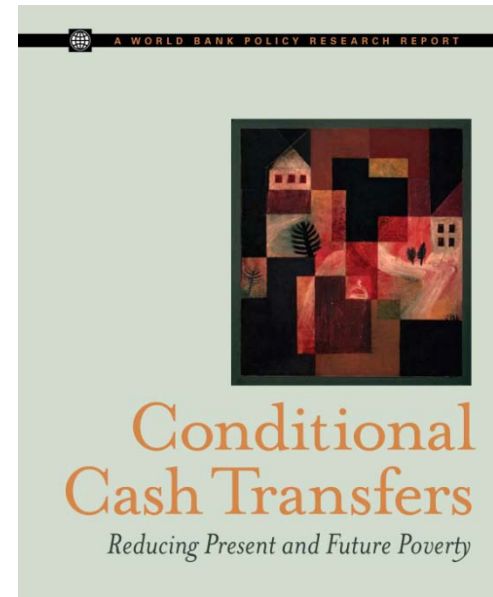

Conditional Cash Transfers: Reducing present and future poverty

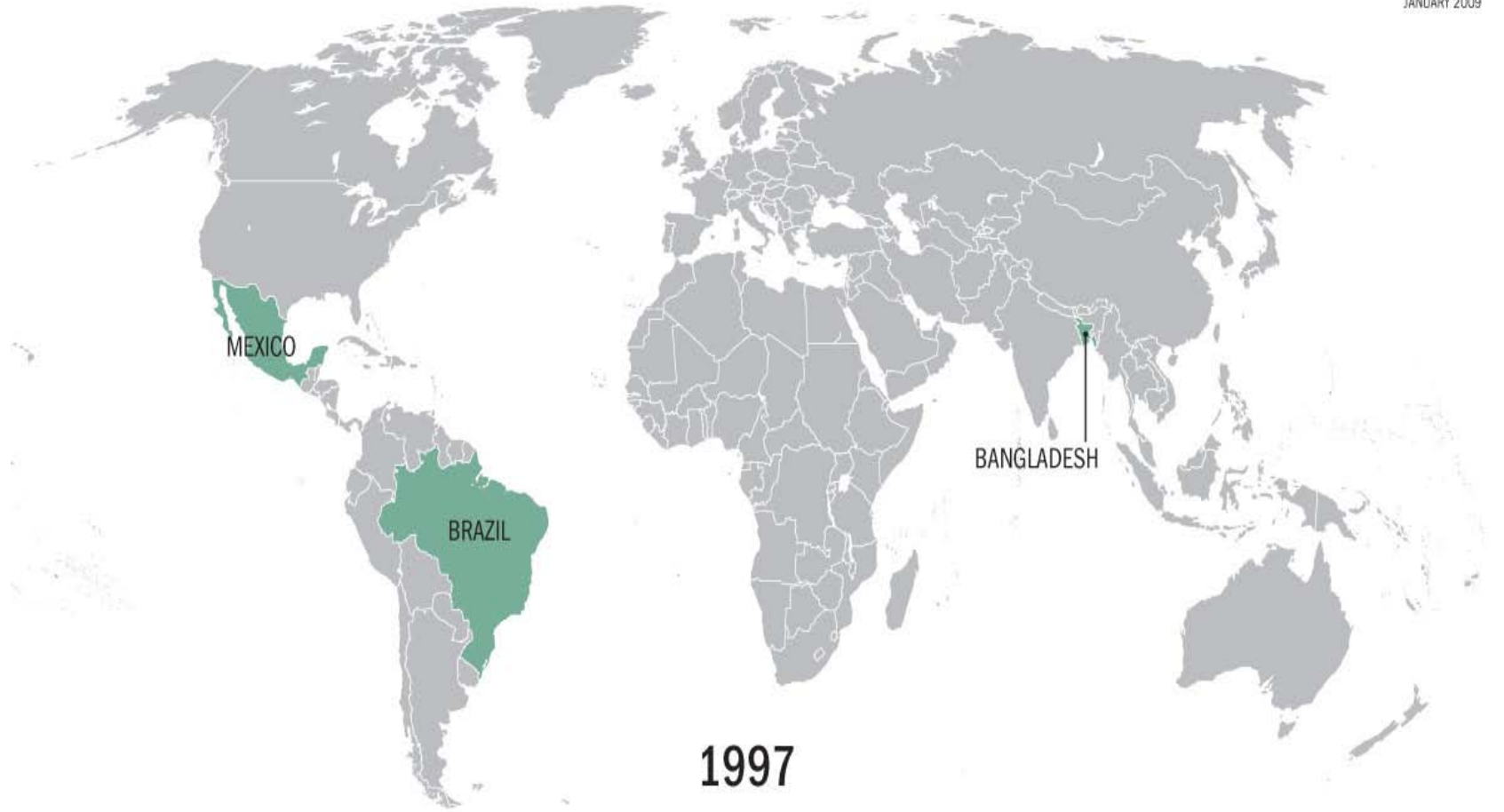
Ariel Fiszbein
Chief Economist
Human Development Network
World Bank



CCT Programs have become very popular in the developing world and beyond...

- Programs share some basic characteristics:
 1. They transfer **cash**
 2. They ask that households comply with a series of **conditions** (e.g. school enrollment and attendance, attendance at health centers for young children)
 3. They are **targeted to the poor**

 - “Twin objective” of CCT programs:
 1. **Reduce current consumption poverty**
 2. **Promote accumulation of human capital**
-

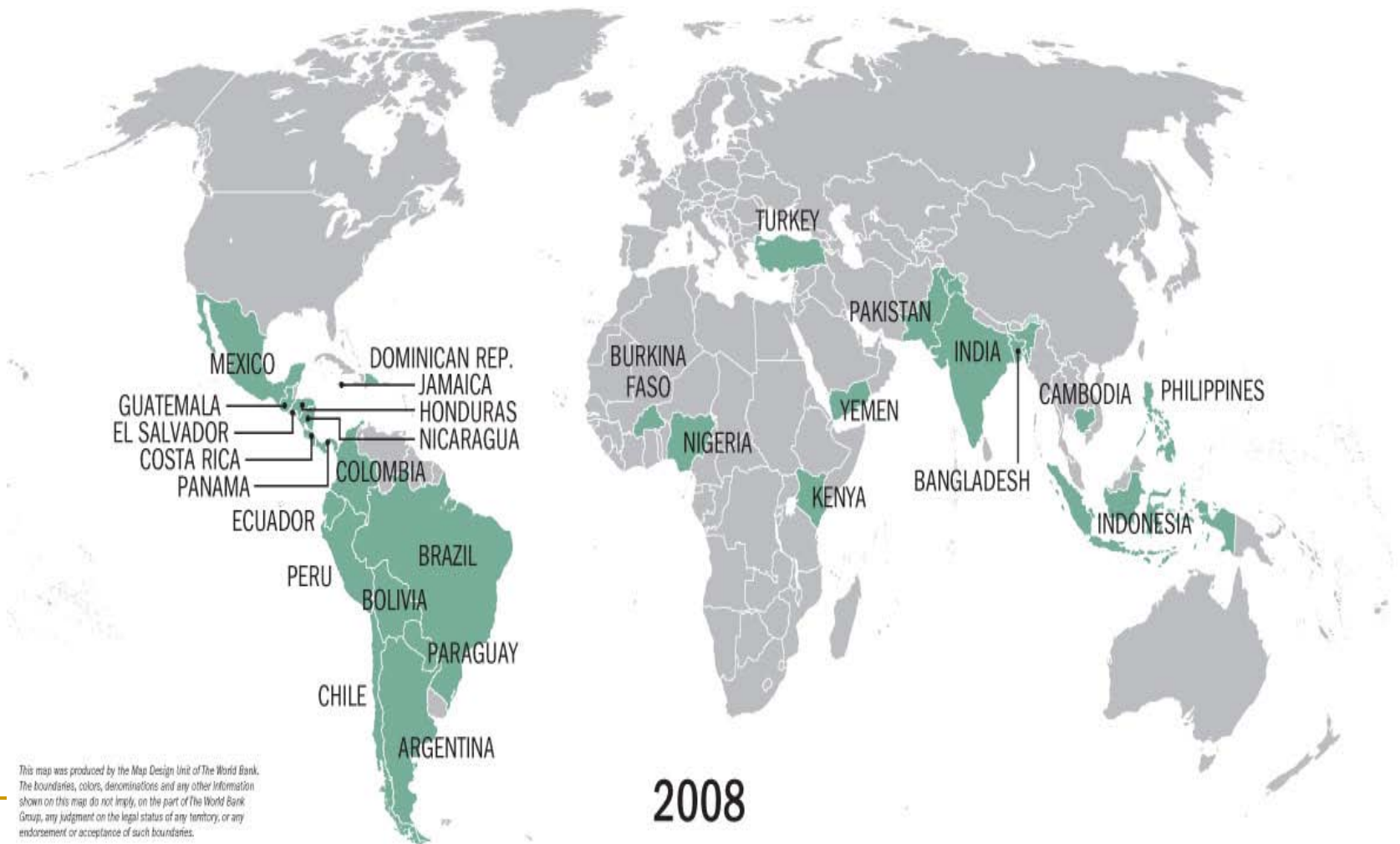


MEXICO

BRAZIL

BANGLADESH

1997



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2008

CCT Programs have become very popular in the developing world and beyond...

- CCTs have often replaced a myriad of badly targeted, regressive, ineffective subsidies and piece-meal programs
 - Large-scale CCTs have survived political transitions
 - CCTs have shown positive results through credible impact evaluation studies
-

Evidence on CCT impacts

- **Message 1:** CCTs have generally led to substantial reductions in poverty among beneficiaries with few offsetting adjustments
 - **Message 2:** CCTs have led to substantial increases in the utilization of education and health services—in particular among the poor
 - **Message 3:** Increases in service utilization, do not automatically translate into improvements in final outcomes, which may require complementary interventions
-

Why condition?

- **Economic justifications**
 - Persistently misguided beliefs; “Incomplete altruism”; Externalities
 - **Political economy justifications**
 - Greater support for a program that appears to ask beneficiaries to do “something to help themselves”
 - CCTs as new “contract” between the state and beneficiaries. Emphasis on “**co-responsibilities**” not “conditions”
 - **Limited evidence.** But conditions appear to play a role in increasing service use beyond income effect (at least in education)
-

Policy implications

- **Complementary actions** are needed:
 - Improving **access** and **quality** of the supply of **social services**
 - Parenting interventions and early childhood development
 - CCTs must be part of a broader **social protection system**
 - Complementary programs like workfare, unemployment insurance, social pensions
-

Policy implications

- Although CCTs attempt to “kill two birds with one stone” there are in practice often **trade-offs** between different objectives
 - Redistributive vs. human capital goals
 - Different types of human capital goals
 - While important efforts focus on transparency, **entry/exit** is still problematic
 - Important **institutional legacies**
 - Well-run administrative structures for beneficiary selection, payments, transparency
 - Groundbreaking in terms of monitoring and evaluation
-

END

