

***Introduction to the Special Issue of the  
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**CONDITIONAL CASH TRANSFER PROGRAMS:  
OPENING THE BLACK BOX**

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- **Situation:** high levels of poverty; low levels of investment in human capital; next generation also trapped in poverty
- CCT programs two-fold **objective**
  - Short-term poverty alleviation
  - Break the cycle of poverty in the longer run by incentivizing households to invest in the accumulation of human capital
- **Design** features
  - Transfers/cash
  - Conditions/corresponsabilities in health and education
  - Nutritional supplements
  - Targeting and eligibility
  - Organization of supply
  - Verification of conditionalities
  - Impact Evaluation

# Transfer amounts

Program	Monthly Monetary Benefit	Average Monthly Transfer	Average Transfer as a % Poverty Line	% Pre-Transfer Household Consumption
Brazil – Bolsa Familia	\$18/HH; \$5/child up to 3 children	\$24	12%	
Colombia – Familias (FA)	\$20/HH; \$6/child primary age; \$12/child secondary age	\$50	Not reported	30%
Honduras – PRAF	\$4/HH;\$5/child	\$17	8%	10%
Jamaica – PATH	\$9/eligible HH member (child, elderly, disabled)	\$45	16%	20%
Mexico – Progresas/Oportunidades	\$13/HH;\$8-17/child primary;\$25-32/child secondary; one time grant \$12-22/child for school supplies	\$20	23%	25%
Nicaragua – RPS	\$18/HH; additional \$9/HH with a school-aged child; \$20/year/child for supplies	\$25	18%	20%

Source: Handa and Davis (2006)

# The spread of CCTs



- Mexican program Progresa/Oportunidades launched in 1997, in 2006 reaching all extreme poor (5 million)
- Spread to Nicaragua, Honduras, Jamaica, Colombia and Brazil by 2003
- Today in over 30 countries in all developing regions
- Main international agencies that have supported CCTs: WB, IADB, more recently DFID, UNICEF
- Adapted version (African model) are the Social Cash Transfers, which are unconditional (e.g. Child Support Grant in South Africa)

# The CCT debates



- Supply versus demand side
- The 2 C's (Cash & Conditions) dealing with the 2 constraints on optimal human capital investments (poverty and sub-optimal investments)
- Conditions versus corresponsabilities (political selling-point; paternalistic versus rights-based approach)
- Gender empowering versus reinforcing stereotypes
- Creating adverse incentives (staying poor, not working, getting more children....)?
- The opportunity cost (postponing the implementation of welfare state)?
- Graduation and linkage with other welfare programs?

# Issue Rationale



- CCT programs have pioneered the use of rigorous impact evaluation methodologies in the social development sphere
- Convinced policy makers to (i) implement random assignment; (ii) 'not kill' the programs (*OPORTUNIDADES*-effect)
- However, until recently, the evaluations focused on the impacts of the package of interventions – the proverbial 'black box' approach
- Getting away from the 'average effect' approach
  - Impacts of what? (Which components of the programs, or combination thereof, are important in achieving outcomes?)
  - Impacts on whom? (heterogeneous effects)
  - Impacts when?

# Causal Pathways... ...and the supply side



- Financial incentives work to increase utilization of health services, but mixed results w.r.t. outcomes suggests that the **supply side needs to be addressed more directly** (Gaarder, Glassman, and Todd)
- Positive effect on birth weight from **improved quality of care due to more informed and demanding beneficiaries** (Barber and Gertler)
- Program found to be more effective in terms of schooling outcomes in areas with poor initial supply conditions due to the **effect of the program in improving supply** (Maluccio, Murphy and Regalia)

# Heterogeneity... ...and effects revisited



- Lamadrid-Figueroa, Angeles et al.: Heterogeneous impact of OPORTUNIDADES on use of contraceptive methods by young adult women living in rural areas
  - Comparing ITT, RDD, smoothed means by poverty index
  - Large positive effect on the poorest; **negative effect on those near threshold for eligibility**
- Garcia and Hill: The Impact of Conditional Cash Transfers on Children's School Achievement: Evidence from Colombia
  - Controlling for compositional changes of students by looking at always enrollers only
  - Positive effect on school achievement for children aged 7-12 in rural areas, but **negative effect on school achievements of 'always enrolling' adolescents**



- Supply constraint
  - soft or hard?
- Heterogeneous impacts
  - implications for correctness of previous evaluations?
  - Implications for ideal eligibility cut-off or heterogeneous interventions?