



# Policy Brief 2

February 2006

Inter-Regional Inequality Facility  
sharing ideas and policies across Africa, Asia and Latin America

## Familias en Acción

## Colombia

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### Objectives

Towards the end of the 1990s, Colombia was affected by a series of macroeconomic shocks which had particularly adverse impacts on poor households. The percentage of individuals falling below the national poverty line was rising, while levels of school attendance and nutritional intake among poorer households were declining. *Familias en Acción* was launched in 2000, as part of the Government's policy to mitigate the adverse effects of those shocks on the country's poor. The overall aims of the programme were:

- to complement the income of extremely poor families with young children;
- to reduce non-attendance and drop-out rates among primary and high-school students;
- to increase health care provision to children younger than 7 years old;
- to improve health care practices in nutrition and early educational development.

### Details

*Familias en Acción* is a conditional cash transfer programme. It provides grants of between US\$5 and US\$17 per month to poor households with children, on the condition that children aged less than 7 attend regular medical check-ups, and that children aged between 7 and 18 attend no less than 80% of school classes during the school year. It currently reaches approximately 400,000 households (5% of the population) in 700 municipalities (out of a total of 1,060).

The total annual budget for *Familias en Acción* was US\$95 million in 2004, of which US\$15 million (15% of the total) went on administration costs, and the remainder (85% of the total) was transferred directly to households. To date, the programme has been funded almost entirely from credit resources provided by the World Bank and the Inter-American Development Bank. By 2006, the Government intends to reach a goal of 500,000 beneficiary households, with increasing national budget resources being used.

### Lessons Learned

*Familias en Acción* is regarded as the main social policy instrument of the current Government Administration. Both the Government and external observers believe that the programme is effective, that it is reaching the poorest families in the country, that its operation is efficient, and that the handling of cash transfers is transparent. It is no longer regarded as an emergency response to a short-term crisis, but instead an answer to more structural poverty problems.

Factors contributing to its success include domestic political support, a decentralised institutional structure, gradual implementation, a credible beneficiary selection system, and strong monitoring and evaluation. Challenges remain, however, in terms of increasing the proportion of eligible families participating in the programme in each municipality, extending the proportion of municipalities covered by the programme, and in ensuring long-term financing for the programme out of domestic resources.

## Background

*Familias en Acción* had its origins in the series of adverse macroeconomic shocks which affected Colombia towards the end of the 1990s. There was a growing recognition that the shocks, and the adjustment policies associated with them, were having particularly adverse impacts on poor families. Between 1997 and 1999, it was estimated that the percentage of individuals who fell below the national poverty line increased from 50% to 65%. There was also evidence that school attendance and nutritional intake among poorer households had declined.

In this context, the Government launched the *Red de Apoyo Social* (Social Support Network). The aim of the network was to mitigate the adverse effects of the shocks and of adjustment policies on the poor. It had three components: employment generation (public works) programmes, work training for the young, and a conditional cash transfer programme. It was financed by the World Bank, the Inter-American Development Bank, a grant from the United States of America, and the Government of Colombia's own resources.

The conditional cash transfer programme (CCT) became known as *Familias en Acción*. As with other similar programmes in the region, it involves the targeted delivery of cash transfers, conditioned to school attendance and use of basic health care.

## Details

The *Familias en Acción* Programme was introduced in December 2000. It was originally designed to cover 350 of the poorest municipalities in the country, but was subsequently expanded to cover 631 municipalities, out of a total of 1,060. It was introduced in three stages: first, a pilot stage applied to 22 municipalities between December 2000 and March 2001; second, an initial expansion to 306 municipalities between July and November 2001; and third, a second expansion stage to include a further 303 municipalities between February and March 2002.

*Familias en Acción* provides two types of grants (Table 1). The first is a health grant, which is for families with children younger than seven years old. The amount of the grant is the equivalent of US\$17 per month, which is the same whether there are one or more children younger than seven in the household. The second grant is an education grant, which is for families with children between 7 and 18 years old. The amount of this grant varies according to the

number and age of children: the equivalent of US\$5 per month for every child attending primary school, and the equivalent of US\$10 per month for every child attending secondary school.

Eligibility for each grant is determined by the System for Identifying and Selecting Beneficiaries (SISBEN), which the Government of Colombia has been using since 1993. This system divides households into categories, based on their estimated level of income. (Household income is estimated on the basis of a household's characteristics – e.g. type of dwelling, assets, education of household head – and an econometric model developed using detailed household survey data). To be eligible for either grant, households must belong to the lowest of these categories, SISBEN level one. Roughly speaking, this includes the poorest fifth (or 20%) of households in the country. At present, households are automatically graduated out of the programme after five years. However, the authorities are planning a system by which families who remain in extreme poverty can continue in the programme through a recertification process.

The receipt of each grant is subject to conditions. The health grant is conditional on the participation of children in regular medical check-ups, according to the rules set forth by the Ministry of Health. The grant is suspended if one or more children below the age of seven have not complied with the condition. The education grant is conditional on children being enrolled in primary or secondary school, and attending no less than 80% of classes during the school year.

*Familias en Acción* was originally designed to reach 340,000 households, corresponding to approximately 4.6% of the population. The total annual budget was estimated to be US\$88 million, of which US\$5 million (6% of the total) would go towards operational costs, and the remainder (94% of the total) would be transferred directly to households. To date, the programme has been funded almost entirely from credit resources provided by the World Bank and the Inter-American Development Bank (IADB). The current Government Administration has transferred resources to *Familias en Acción* from other components of the RAS, and requested a credit extension from the World Bank and IADB.

## Implementation

Implementation of *Familias en Acción* includes operational units at the national, departmental and municipal levels. At the national level, the programme is managed and implemented by a National

Table 1 Grants provided by *Familias en Acción*

Grant	Target group	Amount	Conditionality
Health	Families with children aged 0–6	US\$ 17 per month	Compliance with growth and development control appointments of the children set by health authorities
Education	Families with children 7–18	US\$5 per month per child in primary school (2nd to 5th grade)	Attendance of at least 80% of classes during the school year
		US\$10 per month per child in secondary school (6th to 11th grade)	Attendance of at least 80% of classes during the school year

Coordinating Unit (UCN), which was set up specifically for the purpose. The UCN operates on its own, and has approximately 30 officials. The basic staffing pattern includes a General Programme Coordinator assisted by five supporting offices: Operations, Training, Planning and Monitoring & Evaluation, Information System and Claims.

Management at the regional level is provided by Regional Coordinating Units (UCRs), located within the departmental offices of the Colombian Social Welfare Institute (ICBF). The ICBF is the organisation responsible for those welfare programmes in Colombia prior to *Familias en Acción*. The 30 UCRs have a staff of approximately 150. At the municipal level, implementation is carried out by the municipal governments, which have created Municipal Liaison Offices (EMs). The verification of the conditionalities associated with the programme has been outsourced to a private firm. (*Familias en Acción* provides the only example of this being done.)”

“The municipalities covered by *Familias en Acción* are those where no other significant social programmes are being implemented. They are generally small (fewer than 100,000 inhabitants) and rural. They must also have at least one banking agency, to avoid the risk of making cash payments outside the financial system, and be able to provide sufficient health and education services so as to absorb the additional demand generated by the programme. Unfortunately, many of the municipalities excluded from the programme on these grounds are among the poorest, and most in need of the programme.”

Evaluation and monitoring of the programme’s results, efficiency and operational effectiveness is the responsibility of the UCN. To this end, the programme has envisaged two types of monitoring: an internal exercise and an external exercise known as ‘spot checks’. The National Planning Department (DNP) – the organisation in Government responsible for policy design – is also responsible for carrying out, independently, an external impact assessment on the programme, jointly with the UCN.

## Impact

In 2004, the total cost of the programme (including costs incurred by the municipalities) was US\$95 million, of which US\$15 million (15% of the total) was taken up by administration costs, and the remainder (85% of the total) was transferred directly to households. In terms of coverage, *Familias en Acción* quickly reached its target of covering 340,000 households (by 2004). Today (in 2005) it covers approximately 400,000 households, in 700 municipalities. It is estimated that this amounts to around half of the total number of families eligible for grants in these municipalities.

The initial impact assessment was performed in 2004. The overall conclusion was that the programme was effective and had rendered positive results. Households participating in the programme had incremented food intake and availability of goods by 15% as compared to 2002, with an additional intake of proteins, purchase of clothes and shoes for children, and increased expenditure on education. No incremental expenditure was detected on the expense of goods for use by adults such as

alcohol, cigarettes or clothing. Positive effects were also observed regarding growth patterns for rural children less than two years old, the weight of urban children, and the proportion of rural children under four years old who were affected by diarrheic diseases (IFS-Econometría S.A., 2004). Positive impacts were also identified in regard to school attendance, particularly among children between 12 and 17 years old.

In terms of operational efficiency, the most recent spot-check (September 2004) suggested that the programme still needs adjustments. Rotation or changes to the EMs generate discontinuity in the administrative running of the local procedures. In regard to payments however, the large majority of cases suggested little problem with the flow of resources between the programme, banking institutions and beneficiary households.

Despite the benefits of the programme, there are clearly a large number of poor households in the country not receiving grants. In the municipalities which it covers, the estimated amount of ‘type 1’ targeting error is around 50%, which is quite high. Part of the problem is that there has been only one enrolment process, carried out during 2002. (The only new enrolment process carried out in 2005 was in the 40 additional municipalities included in the programme’s coverage). Many families did not enrol at that time, because they were not registered under SISBEN. However, rather than updating the SISBEN information in order to ensure higher enrolment of eligible families within each municipality, the government instead increased the number of eligible municipalities until the overall target number of households (340,000) to be covered was reached. This decision was due to political pressure to reach the target before the Pastrana Government Administration ended.

## Factors contributing to success

Currently, *Familias en Acción* is regarded as the main and most significant social policy instrument of the Uribe Government Administration. Both the Government and external observers believe the programme is effective, that it is reaching the poorest families in the country, that its operation is efficient, and that the handling of cash transfers is transparent. A number of factors can be identified which have contributed to this success.

### Political support

Two factors were particularly important in convincing policy-makers of the benefits to be derived from *Familias en Acción*. First, the World Bank and the IADB organised technical visits for Colombian officials in order to learn about the experience of the ‘Oportunidades’ CCT programme in Mexico. Second, the findings arising from initial impact assessments of *Familias en Acción* were very good, and convinced the authorities that the programme should be continued and expanded. Once policy-makers were in agreement about the programme’s benefits, implementation surged.

### Gradual implementation

Notwithstanding the urgency that was required, the Government of Colombia assumed an incremental implementation strategy. Implementation began with a pilot project, followed by an assessment, operational adjustments and only then extension to the majority of municipalities. The first impact evaluation, after having prepared the baseline during 2002, was performed in 2004

and the general conclusion arrived at was that the programme was effective and that it has brought forth positive results.

## Credibility for SISBEN

The success which the programme has attained is also based on the credibility that the SISBEN has on the part of beneficiaries. All segments of the Colombian society accept the use of SISBEN as the sole system eligible to select poor families in a transparent manner.

## Detailed operational design

The DNP, with the support of international consultants, worked on a design proposal that was reviewed and evaluated by Government officials and representatives from the World Bank and the IADB, and subsequently turned into a detailed Operational Manual. Upon completion of the design, a pilot stage was implemented to test the instruments that had been developed, and an operational assessment was contracted out, which in this case was performed by a group of researchers who belonged to a prestigious Colombian university.

## Operational and financial independence

Operational and financial flexibility of the operation was enhanced through its being part of the *Red de Apoyo Social* (located within the President's Office). This meant it was not barred by the inflexible procedures that are found in public institutions; appropriate, technically trained personnel could be recruited; and the outsourcing of services was easily accomplished, including operational logistics in verifying compliance with conditions and paying benefits.

## External and independent evaluation

Finally, a solid and independent evaluation and monitoring system was implemented. A comprehensive impact assessment was engaged, which was awarded to an international consortium of consultants. Likewise, the World Bank and IADB demanded implementation of an operational evaluation system referred to as the 'spot-checks'.

## Lessons learned

The experience of *Familias en Acción* suggests some wider lessons for the design and implementation of CCT programmes in other countries and regions, in the areas of operational design, administrative costs, institutional support and financing.

## Operational design

CCT programmes involve complex logistic processes, so a good design is key to its success. They cannot be properly implemented if no solid and appropriate information system is in place.

## Administrative costs

Authorities must be aware that CCT programmes tend to involve high administrative costs during the initial years when the implementation and expansion process is underway. If sufficient resources are not channelled – in the region of 10% of the cash transfer amounts during the first two years, and 5% in subsequent years – there is a high risk of inappropriate procedures and inefficient and incomplete processes.

## Institutional support

Ideally, CCT programmes should be anchored in an existing government institution with offices and personnel at the regional and municipal level. If this is not possible, the programme must seek the support from local governments for their operation. In small countries, anchoring the programme with a national institution having a presence at the regional and municipal levels could be arranged for. However, in large countries, then operation would prove very difficult without the assistance of the local government.

## Financing

The largest risk faced by *Familias en Acción* is financial sustainability, given the fact that nearly 100% of it has been financed with external credit resources. Until late 2006, the programme's financing is guaranteed, but after that the picture is unclear. It would be difficult for the Government to finance the programme entirely from national budget resources. The annual revenue required will be in the region of US\$140 million, assuming the target of 500,000 beneficiary families is reached. Most likely, the next Government, to be elected in 2006, will need to negotiate another credit from multilateral sources, or else reduce programme coverage. Ideally however, programmes of this sort would be financed largely out of national budget resources, with only a small component of external financing.

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This Policy Brief has been produced by the Secretariat of the Inter-Regional Inequality Facility at the Overseas Development Institute, London. Initial sponsorship for the Facility has been provided by the UK Department for International Development.



The views in the paper are those of the author(s) and do not represent the official position of the institutions participating in the Inter-Regional Inequality Facility.