



CCTs – they are one of the most celebrated and talked-about development innovation in recent years. In this Guide, learn more about CCTs from the continent that invented them.

CCT PROGRAMMES: AN OVERVIEW TO THE LATIN AMERICAN EXPERIENCE



SUMMARY

Born in Latin America, Conditional Cash Transfer (CCT) programmes target poor families, offering cash subsidies in exchange for a commitment by households to invest in the human capital of their children. Backed up by country examples, this guide provides an overview to CCT programmes in Latin America, including their history, objectives and use, evidence of their impact, and finally, the main lessons coming out of Latin America that can be useful for policymakers considering implementing CCTs in their own countries.

ADDRESSING A KEY DEVELOPMENT CHALLENGE: THE SELF-PERPETUATING NATURE OF POVERTY

In contexts marked by poverty, limited access to liquid assets prevents families from investing in their children's health and education, even though without such investments, children have difficulty escaping their parents' poverty, making poverty often transmitted across generations.

Historically in Latin America, health and education have been the responsibility of the state. However, after a century of public policies offering free access to these services, poverty is still widespread. One reason is that poor families face opportunity costs in investing in the education and health of their children. For instance, households forego income when their children are not working in their agricultural plot, in the case of rural families, or in the streets in the case of urban families. This prevents many households from sending their children to school, even when attendance is free.

KEY LESSONS LEARNED

Although cash transfers help families confront short-term poverty, it is the establishment of conditionalities that motivate human capital investments - CCTs' principal innovation - that can help beneficiary households escape long-term poverty.

The Latin American experience suggests that it is possible and indeed necessary to adapt the programmes to a country's particular context in order to be successful.

Including rigorous impact evaluations as part of CCT implementation is an effective way to assess program effectiveness, make improvements and promote CCTs worldwide.



It is from this assessment of opportunity costs in the Latin American context that CCTs were born. Since shortcomings in access to health services and education are not unique to Latin America, but rather widespread in most developing countries,

the use of CCTs has expanded, first in South Asia, and more recently in some African countries. Rigorous evidence of CCTs' effectiveness from quantitative impact evaluations has also influenced countries to opt for CCT programs.

CCT PROGRAMMES WORLDWIDE (2010)

| REGION | COUNTRIES AND CCT PROGRAMMES |
|------------------------------------|--|
| Sub-Saharan Africa | <ul style="list-style-type: none"> • Burkina Faso: Orphans and Vulnerable Children • Kenya: Cash Transfer for Orphans and Vulnerable Children • Malawi: a girls' schooling program (no Name) • Nigeria: Care of the Poor |
| South Asia | <ul style="list-style-type: none"> • Bangladesh: Female Secondary School Assistance Program; Primary Education Stipend Program; Reaching Out-of-School Children • India: Apni Beti Apna Dhan • Pakistan: Child Support Program; Participation in Education through Innovative Scheme for the Excluded Vulnerable; Punjab Education Sector Reform Program/Punjab Female School Stipend Program |
| Latin America and Caribbean | <ul style="list-style-type: none"> • Argentina: Programa Familias • Bolivia: Juancito Pinto • Brazil: Bolsa Alimentação; Bolsa Escola; Bolsa Família; Programa de Eradicación do Trabalho Infantil • Chile: Chile Solidario; Subsidio Unitario Familiar • Colombia: Familias en Acción; Subsidio Condicionado a la Asistencia Escolar–Bogotá • Dominican Republic: Solidaridad; Tarjeta de Asistencia Escolar • Ecuador: Bono de Desarrollo Humano • El Salvador: Red Solidaria • Guatemala: Mi Familia Progresá • Honduras: Programa de Asignación Familiar • Jamaica: Program of Advancement through Health and Education • Mexico: Oportunidades (formerly PROGRESA) • Nicaragua: Atención a Crisis; Red de Protección Social • Panama: Red de Oportunidades • Paraguay: Tekoporã/PROPAIS II • Peru: Juntos |

Own Elaboration.

Sources:

Fiszbein, A., Schady, N. 2009. *Conditional Cash Transfers: Reducing Present and Future Poverty*. World Bank, Washington D.C

IBM Research. [Visualisation: Conditional Cash Transfers Programs from 1981 and Active Ones](#). Online publication.

Son, H. H. 2008. *Conditional Cash Transfer Programs: An Effective Tool for Poverty Alleviation?* ERD Policy Brief Series No. 51. Asian Development Bank, Manila.

CCTS: THE LATIN AMERICAN EXPERIENCE

History of CCTs from the Latin American Pioneer

CCTs were first designed and implemented in Latin America. Mexico's *Progresá* (Progress) programme was the first CCT

experience. Launched in 1997, *Progresá* had two primary goals: to improve child education and healthcare and to transfer resources to the country's poor. It replaced food subsidy and other poverty programmes that proved costly and rather ineffective in alleviating poverty.





Source: [Discovering Society Website](#).

Since the programme was phased in using a strategy of randomly assigning eligible communities over a three year period, by 1999 it was possible to evaluate its impact using scientific, quantitative methods. The first evaluation found that *Progresa* produced significant increases in school enrolments, especially in middle school, declines in child malnutrition and illness, and reductions in poverty. Indeed, what made Mexico's programme iconic was the successive waves of data collected to evaluate its impact, the public availability of this data, and the resulting research and analysis generated by the publication of such information. Since then, the programme has been expanded and fine-tuned, weathering several political transitions. In 2002, *Progresa* changed its name to *Oportunidades* (Opportunities).

After the successful Mexican experience, other Latin American countries started to develop their own CCT programmes. One of the countries that most closely followed the *Progresa* model is Colombia, whose *Familias en Acción* (Families in Action) programme shares *Progresa's* goals of human capital development and poverty alleviation. Since its creation, the programme has been shown to increase families' basic consumption by more than 15%. Other programme achievements include reducing child malnutrition and child labour, and increasing school attendance, especially among secondary school students.

Other CCTs in the region have chosen to prioritise other goals over human capital development. One of these programmes is Brazil's *Bolsa Familia* (Family Allowance),

the largest conditional cash transfer programme in terms of beneficiaries, serving over 11 million people (*Oportunidades* reaches just over 5 million). During President Lula da Silva's government, all social programmes were consolidated into *Bolsa Familia*. The programme was also placed under the supervision of the national government, thus bypassing often corrupt local authorities.

Like *Oportunidades*, *Bolsa Familia* provides financial aid based on meeting certain goals for the household's children; but unlike *Oportunidades*, its primary objective is transferring resources to the poor. We can say that Brazil's use of CCTs is also exemplary, but differs from the Mexican prototype in its slightly greater emphasis on redistribution than on human capital formation. Other programmes, such as Argentina's *Programa Familias* (Families Programme), also put the emphasis on current poverty alleviation and income distribution by providing cash transfers to families with children under 18 whose head of household is currently unemployed and does not receive unemployment benefits.

A third brand of programme, of which Chile *Solidario* is a good example, works to fill another niche. It is targeted solely at extremely poor people, who in the case of Chile make up just 5% of the country's population, meaning it is not a large-scale approach for tackling wide-spread poverty. It also differs from the previous two approaches in that it provides more tailored support through specialised services provided to beneficiaries by social workers. The key goal is to provide the extremely poor with the psychosocial skills to escape poverty.

¹These different conditionalities are described further in the [ELLA Brief: Designing an Effective CCT](#).

²To learn more about Latin American CCTs' monitoring and evaluation systems, read the [ELLA Brief: Learning from CCT Evaluations](#).



How Does a CCT Programme Work?

CCTs use an integrated approach to poverty reduction, balancing short-term goals of social assistance with long-term goals of human capital formation. The idea behind it is rather simple – provide cash payments to poor households conditional on engaging in socially-desirable behaviours. In the Latin American cases, to increase the human capital of beneficiaries, payments are made conditional on behaviours like school attendance, visits to health clinics or regular immunisations.¹ The combination of cash and conditionality allows CCT programs to boost household consumption in the short-term, while reducing the costs of investing in human capital, thus promoting healthier, more educated, and, consequently, more productive future generations, thereby blocking the intergenerational transmission of poverty.

Impact and Results

The first generation of conditional cash transfers in Latin America benefitted from a series of rigorous impact evaluations.² They have shown good results regarding accumulation of human capital, and reductions in poverty and inequality.

Regarding health and education services, evidence demonstrates that CCTs are effective in increasing both children's school enrolment and families' use of health services. Evidence has also shown positive impacts on final outcomes like improved school performance and nutrition levels, though to a lesser degree. More information on health and education impacts is found in the [ELLA Brief: Improving Health and Education Through CCTs](#).

Regarding consumption and poverty, CCTs have had substantial effects in the short-run, especially in those cases of relatively high cash transfer amounts. Evaluations show reductions in child labour, even if this seems to have only a modest impact on income and consumption. Moreover, some CCTs seem to increase productive investment, enhancing the impact on poverty. However, it is unknown whether those positive impacts are likely to remain, and to what degree, once households are no longer eligible for the CCT or the

programme ceases to exist.

A recent study has also shown positive effects of CCTs on inequality. Even though the cash transfer as a share of total income was very small, less than 1%, it was shown to account for 21% of the reduction in inequality in Brazil and Mexico, and 15% in Chile.³ Again, though, more research is needed on long-term impacts.

New Uses of CCTs

Recent years have seen the emergence of new CCT programmes that fall outside of the traditional goals of enhancing children's human capital development. For example, Bolivia's [Juana Azurduy programme](#) targets maternal mortality directly through transfers directed to pregnant women. The transfer is conditional on the mother attending a state health centre for four prenatal check-ups, receiving medical attention during childbirth and attending 12 postnatal check-ups for the mother and baby until the child is two years old. Programmes in regions such as Asia and Africa aim to reduce through conditional transfers other pressing local problems such as teenage pregnancy or the transmission of sexual diseases like AIDS.⁴ Programmes focused on other goals have also been created in Latin America.

Another alternative goal for conditional cash transfer programmes is preventing environmental degradation. Payments for environmental outcomes or services compensate natural resource managers, usually poor land owners, conditional on providing environmental services or engaging in certain land-use practices. In Latin America, different [Payments for Environmental Services \(PES\) projects](#) have been implemented. Bolivia, for example, currently runs a programme which provides cash transfers to farmers conditional on protecting 2774 hectares of watershed containing the threatened habitat of 11 species of migratory birds in Los Negros Valley. Along similar lines, the Natural Areas Promotion Program ([PROFONAMPE](#)) in Peru provides cash transfers to poor landowners in exchange for looking after protected forest areas.

³ Zepeda, H. et al. 2009. [Conditional Cash Transfers in Brazil, Chile, and Mexico: Impacts Upon Inequality](#). *Estudios Económicos, número extraordinario*, 2009 207-22.

⁴ Medji, C., de Walque, D. 2008. [Potential Applications of Conditional Cash Transfers for Prevention of Sexually Transmitted Infections and HIV in Sub-Saharan Africa](#). Policy Research Working Paper 4673. World Bank, Washington, DC.

⁵ Asquith, N.M., Vargas, M.T. and Wunder, S. 2008. Selling two environmental services: In-kind payments for bird habitat and watershed protection in Los Negros, Bolivia. *Ecological Economics* 65 (4): 675-684.

CONTEXTUAL FACTORS

ENABLING LATIN AMERICA'S SUCCESS WITH CCTs



What are some of the contextual and enabling factors underpinning CCTs' success in the region?

The persistence of large gaps in access to basic social services such as health and education, and dissatisfaction with supply-oriented policies, prompted policy makers to look for alternative ways to fight both current and future poverty. Concurrently, the last few decades in Latin America has seen the emergence of an increasing awareness of the importance of human capital investment. Both of these factors were key for the emergence of CCTs. The availability of hard evidence on the effectiveness of such interventions convinced many countries about the potential of this new line of social policies.

Most Latin American CCTs programmes benefited from the new environment of macroeconomic stability and economic growth. The new appreciation for fiscal equilibrium led to a greater focus on government effectiveness, while financial strength

allowed for increased investments in social infrastructure, especially in education and health. Importantly, enhanced infrastructure generated enough supply to meet the additional demand that CCTs created.

The success of CCTs in Latin America is also due in part to countries' strong information systems. In particular, adequate household data has been determinant in identifying beneficiaries and implementing targeting mechanisms to ensure high coverage and minimize the number of non-poor who benefit from the programme.

Also, attracting the skills necessary for the intellectually demanding tasks of designing, implementing and monitoring has been key. This has been part of institutional strengthening processes that seem to be pre-requisites for securing sound programme management.

LESSONS LEARNED

1 Establishing conditionalities – CCTs' principal innovation – does work to motivate human capital investments.

Though CCTs can be a tool to reduce short-term poverty, a CCT programme may be considered successful when it achieves the right balance between this short-term goal and the long-term objective of building human capital. This is the logic behind establishing conditionalities such as school attendance, regular health check-ups or immunisations. This balance allows CCT programmes to boost household consumption in the short-term, while helping to reduce families' costs of investing

in human capital, thus preventing the intergenerational transmission of poverty.

2 The Latin American experience suggests that it is both possible and necessary to adapt CCT programmes to each country's context in order to be successful.

Local context should dictate which problems should be addressed and how CCT design should address them. Experiences show that adapting CCT programmes to different contexts is feasible. As we have seen, Latin American countries have adapted the basics of the CCT framework, while emphasising different aspects that reflect their

own priorities in terms of social policies.

3 Impact evaluations have shown the effectiveness of the intervention in key human capital dimensions.

Evaluations are key to understanding the value of CCT programmes, and justifying their implementation. They also can identify challenges to fine-tune the programme improvement during implementation. In Latin America, evidence shows that CCTs have been successful in achieving their goals, such as enabling children to remain at school, improve their nutritional level and enjoy greater access to health services.

CONCLUSION

Though not exempt from criticism, CCTs have become one of the most popular social protection programmes in developing countries. They have been called an 'innovative and increasingly popular channel for the delivery of social services' and one of the 'best practices' in social protection in Latin America.⁶ Indeed, the instruments are simple enough to be applied to a wide range of social problems, not all of which have yet been tried. Potential new areas include healthy behaviours among youth, environmental degradation and climate change mitigation.

Though not a substitute for employment, CCT programmes with clear and context-appropriate objectives may substantially modify poor households' revenues, and perhaps more importantly, their behaviour. In the short-run they offer economic support in the form of supplementary income, making them an important feature of social policy. In the long-run, the human capital increases they induce will likely play a key role in impacting future poverty.

KNOWLEDGE PARTNERS

This is a sample of some of the key organisations involved in researching, assessing and implementing CCTs. For information about additional organisations working on CCTs, read the [ELLA Spotlight on Organisations](#).

[Social Protection and Cash Transfers Programme of the International Policy Centre For Inclusive Growth \(IPC-IG\)](#)

The IPG-IG Social Protection and Cash Transfers Programme provides readers with valuable and updated research and impact evaluations on the subject.

[Social Protection Programme of the International Food Policy Research Institute \(IFPRI\)](#)

The Social Protection Programme focuses exclusively on evaluating the impact of social protection policies, from safety nets and food assistance, to livelihoods work, and including a large portfolio of research on CCTs.

[The Social Protection Programme of The Overseas Development Institute \(ODI\)](#)

This ODI Programme offers a comprehensive and easy-to-search collection of research, projects, and cases studies, with a large proportion directly addressing CCT programmes.

[Social Protection Unit of the World Bank](#)

This area of the World Bank Group focuses on social policies and assistance programmes for vulnerable groups, and includes a strong focus on CCTs.

[The United Nations Development Programme \(UNDP\) South-South Learning on Social Protection](#)

This UNDP programme aims to make available information about the variety of public policies on social protection (SP), including CCTs, implemented in developing countries, with a special focus on Latin America, Africa and Asia.

RECOMMENDED READING

Here is a selection of some of the key publications related to CCTs. For additional information about more important works, read the [ELLA Spotlight on Publications](#).

Aber, L., Rawling, L. 2011. [North-South Knowledge Sharing on Incentive-based Conditional Cash Transfer Programs](#). SP Discussion Paper N°1101. World Bank, Washington, D.C.

Alpizar, F., Persson, U. 2011. [Conditional Cash Transfers and Payments for Environmental Service: A Conceptual Framework for Explaining and Judging Differences in Outcomes](#). Environment for Development Discussion Paper Series, Efd DP 11-06.

Dammert, A. 2008. [Heterogeneous Impacts of Conditional Cash Transfers: Evidence from Nicaragua](#). Discussion Paper N° 3653. Carleton University and IZA, Ottawa.

⁶ Rawlings, L. 2005. Evaluating the Impact of Conditional Cash Transfer Programs. *World Bank Research Observer*. 20(1): 29-55.



Fiszbein, A., Schady, N. 2009. [Conditional Cash Transfers: Reducing Present and Future Poverty](#). World Bank, Washington, DC.

Guerreiro Osorio, R. et al. 2009. [Conditional Cash Transfers in Brazil, Chile and Mexico: Impacts Upon Inequalities](#). Estudios Económicos 207-224.

Hoddinott, J., Basset, L. 2008. [Conditional Cash Transfer Programs and Nutrition in Latin America: Assessment of Impacts and Strategies for Improvement](#). Food and Agriculture Organization.

Holmes, R. et al. 2010. [Cash Transfers and Gendered Risks and Vulnerabilities: Lessons from Latin America](#). IPC Policy Research Brief N° 16. International Policy Centre, Brasilia.

Valencia Lomelí, E. 2008. [Conditional Cash Transfers as Social Policy in Latin America: An Assessment of Their Contributions and Limitations](#). Annual Review of Sociology 34:475-9.

LEARN MORE FROM THE ELLA BRIEFS

These four ELLA Briefs focus in on the design, implementation and evaluation of CCTs, as well as on their most common use in Latin America – improving health and education outcomes.

[Designing an Effective CCT](#)

Interesting and innovative design is the hallmark of CCTs, and Latin American countries have used creative and diverse design elements to achieve success.

[Implementing CCTs: Lessons from Latin America](#)

How to achieve the strong education and health impacts of CCTs? The answer probably lies in implementation. So what should countries consider as they plan their implementation strategy?

[Learning from CCT Evaluations](#)

CCTs were one of the first social programmes to employ rigorous, quantitative evaluation techniques. Now well-known, their evaluations assess impact, identify design and implementation improvements and help promote CCT uptake around the world.

[Improving Health and Education through CCTs](#)

Quantitative evaluations show that Latin America’s CCTs have had concrete effects on health and education, with documented increases by significant percentages in school attendance and access to health services across a variety of Latin American countries.

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