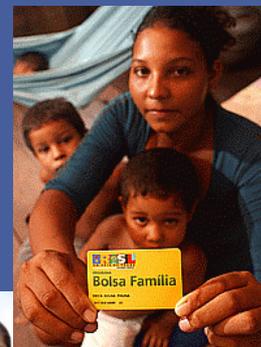


# CONDITIONAL CASH TRANSFERS (CCTs)

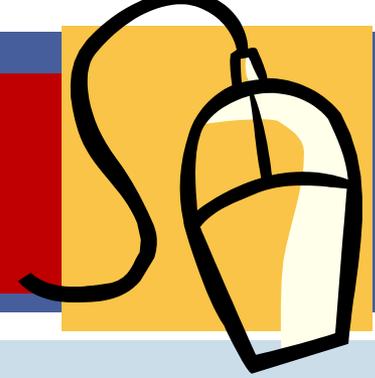
Kathy Lindert,  
World Bank

Social Safety  
Net Core  
Course

December  
2014



# CLICKER QUESTION



- **“The country that I work on:**

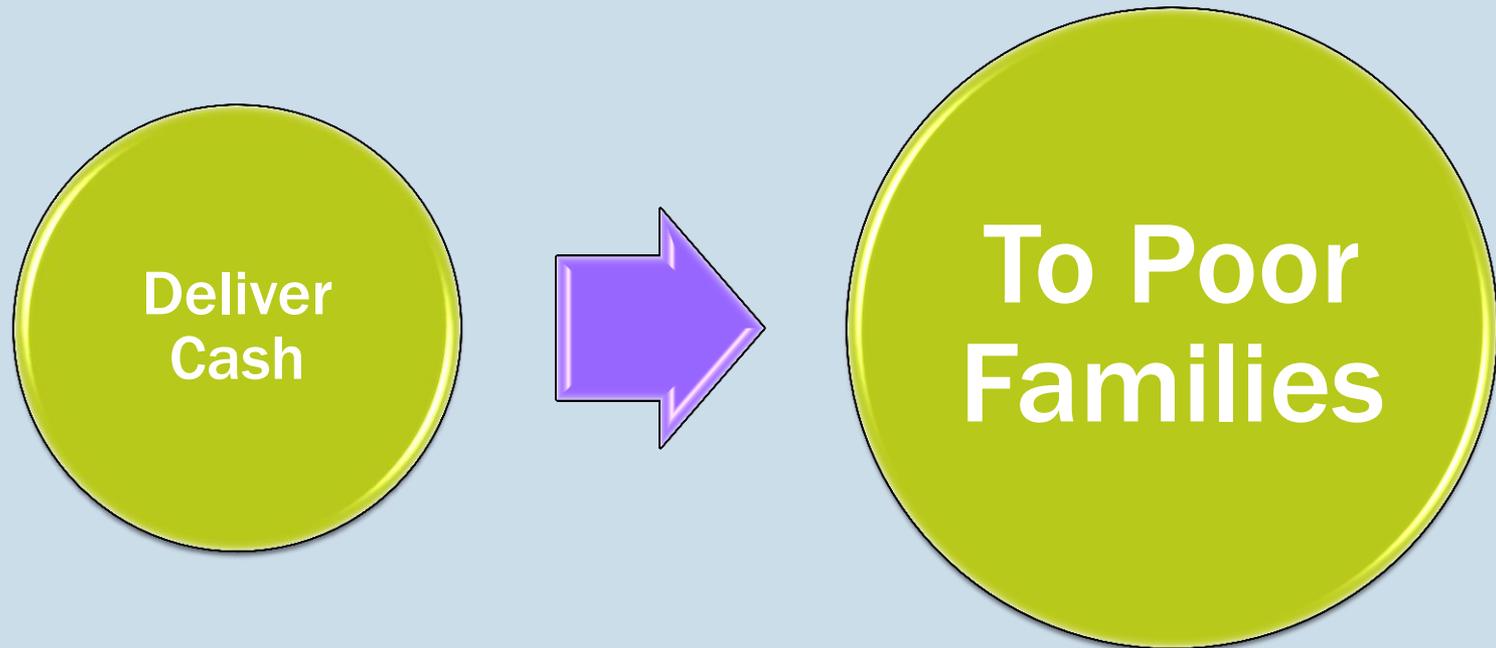
Your answers:

- 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 Conditionality
- **Impacts** of CCTs (and UCTs)
- The **Evolution** of UCTs & CCTs

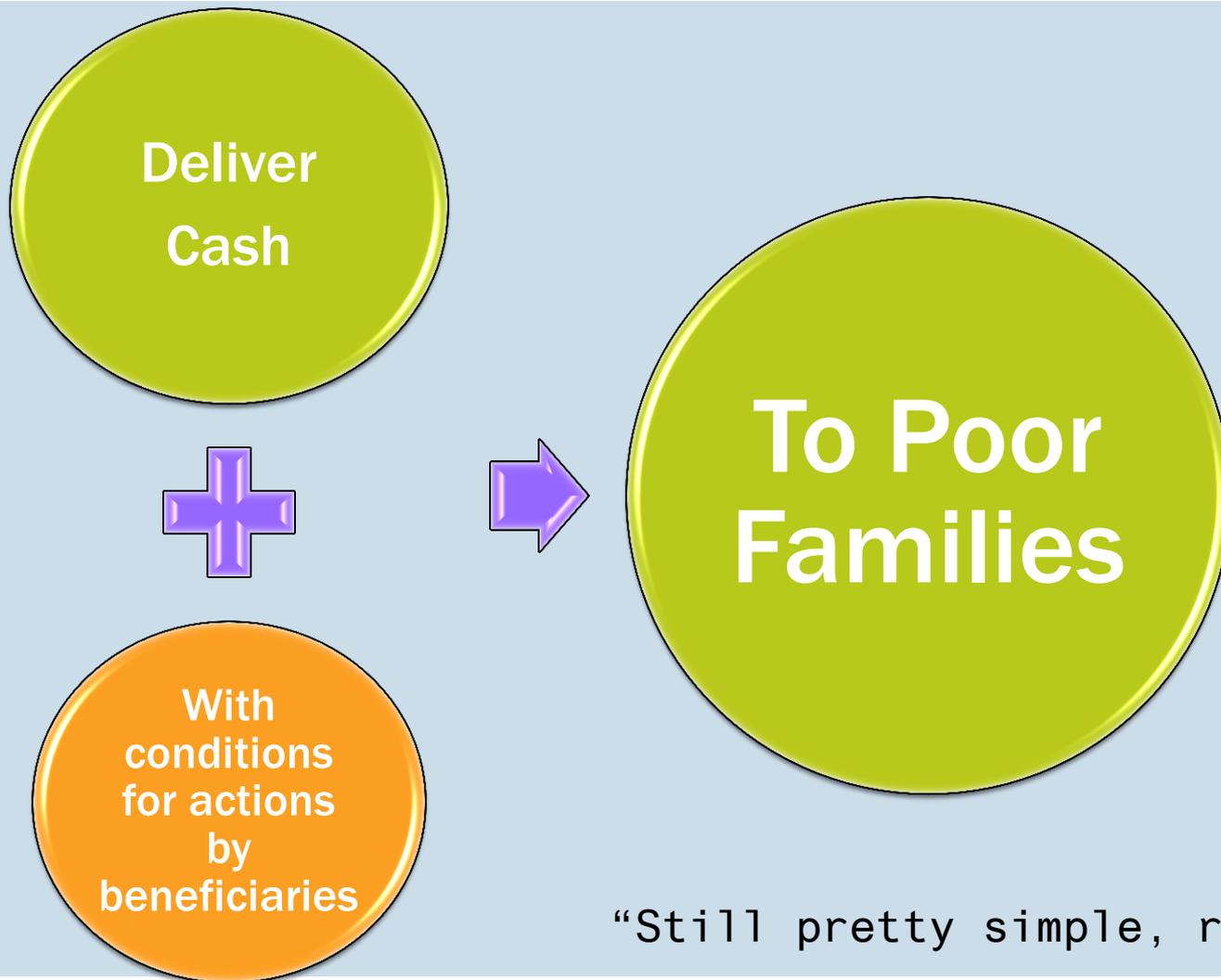
## OUTLINE

# WHAT ARE UNCONDITIONAL CASH TRANSFERS?



“So simple, right?”

# WHAT ARE **CONDITIONAL** CASH TRANSFERS?



“Still pretty simple, right?”<sup>5</sup>

# UCTs VS CCTs

## WHAT'S THE DIFFERENCE?

### Unconditional Cash Transfers (UCTs)

- Main argument for UCTs is that the key constraint for poor people is simply a lack of money
- The poor know what they need, and will spend or invest it to meet those needs

### Conditional Cash Transfers (CCTs)

- **Main difference:** cash is transferred contingent on certain behaviors by beneficiaries (e.g., ensuring regular school attendance or seeking preventive health care)
- **Important:** Rely on adequate supply of education & health services
- Can be **politically appealing** if seen as going “beyond handouts” and “rewarding” socially desirable behaviors.

# DUAL OBJECTIVES OF CCTs

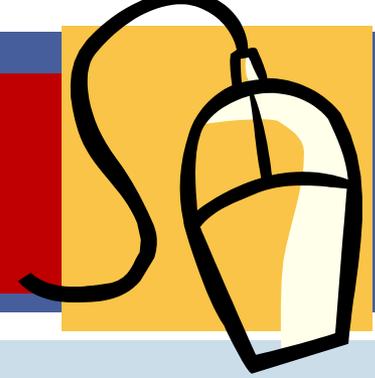
Reduce poverty in short run,  
through provision of cash  
transfers

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

# CLICKER QUESTION

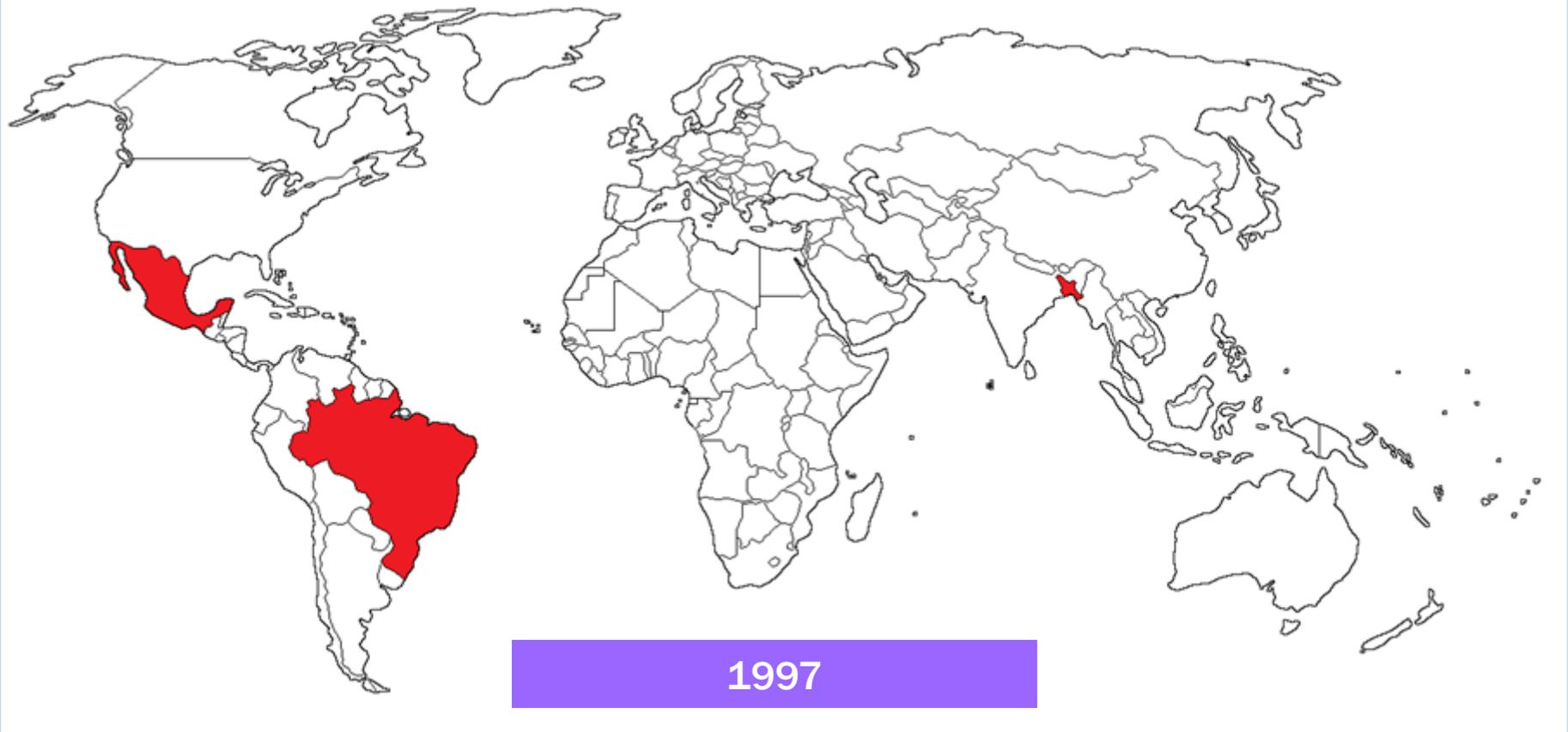


- **“How many countries have CCTs?”**

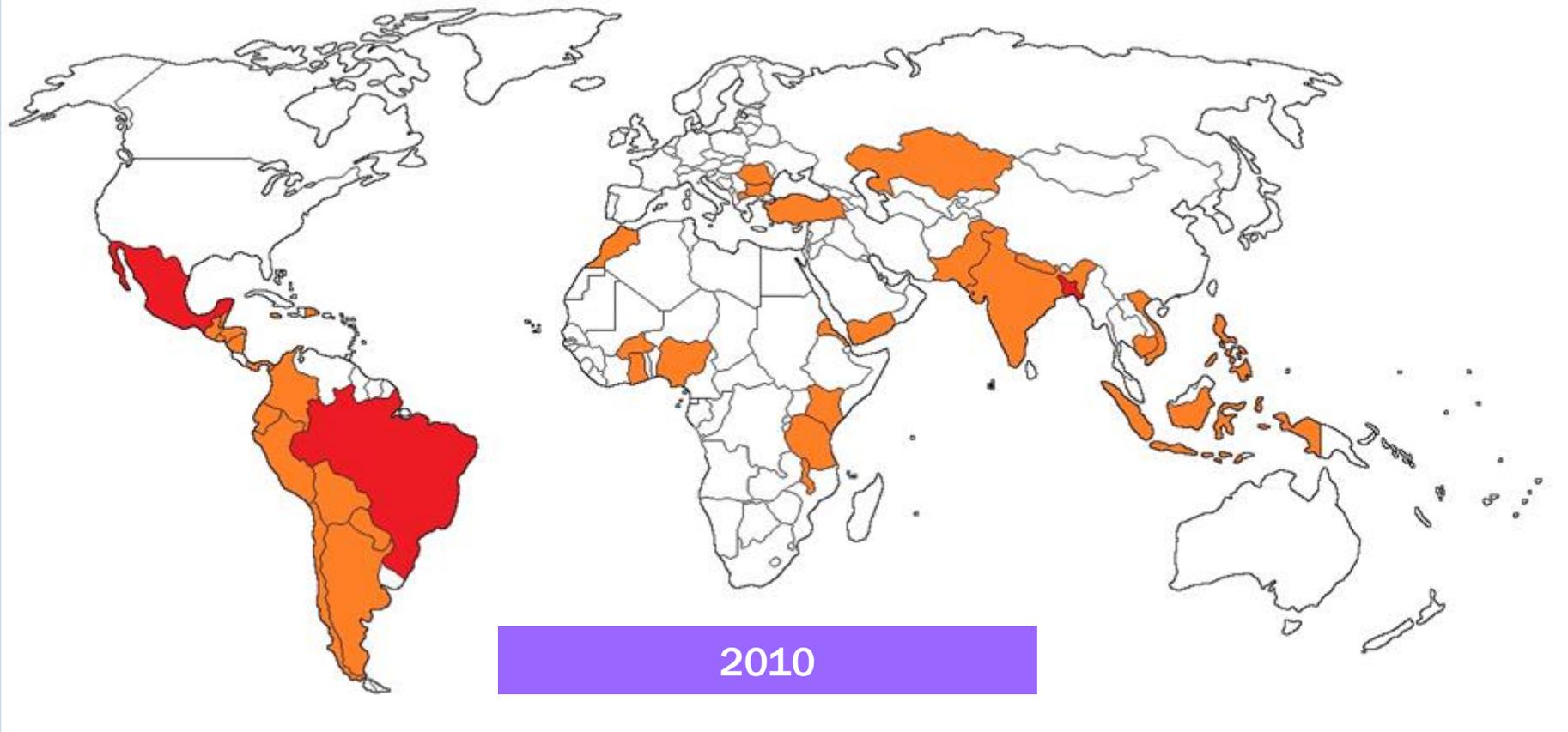
Your answers:

- A. Over 30 < 40
- B. Over 40 < 60
- C. Nearly 70
- D. 150

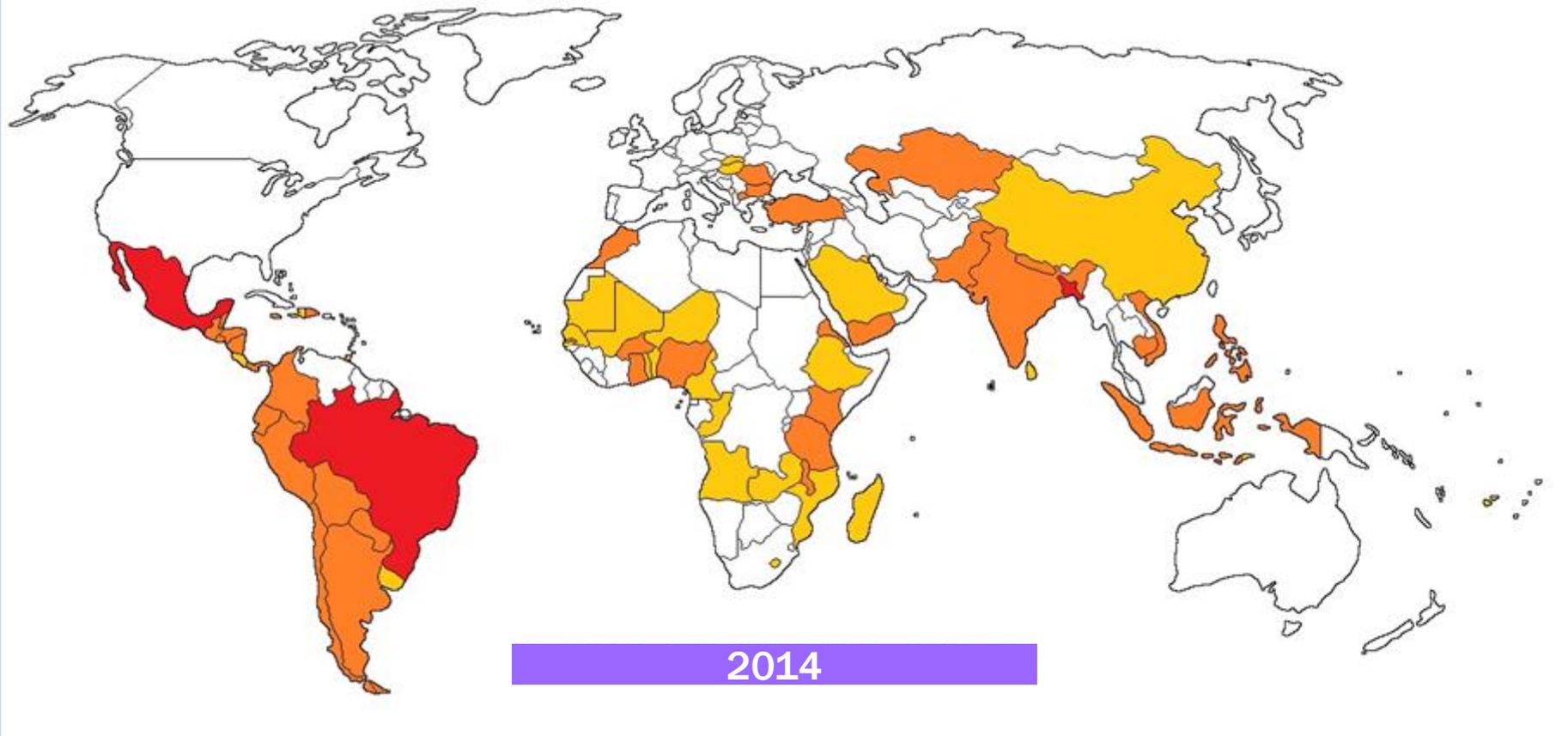
# CCTs HAVE SPREAD



# CCTs HAVE SPREAD TO NEARLY...



# CCTs HAVE SPREAD TO NEARLY... 70 COUNTRIES AROUND THE WORLD

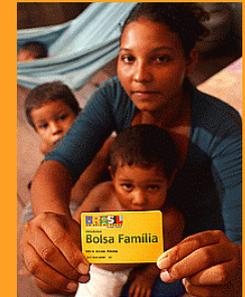


The

Cash

Transfer Part

of CCTs

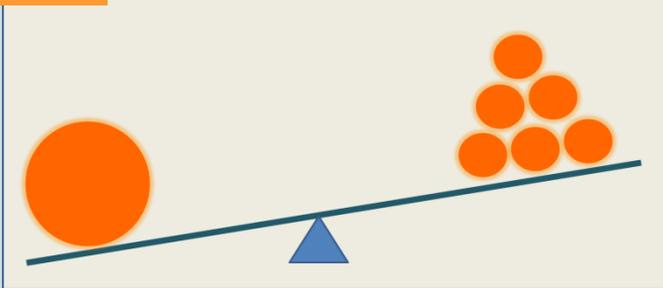


# SETTING CASH TRANSFER BENEFITS

## SIMILAR TRADE-OFFS FOR CCTs & UCTs

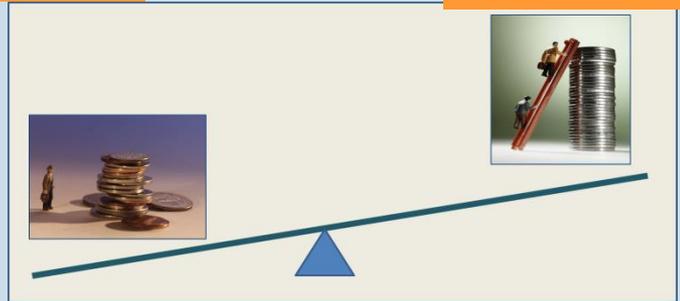
Size of Benefit

Higher Coverage



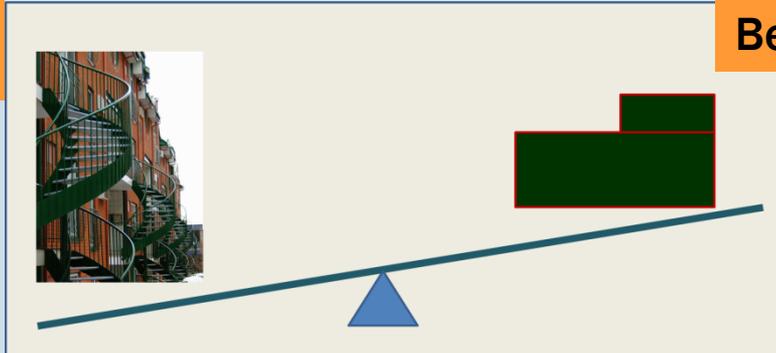
Size of Benefit

Incentives To Work



Complex Benefits Menus

Simple Benefits



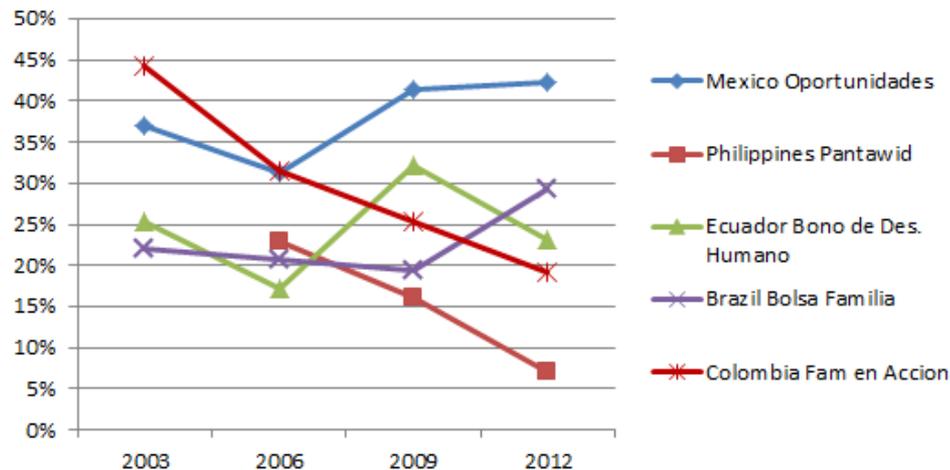
# GENEROSITY OF TRANSFER VARIES BY COUNTRY & OVER TIME

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

LAC

Philippines

**Generosity of CCTs:  
Transfers as % of Household Income**

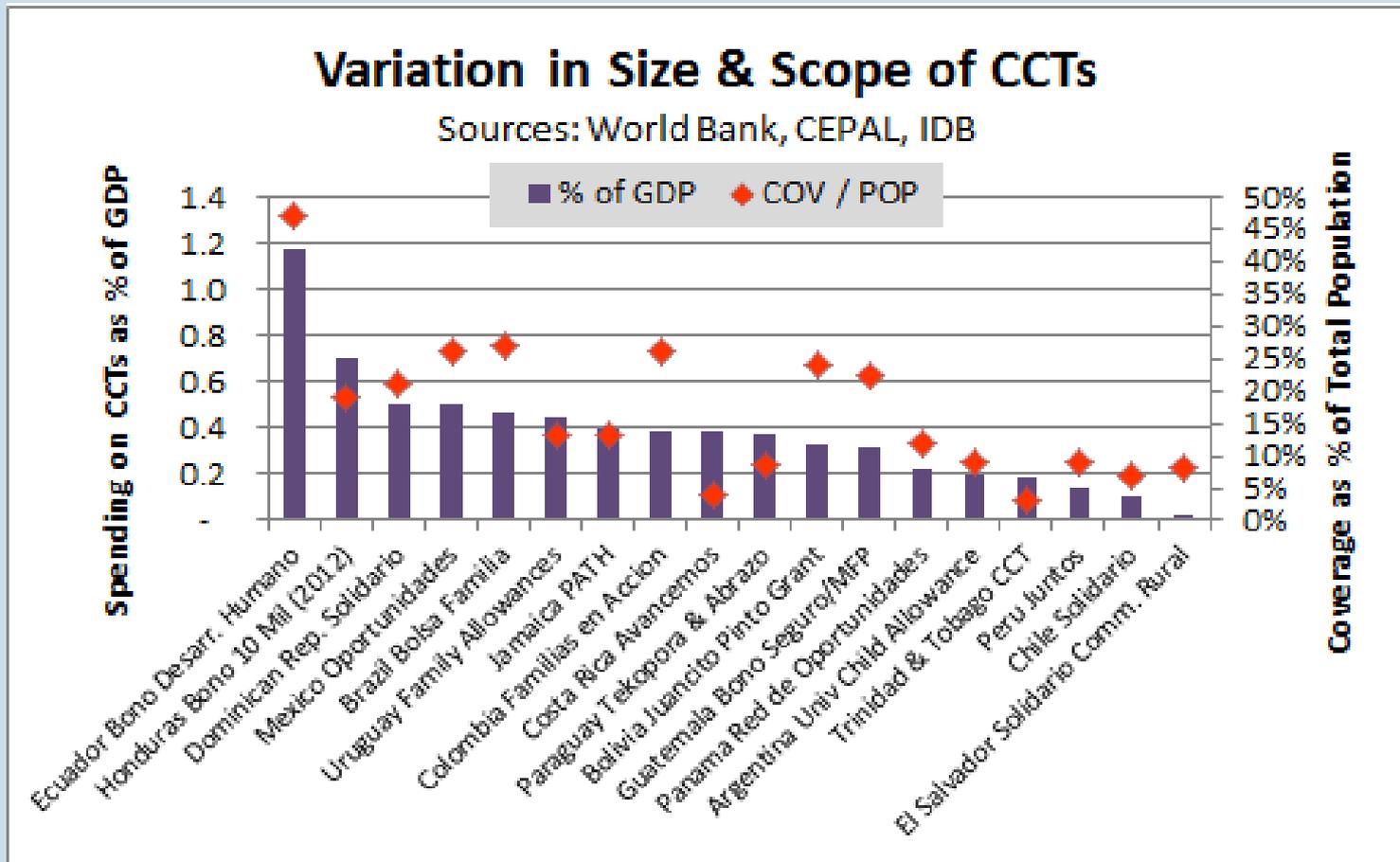


Pantawid CCT - Philippines

# VARIATION IN SIZE OF CCT PROGRAMS (COVERAGE & COSTS)

Key averages for LAC: 0.4% of GDP and 21% of total population

LAC

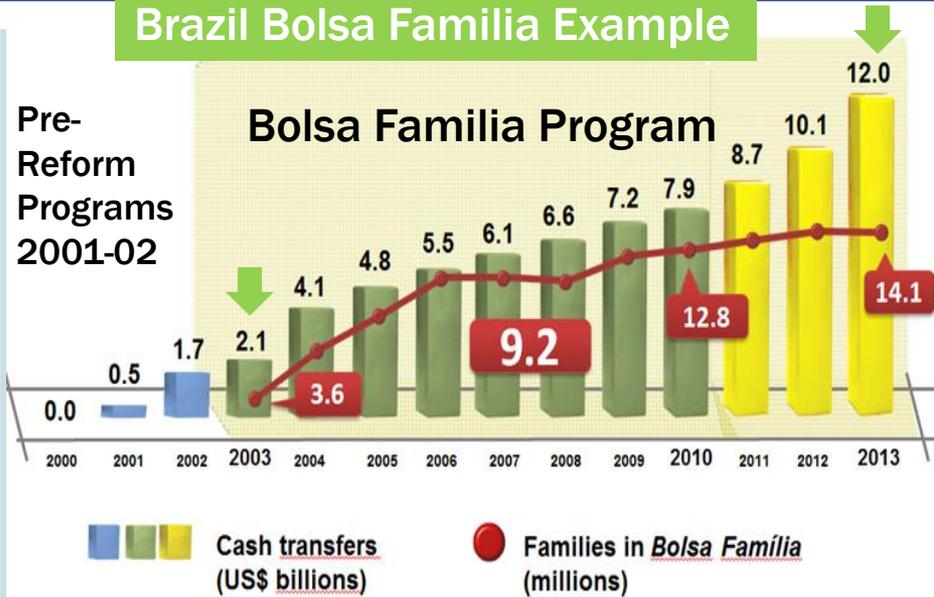


# STARTING & EXPANDING COVERAGE (SCALING UP DILEMMA)

## Brazil Bolsa Familia Example

Pre-Reform Programs 2001-02

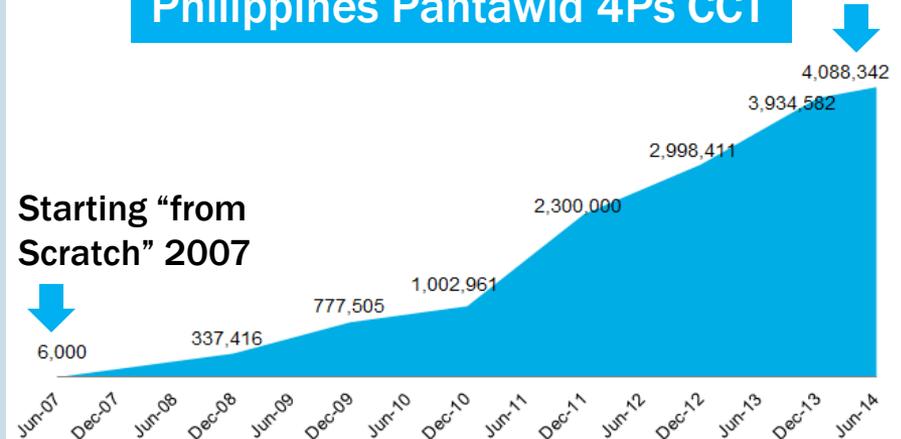
### Bolsa Familia Program



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

Pantawid program expanded From 6,000 to 4 million Households in 7 years (approx 16 million people)

## Philippines Pantawid 4Ps CCT



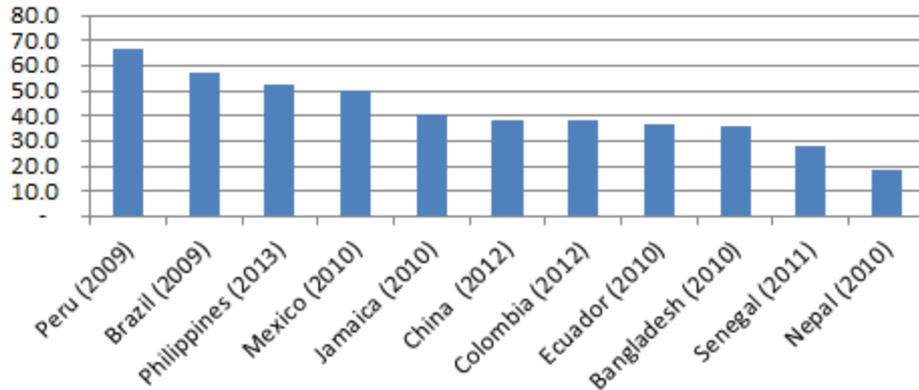
Starting "from Scratch" 2007

# CCTs CAN BE WELL TARGETED

## Beneficiary Incidence of CCTs:

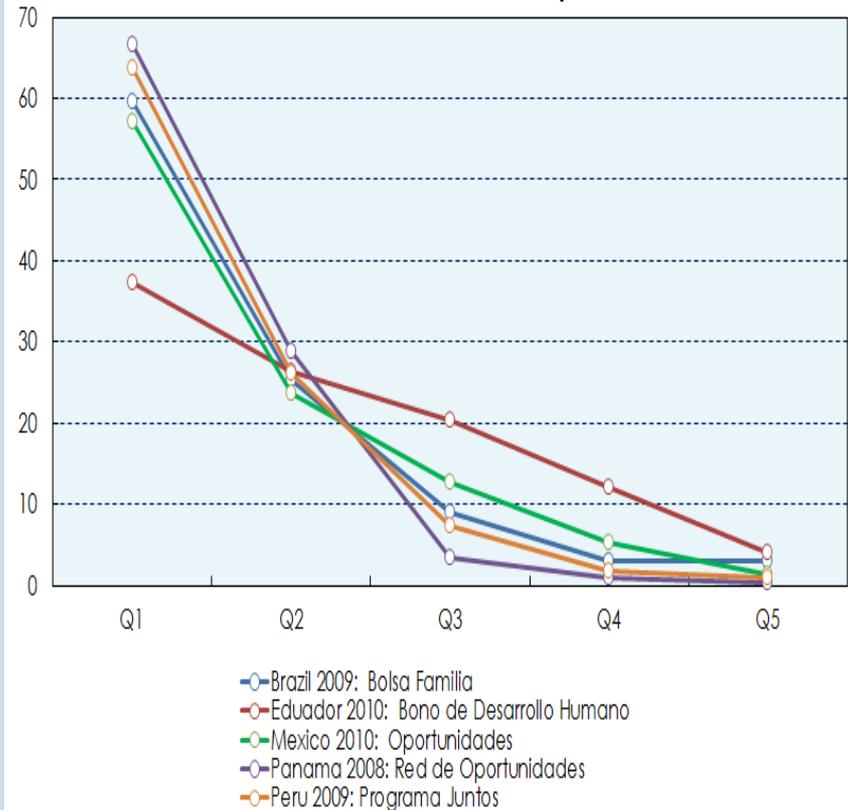
% of benefits to poorest quintile of population

(source: World Bank ASPIRE)



## Targeting Accuracy (Benefit Incidence)

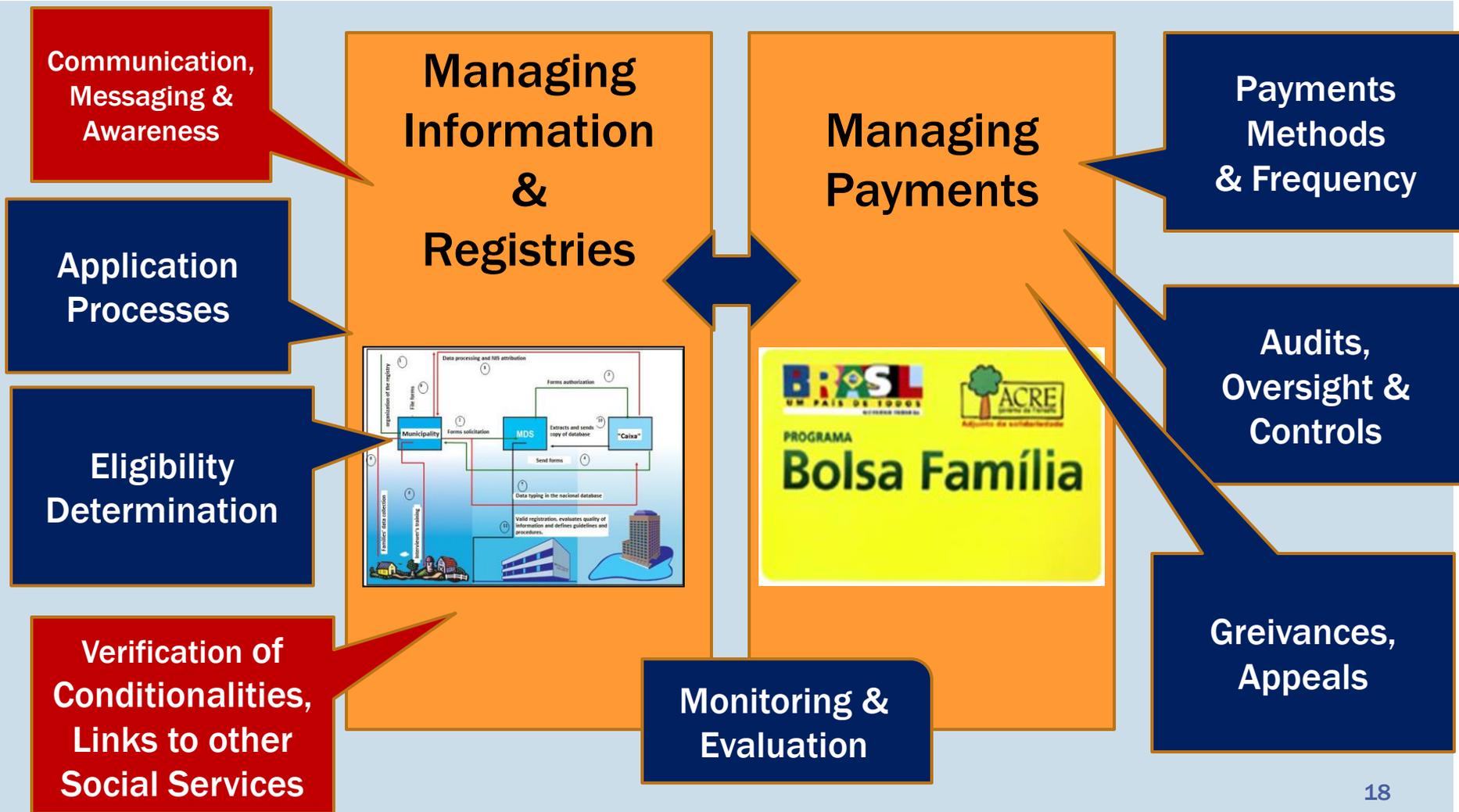
% of benefits to each quintile



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)



The

# C

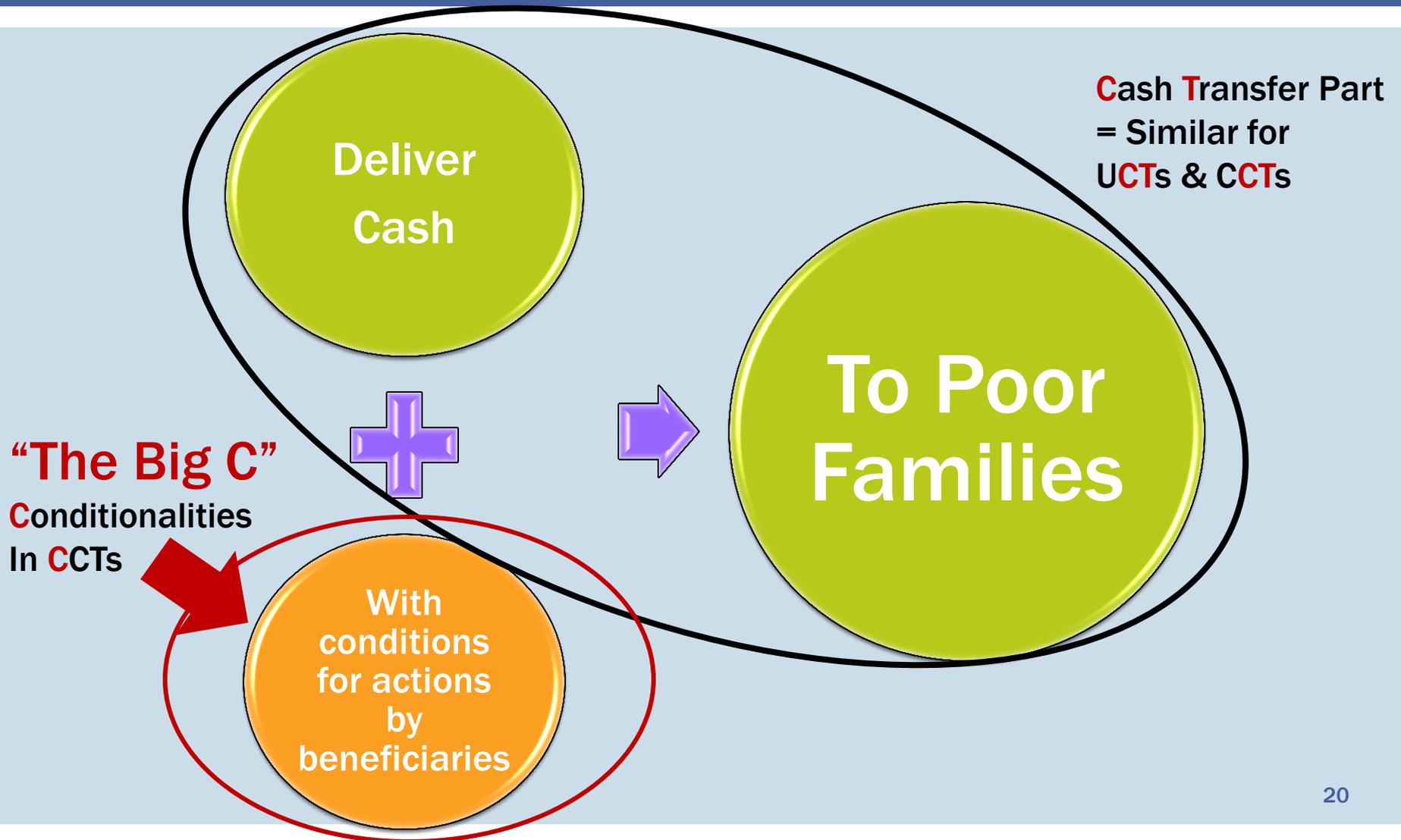
## onditionalities

Part of CCTs

(“the big C”)



# CONDITIONALITIES DIFFERENTIATE BETWEEN CCTs & UCTs



# 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

## Mexico Oportunidades

### All Grantees

Regular school attendance  
for all kids for 3<sup>rd</sup> to 12<sup>th</sup>  
grades

### All members of HH

Visits to health clinics

### Grantees 7<sup>th</sup>-12<sup>th</sup> grade

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

### All HH members > 15

Participate in health &  
nutrition workshops

### Elderly > 70

Visits to health clinics every  
six months (proof of life)

## Philippines Pantawid CCT

### Children ages 3-5

Enroll in daycare or pre-  
school  
85% attendance

### Children ages 0-5

Visit health clinics according  
to DOH protocol

### Children ages 6-14

Enroll 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 6-15

Enroll in school  
85% attendance

### Children ages 0-7

Vaccines + medical care

### Teens ages 16-17

Enroll in school  
75% attendance

### Pregnant/Lactating Women

Nutritional monitoring, pre-  
natal & post-natal checkups

# STRUCTURE OF BENEFITS VARIES A LOT

## Tanzania CCT



### Health Grants

US\$6 per CHILD six times / year  
(Conditional, ages 0-5)  
US\$12 per ELDERLY  
six times / year  
(Conditional, age 60+)



### Education Grants

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

## Philippines Pantawid



### Health Grant

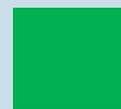
US\$11/HH/month  
(Conditional)



### Education Grants

US\$7 per child per month  
Up to three children (max)  
(Conditional)

## Mexico Oportunidades



### Nutrition & Health Grant

US\$13/HH/month  
(Conditional)



### Education Grants

US\$10-63/child/month  
Grants increase in  
amounts by grades, Higher for girls  
after 7<sup>th</sup> grade  
(Conditional)



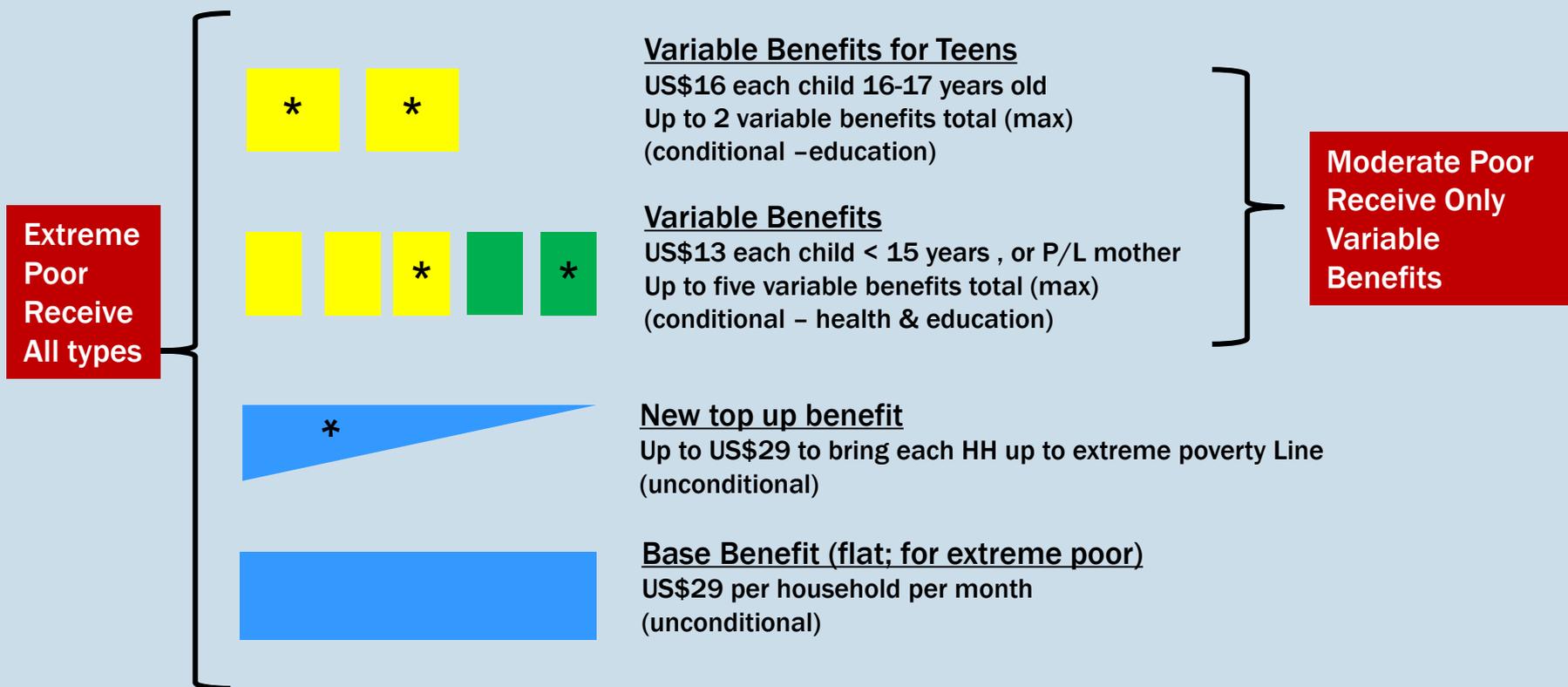
### Savings Accounts for Youth

US\$277 per youth  
Upon graduation  
From High School  
(conditional)

(plus other benefits)

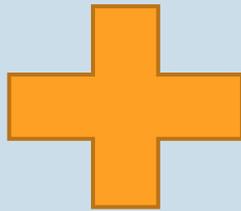
# STRUCTURE OF BENEFITS VARIES A LOT

## Brazil Bolsa Familia Example



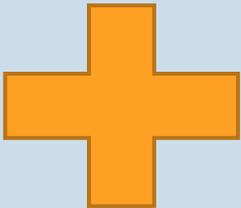
\* = Added benefits in recent reforms

# “ACCOMPANYING MEASURES” IN CCTs (“Softer Conditionality”)



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

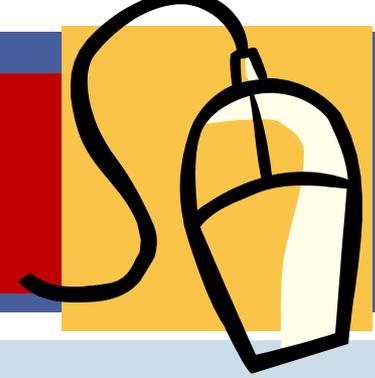
**Accompanying  
Measures – Human capital**  
Examples: Mali, Niger,  
Burkina Faso, Pakistan &  
The Philippines (Family  
Development Sessions).



Participation in awareness seminars  
On productive practices, training sessions,  
or community works

**Accompanying  
Measures – Productive**  
Examples:  
Cameroun, Malawi

# CLICKER QUESTION



- **“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

Encouraged  
Participation  
In Awareness  
Workshops

Conditionalities  
Announced but  
Not monitored  
Or Enforced

Conditionalities  
Monitored but  
Enforcement only  
After repeated  
Non-Compliance

Conditionalities  
Monitored &  
Penalties  
Enforced For  
Non-Compliance

“Soft”

“Hard”

Examples:  
Mali, Niger,  
Burkina Faso

## Human Capital Conditions Announced

Ecuador Bono,  
Kenya OVC-CCT,  
Malawi M'chinji  
Ghana LEAP  
Lesotho CGP

Brazil Bolsa Familia,  
Pakistan WeT

Productive CCT  
Cameroon – Moral  
Contract with 10 actions  
(training, community works,  
human capital, etc.)

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)

2x

30-day blockage with Benefit accumulation

3x

60-day suspension with benefit accumulation

4x

60-day suspension with NO benefit accumulation

5x

Termination of Benefits

## Philippines Pantawid

(monitored in two month increments)

1

Temporary Suspension for that month

>1\*

Termination of Benefits

## Mexico Oportunidades

1

Temporary Suspension for that month

4-6\*

Termination of Benefits

\* Ben Davis (2014)

\* Instances of non-compliance

\* “Continued non-compliance”

• 4x continuous or <sup>28</sup>  
• 6x total

# SO WHAT DOES THE BIG **C** IN **CCT** MEAN?

**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.

SO, IF CONDITIONALITIES  
ARE MONITORED & ENFORCED AS “CONTRACTS” ...  
HOW DOES THIS WORK IN PRACTICE?

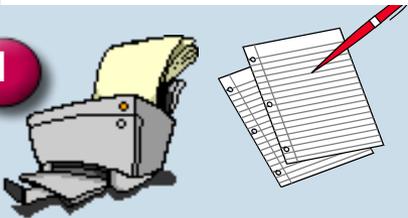
**Operational Strategy – Mexico Example:**

- 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

## Oportunidades' State Offices

1



Printing of Certification format  
(400,000 formats)

2



## State Health and Education Sectors



3



## Schools



115,000

&

## Health units



17,000

4



Co-responsibilities certification  
(filling in formats)

5

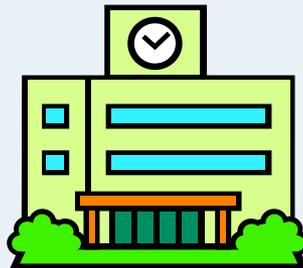


6



7

Capture information from Certification Formats



# MEXICO: CERTIFICATION OF CONDITIONALITIES - PAPER PROCESS

## Beneficiaries



Beneficiaries fulfill co-responsibility

## Health and Education staff



Responsible for certification in school or health center. Registers in CEDEC and sends information through internet.

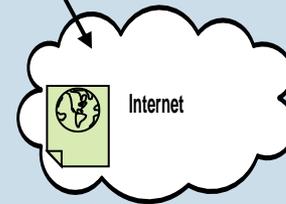
Electronic receipt

## Oportunidades' State Offices

Receives certification



Generates official receipt



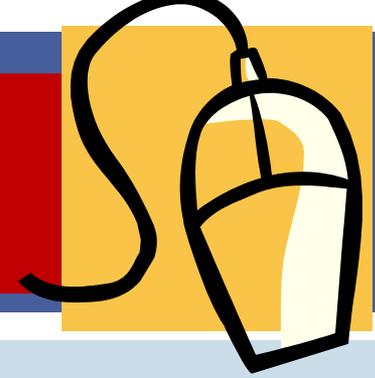
Certification of Health Conditionalities: 80% paper, 20% electronic

Certification of Education Conditionalities: 95% for grades 3-9; 100% for grades 10-12

# MEXICO: CONSEQUENCES OF NON-COMPLIANCE (REVIEW)

Components	Degree of fulfillment	Suspension of benefits
Nutrition Energy	Non fulfillment in current month	❖ Temporary suspension (in current month)
	Non fulfillment in 4 consecutive months or 6 non continuous months	
Education	Non fulfillment in current month (4 or more non attendances)	❖ Suspension of benefits for indefinite time or definitely.
	Non fulfillment of co-responsability (12 or more non attendances)	
Elderly	Non fulfillment to programmed health appointment	❖ Drop out from registry for indefinite time or definitely.

# CLICKER QUESTION



- **“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”

# SO WHAT'S THE **POLITICAL APPEAL** OF CONDITIONALITIES (VS UCTs)?

- **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

# POLITICAL APPEAL OF “SHARED RESPONSIBILITY” IN LAC

LAC

**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:”

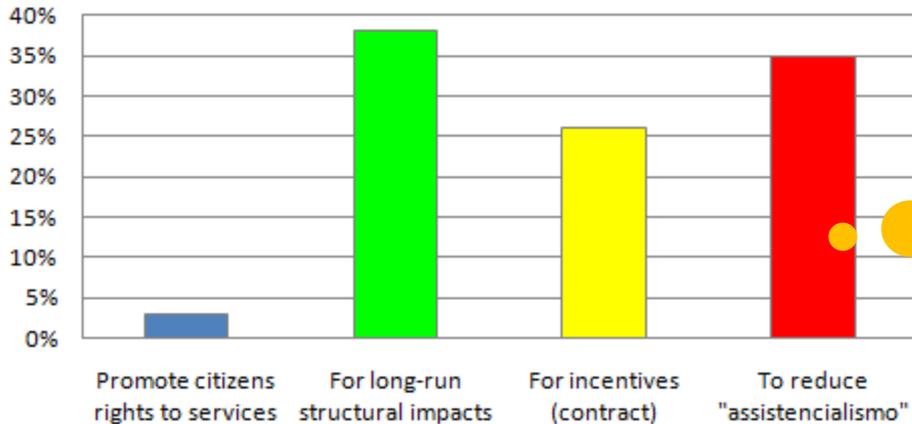
Not so expensive (cost/GDP)  
Not *just* a cash handout  
Conditionalities as contracts

**Broad political support** for CCTs by parties along political spectrum in many countries in LAC & across changes in administration

# BRAZIL BOLSA FAMILIA: POLITICAL DEBATE IN THE MEDIA

## Why Do Conditionalities Matter?

% of Articles in Drill-Down Sub-Sample, NOBS = 193



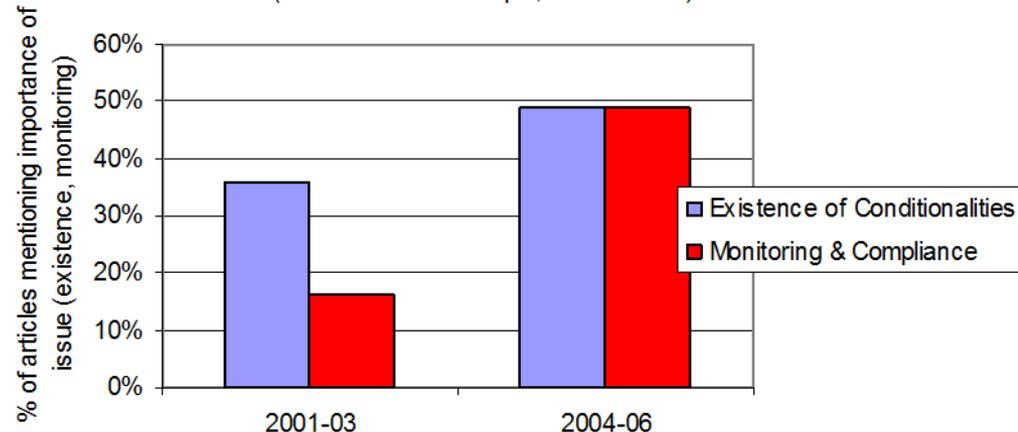
Press debate suggests that conditionalities do matter for:

- (a) Impacts
- (b) Incentives
- (c) Reducing "assistencialismo" (political role)

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

## Debate on the Importance of Conditionalities in the Press

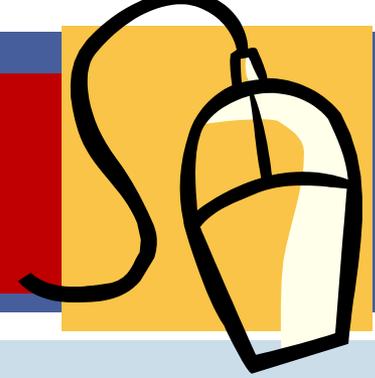
(Drill-Down n Sub-Sample, NOBS = 193)



# Impacts of CCTs (& UCTs)



# CLICKER QUESTION



- **“CCTs have had impacts on:**

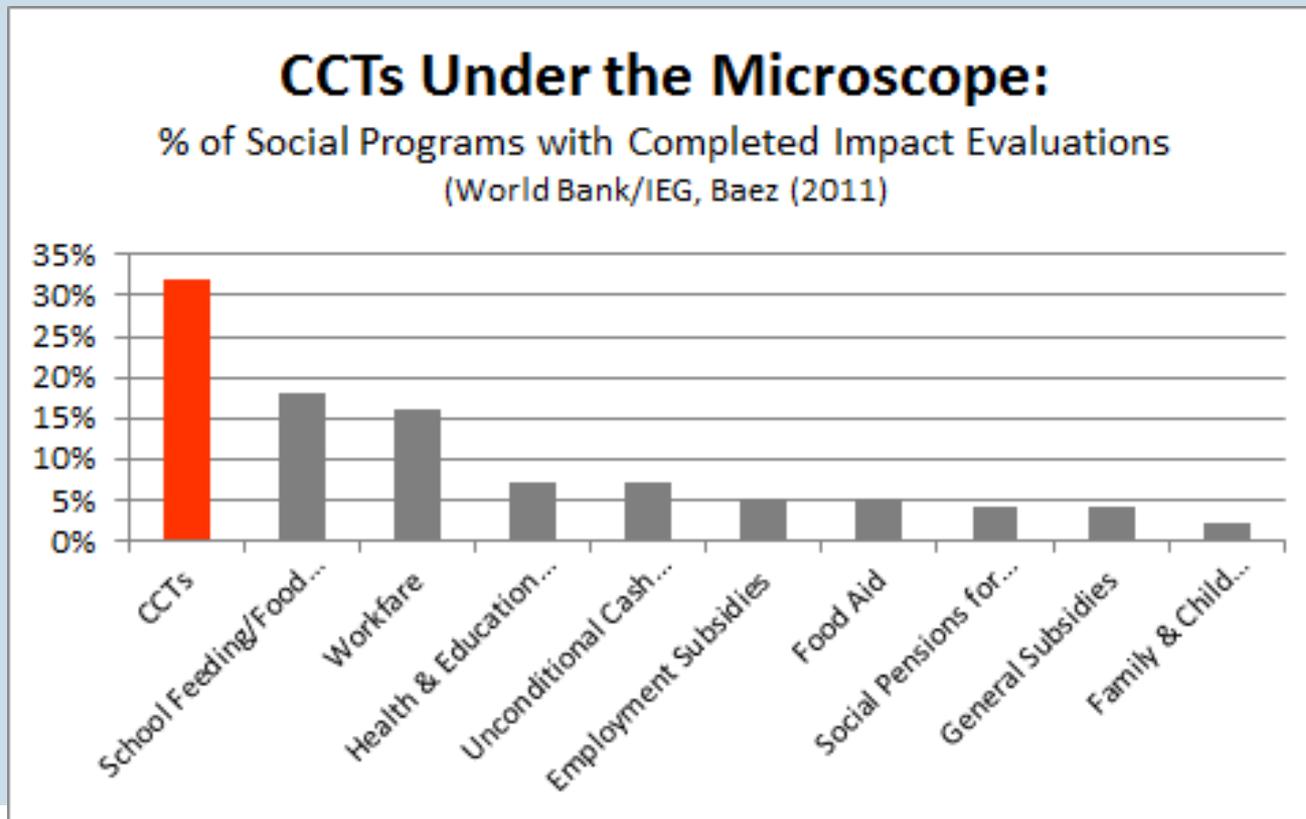
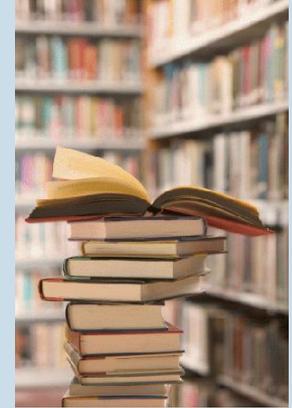
Your answers:

- A. Reducing poverty and inequality
- B. School enrollment and attendance
- C. Utilization of health services
- D. Reducing malnutrition
- E. All of the above

# PROVEN RESULTS: CCTS HAVE BEEN EXTENSIVELY EVALUATED



- Among the most studied of all social programs
- Hundreds of studies, including academic
- Widespread media scrutiny



# PROVEN RESULTS: SOCIAL INCLUSION & POVERTY



- **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 & 42 diabetes

# PROVEN RESULTS OF CCTs: FOR A RELATIVELY LOW COST



## ■ 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

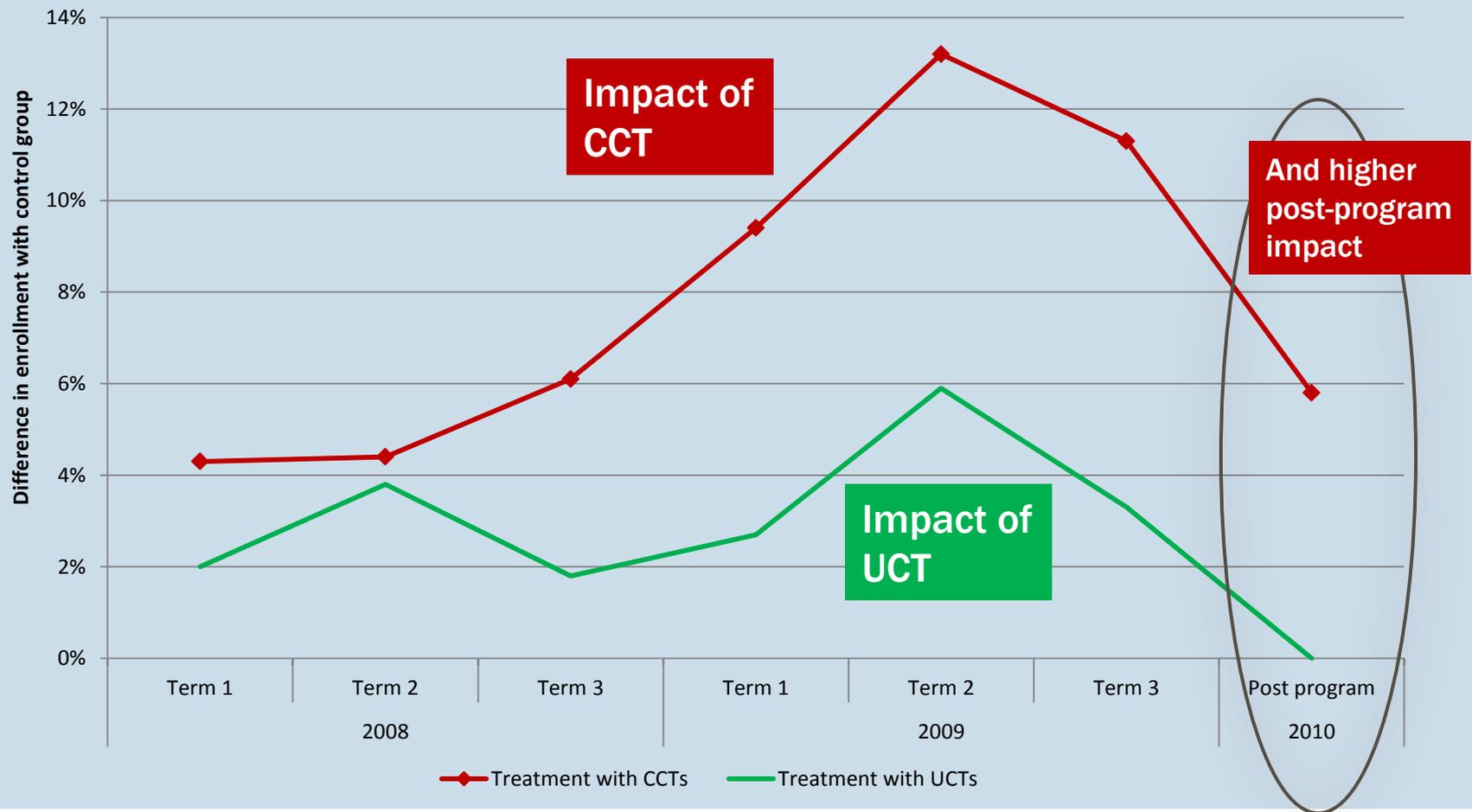
## ■ Administrative costs:

- 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



# Evolution of CCTs (& UCTs)



# SOCIAL PROGRAMS SHOULD & DO **EVOLVE**

- **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



Mexico  
Prospera  
Video

\* **“Soft”**  
**conditionalities** or  
accompanying  
measures /  
workshops

\* **Hard**  
**Conditionalities**

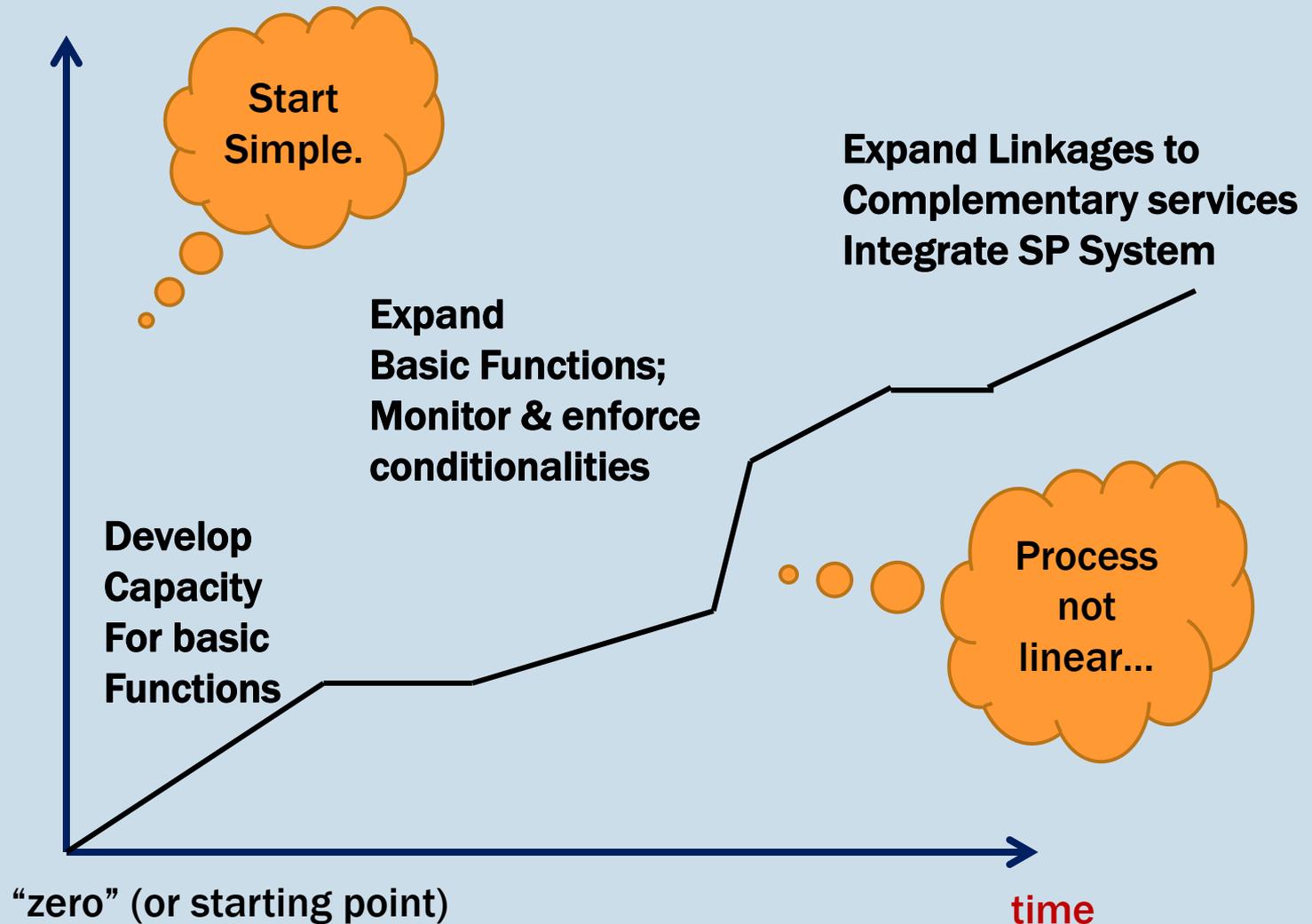
- \* Ensure effective access to services
- \* Expand target groups (e.g., youth; 2ndary school)

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

# REMEMBER: **KEEP IT SIMPLE** (AT LEAST AT OUTSET)

**Complexity,  
Range of  
Functions**

(as capacity  
Develops,  
Programs &  
Technology  
Evolve)





**THANK  
YOU!**



**THE  
WORLD  
BANK**