contingent on certain behaviors by beneficiaries (e.g., ensuring regular school attendance or seeking preventive health care)</td>
</tr>
<tr>
<td><strong>The poor know what they need, and will spend or invest it to meet those needs</strong></td>
<td><strong>Important:</strong> Rely on adequate supply of education &amp; health services</td>
</tr>
<tr>
<td></td>
<td><strong>Can be politically appealing if seen as going “beyond handouts” and “rewarding” socially desirable behaviors.</strong></td>
</tr>
</tbody>
</table>
DUAL OBJECTIVES OF CCTs

Reduce poverty in short run, through provision of cash transfers

Help the poor better their situation “today”

Reduce poverty in long run, by linking transfers to incentives for investments in human capital or productivity

Help reduce the inter-generational transmission of poverty
“How many countries have CCTs?”

Your answers:
- A. Over 30 < 40
- B. Over 40 < 60
- C. Nearly 70
- D. 150
CCTs HAVE SPREAD

Sources: World Bank: Social Protection Teams from various regions + ASPIRE
CCTs HAVE SPREAD TO NEARLY...

Sources: World Bank: Social Protection Teams from various regions + ASPIRE
CCTs HAVE SPREAD TO NEARLY...
70 COUNTRIES AROUND THE WORLD

2014

Sources: World Bank: Social Protection Teams from various regions + ASPIRE
The Cash Transfer Part of CCTs
SETTING CASH TRANSFER BENEFITS
SIMILAR TRADE-OFFS FOR CCTs & UCTs

Size of Benefit

Higher Coverage

Size of Benefit

Incentives To Work

Complex Benefits Menus

Simple Benefits
Benefits vary in their generosity
Benefit values can erode over time (e.g., Philippines & Colombia)
Unless their values are adjusted (e.g., Brazil & Mexico)

Sources: Mexico ENIGH; Ecuador ENEMDU; Brazil PNAD; Colombia GEIH; Philippines FIES/APIS (2013 not 2012)
VARIATION IN SIZE OF CCT PROGRAMS
(COVERAGE & COSTS)

Key averages for LAC: 0.4% of GDP and 21% of total population
STARTING & EXPANDING COVERAGE
(SCALING UP DILEMMA)

Brazil Bolsa Familia Example

Bolsa Familia expanded from 3.6 million households in 2003 to 14.1 million by 2013 (approx 54 million people)

Philippines Pantawid 4Ps CCT

Pantawid program expanded
From 6,000 to 4 million
Households in 7 years
(approx 16 million people)
CCTs CAN BE WELL TARGETED

**Beneficiary Incidence of CCTs:**
% of benefits to poorest quintile of population
(source: World Bank ASPIRE)

**Targeting Accuracy (Benefit Incidence)**
% of benefits to each quintile

**Note:** Households are ranked into income quintiles on the basis of pre-transfer per capita income harmonized by CEDLAS.

**Sources:**
LAC SP Household Survey Database, The World Bank (bottom graph)
IMPLEMENTING CASH TRANSFERS: TWO KEY PILLARS
(SIMILAR FOR UCTs & CCTs... EXCEPT THE CONDITIONS PART)

Managing Information & Registries

- Application Processes
- Eligibility Determination
- Verification of Conditionalities, Links to other Social Services
- Communication, Messaging & Awareness

Managing Payments

- Payments Methods & Frequency
- Audits, Oversight & Controls
- Greivances, Appeals

Monitoring & Evaluation

Links to other Social Services

Eligibility Determination
The Conditionalities
Part of CCTs
(“the big C”)
CONDITIONALITIES DIFFERENTIATE BETWEEN CCTs & UCTs

Deliver Cash

To Poor Families

Cash Transfer Part = Similar for UCTs & CCTs

“The Big C” Conditionalities In CCTs

With conditions for actions by beneficiaries
BUT CCTS ARE VERY DIVERSE
(SOME EXAMPLES OF CONDITIONALITIES)

Education
(Enrollment, School attendance)
* Most LAC countries
  * Macedonia, Romania, Turkey
  * Cambodia, Philippines
  * Pakistan
* Kenya, Tanzania, Ghana, Malawi, Congo, Togo, Senegal

Health Visits
(prenatal, vaccines, child growth)
* Brazil, Chile, Colombia, Ecuador, Honduras, Jamaica, Mexico, Panama, Peru
  * Kazakhstan, Turkey
  * The Philippines
  * Tanzania, Congo, Togo, Senegal

Participate in Workshops
* Colombia, Mexico, Panama
  * The Philippines
  * Pakistan WeT CCT
  * Mali, Niger, Senegal, Burkina Faso

Productive Activities, Labor (work)
* Brazil, Mexico, Ecuador
  * Kazakhstan
  * India, China
* Cameroon, Liberia, Tanzania, Ethiopia
  * Many OECD countries (workfare)
SOME EXAMPLES OF CONDITIONALITIES MENUS

**Tanzania CCT**

- **Children ages 7-15**
  - Enroll in school
  - 80% attendance

- **Children ages 0-5**
  - Visit health clinics 6 times per year

- **Elderly**
  - Visit health clinic once per year

**Philippines Pantawid CCT**

- **Children ages 3-5**
  - Enroll in daycare or preschool
  - 85% attendance

- **Children ages 6-14**
  - Enroll school
  - 85% attendance

**Mexico Oportunidades**

- **All Grantees**
  - Regular school attendance for all kids for 3rd to 12th grades

- **Grantees 7th-12th grade**
  - Finish high school before 22 years old to receive savings account benefit (jovenes con oportunidades)

- **All members of HH**
  - Visits to health clinics

- **All HH members > 15**
  - Participate in health & nutrition workshops

- **Elderly > 70**
  - Visits to health clinics every six months (proof of life)

**Brazil Bolsa Familia**

- **Children ages 6-15**
  - Enroll in school
  - 85% attendance

- **Children ages 6-14**
  - De-worming pills at least twice a year at school

**Family**

- Attend family development session at least once / month

**Pregnant Women**

- Pre-natal visits each trimester
- Delivery assisted by skilled health professional

**Brazil Bolsa Familia**

- **Children ages 0-7**
  - Vaccines + medical care

- **Pregnant/Lactating Women**
  - Nutritional monitoring, prenatal & post-natal checkups

**Grantees 7th-12th grade**

- Finish high school before 22 years old to receive savings account benefit (jovenes con oportunidades)

- **All members of HH**
  - Visits to health clinics

- **All HH members > 15**
  - Participate in health & nutrition workshops

- **Elderly > 70**
  - Visits to health clinics every six months (proof of life)
STRUCTURE OF BENEFITS VARIES A LOT

Tanzania CCT

- **Health Grants**
  - US$6 per child per month
  - (Conditional)
  - 6 times/year
  - (Conditional, ages 0-5)
  - US$12 per elderly
  - 6 times/year
  - (Conditional, age 60+)

- **Education Grants**
  - US$6 per child six times/year
  - (Conditional, ages 7-15)

Mexico Oportunidades

- **Nutrition & Health Grant**
  - US$13/HH/month
  - Amounts increase by grades
  - Higher for girls after 7th grade
  - (Conditional)

- **Education Grants**
  - US$10-63/child/month
  - (Conditional)

Philippines Pantawid

- **Health Grant**
  - US$11/HH/month
  - (Conditional)

- **Education Grants**
  - US$7 per child per month
  - Up to three children (max)
  - (Conditional)

Savings Accounts for Youth

- US$277 per youth
- Upon graduation
- From High School
  - (Conditional)
  - (plus other benefits)
**STRUCTURE OF BENEFITS VARIES A LOT**

**Brazil Bolsa Familia Example**

- **Variable Benefits for Teens**
  - US$16 each child 16-17 years old
  - Up to 2 variable benefits total (max)
  - (conditional – education)

- **Variable Benefits**
  - US$13 each child < 15 years, or P/L mother
  - Up to five variable benefits total (max)
  - (conditional – health & education)

- **New top up benefit**
  - Up to US$29 to bring each HH up to extreme poverty line
  - (unconditional)

- **Base Benefit (flat; for extreme poor)**
  - US$29 per household per month
  - (unconditional)

* = Added benefits in recent reforms

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Extreme Poor
Receive All types

Moderate Poor
Receive Only Variable Benefits

---

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"ACCOMPANYING MEASURES" IN CCTs ("Softer Conditionalities")

Accompanying Measures – Human capital
Examples: Mali, Niger, Burkina Faso, Pakistan & The Philippines (Family Development Sessions).

Accompanying Measures – Productive
Examples: Cameroun, Malawi

Participation in awareness seminars
On nutrition, family practices, health, sanitation; Nutrition packet

Participation in awareness seminars
On productive practices, training sessions, or community works
“With CCTs, conditionalities should be:”

Your answers:
- A. Announced but not monitored or enforced
- B. Monitored but not enforced
- C. Monitored and enforced with penalties on benefits (e.g., suspension of benefits)
SPECTRUM OF “SOFT” & “HARD” CONDITIONALITIES

“Soft”
- Encouraged Participation In Awareness Workshops
- Conditionalities Announced but Not monitored Or Enforced
- Human Capital Conditions Announced
  - Ecuador Bono,
  - Kenya OVC-CCT,
  - Malawi M’chinji
  - Ghana LEAP
  - Lesotho CGP
- Examples: Mali, Niger, Burkina Faso

“Hard”
- Conditionalities Monitored but Enforcement only After repeated Non-Compliance
- Productive CCT
  - Cameroon – Moral Contract with 10 actions (training, community works, human capital, etc.)
- Brazil Bolsa Familia, Pakistan WeT
- Mexico
  - Panama
  - El Salvador
  - Jamaica
  - Tanzania
  - The Philippines
DIVERSITY IN ENFORCEMENT & CONSEQUENCES FOR NON-COMPLIANCE

**Lesotho CGP**
- Beneficiaries instructed to “spend CCT on children”
- But no Enforcement
- Evidence suggests it worked*

**Brazil Bolsa Familia**
1. Warning (& social worker follow-up)
2. 30-day blockage with benefit accumulation
3. 60-day suspension with benefit accumulation
4. 60-day suspension with NO benefit accumulation
5. Termination of Benefits

**Philippines Pantawid**
- Temporary Suspension for that month
- (monitored in two month increments)

**Mexico Oportunidades**
- Temporary Suspension for that month
- 4-6* Termination of Benefits

* Ben Davis (2014)
* Instances of non-compliance
* “Continued non-compliance”
28 • 4x continuous
  • 6x total
Conditionalities can have different meanings in diverse contexts:

- **C = Communications.** Conditionalities are communicated but not enforced (e.g., “spend CT on your kids” or “come participate in workshop”)

- **C = “Citizen Rights.”** Conditionalities should help the extreme poor take up their citizen rights for education & health. E.g., : First instance of non-compliance in Bolsa Familia = signal for intervention or more “Care”

- **C = “Contract.”** Conditionalities serve as incentives for behavioral change. With the “contract,” benefits are suspended or terminated in case of non-compliance with conditionalities.
Operational Strategy – Mexico Example:

- Co-responsibilities are **communicated** to beneficiaries when accepted into program.
- Monthly **registration** of co-responsibilities and bimonthly **certification** of conditionalities.
- Only non-fulfillment of co-responsibilities is **reported**.
- **Errors** in certification process can be corrected.
- Cash transfers are estimated and disbursed only **after certification process is concluded**.
- **Clear roles** for actors involved: health, education, & staff of Oportunidades Program
MEXICO: CERTIFICATION OF CONDITIONALITIES - PAPER PROCESS

1. Capture information from Certification Formats
2. Printing of Certification format (400,000 formats)
3. State Health and Education Sectors
4. Co-responsabilities certification (filling in formats)
5. 115,000
6. Schools & Health units
7. 17,000

Oportunidades’ State Offices

State Health and Education Sectors

Co-responsabilities certification (filling in formats)
Beneficiaries fulfill co-responsibility.

Beneficiaries fulfill co-responsibility.

MEXICO: CERTIFICATION OF CONDITIONALITIES - PAPER PROCESS

Certification of Health Conditionalities: 80% paper, 20% electronic
Certification of Education Conditionalities: 95% for grades 3-9; 100% for grades 10-12
**MEXICO: CONSEQUENCES OF NON-COMPLIANCE (REVIEW)**

<table>
<thead>
<tr>
<th>Components</th>
<th>Degree of fulfillment</th>
<th>Suspension of benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nutrition Energy</td>
<td>Non fulfillment in current month</td>
<td>✤ Temporary suspension (in current month)</td>
</tr>
<tr>
<td></td>
<td>Non fulfillment in 4 consecutive months or 6 non continuous months</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>Non fulfillment in current month (4 or more non attendances)</td>
<td>✤ Suspension of benefits for indefinite time or definitely.</td>
</tr>
<tr>
<td></td>
<td>Non fulfillment of co-responsability (12 or more non attendances)</td>
<td></td>
</tr>
<tr>
<td>Elderly</td>
<td>Non fulfillment to programmed health appointment</td>
<td>✤ Drop out from registry for indefinite time or definitely.</td>
</tr>
</tbody>
</table>
“In my country (home or for work):”

Your answers:

A. “Any kind of cash transfers for the poor is politically unacceptable”

B. “Cash transfers would be politically acceptable, but it wouldn’t be acceptable to put conditions on them”

C. “CCTs would be more politically acceptable than UCTs”

D. “I don’t know about the political acceptability of UCTs or CCTs”
Conditionalities can have political appeal if they are perceived as:

- Rewarding positive social behaviors
- Helping the poor take up their “citizen rights” for education & health services
- Enhancing the “structural impacts” of cash transfers (“beyond cash”)
- Reducing “dependency” on cash
- Reducing the notion of just “giving handouts” to the poor (less “assistencialismo”)

Conditionalities could be politically unappealing if they are perceived as:

- Paying the poor for what they should be doing anyway (sending kids to school, seeking preventive health care)
- Punishing the poor
- Making requirements of the poor that are unreasonable – e.g., if “supply side” of education & health services isn’t adequate
Philosophical appeal for “social compact” along the political spectrum – but with nuanced “interpretations”

CCTs viewed as less “assistencialista” by both sides

“Left:”
Social debt to the poor
Structural impacts on poverty
Conditionalities as basic rights

“Right:”
Not so expensive (cost/GDP)
Not just a cash handout
Conditionalities as contracts

Broad political support for CCTs by parties along political spectrum in many countries in LAC & across changes in administration
Press debate suggests that conditionalities do matter for:
(a) Impacts
(b) Incentives
(c) Reducing “assistencialismo” (political role)

... Monitoring of Conditionalities Increased in Importance over time In the media debate

Impacts of CCTs (& UCTs)
“CCTs have had impacts on:

Your answers:

- A. Reducing poverty and inequality
- B. School enrollment and attendance
- C. Utilization of health services
- D. Reducing malnutrition
- E. All of the above
Among the most studied of all social programs
Hundreds of studies, including academic
Widespread media scrutiny
Promoting Social inclusion:
- Extensive coverage in many cases => bringing the poor into formal economy, “identity,” & use of services
- Good targeting (high share of benefits to poor)

Quantified impacts on Poverty & Inequality:
- Studies show that the Bolsa Familia Program reduced Brazil’s poverty by 8% and the severity of poverty by 22%
- Extreme poverty dropped by 12-17% among participants of Colombia’s Familias en Acción Program

Promoting Positive Economic Incentives:
- Evidence of reduction in child labor...
- ...but little impact on adult work effort
- Evidence from some countries that:
  - Families do save and invest a share of the benefits in productive assets (e.g., Mexico, 25%)
  - Stable income from small cash transfers can help protect consumption
PROVEN RESULTS: EDUCATION & HEALTH IMPACTS

- **International evidence of impacts on education:**
  - Higher school enrollment
  - More years of schooling
  - Some evidence of impacts on cognitive development among young children
  - Less evidence of impacts on learning (depends on improvements in quality of education)

- **International evidence of impacts on health & nutrition:**
  - More use of health services, especially among poorest
  - Some evidence of impacts on malnutrition (higher & more diverse food consumption; lower stunting & anemia in some countries)
  - Some evidence of lower morbidity & reduced child mortality (e.g., Brazil)
  - Some evidence of higher detection of breast cancer & diabetes
**Total costs of CCTs:**
- About **0.4%** of GDP for larger programs
- CCTs often replace more expensive, badly targeted programs (fiscal consolidation)
- Countries spend far more on regressive programs: e.g., 4% of GDP on deficits in pension systems – which largely benefit the rich

**Administrative costs:**
- Around **10-12%** for mature, large CCT programs
- **Start-up costs** can be high:
  - For example, in Mexico, administrative costs of beneficiary selection fell from 61% in first year (1997) to 3% in 2001.
UCTs ALSO HAVE IMPACTS, BUT IMPACTS OF CCTs CAN BE HIGHER

Malawi – Impact on girls enrollment

- Impact of CCT
- Impact of UCT

And higher post-program impact

Difference in enrollment with control group

- Treatment with CCTs
- Treatment with UCTs

Term 1 2008 | Term 2 2009 | Term 3 2010 | Post program 2010
Evolution of CCTs (& UCTs)
Cash Transfers should and do evolve:

- With institutional capacity (maturing)
- With changing characteristics of target group(s)
- With changing circumstances (e.g., in emergencies or crises)
- With economic development
- (With changing administrations....)

Evolution of cash transfers can take many paths, such as:

- Start with pilot => expand (UCTs or CCTs)
- UCTs => CCTs (introduce conditionalities at later phase)
- CCTs: “soft conditionalities” => “harder conditionalities” (enforced)
- CCTs => Platform for broader social policy:
  - Subsidies => CCTs
  - Fiscal consolidation
  - Consolidate programs
  - Enhance CCTs to link beneficiaries to broader social services & productive activities (“Umbrella social policy” with CCTs as platform)
- OJO! The Unified Registries are usually the “spinal cord” for these extensions
ENHANCE LINKAGES OF CCT TO SOCIAL & PRODUCTIVE SERVICES

* "Soft" conditionalities or accompanying measures / workshops

* Hard Conditionalities
  * Ensure effective access to services
  * Expand target groups (e.g., youth; 2ndary school)

* Second generation CCTs
  * Update menu of conditionalities
  * Link beneficiaries to social & productive services (employment, training, credit)
  * Case management & tailored "social contracts"
  * Graduation agenda

Mexico Prospera Video
REMEMBER: KEEP IT SIMPLE (AT LEAST AT OUTSET)

Complexity, Range of Functions
(as capacity develops, programs & technology evolve)

“zero” (or starting point)

Start Simple.

Develop Capacity For basic Functions

Expand Basic Functions; Monitor & enforce conditionalities

Expand Linkages to Complementary services
Integrate SP System

Process not linear...

time
THANK YOU!