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Does one size fit all?

The Conditions for Conditionality in
Cash Transfers

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Abstract

Created in the early 1990s in Latin America, Conditional Cash Transfer programmes (CCTs) are now at the forefront of the international policy debate as one of the most effective social interventions for tackling poverty in developing countries. However, if CCTs have been successful in achieving some of their desired objectives, have the conditionalities themselves played the central role in this achievement? This paper argues that cash transfers can condition behaviour through at least four different channels: conditioning on access, implicit conditioning, indirect conditioning and ‘explicit’ conditionality. Only the latter characterizes CCTs, while the previous three are often adopted by many types of social transfers that would generally be defined “unconditional”. The distinction between conditional and unconditional transfers is therefore less clear-cut than often described. Ultimately the effectiveness of conditional transfers depends on the role of ‘explicit’ conditionality mechanisms, as opposed to other traditional means of conditioning behaviour. Proposing a framework for the analysis of this trade-off around four main concepts – principles, benefits, costs, and practical and political feasibility – the paper presents key criteria to consider to determine the feasibility and desirability of using ‘explicit’ conditionalities in social transfers.

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1 Introduction

At the end of the 1990s, Mexico became the first country in Latin America to pursue the idea of complementing traditional policies to address intergenerational poverty and low human capital accumulation on the supply side with an intervention targeted at the demand side. The pioneer of Conditional Cash Transfer programmes (CCTs) – *Progresa* – gave life to a tradition whose success appears to be unstoppable. Today CCTs have become a social policy blueprint, boasting an unprecedented pace of expansion in terms of rapidity, scale and number of countries involved. Ever more creative versions of the initial idea are being piloted in some 30 countries. Moreover, in a curious reverse pattern, CCTs are now gaining ground in developed countries, where big cities like New York have adopted them in the hope of transforming the lives of adolescents in marginalised communities.

A large number of studies assessing the impact of CCTs have shown positive results on several dimensions of socioeconomic wellbeing, including consumption expenditure and dietary diversity, school enrolment and attendance, and health centre visits by children (Saavedra and Garcia, 2012; Fizbein and Schady, 2009). However, in the wake of CCTs' great success and their rapid expansion internationally, an interesting debate has arisen in the international community about the opportunity to use conditionality to ensure better policy results for social transfers (De Brauw and Hoddinott, 2008; De Janvry and Sadoulet, 2004; UIS, 2006).

While CCTs belong to a relatively new generation of social protection programmes, *unconditional* benefits, subsidies, grants and pensions (which we will be generally defining as unconditional cash transfer programmes – UCTs) have long occupied the social protection scene, both in developed and in developing countries.¹ Often very similar to CCTs in their overall objectives, UCTs differ because they do not require qualifying households to meet specifically spelt-out 'explicit' conditions in order to continue receiving payments.

Evidence supports the hypothesis that UCTs also have a positive impact on fundamental dimensions of human capital accumulation like nutrition, cognitive development and education.² So what additional advantages do CCTs offer? And if they do offer any advantages, can we expect them to work in any context, whatever the structure of local economies and societies and capacity of local administrations? What pre-conditions are necessary to guarantee effective CCTs, and in which situations should other (unconditional) policy options be pursued?

In order to address some of these matters, in Section 1 we first consider the *rationale* that led to the adoption of CCTs (rather than UCTs) in Latin America where they were first introduced, focusing on their application in the education sector to illustrate the case. In Section 2 we then proceed to analyse the contentious issue of *conditionality*. We argue that orienting the way beneficiaries use social transfers according to 'socially desirable' objectives can be obtained through different conditioning mechanisms, not only the 'explicit' conditionality used by CCTs. On this basis, Section 3 reviews the available evidence on the *effectiveness of conditionality*, including an analysis of its benefits, costs and practical and political feasibility. We conclude in Section 4 by setting out a *framework* to understand under what conditions CCTs can be an optimal policy choice.

2 The rationale for CCTs in Latin America

In its essence, CCTs' rationale is to provide poor families with direct transfers in cash and make this transfer contingent upon the adoption of certain 'desirable' behaviours. On one side, CCTs tackle the *manifestations* of poverty in the short run via the cash 'injection' into the household. On the other, they also influence the more enduring aspects of intergenerational poverty transmission by conditioning the transfer on behaviours that improve human capital accumulation in the long run (such as health and education), hence tackling the root *causes* of poverty.

Following this simple logic, most CCTs in Latin America are implemented according to a similar scheme that combines regular cash transfers with explicitly spelt-out conditions on the use of health and education services. Health conditions generally include completing health checks, growth monitoring and vaccinations for children under five, and in some cases attending perinatal care for mothers and 'health talks'. Education is mostly conditioned on school enrolment and attendance, and occasionally on measures of performance (Fizbein and Schady, 2009). Families that do not meet these conditions generally lose the right to receive the cash transfer,³ making CCTs reliant on systems of monitoring and verification of compliance.

There are two particular aspects of the Latin American experience that clarify the policy rationale of CCTs. First, the Latin American administrations had set a very clear policy objective for their actions: poverty reduction via the accumulation of human capital. Second, the choice of the most adequate instrument to achieve this objective was grounded on a thorough understanding of the supply- and demand-side barriers that Latin American societies (and public administrations) were facing in the struggle to increase investment in human capital. We analyse these two elements in turn and focus on the education component of CCTs, which has been found to be one of the most successful areas of their application in Latin America.

2.1 Setting a clear objective

The analysis of poverty dynamics in Latin America reveals a picture of stark contradictions. After the 'lost decade' of the 1980s, much of the region experienced impressive economic growth rates stimulated by the expanding opportunities of national and international markets. Growth was accompanied by increases in real wages and the creation of new job opportunities in the region, but still coexisted with high levels of social inequality that proved almost impossible to eradicate.

CCTs were conceived in Latin America as a new answer to the old problem of chronic poverty. An extensive body of evidence from the region supported the existence of a 'low human capital trap' amongst the poor: insufficient enrolment in secondary school, low completion rates and poor performance were disproportionately more common amongst the poor and perpetrated via intergenerational transmission chains.⁴ Poor parents with low levels of human capital were unlikely to be able to invest in education for their children, resulting in the latter having low levels of human capital, fewer opportunities available, and consequently lower levels (if any) of earnings and assets.⁵

The logic behind the introduction of CCTs in Latin America relied on this understanding of poverty dynamics, and hence was anchored to a fairly straightforward policy objective: fostering human capital accumulation amongst poor children in order to tackle poverty in the long run. Of course, the fine-tuning of policy priorities varied from country to country, as implementation options and the structure of the subsidies were designed to accommodate local priorities, for example in terms of urban versus rural objectives, the focus on primary versus secondary, or the different emphasis on enrolment, attendance, permanence or school completion.

Yet why were CCTs and not UCTs unanimously seen as the response to such a policy agenda? Crucially, this policy focus responded to a precise understanding of the supply- and demand-side factors driving the education investment decisions made by the poor.

2.2 Understanding supply and demand

A possible understanding of observed inequities in education is that access is being denied 'from the supply side' due to insufficient public resources being devoted to extending, developing and reinforcing the school system. Interestingly, this assumption contrasts sharply with figures on public expenditure on education for the vast majority of countries in Latin America. *Per capita* public expenditure on education as a percentage of GDP in the region reached an average level of 4.1% in 2002/03, compared to 3.3% in 1990/91 (ECLAC, 2005).⁶ This is a consequence of substantial investments being made within the education system, including significant improvements in school infrastructure and staffing.

Fuelled by the national and international political discourse on the right to education, several supply-side actions were also taken with the purpose of ensuring universal access to public schooling, hence implicitly targeting the poor. In most countries these included fee abolitions for primary and secondary schools, the integration of complementary services such as school canteens, the provision of school supplies and materials, and the stimulation of more coordination and competition between public and private schools (Rawlings and Rubio, 2003).

Despite these efforts, however, the structural problems of low enrolment and low retention of the poor in the education system had not been solved by the beginning of the new century. The logic underpinning CCTs thus took stock of the failures of supply-side interventions, hypothesising that they had not been sufficient because of barriers to education on the demand side. CCTs turned this possibility into their key strength, by redefining the structure of private (rather than public) incentives to invest in education.

So what demand-side barriers did CCTs hope to tackle? Despite high returns to schooling in the region⁷ and efforts to ensure full (and free) access on the supply side, several factors still prevented poor families from enrolling and keeping their children in school. The potential barriers to demand in education can be subdivided into four dimensions: costs (both direct and indirect); opportunity costs (e.g. foregone labour); preferences (e.g. impatience, myopia, cultural barriers, bounded rationality, etc.); and institutions (e.g. imperfect information, externalities, bargaining power, etc.).

While a large part of the direct and indirect costs can be effectively reduced through regulation and suitable policies on the supply side (e.g. fee abolition or free ancillary services), other private costs – and particularly opportunity costs – cannot be easily 'absorbed' by the system in the same way. Moreover, due to imperfections in credit markets, schooling decisions confront households with a trade-off between current and prospective welfare. According to standard economic literature, demand-side subsidies in the education sector (whether conditional or not) act as an incentive for enrolment (and retention) of children in school because they reduce the household budget/credit constraints (income effect) to cover the indirect and opportunity costs associated with school attendance.

Besides the explicit (direct and indirect) and implicit (opportunity) financial costs, other aspects of the decisional process and preferences may contribute to explaining low investment in human capital. Decision makers and children may have non-coinciding or even conflicting interests and preferences; the structure of preferences may differ between decision makers (for instance between father and mother); decision makers may underestimate the direct and social benefits of education; based on decision makers' preference structure, current interests may prevail over future perspectives; and, finally, several cultural aspects may influence the decisions related to private investment in education.

CCTs couple the income boost with a specific incentive to invest in 'desirable' behaviours (i.e. a price effect). Conditions on enrolment and attendance imposed by CCTs are seen to 'correct' allocation inefficiencies due to 'misguided beliefs', externalities and intra-household bargaining processes, leading to an 'optimal' investment of resources in education.

In summary, in Latin America the rationale for CCTs was linked to the solution of a specific problem of under-accumulation of human capital. At the same time, it was informed by a careful understanding of local supply and demand conditions, followed by the intention to tackle preference-based and institution-based barriers to access. But was the choice made only on the grounds of this technical analysis? We discuss this further in the rest of the paper.

3 Questioning the premises: Conditionality vs. unconditionality

Unsurprisingly, CCTs' great success and rapid international expansion has led academics and practitioners alike to scrutinise their effectiveness further. An interesting debate has arisen in the international community about the opportunity to use mechanisms of conditionality for ensuring better policy results for social transfers. The basic question is as follows: if CCTs have been successful in achieving some of their desired objectives, have the *conditionalities themselves* played the central role in this achievement?

In the literature on this subject, the results are mixed. When looking at education specifically, extensive research has found evidence of positive effects of CCTs on school enrolment, regular attendance, retention in the school system and cycle completion (Saavedra and García 2012) – particularly in rural areas and at the secondary level, where the gap to cover was broader (Fizbein and Schady, 2009). Several impact analyses also confirm that, by enhancing participation in schools, CCTs also discourage child labour both in absolute terms (children's participation in the labour market) and in relative terms (hours of work) (Henschel, 2002). Conversely, a solid base of evidence to assess the effect of CCTs on quality measures such as educational performance and attainment is unfortunately lacking (Reimers *et al.*, 2006).

However, even amongst supporters of a demand-based approach, many argue that conditions are not necessary to make a difference. UCTs such as social (non-contributory) pensions, monetary subsidies to families, and child benefits have proven just as successful in lifting poor people's budget constraints, in some cases actively promoting expenditure in specific 'socially relevant' domains like education (Case, Hosegood, and Lund 2005; Edmonds, 2006; Schady and Araujo, 2006). A recent systematic review of 75 reports, with data from 35 studies, suggests that both CCTs and UCTs have a significant effect on enrolment, with no significant difference between the two. Nevertheless, the study also shows that the effect sizes for enrolment and attendance are always larger for CCTs, especially when compliance is monitored and non-compliance penalised.

This contrasting evidence highlights the need to question the key distinctive factor of CCTs versus UCTs: the conditionality itself. The next few sections aim to untangle this concept.

3.1 Untangling conditionality: Four levels

As was stated above, CCTs are designed so as to incentivise 'desirable' behaviour through a set of 'spelt-out' conditions. If these conditions are not met, the transfers are not given. However, this approach presumes that desirable behaviour can be obtained *only* by 'explicitly' conditioning the transfer. To the contrary, we argue that steering the use of social transfers towards 'socially relevant' outcomes can be achieved, and has often been achieved, through several different mechanisms of less explicit behavioural conditioning (often referred to as 'soft conditionalities'). Such distinctions between different mechanisms of conditioning have only been recently addressed by the literature and have been referred to as an "undefined (and hard to define) continuum" (Ozler, 2013). In this paper we make an attempt to add some order to this debate.

Specifically, we distinguish between **four means of conditioning the use of social (cash) transfers** that are available to policy-makers and are widely used:

1. First, beneficiaries of cash transfer programmes are explicitly targeted based on a defined set of socioeconomic characteristics aimed at filtering out non-poor households. These explicit eligibility criteria tend to target a set of beneficiaries who have particular needs and therefore display similar patterns in the use of their transfers. We define this conditioning mechanism as **conditioning on access**.⁸
2. Second, intrinsic characteristics of the subsidy design (e.g. the nature of the transfer, its delivery mechanisms, etc.) may also act as a conditioning mechanism. The decision to deliver transfers via electronic cards, for instance, may increase a household's propensity to save. Similarly, the

decision to pay child benefits to women, as in most of the Latin American transfers, is based on evidence that mothers tend to have preference structures that are better aligned with their children's best interests. The decision whether to deliver support in kind or in cash (or intermediate forms such as vouchers) also has significant behavioural consequences,⁹ and often programmes are tailored to maximise their behavioural implications on beneficiaries. We call these mechanisms **implicit conditioning** or **conditioning on the means**.¹⁰

3. Third, the use of cash transfers can be further conditioned by complementary policy actions that are implemented in conjunction with the transfer. This happens, for example, when beneficiaries are involved in training/education sessions where they are provided with information on the 'best' use of the transfers, or when community-based case management systems are put in place to oversee the 'good use' of the transfer. Sometimes the name of the transfer scheme itself (e.g. 'Child Support Grant') signals the existence of an implicit contract between provider and recipient as to how the resources are expected to be used. We define this mechanism as **indirect conditioning** or **informal conditioning on the rules**. Policy-makers also tend to refer to this set of incentives as 'soft conditionality'.
4. Finally, the novelty of CCTs in comparison to previous social transfer programmes is that they are based on an additional '**explicit conditionality**' or **formal conditionality on the rules**. In this case, the payment of the cash subsidy is contingent upon the adoption of certain 'desirable' behaviours (e.g. school attendance) and these behaviours are explicitly monitored. This establishes a formal or explicit contract between the provider and the recipient and beneficiaries are penalised in various ways (the most drastic of which is being expelled from the programme) if they do not abide by the terms of the contract. Policy-makers also tend to refer to this set of incentives as 'hard conditionality'.

Two points are worth noting. First, existing cash transfer programmes currently work through schemes of 'mixed' conditionality, where conditions on access are integrated with mechanisms of implicit and indirect conditions. The Colombian CCT *Familias en Acción*, for example, is paid to families who live under the poverty line and who have children under the age of 17 (*conditioning on access*), money is regularly transferred to mothers using an electronic card (*implicit conditioning*) and mothers are involved in training sessions to share information about adequate child care, health and nutrition (*indirect conditioning*).

The first three forms of conditioning are common to other UCT transfers around the world. In South Africa, for example, the Child Support Grant is also targeted to poor households, paid in the vast majority of cases in *ad-hoc* created bank accounts and accompanied by information on expected use and mechanisms for case management.¹¹ The distinct element of CCTs is that they impose a further *explicit conditionality*, designed depending on what the programme's objectives are.

Second, there is a continuum between informal (soft) and formal (hard) conditionality in terms of the rules, and the differences between the two are sometimes blurred in practice. In most CCTs, penalties are *de facto* not strictly implemented, which sometimes defeats the point of the conditionality itself. Nevertheless, a 'credible threat' can be a sufficient incentive to trigger behavioural change, with the explicit contractual framework between the provider and the recipient acting as a signalling mechanism. On the other hand, in some UCTs there is no explicit contract, but the mechanisms for monitoring abuse and moral suasion can be extremely thorough, leading to behavioural change without the use of any explicit conditionality.

On this basis, we argue that the distinction between CCTs and UCTs is largely linked to how the contract between provider and recipient is framed. In most cases the difference between the two boils down to the fact that in CCTs there is a clear and evident set of 'desired behaviours', while in UCTs recipients are generally left with more freedom to spend their transfers, so long as they do not abuse them.

The current debate on the issue of conditionality should therefore be framed differently. The contrast is not between *conditional* and *unconditional* transfers, but rather between the *explicit conditionality* of CCTs as opposed to '*traditional*' forms of behavioural conditioning.

4 A new arena for debate: The effectiveness of explicit conditionality

While many arguments have been put forward in favour of or against CCTs in comparison to UCTs, we consider that the debate has failed to stress that both approaches share the first three types of conditioning. Instead, the debate on the relative effectiveness of the two policy options should stem from analysis of the effectiveness of *explicit* conditionality mechanisms.

We propose a framework for the analysis of this trade-off around four main concepts: *principles*, *benefits*, *costs* and *practical and political feasibility*. Framing the debate in this way may help to untangle the complex question of whether and how CCTs are applicable in other contexts outside Latin America.

4.1 Principles

On a first level, the debate between CCTs and UCTs is grounded in the realm of political ethics; indeed, the discussion of the need to condition and the degree of conditionality to apply in social policy interventions has deep philosophical roots (Musgrave, 1959). On the one hand, the traditional anti-paternalistic argument claims that policy-makers have an 'ethical' duty to respect households' autonomy of decision: any restriction over the use of resources delivered via social interventions would be an improper intrusion into their freedom of choice. Some researchers take this stance one step further, defending the use of UCTs from a rights-based perspective. According to this view, it is 'unacceptable to deny a person the fundamental human right of guaranteeing minimum consumption' and CCTs risk increasing household's vulnerability by cutting them off from a fundamental safety net, especially if the basic 'conditioned' services are not available locally (Kunneman and Leonhard, 2008).

On the opposite side of the spectrum, supporters of CCTs appeal to a principle of 'co-responsibility' that should orient social policy interventions. According to this view, any concession on the state's side should always be accompanied by some sort of commitment on the beneficiaries' side so that policies do not become acts of mere 'assistentialism' and do not promote dependency in the long run (Coady, 2003). In this respect, CCTs 'can be seen as a response to the Samaritan's dilemma' (Britto, 2005), as they indicate a way to reconcile the objectives of redistribution of resources in the short run and long-term poverty reduction.

In other words, while opponents of 'explicit conditionalities' attack the concept of the 'deserving poor' (Hindle, 2004) and deride the 'nanny state', supporters defend the idea of the 'state as a partner' – two positions that are often difficult to reconcile but have important linkages with the political and cultural acceptability of different measures.

4.2 Benefits

Moving away from political philosophy-related principles and towards economic considerations, the anti-paternalistic argument finds an interesting match in neo-classical efficiency terms: respecting families' autonomy coincides with the intention not to interfere with the structure of preferences of economic agents, who are in this view held to know much better than any government what they need. If restrictions that prevent poor families from investing in human capital are almost exclusively monetary (direct cost, indirect cost and opportunity costs), income redistribution will by itself lift budget (or credit) constraints and economic agents will use or invest their resources in the most efficient way. In fact, any further restriction imposed on the use of transfers limits the 'fungibility' of cash, creating a harmful distortion of market efficiency.

However, supporters of the need for 'explicit conditionalities' would claim in response that monetary or credit constraints are not the only ones that matter. For many reasons – some relating to market

failures (e.g. imperfect information, asymmetric bargaining power structures, externalities, etc.) and some others to bounded rationality (myopia) or preference structures (e.g. impatience, risk-aversion, cultural barriers) – individual investment and resource allocation decisions may lead to sub-optimal individual and social outcomes if they are left to the free will of economic agents. As a result, a further ‘nudge’ is required to achieve optimal allocations. In technical terms, while pure cash hand-outs only operate by lifting households’ budget constraints (an income effect), mechanisms of behavioural conditioning also modify (in the case of CCTs via the ‘explicit condition’) the structure of relative prices in favour of the (individually or socially) ‘desirable’ goods or services (i.e. through an income effect and price effect) (De Janvry *et al.*, 2006).

The relative importance of income/credit constraints versus preference/institution constraints for optimal investment in ‘desirable’ outcomes – like health or education – is unclear (Thaler and Sunstein, 2009). And even more fragmented is the understanding of whether less stringent types of behavioural conditioning (on access, means and informal rules) could lead to optimal results as efficiently as ‘explicit conditionalities’. Ideally, the trade-off between CCTs and UCTs could be better analysed if one were able to empirically estimate the marginal impact of the sole ‘explicit conditionality’ on the level of investments in education (or health). However, attempts at quantitatively isolating the net effect of ‘explicit conditionalities’ as opposed to the other forms of behavioural conditioning are still few and far between, although this is partly because this distinction is rarely acknowledged. Nevertheless, a few recent studies provide preliminary indications on the issue.

De Janvry *et al.* (2006), analysing *Progresa* in Mexico, compare the effect of the ‘explicit conditionality’ and a pure income effect (which in their analysis simulates the potential impact of a UCT) on education.¹² Their results indicate that a dollar spent on CCTs would give an effect on school enrolment eight times higher with respect to a dollar spent on increasing households’ income. Bourguignon, Ferreira, and Leite (2003) find even stronger theoretical predictions in favour of CCTs in Brazil, while Kakwani *et al.* (2005) conclude from a micro-simulation on data from 15 sub-Saharan African countries that ‘an increase in income, by itself, would not suffice to significantly increase school attendance’.¹³ Unfortunately, this strand of literature fails to address the point that UCTs are not fully equivalent to an income effect, as they generally operate through other forms of behavioural conditioning (for instance, implicit and indirect).

Schady and Araujo (2006), using the lack of clarity over the functioning of a UCT in Ecuador as the starting point for their research, shed further light on this issue. They find that, although the programme concerned had a positive influence on school attendance, the most significant impact on enrolment rates was for those families who (mistakenly) thought that the programme was explicitly conditioned on educational attendance. Similarly, the research by De Brauw and Hoddinott (2007) took advantage of the fact that some beneficiaries of the Mexican CCT *Progresal/Opportunidades* did not receive monitoring and compliance forms for a substantial period of time after the programme was launched, and therefore were unaware that the transfer was conditional. They found that receiving the forms and understanding the conditions being imposed exerted a stronger effect on school enrolment.

All of this evidence, mostly based on ‘accidental glitches in program implementation or structural models of household behaviour’ (Baird *et al.*, 2010), appears to point to the success of ‘explicit conditionality’ in achieving its goals over the ‘soft’ approach of UCTs. Indeed, this was confirmed by a controversial World Bank randomised control trial which was explicitly designed to contrast the differential impact of CCTs and UCTs on the school attendance rates of teenage girls in Malawi (Baird *et al.*, 2011).¹⁴ Similar randomised comparative studies have been just completed in Zimbabwe (Robertson *et al.*, 2013) and Burkina Faso, where CCTs were “significantly more effective than UCTs in improving the enrolment of ‘marginal children’ who are initially less likely to go to school, such as girls, younger children, and lower ability children” (Akresh *et al.*, 2013). In Morocco, however, results were less clear-cut, partially due to the fact that the UCT branch of the transfer actively encouraged enrolment in schools (Benhassine *et al.*, forthcoming). This leads back to the original question posed in this paper: how much of the benefits of CCTs are due to explicit conditioning alone?

Interestingly the effectiveness of other types of behavioural conditioning has been under-investigated. Schady and Rosero (2008) find that directing payments to women (a form of implicit conditionality) is what triggers the effect of a UCT on food share in Ecuador through a shift in intra-household bargaining power. There is also evidence that income acquired through some government assistance programmes is allocated differently to other sources of income (despite the lack of explicit conditions)

due to mechanisms of indirect conditionality such as a 'labelling effects': in other words, beneficiaries feel compelled to use resources in a particular way on the basis of a perceived informal contract with the government (Thaler, 1990; Kooreman, 2000).

Finally, it is also not clear whether 'explicit' schemes of conditionality can produce a more sustainable change of preferences – and thus behaviour – in the long run, so as to protect investments in 'desirable' goods from possible shocks and income fluctuations.¹⁵

4.3 Costs

Despite the lack of evidence, on theoretical grounds one can reasonably assume that imposing 'explicit' conditions should (if anything) increase the adoption of 'desired' behaviours. The marginal benefit of CCTs should therefore be, if not large in magnitude, at least always positive (assuming the incentivised behaviour is *really* socially or individually desirable).¹⁶ However, the critical point is that using 'explicit conditions' also comes at an extra cost, both at the private and at the social level. From a perspective of global efficiency, it becomes clear that only from the comparison of marginal benefits and costs is it possible to assess whether CCTs or UCTs should be used in different contexts.

Private efficiency (and equity)

On the private efficiency side, the cost of fulfilling 'explicit conditions' – i.e. the direct, indirect and opportunity costs of adopting 'desirable' behaviours such as sending children to school – can be extremely high for beneficiaries. This reduces the net benefit of the transfer and can also have negative impacts in terms of equity and inclusiveness. In fact, meeting the cost of 'explicit conditions' is likely to be most difficult for families in the worst socioeconomic conditions. CCTs may trigger unexpected redistributive effects, by excluding the most vulnerable from the benefit and therefore penalising those most in need (Barrientos and de Jong, 2004).¹⁷

This discussion reflects the tension between the long- and the short-term objectives of CCTs. It is inherent in the nature of conditional transfers that some costs are accrued by beneficiary households. In fact, the subsidy is meant to counterbalance these very costs. Indeed, families that are in such economic conditions that the potential cost of investing in education is higher than the value of a CCT would certainly not send their children to school if they received a UCT of the same value. However, they would at least still receive the cash 'injection', which they would presumably use as a means to tackle poverty in the short run.

Worryingly, this perverse 'excluding' effect of CCTs can involve other dimensions of the targeting process. In Colombia, for example, the need to condition the transfer to key services led to the geographical selection of municipalities where health and educational facilities were actually available, excluding some of the poorest and most under-served areas in the country (Attanasio *et al.*, 2005). While this does not affect outcomes on education (a UCT would not have had any effects either in communities lacking adequate service supply), it does mean excluding needy households who would have benefitted from additional income transfers.

CCTs also impose additional costs on beneficiaries which are not related to the promoted behaviours but derive from the operational model itself. The procedure of monitoring and verifying compliance with 'explicit conditions' often implies the direct involvement of beneficiaries, and this may translate into costs (direct, indirect and opportunity) when the administrative procedures require time and financial commitment from the beneficiaries. Recent estimates for the Colombian CCT (*Familias en Acción* for internally displaced households) indicate that beneficiaries spent an amount equivalent to 45% of the value of their subsidy to bear the costs of monitoring regular attendance at school, as parents have to obtain and collect attendance certificates from the schools themselves (CNC, 2008). Bradshaw and Quirós (2005) also emphasise the high opportunity cost of time spent by women in monitoring and sensitisation activities as part of the conditionality scheme in the Nicaraguan *Red de Protección Social*, as these happen 'at the expense of other activities'.

As these examples show then, the private costs of verifying 'explicit conditions' may affect the efficiency balance between CCTs and UCTs (Coady *et al.*, 2005; Kakwani *et al.*, 2005).

Social efficiency

On the social efficiency side, the usual argument against CCTs is that their management is more complex and expensive than that of non-conditional interventions. This increases the administrative burden of transfers and results in less money being available for the transfers themselves. It is certainly the case that the complexity of the processes of identification, targeting, registration and enrolment of beneficiaries, as well as the costs of operation, administration and delivery of monetary transfers, strongly affects the overall efficiency of any CCT. It should, however, be noted that, while these processes are generally associated with high management costs, they are common to all types of cash transfers and hence do not represent a determining factor in the debate between CCTs and UCTs.

Instead, it is the social cost of monitoring 'explicit conditions' that applies specifically to CCTs and this is the principal argument against or in favour of UCTs from the perspective of public efficiency (Ayala, 2003; Barrientos and de Jong, 2004). In the case of education, for example, the system of monitoring the conditionality compliance of a CCT implies burdens both for schools and the institution managing the CCT itself. On one side, reporting on the regular attendance of students places an administrative and financial burden on schools. On the other, the CCT programme sustains a high cost for verifying compliance and defining administrative procedures for warning or suspending non-compliers from the payment of the transfer. Rough estimates for the Colombian case reveal that a CCT operating at large scale can devote roughly 0.5% of its total budget (or roughly \$1.5 for every beneficiary) to the monitoring of 'explicit conditions', while it spends on average between 2.5% and 5% of the budget on administration and operation costs and about 2% on transfer 'delivery' costs and bank commissions.¹⁸

The public cost of monitoring 'explicit conditions' depends on a set of factors that can be controlled at the design level (precision, frequency and complexity of conditions to be monitored, logistics, etc.) and, as the Colombian example shows, the development of verification systems is presumably affected by economies of scale. To reduce associated costs, most CCTs have relied on pre-existing public social service delivery structures (schools, health centres) to develop compliance monitoring systems. But the logistic and financial (and, indeed, ethical) limitations affecting the state's capacity to effectively monitor individual behaviour are almost insurmountable when 'desired behaviour' and hence conditions are not directly linked to public service utilisation (e.g. nutrition, contraceptive practices, etc.).

4.4 Feasibility

Despite often being grounded in an *ex-ante* analysis of costs and benefits, the tension between UCTs and CCTs is heavily marked by other dimensions. For example, in sub-Saharan Africa implementation feasibility is playing a fundamental role, while in Latin America the political economy of CCTs should not be underestimated. We discuss these two aspects in turn.

Implementation feasibility

'Implementation feasibility' refers to the ease with which implementing agencies – whether national governments or other agencies acting for them – can implement a cash transfer programme. Two considerations are important in this context.

First, the administration of complex conditional programmes may turn out to be extremely difficult for public administrations, particularly when institutions are weak and there is a lack of management capacity (Schubert and Slater, 2006). It is worth remembering here that the trade-off between CCTs and UCTs relates to the marginal capacity required to monitor 'explicit conditions' and enforce penalties specifically, rather than to the general administration of transfer schemes.

Second, one should be aware of the potential added 'pressure' on public services (e.g. education) that transfers can create when they are 'explicitly' conditioned on the use of these public services. The risk is that systems may not have enough capacity to absorb growing demand. The original rationale for CCTs in Latin America drew on the hypothesis that not only is access to social services 'desirable' but also that there is an unmet supply of services in the sector. The system of provision of 'desirable' services must have the potential for expansion (for instance in terms of coverage), which

can only be capitalised on if barriers on the demand side are eliminated. In this respect, CCTs can increase the efficiency of service provision systems when unexploited efficiency gains exist on the supply side. Moreover, the monitoring process on the one hand and the incentive mechanisms on the other are likely to have positive knock-on effects on the efficiency of the service delivery system. For example, by stimulating more interest in schooling and pressure from parents, a CCT could trigger higher investment in education from local governments and administrations or enhance the commitment and sense of responsibility of teachers.¹⁹

Clearly, the immediate corollary is that the effectiveness of demand-side policies is contingent upon a prior attainment of a certain level of public service provision capacity through supply-side policies. In situations where service provision systems are structurally weak (sub-investment, saturation, insufficiency of infrastructure, etc.), explicit conditions on cash transfers may simply not be feasible, at least not until investments to expand supply capacity have been undertaken. Not only would CCTs put more 'pressure' than UCTs on already fragile service delivery systems, but they would have very perverse incentives in regard to equity (i.e. the exclusion of those who cannot access services) or would not constitute a 'credible threat' because the 'explicit conditions' would be in practice impossible to meet for many.

Political feasibility: The political economy of CCTs

CCTs were initially introduced as an emergency social protection measure to tackle the effects of the economic crises affecting Latin American economies, including Mexico, Brazil and Colombia (Britto, 2005; Ayala, 2003). Although generally starting as pilot projects, they have often been scaled up far beyond the original target population and expanded long after the end of the crisis periods that triggered their introduction. This trend is not surprising and, while this is undoubtedly due to their proven success in some areas, it has nonetheless been argued that it is also due to their political attractiveness.

Some political advantages are common to CCTs and UCTs. First of all, cash transfers – whether conditional or not – are one of the few policies with longer-term impacts that are politically 'feasible' in the short term. Politicians have low incentives to promote a programme that they will not benefit from within their electoral cycle. CCTs specifically avoid this disincentive problem by guaranteeing immediate political popularity²⁰ (cash hand-outs are the most popular redistribution measure) while simultaneously maintaining a certain coherence with longer-term policy objectives, thanks to their explicit two-pronged objective of increasing wealth today and productivity tomorrow (De la O, 2010 and 2012). That said, the risks associated with political utilisation of these programmes are significant.²¹ Unwise administrations may leave heavy burdens on those who will face in the future the task of phasing out cash transfer programmes or, more importantly, of implementing graduation out of the programme. The political cost of such a move is so high that few programmes have managed to do so successfully, raising concerns over the financial and fiscal sustainability of cash transfers that have already been put in place. Moreover, by closing the demand gap, cash transfers are policies that show results quickly without necessarily making any structural progress associated with the reform of supply-side systems (UIS, 2006). Addressing the low quality of education has real political costs for governments, which are easily deflected by focusing on CCTs.

Second, all cash transfers are relatively easily monitored and evaluated. Thanks to their targeted nature (and often geographic focus), straightforward disbursement mechanisms and clear (mostly measurable) objectives, cash transfers have been the subject of rigorous impact evaluations (Rawlings and Rubio, 2003). This is of course essential to their success, as the findings from rigorous studies have helped to justify and fine-tune their functioning. However, part of this emphasis on evaluation has contributed to making the wider implementation of cash transfers a self-fulfilling prophecy (results can be easily demonstrated, thus validating the overall approach).

Another set of political advantages are specific to CCTs only. Most notably, the explicit conditionality of CCTs is a useful means to buy the support of the middle classes. While directly transferring money to the poorest deciles of the population without asking for anything 'in exchange' may be an unpopular policy (leading to the government being accused of creating dependency and distorting incentives), conditioning the transfers on the adoption of positive behaviours is more politically feasible as it creates a sense of the 'co-responsibility' of the poor (Fizbein and Schady, 2009). Even the most 'resentful' of the middle classes would not dare to argue against conditioning a transfer to guarantee a

better future for children. The intergenerational element of CCTs and the attempt to establish an 'explicit contract' between tax-payers and beneficiaries, therefore, increases their political feasibility.²²

The political feasibility of CCTs (and UCTs, to a lesser extent) should be considered a central aspect of their success. Detractors could argue that the convergence of technical justifications and political incentives has become a distorting factor in the choice of cash transfers against other – possibly more cost-effective – alternatives. However, that same convergence has paved the way for establishing national-level social protection systems for the poor, an important achievement in a context of increasing vulnerability to global economic and climatic shocks.

5 Conclusions: The conditions for conditionality

The success of CCTs is demonstrated by their rapid spread worldwide. Initially focused in the Latin American region, many other developing countries – including in sub-Saharan Africa – have developed flagship programmes. The basic model, moreover, has been gradually extended to include an increasing number of ‘desirable’ behaviours by conditioning the delivery of cash on the use of other social services. In Angola, for example, cash transfers are paid to mothers who deliver in hospitals, while in Tanzania and Lesotho a CCT scheme has been designed to tackle the HIV-AIDS pandemic. But does one size fit all? And, if not, what are the conditions under which CCTs can be successful?

As shown in this article, cash transfers (including UCTs) and many other public interventions share three forms of behavioural conditioning that can also be used to achieve desirable outcomes: conditioning on access, implicit conditioning and indirect conditioning. What defines the nature of CCTs is the presence of additional ‘explicit conditionalities’ within the ‘contract’ between provider and recipient. When trying to understand under what conditions CCTs are effective it is therefore the value this additional form of conditionality adds that should be examined.

The next few paragraphs will attempt to explain why and under which conditions CCTs and ‘explicit conditionalities’ can be implemented successfully. This will be done by using some of the concepts elaborated in this article, analysing the issue from a policy design perspective first and from an institutional context perspective afterwards. Table 1 then summarises this framework schematically.

Regarding **policy design**, the lessons from the Latin American experience are relatively clear. First of all, CCTs should rely on a clear policy objective as well as a set of ‘desirable’ and easily targetable behaviours associated with this objective. It should be possible to associate these behaviours with specific investment and consumption choices, in turn clearly associated with access to specific services or goods. In cases where the policy objective is to relieve income poverty in a broader sense, or where the emphasis on short-term poverty reduction is stronger than that on long-term poverty reduction (e.g. an emergency context), CCTs may not be an optimal strategy. The poverty levels of the target population may be ultimately at stake here. In situations where most households live below subsistence levels and are incapable of satisfying basic needs, spending money on desirable behaviours becomes an additional burden on the most vulnerable households and can effectively exclude them. As an example, these considerations were made when designing the Hunger Safety Net Programme in Kenya, with the choice being made to make it a UCT targeted at the poorest households in the arid north of the country (OPM and IDS, 2011).

Second, *the distinction between hard and soft conditionality is blurred in practice*. If some conditioning is needed, behavioural change can be achieved by combining conditions on access, on the means (implicit conditioning) and some sort of contract between recipient and provider on the use of resources (indirect conditioning or explicit conditionality). The level of formality of such a contract (e.g. whether to introduce and enforce explicit penalties) depends on the local institutional context.

Third, *while the ‘desirable’ behaviours encouraged can be very broad, ‘explicit’ conditions should be easy to monitor*. They are often expressed in terms of access to specific public services, but these may or may not be directly linked to the ‘desirable’ behaviours. For example, in the case of obligatory school attendance and educational outcomes, the public service and the ‘desirable’ behaviour tend to coincide. However, in the case of nutrition, the link between regular health checks and adequate child nutrition is less straightforward: the latter involves a broad set of changes (for instance in consumption) that cannot be effectively monitored by the provider. *CCTs are feasible and optimal when there is a clear and strong linkage between final objective and desirable behaviour encouraged and when the desirable behaviour corresponds to accessing a publicly provided service*.

Fourth, the rationale for implementing CCTs should be based on a detailed analysis of the barriers to demand for ‘desirable’ goods and services, as well as the traditional analysis of the quality and effectiveness of supply. Barriers to investment in ‘desirable’ goods or services can be very heterogeneous. Financial barriers and credit constraints are related to direct costs, indirect costs and opportunity costs. But a low demand for ‘desirable’ goods or services can also depend on imperfect

information, preferences and the institutional setting (inside and outside the household). The logic behind cash transfers in general assumes that some barriers to demand (indirect and opportunity costs) cannot be efficiently reduced simply through interventions on the supply side. But the distinct logic behind CCTs (but not UCTs) assumes that monetary/credit constraints account only for a fraction of households' resistance to demanding 'desirable' goods and services. CCTs can be an option to raise sub-optimal levels of consumption/investment in 'desirable' goods and services when demand-side barriers are rooted in information, preferences and power structures.

Fifth, CCTs should be encouraged if there is the political will and capacity to fine-tune the programme to the specific conditions of (or barriers faced by) different beneficiaries. CCTs work on preferences and institutions. These are by definition difficult to gauge and can only be fully effective if the conditions are 'calibrated' properly. In order to do this, the programme needs to be willing to engage in constant monitoring and evaluation that can direct policy towards best practices. For instance, once again in the field of education, incremental subsidy schemes that increase the value of the transfer for every additional grade attended have proven effective in ensuring continued school attendance. In Colombia and Mexico, for example, pilot schemes have been introduced that provide a graduation 'premium' at the end of secondary school as an incentive for completion. Other incentive mechanisms have been explored to encourage completion of secondary and tertiary education.

A second set of considerations relate to the **institutional context of a country** or region that chooses to undertake a poverty reduction strategy involving CCTs. The Latin American region stands out as one where many pre-conditions are satisfied but this should be carefully assessed in other contexts, especially sub-Saharan Africa.

First of all, an important prerequisite for the effective implementation of CCTs is the *presence of an adequate supply of public services*. Policy interventions aimed at stimulating the demand for services (like education) are based on the assumption that these services are of a satisfactory quality and hence are 'desirable' from the beneficiaries' standpoint. However, this is not always the case. Services such as schooling in poor countries are often of low quality and inequitably distributed. At a micro level, conditioning a programme on non-existent or low-quality services can be extremely counterproductive, especially if there are no alternate ways for recipients to meet conditions until public supply improves.²³ It excludes those most marginalised from the transfer. It can also create a perverse incentive that forces households to embark on an investment that is 'unprofitable' compared to other market alternatives, thus in fact making a sub-optimal choice.²⁴ From a macro point of view then, spending public money on CCTs may not be the most effective use of resources when basic services still need to be developed (UIS, 2006).

Second, it should be pointed out that the *capacity for scaling up these public services and maintaining quality* is also an important prerequisite, as even if there is an adequate supply of public services at present, CCTs may in themselves put additional pressure on existing services.

Third, the cost-effectiveness of 'explicit' conditionalities (compared to other types of conditioning) depends on the *public and private costs of monitoring and enforcing compliance with explicit conditionalities in CCTs* (a cost that is not faced with UCTs). On one hand, the additional *public cost* can either be sustained in the absence of any severe budget constraints or in the presence of pre-existing infrastructure/human capital that can be used to take on this role (e.g. a network of social assistants or well administered health centres). On the other hand, the *private cost* – the burden on beneficiaries of proving their compliance – can be lowered by streamlining the certification process or shifting the burden to institutions (e.g. schools) rather than households. Only countries with the physical and institutional capacity to meet these two objectives can pursue CCTs without the concern of incurring problems at a later stage of implementation.

Finally, linked to the point above, the political feasibility of imposing explicit conditionalities will depend on the relative power of the middle class within a given country and the overall political orientation of governments (and the donor community). In countries where providing a safety net for the poorest and most vulnerable households is viewed as a 'right' to be guaranteed and the middle classes do not have too much political clout²⁵, it is unlikely that imposing explicit conditionalities will be deemed as acceptable, necessary or feasible, and vice versa.

To conclude, we stress the importance of recognising that conditionality is a multidimensional concept that can be implemented to many different degrees. While UCTs and CCTs often share various forms of behavioural conditioning, they mainly differ in the way the contract between provider and recipient is framed: for CCTs the payment of the cash is contingent upon the adoption of a set of ‘desired behaviours’ which are explicitly monitored, while for UCTs recipients are generally left with more formal freedom to spend their transfers. There are two main implications stemming from this distinction. First, that a comparative assessment of CCTs and UCTs should be based on the relative benefits – but also costs – of introducing, monitoring and enforcing this ‘explicit contract’. Second, that countries wishing to adopt CCTs should carefully consider their feasibility based on overall priorities for policy design and institutional context. The success of CCTs in Latin America was precisely linked to an assessment of this type (i.e. a clear policy objective to address problems of low human capital and a thorough understanding of supply and demand for key services such as education), but was also grounded in a specific political economy environment in which the argument of co-responsibility had a receptive audience. If sub-Saharan African countries want to reap the benefits of CCTs they should first understand whether similar conditions apply to them, and decide accordingly.

Table 1 The conditions for conditionality: A summary

	Dimension	When are CCTs useful?	When are UCTs and other policies more suitable?
Policy Design	Clarity of policy	Clear policy objectives, set of ‘desirable’ and easily targetable behaviours associated with this objective	Unclear policy objectives, focus on relieving poverty in a broader sense
	Linkage between ‘desirable’ behaviours, publicly provided service, and objectives	Clear and strong linkage between final objective (e.g. human capital accumulation) desirable behaviour encouraged (e.g. school attendance) and service provision system, (public school system)	Unclear linkage between final objective (e.g. poverty reduction) and desirable behaviour encouraged (e.g. productive investment). Unclear link between behaviour and service provision system
	Consideration of other ‘mild’ forms of conditionality	Analysis of the relative effectiveness of the three ‘mild’ forms of conditioning (conditionality on access, implicit and indirect conditioning) as opposed to explicit conditionalities and realisation that they are ineffective for the policy objectives	Analysis of the three forms of ‘mild’ conditioning and realisation that policy objectives can be reached through those alone
	Analysis of demand and supply of services	Detailed analysis of barriers to the demand of ‘desirable’ goods and services and of the quality and effectiveness of supply. Existence of demand-side barriers to ‘desirable’ goods and services rooted in information, preferences and power structures	Lack of analysis or thorough understanding of country-level demand and supply of public services. Most demand-side barriers to ‘desirable’ goods and services do not depend on information, preferences and power structures

Table 1 The conditions for conditionality: A summary

	Dimension	When are CCTs useful?	When are UCTs and other policies more suitable?
Policy Design	Ability to fine-tune policy	Effective usage of monitoring and evaluation to fine-tune cash transfer's design to specific individual sets of constraints so as to maximise results	No ability or political scope for fine-tuning of the programme so as to maximise results
	Supply of services	Developed supply of public services; equitable distribution of services; high quality and effectiveness of services	Undeveloped supply of services; inequitable distribution of services; low quality and effectiveness of services
Country Context	Capacity for scaling up of public services provision	Existing capacity for scaling up of public services provision (due to increased demand for services)	No capacity for scaling up of public services provision
	Poverty levels	Households live at a subsistence level and are generally capable of satisfying their basic needs. Spending additional money on desirable behaviours is therefore less of a burden	Households live below a subsistence level and are not capable of satisfying their basic needs. Spending money on desirable behaviours is therefore an additional burden that detracts from the value of the benefit (effective exclusion of most vulnerable households)
	Implementation infrastructure and monitoring costs constraint	Reasonable costs involved in monitoring explicit conditions. Presence of pre-existing infrastructure that can be used to decrease the costs of monitoring compliance	Budget constraints. No pre-existing infrastructure that can be used to decrease the costs of monitoring compliance
	Beneficiaries' compliance burden	Low burden on beneficiaries in regard to monitoring their compliance (e.g. streamlined system for verifying attendance through schools, etc.). No severe budget constraint (CCTs are more expensive to implement)	High burden on beneficiaries in regard to monitoring their compliance (e.g. families having to provide certificates and incur travel costs to prove compliance)
	Political feasibility	Middle class opposed to cash transfers to poor households except if some form of co-responsibility is ensured	Weak middle class and strong focus on creating a safety net for the poorest households

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Endnotes

- ¹ The South African model of social grants is the main reference point in this field. It comprises an old age pension, as well as child, foster care and disability grants, and has been in operation since the end of apartheid.
- ² See for example Paxson and Schady (2007), Schady and Araujo (2006); Schady and Rosero (2007), Edmonds and Schady (2009), Edmonds (2006), Case, Hosegood, and Lund (2005), Duflo (2003), Agüero, Woolard and Carter (2006) and Case and Deaton (1998).
- ³ As discussed later in this paper, in several cases conditionalities are effectively less stringent.
- ⁴ The enrolment rate gap between first and fourth quartile of income is around seven percentage points in primary education. However, the divide widens significantly at the secondary level, as the average inter-quartile difference reaches 16 percentage points (ECLAC, 2002a).
- ⁵ Only 20% of children and adolescents whose parents did not complete primary education complete it, whereas this happens for 60% of children and adolescents whose parents have at least 10 years of education (ECLAC, 2004).
- ⁶ Between 1990/91 and 2002/03 the level of annual *per capita* expenditure in social sectors increased by almost 40% in real terms, gaining importance with respect to other categories of expenditure, particularly economic and administrative functions (ECLAC, 2005). *Per capita* social expenditure in education has increased proportionally more than other social sectors (46.3%) (ECLAC, 2003).
- ⁷ Studies of returns to education indicate that, in Latin American countries, an additional year of schooling translates into a 14% wage increase (ECLAC, 2006).
- ⁸ A recent article by Esther Schuring, which explores similar issues in a slightly different framework, calls this 'ex ante conditionality' (Schuring, 2010).
- ⁹ Along the same dimension is the trade-off between transfers in cash and transfers in kind (or intermediate forms such as vouchers), where mechanisms of conditionality over the use of transfers are obtained by determining the *nature* of what is transferred. See Currie and Gahvari (2008) for a recent review of the literature on this topic.
- ¹⁰ This type of conditionality has been called 'indirect conditionality' by Schuring (influencing household behaviour through the choice of implementation modalities) (Schuring, 2010). Similar claims have also been made by Schubert and Slater (2006).
- ¹¹ In fact, in South Africa mechanisms of formal conditionality in education have recently been introduced to the design of the Child Support Grant, but are only being implemented slowly and face strong resistance.
- ¹² Using a very different methodology, Todd and Wolpin (2003) also have similar results.
- ¹³ This supports the robust empirical finding that the income elasticity of education for poor households is generally low (Behrman and Knowles, 1999).
- ¹⁴ It should be noted that the 2010 version of the same paper, based on self-reported data rather than school-level data, corroborated exactly the opposite result. This shift in results, due to a radical change in methodology, was extensively criticised in a recent working paper by Kidd and Calder (2012).
- ¹⁵ For example, a few CCT evaluations suggest that conditional transfers 'implicitly educate' beneficiary households, sending a strong cultural message on the importance of education in the long run (Reimers et al., 2006; CNC 2008).
- ¹⁶ An exception to this statement would be a case in which the introduction of an explicit incentive crowds out intrinsic motivations (Frey, 1997). In other words, because households are now compensated for a behaviour that they would have taken even without incentives, their non-instrumental motivation is offset by the incentive and the level of adherence to the behaviour does not change. There is no evidence of this mechanism taking place. However, in an analysis of the effects of *Progresá* on social dynamics, Adato (2000) finds that by seeing beneficiaries being paid, non-beneficiaries started requesting similar incentives to put in place desirable behaviours (e.g. attendance at training sessions).
- ¹⁷ An example of this is the case of child heads of households, who cannot reconcile their schooling obligations with the need to care for younger siblings. This situation could force them to self-exclude themselves from a CCT programme because of the conditionality imposed.
- ¹⁸ Estimates provided by the management of *Familias en Acción* in Colombia, 2008. It should be noted that these are the costs for a mature programme in Latin America; for newer programmes in sub-Saharan Africa the costs are likely to be significantly higher.

¹⁹ A quantitative analysis of the 'unwished for' results of the *Familias en Accion* CCT in Colombia showed that the conditional transfer increased parents' school-related responsibilities, reinforced their social control over schools, and increased their expectations in terms of the quality of school services (CNC, 2008).

²⁰ For example, in a 2012 paper De La O presents evidence from Mexico's *Progres*a showing that long-term enrolment in the programme led to an increase in turnout of 7% and an increase in incumbent vote share of 16% in the 2000 presidential election.

²¹ With a study of 13 countries where CCTs were implemented between 1996 and 2010, De La O interestingly proves that 'in countries where the executive power's electoral strength is dominant, due either to the lack of professional legislators or to undivided governments, both CCT programs' design and implementation are less strict. By contrast, in countries where the policy-making power is not unitary, either because the president faced political uncertainty or a divided government, CCT programs' design and operation are stricter', in the sense that they provide fewer 'protections against mismanagement and abuse' such as operational rules subject to audit, strong monitoring and evaluation, etc.

²² Interestingly, the fact that transfers are often paid to women also increases political buy-in. However, in this case the increase in political feasibility originates from the implicit conditionality, not the explicit one.

²³ For example, in Kazakhstan one of the BOTA Cash Transfer objectives is to stimulate demand for and hence supply of public services, and alternative ways for recipients to meet conditions until public supply improves have been found through collaborating with local NGOs etc. to deliver pre-school care.

²⁴ For example, research shows that in sub-Saharan Africa increases in agricultural productivity are associated with higher educational levels only when markets are characterised by technological and institutional innovation (Boissiere, 2004). In Latin America, returns to education are very high in private schools but significantly lower in public schools (both at primary and at secondary level) due to a substantial quality differential between the two (ECLAC, 2005).

²⁵ The assumption being that middle classes tend to oppose such policies.