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Preface

The international community has set for itself several ambitious millennium development goals, one of which is to cut poverty in half by 2015 and another is to universalize primary education by the same date. Most development strategies and donor aid agencies agree that reducing poverty and educating the world's children is the right thing to do—right because development should bring a reduction in poverty and because every child should be afforded the opportunity to learn the basic reading, writing, and arithmetic skills to at least form a basis for broader self-education. But it is also the smart thing to do because investing in human capital, often a poor country's most abundant resource, will yield high returns across all sectors of the economy. Yet there is no consensus about how to do these things. And there are fundamental questions about the effectiveness of aid as an instrument to reach either these or any other development goals.

In this book, Sam Morley and David Coady demonstrate how a promising new alternative to standard donor-financed education programs—the conditioned transfer for education (CTE) program—can advance both poverty reduction and education goals at the same time. Often referred to as cash-for-education programs, CTE programs meet the immediate needs of the poorest families by providing cash or food but only on the condition that they keep their children in school. These transfers reduce poverty in the short run, and the additional education of the children of poor families breaks the long-run cycle of poverty by increasing their earning potential.

This book is the first of its kind. It compiles a vast amount of unpublished and published material on existing conditioned transfer programs and their impact on poverty. Through groundbreaking case studies and by reviewing in detail programs in Mexico, Brazil, Bangladesh, Nicaragua, Honduras, and Chile, Morley and Coady demonstrate how CTE programs are a success story for foreign aid skeptics. While the programs have important administrative and coverage problems and are not, as the authors point out, a panacea in all cases, the empirical evidence on actual program experience gives a quite powerful demonstration of their positive impact in education and poverty outcomes in the countries reviewed. They rank among the best targeted of all social safety net programs. And because of the lasting human capital enhancements and high percentage of funds transferred directly to individuals, CTE programs increase the income of poor families more per dollar spent than other safety net programs.

Morley and Coady then take the research one step further. How much would it cost to expand the individual country successes to a Latin America-wide CTE program? This book is an invaluable resource for policymakers and practitioners interested in effective aid delivery models in the education sector and the potential to scale this model to other sectors.

This book is a joint project by the Center for Global Development and the International Food Policy Research Institute (IFPRI).

The Center for Global Development is a nonprofit, nonpartisan institution dedicated to reducing global poverty and inequality through policy-oriented research and active engagement on development issues with the policy community and the public. The Center's research assesses the impact on poor people of globalization and of the policies of industrial countries and multilateral institutions. A principal focus of the Center's work is policies of the United States and other industrialized countries, which affect development prospects in poor countries, and of international institutions such as the World Bank and the International Monetary Fund that are so central to the world's development architecture.

IFPRI is an international research organization, operating collaborative research and capacity building programs in about 40 countries. Its mission is to provide policy solutions that cut hunger and malnutrition. IFPRI is a member of the Consultative Group for International Agricultural Research (CGIAR) and is supported by about 50 donor countries and foundations. IFPRI is committed to providing international food policy knowledge as a global public good.

Nancy Birdsall Joachim von Braun
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