

United Nations Development Programme



ADDRESSING URBAN POVERTY

Relevance of Conditional Cash Transfers





**ADDRESSING URBAN POVERTY:
Relevance of Conditional Cash Transfers**

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ACRONYMS

ATM	Automated Teller Machine
BPL	Below Poverty Line
CCT	Conditional Cash Transfer
DSWD	Department of Social Welfare and Development
EC	European Commission
3Fs	Food, Fertilizer and Fuel
GDP	Gross Domestic Product
GST	Goods and Services Tax
ICDS	Integrated Child Development Scheme
IPC-IG	International Policy Centre for Inclusive Growth
LPG	Liquefied Petroleum Gas
M&E	Monitoring and Evaluation
MIS	Monitoring Information System
MoHUPA	Ministry of Housing and Urban Poverty Alleviation
NGO	Non-Government Organisation
PDS	Public Distribution System
PFA	Programa Familias en Acción
PKH	Programme Keluarga Harapan
4Ps	Pantawid Pamilyang Pilipino Programme
REOPA	Rural Employment Opportunities for Public Assets
RPS	Red de Protección Social
3Rs	Reduce, Reuse and Recycle
TPDS	Targeted Public Distribution System
UID	Unique Identification
UNDP	United Nations Development Programme
VAT	Value Added Tax



BACKGROUND

South Asia is home to a majority of the world's poor. Across the region, rural and urban poverty continues to be both pervasive and deep-rooted. While poverty alleviation policies and programmes have been devised to reach out to rural poor, enhancing human security of the urban poor is a pressing need. This is further accentuated by rapid urbanisation underway in the entire subcontinent.

Conditional Cash Transfer (CCT) schemes wherein cash is provided directly to poor households or individuals in response to them fulfilling specific conditions have assumed importance as instruments that can entitle and empower the urban poor to gain access to merit goods and services such as schooling, nutrition and basic healthcare.

To explore the relevance of CCTs in addressing entrenched issues of urban poverty, a conference on **Addressing Urban Poverty: Relevance of Conditional Cash Transfers** was held in New Delhi, India, on 10 - 11 December 2009. It was organised jointly by the United Nations Development Programme (UNDP) India Country Office and the International Policy Centre for Inclusive Growth (IPC-IG).

The conference was a confluence of over 60 delegates. The participants included policymakers, representatives from multilateral and development agencies, researchers, practitioners and implementers of CCTs from across the globe. Also present were representatives of the Government of India as well as the state governments of the National Capital Territory of Delhi and Bihar. Both states have evinced strong interest in CCTs as a modality to combat urban poverty.

The participants from Latin America included practitioners from Brazil, Colombia, Mexico and Nicaragua where CCTs were initiated in the 1990s and have registered remarkable success in addressing poverty.

Participants also included representatives from several Asian countries such as Indonesia and Philippines which have introduced pilot projects on CCTs in the last two to three years.

Conditional Cash Transfers (CCTs) provide cash directly to poor households in response to the household/individual fulfilling specific conditions. The schemes create incentives for households to adjust their behaviour towards nationally accepted social goals. CCTs are used:

- (a) To incentivise private behaviour to secure an increase in the consumption of merit goods like health and education; and
- (b) To alleviate poverty in the short-run, allowing households to smooth their consumption pattern and preventing a decrease in the consumption of merit goods in the presence of negative income effects caused by cyclical downturns and/or exogenous shocks.

These schemes have typically been used to improve school attendance by children, boost attendance at health clinics and enhance participation in national immunisation programmes.

The workshop was designed to facilitate discussion among those countries that have had nearly a decade of experience in implementing CCTs and those that were just embarking on such programmes.

Given that the economic conditions and poverty differ considerably across Latin America, a thorough discussion on the lessons of the Latin American experience was considered beneficial for Asian countries.

The conference was seen as a platform to address pressing issues related to CCTs such as those of targeting, institutional coordination, monitoring and evaluation, sustainability, and fiscal implications.

The opening session on 10 December was graced by Arun Maira, Member, Planning Commission, Government of India; Ajay Chhibber, UN Assistant Secretary General, UNDP Assistant Administrator and Director, UNDP Regional Bureau for Asia and Pacific; Patrice Coeur-Bizot, UN Resident Coordinator and UNDP Resident Representative, India; and Rathin Roy, Director, IPC-IG, Brazil. The eminent speakers presented their views and set the tone of the two-day meet.

The inaugural session was followed by a panel discussion dedicated to presenting and discussing experiences from Latin American and other countries on implementing CCT initiatives.

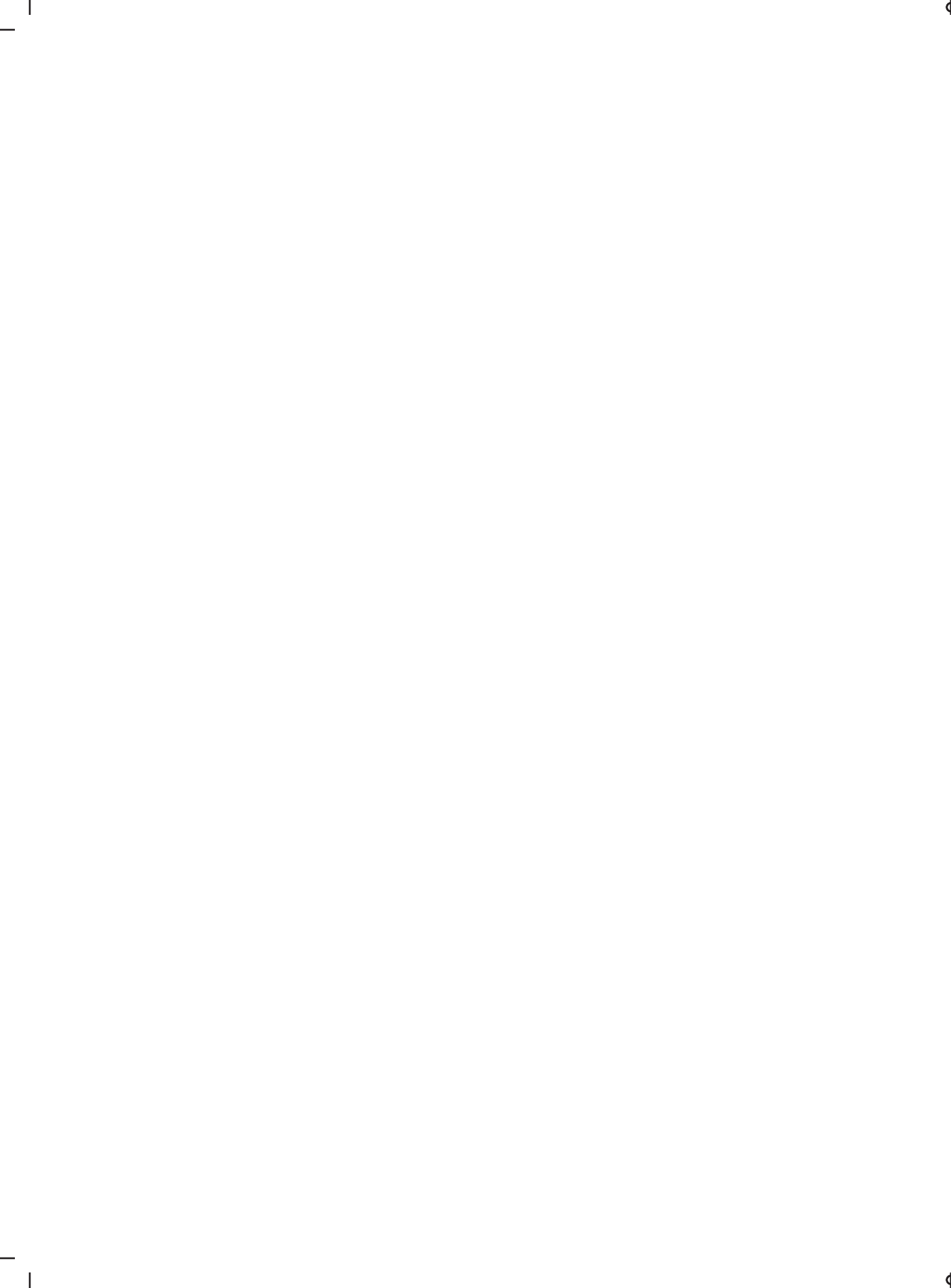
The panel discussion was followed by three parallel sessions on:

- i) Targeting and Conditionality in CCT Programmes;
- ii) Convergence: Linkages with Complementary Programmes and Institutional Coordination; and
- iii) Monitoring and Evaluation (M&E) and Financing of CCTs

These sessions emerged as fora for vigorous experience-sharing on the successes, challenges, limits and failures of CCTs across the world. The discussions in the parallel sessions were captured on the second day of the conference in succinct presentations by each group to the plenary.

A special panel discussion on the concluding day captured the experience of introducing CCTs in Asia and the lessons learnt. Representing the Asian countries were participants from Bangladesh, Indonesia, Pakistan, Philippines and Turkey all of whom are ahead in the learning curve of adapting CCT-type approaches in their respective countries.

Representatives from countries that are keen on initiating similar programmes also participated in the conference. In addition, a special session on Indian schemes that have elements of CCTs was held before the summing up session that concluded the conference.



DAY 01

Inaugural Session

Inaugural session panellists included Arun Maira, Member, Planning Commission, Government of India; Ajay Chhibber, UN Assistant Secretary General, UNDP Assistant Administrator and Director, UNDP Regional Bureau for Asia and Pacific; Patrice Coeur-Bizot, UN Resident Coordinator and UNDP Resident Representative, India; and Rathin Roy, Director, IPC-IG, Brazil.

Delivering the welcome address, Patrice Coeur-Bizot reiterated UNDP's constant endeavour to explore the relevance of various policy instruments to address entrenched issues of poverty by engaging with experts and practitioners from across the world.

Rathin Roy said that the resilience developing countries demonstrated in the recent global economic crisis has reinforced faith in policies of socially inclusive growth. The Global South has experienced a paradigm shift in policy approach from "growth must precede social policy" to "in order to sustain growth through periods of shock, a long-term policy of inclusive growth is necessary". Brazil, China, India and others belonging to the Global South are not imitating historical policies of the West but learning from each other as they develop, thus, highlighting a strong focus on South-South cooperation.

Representing the government, Arun Maira was of the view that the many instances of social policy execution in education, healthcare and nutrition across the country demonstrate that policy instruments do not always produce envisaged outcomes. Factors affecting development indicators like girl's school attendance or child under-nutrition are often diverse and intertwined.

In designing any policy instrument or a combination of instruments there must be a systematic approach in capturing these diverse factors. Local communities need to be co-opted, involved and listened to if policies meant for them are to be successfully implemented at the grassroots, he said.

Delivering the keynote address, Ajay Chhibber said that 900 million people still live in extreme poverty in Asia and urban poverty is on the rise. The need for innovative solutions to address urban poverty is amplified because of the ongoing global economic crisis. The collapse of export-oriented sectors has further worsened the condition of the poor.

The informal sector has also been affected because of shrinking demand and lower income levels. Further the real income of the urban poor has been negatively impacted by rising prices. The combined effect of all this is that a large proportion of the urban poor are deprived of the means to access education and healthcare at the levels that it could prior to the crisis.

He was of the view that CCTs, in this context, must act as powerful short-term instruments of social policy. They must also in the longer-term address the issue of chronic poverty. Market reforms should be complemented with progressive social policies, as has been practiced by Brazil. It should be noted that inequalities, not just in income but also in human development indicators like literacy, health and gender disparity are markers of a society in need of sincere and intelligent policy intent and action. He stressed that much of the discussion on CCTs would remain strictly academic unless there is a strong political commitment to translate the concept into practice. There must be congruence between the instruments of policy and local conditions to work to achieve the crucial goal of poverty alleviation and development of human capital.

Asia now has the opportunity and means to demonstrate its pledge to more inclusive growth. This will ensure the enhancement of capabilities of the poorest in the true spirit of the Millennium Declaration. CCTs are not the only way to achieve these goals, but they must be given serious consideration as they have generated significant results in many countries. CCTs are part of a social settlement, a grand bargain to ensure that the poor and vulnerable are empowered to have access to merit goods which they are entitled to.

He recommended that to be applied successfully in the Asian context, any policy instrument would need to be redesigned in light of the specific socio-economic as well as cultural conditions prevalent in the regions.

Key discussion points:

The diverse issues raised for discussion during question time that followed the inaugural session are outlined below. The questions raised by the participants were followed by a brief discussion of the strategies and tools suggested for tackling the issues.

- i) **Pervasive Poverty:** Most Latin American countries that have successfully implemented CCT programmes do not have to deal with pervasive poverty on a scale that exists in Asia.

Possible strategies: The Asian countries could, perhaps, identify sub-segments within their poor population, targeting limited number of poor within each programme. For instance, India has 5,000 urban centres across the country with 80 percent of its urban population in the top 300 cities. To begin, the target

could be to focus on 100 to 200 centres at a time and still be fairly confident about reaching the urban poor in a way that is both deep and wide. Nevertheless, the challenges of large-scale replication will remain.

- ii) **Strengthening Poverty Alleviation Initiatives in Urban Centres:** Social policy action in South Asia has largely focussed on rural areas. CCTs have been visualised as tools to combat poverty largely in urban areas. Unlike rural areas, the problem in urban areas is not so much of supply of schools, teachers, health care centres, etc., as the fact that the urban poor have to compete with the non-poor for these services.

CCTs would need not only to transfer cash to beneficiaries but also to empower them to compete with other individuals they share the services with. Problems in measuring the scale of urban poverty and defining the urban poor arise as they may work at one place briefly and then move to some other place or return to their rural homes. Thus, defining the ambit of the urban poor is a task in itself. The issue is compounded by the fact that in Asian countries people in slums are often not recognised as authorised residents. It is difficult to identify, target and transfer cash to illegally resident poor because any public programme has to be audited.

Possible strategies: Existing rural poverty alleviation programmes would have to be textured differently for urban areas and initiated to supplement CCT to alleviate poverty in a planned and coordinated manner. For example, in Mexico the CCT programme covers all urban slums irrespective of their legal status. Among the Asian nations, India is in the process of creating unique identification (UIDs) for each citizen and this may act as an effective tool to identify and target the urban poor irrespective of where they live. These, however, are likely to take time and will be rolled out universally only over a period of three years.

For the time being, CCTs still suffer from the absence of effective channels of delivery. Drawing from experiences in microfinance programmes, avenues such as digital transfer systems, biometric systems as also mobile phone banking could be used.

- iii) **Poor Access to Banking Services:** Disbursal of Cash in CCTs in many Asian countries, particularly in South Asia, poses certain challenges because many people do not have bank accounts through which the transfers can be made. There are also problems faced in co-opting rural banks into opening these accounts that are viewed as non-lucrative.

Possible strategies: In Mexico, where most beneficiaries did not have bank accounts, a system of directly handing over cash to the families was established. Later, in collaboration with financial institutions, debit cards and prepaid cards were issued to some beneficiaries. Also, shop establishments and banks were identified where people could withdraw their money.

In Bangladesh, a microfinance programme has been running for the last 25 years. Initially, payments were made through the local governments and the programme encountered massive pilferage and corruption. In order to resolve this, the government is trying to use the banking system for disbursement of cash. To counter the resistance from the banking system, UNDP along with the Ministry of Local Government is sending out an inter-ministerial circular to all local banks to ensure compliance with the requirements of the programme. A huge effort in monitoring and policing will be required in this regard and success is not guaranteed.

In Colombia, accessibility to a bank was initially a pre-condition for the cash transfer. The management of the resources was directed from the central government to the central bank, to the payee bank and then to the beneficiary. Later, there was an effort to carry banks to the people and make personal transfers. About 1,100 municipalities were covered. Banking entities were invited to present bids on various strategies to reach the beneficiaries. One million families are being reached through avenues such as credit accounts, savings accounts and other banking portfolios. The key was creating synergies between private and public sector financial institutions.

Suggestion from Fiji: In the experience of extending microfinance to over 5,000 members in Fiji, over 90 percent of whom had no bank accounts, an organisation adopted a system of issuing IDs to members which they could present at banks along with their cheques to en-cash them.

Suggestion from India: CCTs need to have accessible payment points, which do not necessarily have to be banks or bank accounts. Other innovative mechanisms can be used, such as: money orders, transfers through cooperatives, Gram Panchayats, use of smart cards and other multi-channelled delivery systems. If one does not rely only on banks and opts instead for more innovative instruments such as smart cards, then it is imperative to have fool-proof identification and authentication methods in place, such as the UIDs that are being envisaged in India.

An illustrative model of a possible solution is offered by the UID programme itself where a partnership of banks with grocery stores and medical stores is envisaged to extend the banking system to the people and the community at the local-level. This also eliminates the problem of the poor having limited bargaining power when dealing with post-offices and banks.

iv) Gender Bias: Asian societies are marked by deep and wide gender biases in economic, social, political and legal spheres and cash transfers are no exception. Every discussion on CCTs in policy circles invariably sparks off debate over the possibility that cash transfers to women may lead to increase in domestic violence. Women may lose control of the cash and the men may then waste it on alcohol or drugs.

Remarks: There is no study anywhere in the world that conclusively proves that CCTs are instrumental in triggering instances of increased violence against women, coercion and seizure of the cash by men. In fact, in 2004-05 several studies in Mexico revealed that while incidence of violence, drug and alcohol abuse existed, women covered by CCT programmes were spending money more judiciously on their children, especially on education and health, and men were starting to recognise and respect women for this.

It may be mentioned in the context of Sundernagari in Delhi, women from the local community (largely from below poverty line or BPL families) reportedly requested the chief minister in a face-to-face interaction on the Public Distribution System (PDS) that they would rather have cash transfers than food doles which is both inconvenient and humiliating.

v) Lack of Local Participation and Engagement: Most development programmes are designed within a top-down framework which can often be paternalistic and instructional rather than inclusive and empowering. There is a need to empower urban local bodies and women within communities to bring about the change themselves rather than have the government do it for them. CCTs, wherever they may be envisaged, should be instruments to facilitate spontaneous change within the local communities rather than being perceived as tools to deliver a ready-solution to the development deficit.

Brazil's experience: The Brazilian CCT model combines the merits of being centralised, in terms of its design, primary decisions and guidelines, as well as being decentralised. It relies on the local municipalities for collecting the information about potential beneficiaries as well as to monitor conditionalities at the school and health unit-level. Municipalities are given incentives in the form of extra cash based on a decentralised managerial index that summarises the municipalities' performance in terms of the quality of information and conditionality information. This extra budget can be used to upgrade their facilities and install computers and modern technology, further improving the implementation of the programme.

There is, however, no flexibility in terms of either changing conditionalities or other aspects of the design of the programme. Though, municipalities and/or states can sign an agreement with the federal government to co-finance the programme's transfers so that their beneficiaries could receive higher transfers. This is a good option in large metropolitan areas where the national value of the transfer maybe too low vis-à-vis the local cost-of-living.

Mexico's experience with local participation: With regard to the design of the programme in Mexico, decision-making reposes at the central-level with very little flexibility at the local or even the state government-levels. Customisation is possible at local-levels, though not to a very great extent. This is not to say that there is no community participation. Indeed, various types of community organisations have developed in order to carry out the imperative task of building relationships and collaborating with other programmes in the state. Committees at the local-level maintain an intimate relationship with urban local bodies. The beneficiaries know their rights and they have platforms to express their points of view when things are not working properly or in the desired manner. Further, there is constant feedback and exchange of information between the communities and local bodies.

Colombia's experience with local participation: In Colombia, there are signed agreements with the municipalities which can also co-finance the programme if they want to increase the number of beneficiaries.

Nurses, teachers and healthcare workers, as well as users, are all part of what is called a Community Network. The policies of the government are shared with the municipalities which further engage proactively with the implementation agencies (nurses, teachers, and healthcare workers) and finally the beneficiaries. This has ensured that every stakeholder has a sense of belonging and ownership with the creation of a network of social protection.

Highlights

- CCTs need to be redesigned in the context of the vast regional diversities and pervasive poverty that characterise countries in Asia. It would be useful to co-opt, involve and listen to the local community to successfully implement policies at the grassroots.
- The basic idea of CCTs is replicable but it varies in nature and character from one country to another. Implementation depends on the compulsions and constraints of the community it is being introduced to serve. Disbursal, financing, monitoring, conditionalities, complementary programmes and graduation strategies would vary with the policies in each country as well as the features of its urban poverty.
- Since most of the intended beneficiaries do not have bank accounts, disbursal of cash is a challenge. This is true not just for CCTs but for many other development schemes such as those related to social pensions or in the case of India, the Mahatma Gandhi National Rural Employment Guarantee Scheme. In India, the solution may partly lie in the successful implementation of the Unique Identification (UID) programme. Other delivery mechanisms relevant to the Asian context include smart cards, special debit cards or mobile banking which may be used to identify the beneficiaries and make the cash transfer efficiently, thus lessening leakages.
- It is often feared that cash transfers have the potential to increase vulnerability of women to violence in the intensely biased societies of Asia. There is, however, no study anywhere in the world that conclusively proves that CCTs are instrumental in triggering instances of increased violence against women, coercion and seizure of the cash by men. These are social phenomena with multiple determinants and their genesis cannot be ascribed to the CCT programme. On the contrary, women receiving CCTs are generally observed to spend money more judiciously on their children, especially on education and health and receive respect and social recognition.
- While CCTs can create demand for merit goods, unless this is matched by enhanced supply of quality education and healthcare services from the government, the tool will be ineffective in promoting human development in the longer-run and breaking the intergenerational transmission of poverty. Therefore, the conditionalities imposed on the beneficiaries must be mirrored in co-responsibility of the government to meet this demand with supply of quality services.

Session I

Panel Discussion: Experience of CCTs in Latin American Countries and Others

The panel discussion was chaired by World Bank lead economist Manuel Salazar. He informed that the CCT schemes originated in the middle-income Latin American countries, the earliest being those in Mexico and Brazil. There are large variations in the contours of the programme across Latin American countries. Brazil, Colombia and Mexico have more advanced programmes as compared to the rest that have more basic and recent programmes, though objectives are similar, i.e., to alleviate short-term poverty, reduce mid-term poverty and promote human development outcomes in education, health and nutrition.

Programmes achieve these goals on the basis of three principles. The first is the targeting system which is the method of selecting the beneficiaries. It can be done in two ways: geographical targeting through poverty maps and targeting at the household-level based on surveys and analysis of consumption patterns and incomes.

The second principle is the incentives required to reach the people. The main incentive is the conditionalities that the family has to comply with depending on the nature of the programme. The other incentive is the benefit provided and periodicity of payment.

The third principle is monitoring the programme to see that the family complies with the conditions and benefit is provided. Non-compliance should invite penalties. Another important aspect is to check the existence of supply-side resources like schools, teachers, healthcare clinics, etc., to meet demand.

Evaluation and research show that there have been extremely positive results in the fields of schooling, health and nutrition. But there are still some challenges that have to be addressed such as that of sustainability in financial, fiscal and exit strategies of the programme.

Further, the links between CCTs and human development outcomes in the form of skill development and long-term income generation have to be dealt with. Evidence shows that more schools and health facilities are being used but a question mark remains over the quality of the education and healthcare provided. CCT has to be a component within a comprehensive social protection system to ensure development outcomes in the creation of capabilities and educational attainments are visible.

Even if the programmes in Latin America have been designed and implemented on the basis of some common issues, they have evolved and have implemented actions specific to each country. These evaluations and assessments have been a key element in testing the relevance of the CCTs and in helping their evolution. This allows policymakers to introduce reforms. The issues of output and outcomes have to be observed and the impact of CCTs in terms of outcomes assessed. There is strong evidence that shows that these programmes can reduce extreme poverty and the poverty gap. Outcomes in terms of human development are, however, less conclusive.

A vital aspect that must be kept in mind is that of the co-responsibility of the government in implementing the CCT programme to ensure that the services provided like quality of education are honoured for the programme to successfully achieve its goals.

Opening remarks by the chair were followed by sharing of country specific experiences from Brazil, Colombia, Mexico and Turkey. (See Annexe 2 for country-specific presentations).

Following the presentations, the chair concluded:

- While the programmes may initially be designed and implemented in a specific social context, constant monitoring, evaluation and assessment have to translate to regular reform of the programmes to keep them relevant and effective.
- Evidence from country presentations suggests that CCTs have indeed reduced poverty and poverty gap in the short-run but long-term impact on human development indicators is less conclusive.
- CCTs can incentivise sending children to school but cannot ensure delivery of quality education so boundaries have to be carefully drawn.

Session II: Three Parallel Technical Sessions

Parallel Session 1:

Targeting and Conditionality in Conditional Cash Transfer Programmes

Indonesia: The Government of Indonesia launched a CCT programme in 2007 called the Family Hope Programme or Programme Keluarga Harapan (PKH). Seven provinces were targeted, initially; this has increased to 30. Beneficiary households are determined by combining geographic and household targeting. Under this programme, locations are first selected based on several criteria: high incidence of poverty, high incidence of malnutrition, low transition rate from primary to secondary school education, inadequate supply of health and education facilities, and approval from the local government for residents to participate in the CCT projects.

A proxy means approach is used to determine eligibility at the household-level. Additional criteria for household eligibility include households with children below 15-years going to school and households with pregnant women or less than five-year-old children. The biggest challenge that Indonesia has faced is that the central government has not provided adequate infrastructure to complement the CCT programme with services on the supply-side.

The service provisioning for real improvements to occur was not enough. The delegates from Indonesia raised this as a serious concern in the proper implementation of CCTs in their country.

Turkey: Turkey has been quite successful in implementing CCTs programmes. Poor households with children below 18-years who are school-going and families with expectant mothers and children below the age of six-years are targeted for inclusion.

Turkey has a very large informal sector which employs most of its poor households. Hence, Turkey uses household consumption expenditure as a proxy indicator of income. The questionnaire administered to the intended beneficiaries to collect consumption expenditure information also included questions regarding other social indicators so that the socio-economic background of each and every household was collated.

A mixed technique of geographical and administrative targeting is used followed by scoring, based on a formula, to determine the inclusion or exclusion of households from the programme.

Bihar, India, CCT Pilot: The first CCT programme is a girl child protection plan wherein the government deposits INR2,000 with a bank -- the Unit Trust of India -- on birth of the girl child and the girl receives the money with interest when she turns 18. The conditionality for this is that the birth of the intended beneficiary must be registered. The second plan provides bicycles and uniforms to school-going girls who have over 80 percent school attendance.

One very important observation in Bihar was that children belonging to religious minorities -- Muslims -- often did not finish school. Thus, a third plan has been designed which involves a one-time transfer of INR10,000 to children belonging to the religious minority who pass grade X with first division. It is now observed that the number of religious minority students with first division marks is rising by 10 percent every year. This demonstrates the manner in which a well-designed conditionality in the appropriate context can yield quick and desired results.

Bangladesh: Bangladesh provides a very successful example of targeting, having adopted the approach of targeting a community as a whole rather than selecting households within a community. Towns were considered eligible for CCTs, based on indicators such as population growth, poverty indices, number of slums, incidence of extreme poverty, etc. Then the most vulnerable within these areas were observed.

These vulnerable slums were studied within a well-being analysis where a community development committee assessed the intensity of poverty being experienced by these households.

Besides this, non-slum mapping targeted the homeless poor in a four-tier approach. In the first tier, a stakeholders' workshop was conducted at the town-level where the stakeholders were oriented. Wards with the maximum number of poor and vulnerable were identified at this level. In the second tier, similar meetings were conducted at the ward where: (i) wards having maximum number of non-slum poor were determined, (ii) the key informant who could identify the poor was determined, and (iii) there was commitment from the NGOs to help the informants.

Thereafter, a night survey was conducted between 9 p.m. to 12 a.m. for this purpose and the number of homeless at night was compared with the count in the morning. Variations were assessed in terms of the occupation, age group and gender.

This information was backed-up by information from the family survey which collected household level data about the head of the household, the number of members, the number of physically challenged, etc. This information eventually provided insights into intra-household allocation of resources which are very important to ensure that the transfer reaches the right person. Furthermore, Bangladesh has been able to make its targeting more efficient through its digital voter's identity card.

Colombia: Resisting political pressure in targeting is important in the context of CCTs. Colombia has been quite successful in minimising the problem. An adequate targeting mechanism and heavy monitoring of the conditionality have kept politicisation in check. This involved three steps.

The first was to keep updated registries (families moving from one city to another, newborns, families that move out of the eligibility threshold, etc). Second, a survey was under taken every two to three years to ensure cross-verification. Thirdly, there are specific audits or spot checks (sample surveys conducted to check irregularities).

Philippines: The delegates pointed out that in the Philippines politicians often want the benefits of such programmes to be implemented in their own constituency. To prevent this, targeted areas were selected based strictly on their poverty rate. Only those districts which have more than 50 percent poverty are targeted in Philippine's CCT programme called 4Ps programme. It is not implemented in districts where the incidence of poverty was less than 50 percent.

Pakistan: In Pakistan, during the first phase of the project, only the poorest of the poor districts were selected. However, the risks of politicising of the selection process became imminent in the second phase, when legislators and other politicians wanted such programmes to be implemented in their own areas. To solve this issue, 50 districts were shortlisted and their structures properly studied with stakeholders' consultation. From these 50 districts, eight districts were finally selected to implement the CCTs programme.

Brazil: CCTs in Brazil started with municipal and state-level experiences in the mid 1990's. In 1997, a bill was passed by which the federal government could support municipalities in the financing of such programmes. From 2001 onwards, different CCT programmes were created at the federal-level that were later unified under Bolsa Familia.

Municipalities get quotas based on the poverty mapping produced by the national statistics office and the actual selection of beneficiaries based on a cut-off point of the family per capita income (around USD70). Such origins can explain the high level of decentralisation in the Brazilian programme in the of identification of beneficiaries.

A problem often faced in administering a CCT is related to non-compliance of households with conditionalities and difficulties in monitoring them. In Brazil, the programme treats non-compliance of a household as a symptom of higher vulnerability and an elaborate process of cross-verification and investigation by the schools and healthcare centres is put in place to ensure that vulnerable families stayed in the programme as long as possible.

Parallel Session 2:

Convergence: Linkages with Complementary Programmes and Institutional Coordination

One of the biggest challenges faced in running an effective CCT programme is that of improving the coordination between the programme and the line ministries in-charge of food security, education, health, etc. For the demand for merit goods stimulated by CCTs to be met with adequate supply provision of these services, institutional coordination across ministries of education, health, family and child welfare, rural development, etc., is vital.

The key is that the quality of supply of social services needs to be improved for all the citizens and not exclusively for beneficiaries of the programme. It is important to strengthen social policy as a whole and to avoid the temptation of creating a dual system that discriminates against those vulnerable households who are not beneficiaries of the programme.

Nicaragua: The Red de Protección Social (RPS) in Nicaragua was a social emergency programme which faced various problems due to excessive dependence on external funding, lack of political will and large public debt. It failed to educate domestic stakeholders on its components and its positive impacts. There was tension between making the results of the programme known locally and the temptation of using it for political benefits.

Consequently, RPS was perceived as costly and a duplication of regular public benefits. Coordination was difficult across ministries, which, in any case, were not equipped to handle the demand for services. Added to this was lack of political will and dearth of domestic support to extend the programme. As a result, it was shut down in 2006 after being implemented for a mere six years.

Philippines: CCTs in Philippines were started in the year 2007 and viewed as an important tool to beat the global slowdown of 2008. The CCT programme was complemented with other social protection programmes on microfinance and poverty alleviation. The President of Philippines issued a directive on 07 July 2009 under which beneficiaries of CCT were to be linked to any one of the other social programmes such as microfinance, social housing or micro credit that were also running, simultaneously. The Department of Social Welfare and Development (DSWD) had to adopt certain mechanisms to enable such complementarities.

The mechanisms for complementarities and coordination included:

- Social protection strategy -- Collaboration with key stakeholders, complementing it with CCTs and other social protection programmes, formulation of sustainability schemes, and monitoring and evaluating of the schemes.
- Institutional arrangements -- Agencies in the field of education, health, trade, insurance and microcredit, local government units and NGOs were involved in the implementation of CCT programmes and linking them to other programmes.
- Identification of beneficiaries of CCTs -- A resolution on operational guidelines was expected for the identification of the very poor families based on the 2006 household survey. Socio-economic profiling by agencies will guide the identification of beneficiaries. Thereafter, all anti-poverty programmes will be coalesced into one, targeted at one million beneficiaries.

Complementing and linking social welfare programmes to increase efficiency in addressing poverty is not an easy task. Linking all programmes calls for opportune timing and synchronised action across departments, ministries and implementing agencies countrywide.

Indonesia: After the East Asian currency crisis in 1990, a series of complementary programmes were introduced such as food-for-poor, public health assistance and schooling for poor children. The Government of Indonesia launched a CCT programme called the Family Hope Programme in 2007. This is the first programme which involves multiple sectors, governmental departments and local agencies such as ministries of health, education, social affairs, planning agencies, etc. Coordination of the various departments and sectors remains a difficult task and is yet to be resolved.

Ladli Scheme in Delhi, India: Delhi has a high per capita income but is also plagued with high levels of under-nutrition, low rates of institutional deliveries, etc. Earlier, fragmented approaches at the sectoral-level were not being able to target the vulnerable households. Multiple schemes for the girl child were not integrated as they had different channels and criteria. Authenticated lists created during door-to-door survey under the Ladli Scheme that encourages attendance, enrollment and school retention of the girl child helped in linking people to other programmes.

Parallel Session 3:

Monitoring and Evaluation and Financing of CCTs

Monitoring and evaluation (M&E) is rarely allocated the policy attention and resources it should receive at the outset when any programme is devised and implemented. More commonly, some funding and minimal infrastructure are put together as an afterthought when the programme is well underway and some need for M&E is felt. Given that CCTs may be severely threatened during periods of fiscal or financial stress, CCTs need M&E even more.

It is important to know the intended purpose of M&E. Is it to know the efficiency of the CCT programme; the effectiveness of the targeting mechanism; or the usefulness of the conditionality in fulfilling the objectives of the programme? Or is it to assess the impact of the programme on the quality of life of beneficiaries, the short-term reduction of poverty and/or the long-term intergenerational poverty reduction.

Financing and Monitoring and Evaluation Experiences

Philippines

Financing -- The programme currently covers about 367,000 households. Funds from international agencies are complemented with domestic policies of income redistribution, taxes and subsidies. The government has achieved this by allocating resources generated through Value Added Tax (VAT) which is imposed on higher income groups and then used to finance the CCT programme, thus ensuring minimal dependence on external funding.

The programme was initially financed entirely by the government but now international agencies are contributing as well. The World Bank has recently given between USD400 and 500 million to the CCT programme in Philippines. The timeframe for financing is fixed at five-years and funds from each agency are allocated to specific phases of the project. For instance, the World Bank will finance the project in Phase I whereas the Asian Development Bank will do so in Phase III. To prevent excessive external dependence, a bill has been drafted to ensure that the government continues to finance the programme even if international donors pull out.

Monitoring -- In order to monitor the programme, initially, 200 to 300 households were surveyed for a baseline. This survey was then used to determine the efficiency of the proxy means variable used for targeting. Rapid assessment studies and interviews both at the household-level and at the level of local government officials found that targeting, in general, had worked.

Regular monitoring of the programme is carried out by the Department of Social Welfare and Development. Periodic monitoring is carried out to ensure that beneficiaries are listed and household information is constantly updated. For this there are monthly checks on compliance by the line agencies and compliance with conditionalities by the households. In addition to this, every six months, randomly selected beneficiary households are interviewed to check if the programme is meeting demand and supply-side goals.

Thus there is co-responsibility between the government on the supply-side and the beneficiaries on the demand-side. Political pressure and influence in choice of beneficiaries is kept at bay by involving the local governments as much as possible with the supply of services but keeping them out of the beneficiary selection process. Identification of households is done purely by the department based on proxy means methodology. There is a committee in each village, which is not a part of the local government and which verifies the data yielded by the beneficiary selection surveys.

Evaluation -- Villages in Philippines are diverse and hence there is a need to survey households, both before and after the CCT scheme is administered, to say conclusively that the improvements in households may be attributed to CCTs and not to extraneous factors or inherent village characteristics. Impact evaluation design of the programme is still not fully matured and is being worked upon. Control and treatment groups have been pre-selected at the onset of the programme on a random basis (different villages within the same municipality) and four regions out of 17 have been chosen for the evaluation exercise.

Challenges

- Analysis of the baseline survey has shown that some households, especially those located in remote areas, were not interviewed and thus were eventually excluded from the programme.
- Family size was given so much weight in the formula determining inclusion that larger families automatically received a transfer irrespective of the intensity of poverty they were experiencing.
- Lack of permanent dwelling was one of the criteria for inclusion and this criterion was so literally implemented that even reasonably well-off families whose houses were still under construction were automatically included.

- Another problem was the imbalance in the weights used to determine eligibility through the proxy means formula.
- It was observed that people who were denied eligibility in one area migrated elsewhere to fill out the survey form again. Since they were acquainted with the form already, it was possible for them to offer suitably doctored responses.

These shortcomings suggested that the proxy means test needed adjustment. Emphasis was laid on answering the survey form correctly and penalties are instated against providing incorrect/misleading information. Further, a committee is being set up to validate the selection that the model makes so as to ensure that it does not generate errors.

The model seems to be better suited to rural areas. The choice of determinant variables and the weights given to each are not adequately reflective of heterogeneous urban populations. It is important to realise that the urban poor are not the poorest of the poor. The ability to migrate indicates access to some level of resources and human capital. Appropriate targeting should, therefore, ensure that there is no incentive for people to migrate from rural to urban areas just to avail CCTs.

Indonesia

Financing -- The Government of Indonesia launched a CCT programme in 2007 called the Family Hope Programme or Programme Keluarga Harapan (PKH). The programme is financed entirely by the government. The programme comes under the Ministry of Social Affairs. Health and education ministries do not have any involvement and sense of ownership of the CCT programme is not apparent.

In 2007, the World Bank supported qualitative and quantitative baseline studies within the programme by independent Indonesian agencies. The qualitative study was conducted by the University of Western Java and the quantitative by the SMERU, a research institution. This was done to assess the prevailing status of both the demand and the supply of merit goods in terms of education and healthcare. In the first year, the programme had one million intended beneficiaries and at the end of 2009 this figure was expected to reach three million.

Monitoring -- Though monitoring is adhoc, non-compliance is not common. Beneficiaries know their obligations and rights within the programme. They understand the implications of conditionalities as also their right to demand quality education or healthcare.

The Indonesian government has appointed field facilitators who are usually women graduates from the local university. These field facilitators accompany the families to health checkups and encourage them to meet the conditionalities. They not only play the role of the implementer or monitor but also ensure that the voice of the beneficiaries is heard. This ensures horizontal equity and fair play. The field facilitators are also performing tasks well beyond their job description, befriending the local beneficiaries and ensuring that there is compliance with the conditionalities.

In January 2010, the first impact evaluation will be conducted through focussed group discussions and in-depth interviewing of households receiving CCTs.

Different villages have been identified to constitute the control and treatment groups. Random selection is at the village-level rather than at the household-level. This is because within the impact evaluation process, school-teachers, headmasters or healthcare workers are also interviewed and these individuals are common to the whole village across both beneficiary and non-beneficiary households.

Challenges: There is compliance monitoring to ensure that conditionalities are being met by the beneficiaries but there is no supply-side monitoring to ensure that the increasing demand for social services is being met by an equivalent increase in supply.

Mexico

Financing -- The CCT programme in Mexico, Oportunidades, has three main stakeholders. These are the central government, the line ministries and the programme itself. Under the existing institutional arrangement, there is coordination between the programme and the health, education and social development ministries.

Oportunidades has an autonomous budget and funds are earmarked specifically for the programme despite being part of the Ministry for Social Development. There are two line ministries (health and education) and one direct central funding line to support the programme. The programme has an autonomous structure and a separate budget for M&E. About 0.2 percent of Oportunidades' budget is used for impact evaluation and though it sounds like a small percentage the amount is large in absolute terms.

Monitoring -- In addition to continuous monitoring of processes by line agencies, Oportunidades itself also conducts spot checks using its own cadre of monitoring and evaluation personnel. Every two months, performance indicators are generated for both state and national-levels. The indicators are periodically revised by technical committees which discuss these and suggest improvements.

Internal monitoring involves surveys and spot checks every six months at selected schools, clinics and households. External monitoring focuses on specific areas of concern identified by the internal monitoring processes.

Monitoring of the programme is based largely on MIS and with the emergence of technological innovations the costs of monitoring are reducing, significantly. Evaluation still remains a more expensive process because it entails primary surveys.

Evaluation -- Impact evaluation has been built into the structure and design of Oportunidades right at the outset. Treatment and control households were selected through a random process as early as 1997 and a 10-year follow-up was envisaged to capture the short and long-term impacts of the programme through analysis of panel data so generated.

In 1997 the control groups were easy to select as many groups were still not covered by the programme. As the programme expanded many more villages were incorporated into it and it became increasingly difficult to select control groups to compare impacts. In 2000, evaluation of Oportunidades conducted by the International Food Policy Research Institute compared beneficiaries with non-beneficiaries. By the time the evaluation exercise was repeated in 2003, there were very few control groups that remained and random selection was no longer possible. The control group was now selected based on propensity score matching at the locality-level. Infrastructure and social indicators of the locality of the original sample were compared with the characteristics of the newly selected localities.

As the programme was scaled-up, the evaluation design faced a methodological challenge. Since it no longer worked as an experiment and almost all poor households were within its ambit, there was a need to compare household indicators based on the duration of exposure to the programme rather than have pure control and treatment groups. Thus, older beneficiaries were compared with newer ones.

It was found that a short-term indicator such as school enrollment or attendance improved almost immediately after a household was enlisted into the programme. There were wider differences between treatment and non-treatment areas than there were between old and new beneficiaries.

Long-term indicators such as quality of educational attainments and school performance as well as health indicators such as infant and maternal mortality rates were found to be more resistant to change. Indicators such as maternal and child mortality seemed to have improved but it was uncertain whether this improvement could be directly attributed to Oportunidades.

The programme had been started with the objective of breaking the intergenerational transmission of poverty in the medium and long-term basis. Hence, one of the indicators being tracked closely over the period between 1997 and 2007 was inclusion and participation of beneficiaries in productive employment in mainstream workforce. In 2007 a survey was conducted with detailed questions regarding type of work, terms of employment and income to capture the impact fully.

Recent evaluations have shown that intended beneficiaries are graduating high school and being absorbed into the labour market.

Lessons from the monitoring and evaluation process led to improvements in the programme design and implementation. The M&E outcomes feedback into the decision-making process and the programme is accordingly re-engineered to address structural bottlenecks and glitches in targeting mechanisms.

DAY 02

Session I: Presentation by Working Groups: Key Takeaways

Targeting

- Targeting and conditionalities have thus far only functioned in terms of criteria related to health and education. There is a need to go beyond these to encourage other aspects such as training, saving and investing in productive activities. These will serve the true purpose of breaking the intergenerational transmission of poverty. Some conditionalities pertaining to compulsory saving of a part of the benefits or investing in small productive assets or compulsory attendance of skill-building training programmes, etc., can help build capacity. Examples to demonstrate this may be drawn from Bangladesh both in terms of the Urban Partnership for Poverty Reduction Project as well as the REOPA¹.
- The Indonesian experience reaffirms the contention that unless CCTs are coupled with enhanced service provisioning by the government in areas where there is a deficit of services and infrastructure they may fail as instruments that can increase the use of merit goods by poor communities.
- It is extremely important to keep the targeting mechanism de-politicised in order to ensure that vested interests and lobbying have no place in determining beneficiary households.
- Brazil has a gradual process of delisting non-compliant families from the programme as non-compliance is treated as an extra sign of vulnerability.
- Countries that are in the process of initiating CCT programmes can learn from others who are ahead on the learning curve. When governments are on the implementation highway, there arises a need for a platform to share information so that whenever planners hit a roadblock, they are able to solve the problem by choosing from a wide variety of solutions offered by other practitioners and planners from elsewhere.

¹ Refer to Annex 2 for details.

Convergence

- CCT programmes cannot pull the beneficiary adult population out of poverty in the medium-run unless they converge with other programmes like training, sustainable livelihood and microfinance. Even in terms of child education, CCTs will not succeed in breaking the intergenerational cycle of poverty if the programmes are not complemented with better supply of education and health services. Quality concerns on the supply-side will continue to cripple the impact of CCTs unless there is a long-term reviewing of governance structures to minimise duplication and inefficiencies.
- CCTs cannot be seen as measures taken as a reaction to crisis situations. If CCTs are in place much before a crisis strikes, well embedded as a programme with significant political commitment across line ministries, only then will they succeed in producing the desired results as a safety net.
- Only programmes that have incorporated elements of inter-departmental and institutional coordination into the structure and design of the programme such as the CCTs in Philippines or the Ladli Scheme in Delhi, have flourished.

Monitoring and Evaluation

The main features that set the M&E of Oportunidades apart from that of other CCT programmes worldwide are:

- Oportunidades has autonomy of governance;
- Oportunidades has autonomy from line ministries in financing;
- It has an independent internal cadre for monitoring apart from monitoring by the line ministries;
- It has compulsory external evaluation processes in-place; and
- Since 2001 Mexico has made it statutory for all social welfare programmes to undertake independent evaluation exercises and present the outcomes to the central budget annually.

It has been observed across all countries that beneficiary households are usually conscious of the importance of meeting conditionalities in the long-term interests of their families and hence compliance has little to do with the stringency of monitoring.

On the contrary, beneficiary households exert pressure on government agencies to provide services of adequate scale and quality once they have the requisite cash to spend on education and healthcare.

There have been no instances of, for example, the households colluding with the school teacher to get full-attendance for an absentee child against the promise of sharing part of the cash. Once they have the cash, the families want to spend it properly in acquiring access to the relevant merit good embedded in the conditionality of the CCT.

In South Asia it is often found that the credibility of social programmes is threatened by the evidence of large-scale fraud. CCT programmes in Indonesia, Philippines or in Mexico have so far not witnessed incidence of fraud on a scale that could put the programme in jeopardy.

In Pakistan some misreporting was encountered in about 20 percent of cases in beneficiary selection but regular monitoring and verification processes have been able to eliminate most of the errors.

In Mexico, the programme is being universalised for poor families and yet people are unaware of when exactly they will be included in the programme. There is no incentive for them to lie on the survey form.

In both Mexico and Philippines, the beneficiary selection process is conducted in a transparent and autonomous fashion that completely circumvents any involvement of the local governments and administrations. This ensures that there is no political pressure or fraud perpetrated by vested interests manifest in interference by local agencies.

The results from impact evaluation in Mexico are constantly fed back into restructuring the programme and widening structural bottlenecks.

As far as financing CCTs is concerned, it is important to ensure that resources are raised nationally to the extent possible and dependence on external funding is minimal. The manner in which Philippines has used the 'fruit of the VAT' to fund CCTs has interesting implications for India. With the Goods and Services Tax (GST) being imposed from next year, the government can perhaps garner support for the tax by ensuring that revenues from the GST are subsequently earmarked to finance CCTs.

The main issue to evaluate is not whether CCTs as an instrument are good or bad. Rather, it is about whether the forms of conditionality serve the purpose that the CCT is designed to achieve. There is a pressing need to evaluate different forms of conditionalities and alternate designs of the same. The programme should have the flexibility to undertake mid-course corrections based on feedback from the M&E exercise.

Session II:

CCTs in India – Some Perspectives

This session was chaired by Bangladesh's Economic Advisor Barsha Khattry. She said that despite witnessing rapid growth, India faces a huge challenge of addressing poverty. Various issues have to be considered to address poverty in a sustainable way -- one is the issue of resources. India requires massive resources to alleviate poverty.

Secondly, though India has a wide gamut of strategic choices available to it; addressing poverty in a sustainable manner requires innovative and out-of-the-box decisions. According to Barsha, CCT programmes have multiple objectives -- they can be used to increase human development, to alleviate poverty by providing income support, etc. The achievement of such objectives is dependent on the design of the CCT programme. One conditional cash transfer is capable of achieving a variety of these objectives.

Santosh Mehrotra, Director, Institute of Applied Manpower and Research, and Member of the Planning Commission's Working Group on CCTs for Health and Nutrition Interventions, was a special speaker in the session.

He submitted that in India CCTs are needed for three reasons: reducing the high costs of fuel, fertilizer and food subsidies; preventing further stagnation of the number of poor; and providing social insurance to the poor. At present India has a fiscal deficit of about 10 percent and a significant contributor to this fiscal deficit are high subsidies. Major subsidies (like food, fertilizer and petroleum) amount to INR950 billion which is just over two percent of the Gross Domestic Product. There has been a long-standing debate on how such subsidies actually reach the poor. One of the biggest problems faced by the country is that the major subsidies or the 3Fs -- food, fertilizer and fuel -- often go to the wrong people. Thus there is a need to divert subsidies going to the non-poor toward CCTs.

CCTs proposed for India

Santosh Mehrotra said five types of CCTs have been proposed for India: **Minimum Income Guarantee** - The idea is that there should be a transfer of at least INR250 per month per household for five years for the bottom quartile of BPL families, four years for the next quartile, three years for the next, and two years for the highest income quartile below the BPL. Thus a minimum guarantee is provided to all those below the national poverty line. The only condition imposed on such a CCT is that the cash transfer should be in a woman's name and only 50 percent of it can be withdrawn in a year. This must be accompanied by social insurance and the cost of such insurance should be added to the programme. A Bill for Social Security in the Unorganised Sector has been passed in Parliament of India. Under this, insurance should cover life, accidents, disability and destruction of assets.

Conditional Maternity Entitlement - The second CCT proposes a conditional maternity entitlement. The objective is to provide wage compensation to pregnant and lactating mothers to enable them to get rest, to supplement nutritional needs, to incentivise antenatal and postnatal checkups, and to promote breastfeeding and complementary feeding. Pregnant and lactating mothers are eligible for such a benefit, though they can only claim it for their first two children. This proposal has been already accepted by the government and allocated for in the 11th Five-Year Plan -- INR45 billion has been allotted for the conditional maternity programme. Ninety-five districts have been chosen to pilot these CCTs.

An important question that arises here is whether or not the health service will be able to respond to this CCT. In states with good public health services, the supply impact may lead to the provision of better services whereas in states with poor public health services supply inefficiency may frustrate beneficiaries. It is essential to bring the health system on board to ensure an improvement in the supply of services.

Converting Supplementary Nutrition to CCT - The third CCT proposes to convert part of the supplementary nutrition in the Integrated Child Development Scheme (ICDS) to cash transfers. The provision of food within the ICDS takes two forms -- one is a hot cooked meal for three-to six-year-olds, the second is a take-home ration for pregnant mothers and zero-to three-year-olds. The idea is that while the hot cooked meals are in place for three-to six-year-olds who come for education at the Anganwadi centres, the cash transfer takes the place of a take-home ration. This must not prevent pregnant or nursing mothers from coming to the Anganwadi centre for counselling.

Cash to replace Targeted PDS - The fourth CCT aims to replace the existing food subsidy of the Targeted Public Distribution System (TPDS) with cash transfers. The food subsidy size in 2009 and 2010 is INR430 billion. Instead of allocating cereals and sugar under the TPDS to BPL households, food subsidies should be converted into cash transfers under the condition that the money will be used to buy food grains and not for other purposes.

Cash subsidy should first be piloted in cities because cities have enough private shops and fair price shops to ensure choice and competition. The Ministry of Food is already piloting this CCT in five districts. It would be better to pilot such programmes in cities rather than in districts. Such cash transfers are not substitutes for the reform of the Public Distribution System rather they exist specially to ensure the availability of grain in all states at fair prices. Hence, the Food Corporation of India's minimum support price must continue, as it is a requirement for the proposed National Food Security Bill to succeed.

Cash Transfer to Youth - The fifth CCT proposes to provide cash transfers to the youth to raise demand for skill development. Two years ago, the finance minister introduced a Skill Development Mission aimed at shifting away from supply-driven strategies of

skill development to demand-driven strategies. Only about 10 percent of the Indian workforce receives any formal or informal training. A demand for training is clearly needed.

This can only happen by supply of infrastructure for the Vocational Educational Training, which is set to be raised in the 11th Five-Year Plan. The idea here is to provide a monthly stipend to each trainee (to offset opportunity cost). At the same time, there should be a fee subsidy given to the institute at the end of the programme, but only after the placement of trainees has occurred.

Four of the proposed five CCTs are already funded -- the maternity benefit is provided for in the 11th Five-Year Plan, the Supplementary Nutritional Programme has already been allocated within the ICDS, the conversion of food subsidy in TPDS to cash transfer is just a simple conversion of the subsidy element into cash, and skill development is already under the purview of the Skill Development Mission.

The big question mark is on the minimum income guarantee. The minimum income guarantee, however, can also be funded by rationalising the fuel subsidy for Liquefied Petroleum Gas (LPG) and kerosene. Subsidies of LPG and kerosene should be restricted to only those below the poverty line. With regard to LPG, all families above poverty line should pay the market price, but both rural and urban BPL families should receive six subsidised cylinders a year, which would take care of their cooking needs for the whole year.

This would also generate positive externalities from reduced pollution. It is also possible to eliminate the massive leakages that take place in kerosene simply by distributing kerosene for lighting and cooking in two litre poly packs before they reach the refinery gate.

The proposals lead to the following discussion:

Lack of Awareness

Though there are a lot of good governmental programmes and policies and research on how to develop them is often conducted, there is a gap between such policies and their implementation. There is also a lack of research on such gaps, which restricts the benefits of such subsidies to the poor. For example, people are aware that the government has many schemes but there is a lack of awareness about the components of such schemes.

In particular, in the Mahatma Gandhi National Rural Employment Guarantee Scheme ordinary villagers and potential workers were asked if they knew they could get together and demand work as a right. Most replied that they were not aware that such

a demand could be made. While creating the information/education component in any programme it is essential for the planners to create mechanisms for generating awareness.

Limitations of food and nutritional CCTs

India has always followed a rights-based approach to policy planning. Rights are unconditional, while schemes and programmes are conditional. Since rights are universal, conditionalities cannot always be attached to them. Food and nutrition CCTs are not viable in the Indian context; simply because unambiguous Supreme Court orders have defined entitlements in terms of food grain.

In Pakistan, the nutritional programme implementation was not very successful. One of the reasons for bad implementation was the poor design of the programme. In schools where hot cooked meals were to be provided, it was found that students were spending time in the kitchen preparing the meals instead of attending classes.

Further, removing the Public Distribution System is not viable in India from the political perspective. Food distribution happens only because food is procured at a minimum price and if food grains are not procured from the farmers it would result in chaos. However, scholarship programme for skill development or an income guarantee programme are viable and can be converted into CCTs.

Targeting Problems

A major problem in India is that the number of people to be targeted and that the actual selection of beneficiaries is performed by two completely different, independent systems. In the Indian experience, wrong people get the benefit of the programmes and deserving are often excluded. Thus there are problems of both inclusion and exclusion. This is because many government policies and programmes are poorly designed and thus corruption and poor implementation are built into the design. The focus needs to be on designing programmes with a great deal of thought and on having evidence-based, tried and tested policies. It is thus necessary to use the revenue generated by India's rapid growth in the correct policies to reduce poverty and usher in sustainable growth.

Session III:

Panel Discussion: Relevance of Conditional Cash Transfers for Asia

This session was chaired by Rakesh Mehta, Chief Secretary of the Government of National Capital Territory of Delhi. In his opening remarks he said India has a number of schemes with components of CCTs but does not have an integrated Conditional Cash Transfer scheme. While lessons and experiences have been drawn from Latin American countries like Brazil, Mexico, Venezuela and others, certain elements have to be considered while dealing in the Asian context.

Firstly, diversity of the Asian continent has to be taken into account. Secondly, it needs to be noted that gender discrimination is a serious issue in the region and varies from society-to-society and country-to-country.

While this has been done over the years, there has not been much success and further there has been little evaluation of subsidy driven schemes and initiatives that are based on concept of in-kind transfer.

In most Asian countries, two types of schemes exist. There are state schemes like schemes encouraging education of girls and there are universal schemes such as supplying food products at subsidised rates. Such schemes are largely driven by the fact that India and many other Asian countries are largely rural and there is a pressing need to provide food support to a large number of people.

The debatable issue is whether it is possible to bring about a change in human behaviour through cash transfers or not. When seen in historical context, cash transfer schemes alone may not be enough to bring about a change in public behaviour, i.e. making people more productive and involved, and reducing intergenerational poverty, in Asia. It is important to answer these questions while discussing the implementation of cash transfer schemes.

Opening remarks by the chair were followed by sharing of country-specific experiences from Bangladesh, Indonesia, Pakistan and Philippines. (See Annexe 2 for country presentations).

Session IV:

Summing up and next steps

While the Asian and Pacific region may be dominated by its large cities, it is still one of the least urbanised in the world. It is witnessing rapid urbanisation and according to United Nations projections a majority of the region's population will live in urban areas by 2025. Some sub-regions will urbanise faster than others. In the Pacific sub-region, over 70 percent of the population already lives in urban areas.

East and South-East Asia are expected to reach the 50 percent level before 2015, while in South-Central Asia this level is not expected to be reached by 2030². Urbanisation and economic development are closely linked because economic development occurs primarily in urban areas. Urbanisation is a largely inevitable and irreversible process that requires good management to have optimal and inclusive outcomes.

Around 641 million people in the Asian and Pacific region are living on less than one dollar a day³. It is difficult to determine exactly how many of them live in the rural areas, but estimates range from 65 to 80 percent. If that is the case, the urban poor number will be around 130-210 million on the basis of this indicator alone.

Ravallion and others⁴ estimate that rural poverty in Asia is declining significantly while urban poverty has been increasing from 136 million people in 1993 to 142 million in 2002. In the coming years and decades, urban poverty will become a major challenge for policymakers in the Asian and Pacific region.

As the urban population of the region is growing so is urban poverty. Poverty reduction tools and approaches that have been developed for rural poverty reduction will not work in urban areas because urban poverty is different in nature from rural poverty. To address urban poverty effectively policymakers at the national and local levels need a good understanding of the nature of urban poverty as well as accurate data that presents its dynamics, trends and conditions.

In general, the extent of urban poverty in South Asian countries is high. In the very large cities of Delhi, Chennai, Kolkata and Mumbai about half of the population is said to be below the poverty line.

² United Nations, World Urbanization Prospects: The 2005 Revision (ESA/WP/200).

³ ESCAP, The Millennium Development Goals: Progress in Asia and the Pacific 2007 (United Nations, 2007), p. 4.

⁴ Martin Ravallion, Shaohua Chen and Prem Sangraula, New Evidence on the Urbanization of Global Poverty, World Bank Policy Research Working Paper 4,199, April 2007.

CCTs the world over are adopted in the hope of meeting two objectives: poverty alleviation in the short-run and building human capital to break the vicious transmission of chronic poverty from one generation to the next in the long-run. Though CCTs have sometimes been introduced in countries in the aftermath of various financial or currency crises, for the instrument to act as protection against country-wide human insecurity in periods of crisis, it cannot be seen as a measure taken as a reaction to crisis situations.

Country-specific Context

While the basic concept of CCTs is applicable across geographies and socio-political context, for any government that chooses to introduce the instrument it would need to be adapted in structure and design to the specific country-context. How a CCT will be financed, implemented and monitored will depend on the compulsions and constraints of the community it is being introduced to serve. Exit strategies will depend on the specific features of urban poverty that the country is experiencing.

Once a political decision to use CCTs to combat poverty is taken, pilot programmes can serve as experimental exercises which throw up good practices and lessons for others. CCT programmes must have in-built flexibilities to undertake mid-course correction based on inputs from the field. The results from impact evaluation would ideally need to be constantly fed back into restructuring the programme and widening structural bottlenecks.

Inter-Ministerial Coordination and Convergence Context

CCTs cannot pull people out of poverty unless they form a complementary component of a wider social policy vision within which other programmes in the fields of education, health and training are fully aligned. Programmes that have managed to incorporate, in a meaningful way, elements of inter-departmental and institutional coordination into the structure and design of the programme such as CCTs in Philippines or Ladli Scheme in Delhi have been more successful.

The coordination necessary to implement the conditionalities, basically with health and education ministries, must be clearly differentiated from the convergence of the other programmes designed to fight poverty from other ministries. For the latter, the main issue is to allow beneficiaries to have access to other initiatives such as microfinance, training, improved livelihoods, adult literacy programmes, etc. For this convergence or integration, the use of single registry is paramount.

People-specific Context

Congruence between the instruments of policy and local conditions is essential to achieve the crucial goal of poverty alleviation and development of human capital. Most development programmes suffer because they are designed within a top-down framework which is paternalistic and instructional rather than inclusive and empowering. The local community needs to be co-opted, involved and listened to if policies meant for them are to be successfully implemented at the grassroots.

It has been observed across all countries that beneficiary households are usually conscious of the importance of meeting conditionalities in the long-run interests of their families and hence compliance has little to do with the strictness of monitoring. On the contrary, beneficiary households exert pressure on government agencies to provide services of adequate scale and quality once they have the cash to spend on education and healthcare. Once they have the cash, the families want to spend it properly in acquiring access to the relevant merit good embedded in the conditionality of the CCT.

Enhancing Supply to meet Demand

CCTs can create demand for merit goods, this needs to be matched by enhanced supply of quality education and healthcare services from the state, unless this happens, the tool runs the risk of being ineffective in building human capital in the longer run and breaking the intergenerational transmission of poverty. So the conditionalities imposed on the beneficiaries need to be mirrored in a co-responsibility of the state to meet this demand with supply of services. National governments have responded to increased demand for merit goods by providing more and better facilities in the short and long-term.

Quality concerns on the supply-side can cripple the impact of CCTs unless there is a long-term view of governance structures on minimising duplication and inefficiencies.

Hallmarks of an 'ideal' CCT:

- Autonomy of governance;
- Autonomy from line ministries in financing;
- Independent internal cadre for monitoring, apart from monitoring by the line ministries; and
- Compulsory external evaluation processes in place.

As far as financing CCTs is concerned, it is important to ensure that resources are raised domestically to the extent possible and dependence on external funding is minimal. The manner in which Philippines has used the 'fruit of the VAT' to fund CCTs has interesting implications in terms of replication in other countries.

De-politicising Beneficiary Identification and Targeting

Urban poverty is difficult to define and enumerate. People living in the rural hinterland of urban centres live in the villages but work in the cities. Urban poverty manifests itself with maximum intensity in unauthorised slums and squatter colonies which are nearly impossible to enumerate and audit.

It remains extremely important to keep the targeting mechanism of the CCTs de-politicised to keep away vested interests and lobbying from the process of determining beneficiary households. In both Mexico and Philippines, the beneficiary selection process is conducted in a transparent and autonomous fashion; completely circumventing any involvement of the local governments and administrations. This ensures that there is no political pressure or fraud perpetrated by vested interests manifest in interference by local agencies.

Disbursal of cash is a challenge as in most of the Asian nations the intended beneficiaries have neither UIDs nor bank accounts. Wherever CCTs are considered for introduction, perhaps as pilot runs, delivery mechanisms such as smart cards, special debit cards, or mobile phone banking may be used to identify the beneficiaries and make the cash transfer efficiently and minimise leakages.

South–South Cooperation and Knowledge Sharing

CCTs have been implemented successfully in Latin America for the past two decades and these countries have a lot to offer to Asia in terms of knowledge, learning, best practices and pitfalls. Asian countries may be able to selectively pilot-test these programmes, experiment with them and adapt them according to their own policy context. With learning, respect and collaboration, the Global South can finally have a common voice.

To encourage discussion and sharing of knowledge, a common e-Forum may be started wherein all the countries can share the experiences of their respective programmes and at the same time countries can also exchange queries. As the CCT projects approach a critical mass, it may become essential to have a global discussion forum. It has already been done among Latin American countries.

Such a forum needs proper management for which practitioners and researchers must cooperate and be willing to devote their time and resources to create a vibrant interactive community.

ANNEXE 1: AGENDA

Addressing Urban Poverty: Relevance of Conditional Cash Transfers (CCTs)

Hotel Claridges, Maharani Hall, New Delhi 10 -11 December 2009

Time	10 DECEMBER 2009
09:30 AM - 10:00 AM	Registration
10:00 AM - 10:10 AM	Welcome Remarks: Patrice Coeur-Bizot, UN Resident Coordinator and UNDP Resident Representative, India
10:10 AM - 10:20 AM	Introduction to the Conference: Rathin Roy, Director, International Policy Centre for Inclusive Growth (IPC –IG), Brazil
10:20 AM - 10:40 AM	Opening Remarks: Arun Maira, Member, Planning Commission of India
10:40 AM - 11:10 AM	Keynote Speech: Addressing Urban Poverty – Policy Options for Asia by Ajay Chhibber, UN Assistant Secretary-General; UNDP Assistant Administrator and Director, UNDP Regional Bureau for Asia and Pacific
11:10 AM - 11:30 AM	Tea and Coffee
11:30 AM - 12:30 PM	Q & A session Chair: Patrice Coeur-Bizot
12:30 PM - 02:00 PM	Lunch
PANEL DISCUSSION - I <i>Cross-country Panel Discussion: Experience of Conditional Cash Transfers (CCTs) in Latin American Countries and others</i> Chair: Manuel Salazar, Lead Economist, World Bank	
02:00 PM - 04:00 PM	Introduction and comments by Chair
	Presentation by Fabio Veras, Coordinator, Cash Transfers and Social Protection Unit, IPC-IG
	Presentation by Fernando Sanchez Prada, Presidencia de la República Programa Familias en Acción, Coordinador Fortalecimiento Institucional, Colombia
	Presentation by Armando Geronimo, Oportunidades, Mexico
	Presentation by Savas Yilmaz, Project Director, Social Security Institution Turkey
	Discussion

04:00 PM - 04:15 PM	Tea and Coffee
04:15 PM - 05:30 PM	Technical sessions in parallel working groups
TECHNICAL SESSION - I	
<i>Targeting and Conditionality in CCT programmes</i>	
<i>Chair: Seeta Prabhu, Senior Advisor, UNDP India</i>	
Main Speakers	Introduction and comments by Chair
	Muhammad Syurki, Sociologist, SMERU, Indonesia
	Savas Yilmaz, Project Director, Social Security Institution, Turkey
	P.K. Mohanty, Joint Secretary, JNNURM, MoHUPA, India
TECHNICAL SESSION - II	
<i>How to link CCT beneficiaries with Complementary Programmes and Institutional Coordination</i>	
<i>Chair: Fabio Veras, Coordinator, Social Protection and Cash Transfers Unit, IPC –IG</i>	
	Introduction and comments by Chair
Main Speakers	Carmen Largaespada, Red de Proteccion Social, Nicaragua
	Girlie Grace Casimiro, Senior Economic Development Specialist, National Economic and Development Authority, Philippines
	Rashmi Singh, Director, Mission Convergence, Government of the National Capital Territory of Delhi
	Suahasil Nazara, Head, Department of Economics, University of Indonesia
TECHNICAL SESSION - III	
<i>Monitoring and Evaluation and the Financing of CCTs</i>	
<i>Chair: Shubhashis Gangopadhyay, Managing Trustee and Research Director, India Development Foundation</i>	
	Introduction and comments by Chair
Main Speakers	Leonardo Lanzona Jr., Economics Department, Ateneo de Manila University, Philippines
	Vita Febriany, Public Policy Specialist, SMERU Research Institute, Indonesia
	Iliana Yaschine Arroyo, Researcher, Oportunidades
Day II	<u>11 DECEMBER 2009</u>
10:00 AM - 11:30 AM	Presentations by the working groups. <i>Moderated by: Fabio Veras, Coordinator, Social Protection and Cash Transfers Unit, IPC – IG</i>
11:30 AM - 11:45 AM	Tea and Coffee

11:45 AM - 12:15 PM	<i>CCTs in India - Some perspectives</i> <i>Chair : Barsha Khattry, Economic Advisor, UNDP Bangladesh</i> Special speaker: Santosh Mehrotra, Director, Institute of Applied Manpower and Research and Member, Working Group on CCTs for Health and Nutrition Interventions, Planning Commission of India
12:15 PM – 01:00 PM	<i>Questions and Answers</i>
01:00 PM – 02:00 PM	Lunch
02:00 PM – 04:00 PM	PANEL DISCUSSION - II : <i>Relevance of Conditional Cash Transfers (CCTs) for Asia</i> <i>Chair: Rakesh Mehta, Chief Secretary, Government of Delhi</i>
	Introduction and comments by Chair
	Presentation by the Bangladesh delegation
	Presentation by Harapan Lumban Gaol, Deputy Task Manager, Conditional Cash Transfer Programme, (UPPKH Pusat), Indonesia
	Presentation by Nangar Soomro, Assistant Director, Child Support Programme, Pakistan
	Presentation by Porfira Bernardez, Regional Director and Margarita V. Sampang, Director, DSWD, 4Ps Programme, Philippines
	Discussion
04:00 PM – 04:15PM	Tea and Coffee
04:15 PM – 04:45 PM	Summing up and next steps <i>Fabio Veras, Coordinator, Social Protection and Cash Transfers Unit, IPC – IG and Seeta Prabhu, Senior Advisor, UNDP India</i>
04:45 PM – 05:00 PM	Closing Remarks <i>Rathin Roy, Director, IPC –IG</i>



ANNEXE 2 - COUNTRY PRESENTATIONS

Bolsa Familia in Brazil -- Presentation by Fabio Veras

Programme Objectives: **Bolsa Família**, roughly translated as family grant is a part of the Brazilian governmental welfare programme called Fome Zero or “Starvation is Over”. Bolsa Família provides financial aid to poor families for a minimum of two years on the condition that their children attend school and are vaccinated. The programme attempts to both reduce short-term poverty by direct cash transfers and in the long-term increase human capital among the poor.

Programme Design: Bolsa Família currently gives a monthly stipend of 22 reais (about USD12) per child attending school, to a maximum of three children per family, to all families with per-capita income below 140 reais a month. Furthermore, to families whose per-capita income is less than 70 reais per month, the programme gives an additional flat sum of 68 reais per month. This is called Basic Benefit and has no conditionalities attached to it.

This money is given preferentially to a woman through so-called Citizen Cards which are mailed to the family. This card operates like a debit card and is issued by the Caixa Econômica Federal, a government-owned savings bank (the second largest bank in the country). The money can be withdrawn in over 14,000 Caixa or Caixa authorised correspondent locations. This practice helps to reduce corruption and dissociate the receipt of money from individual politicians or political parties. The names of all persons enlisted in the programme and the amount given to them can be found online at the Portal da Transparência, the programme’s website.

Programme Coverage: The cost of Bolsa Familia to the Brazilian government in 2009 has been estimated at about 0.4 percent of Brazil’s GDP and about 0.84 percent of total government expenditure for that year. It covers about 12.4 million families or about 50 million Brazilians, which is about 25 percent of the country’s total population⁵.

Graduation Strategy: Line ministries are in charge of transmitting to the Ministry of Social Development the information on conditionality monitoring⁶ after they received it from municipalities. Data is collected on a regular basis for them to understand demand trends and build new systems to improve the quality of services.

⁵ Also refer to section on Local Participation on page 9 for information on participation at a local level within a decentralised model of execution.

⁶ Refer to section on Targeting and Conditionality in CCTs for exit strategy or graduation strategy.

Several steps have to be taken before a family is eliminated from the programme due to non compliance. First, the family receives a letter warning them about non-compliance and the local-level manager or educational manager of the programme visits the family. Then, if still no compliance is visible, the payment for the family is suspended for a month. If the family fails to comply even after this, there is retention of payment, ultimately followed by the family having to leave the programme.

The minimum duration of phasing-out varies. The Bolsa Familia eligibility criteria are based on self reported per capita income. Since this varies a lot, the information has to be updated at least every two years and if the family crosses the threshold it leaves the programme.

Other programmes that use the proxy means do not change significantly in this regard. This is because the variables used in the proxy means are structural in nature. For example, if the proxy was the level of education of the head of the household and the head of a certain house hold is illiterate he will continue to be so even if incomes rise. The rationale is that it does not matter what happens to the family in terms of well being as long as children are included in the programme throughout their educational cycle.

A shortcoming of this programme is that no plan was charted out for evaluation of its effect, and so, there is not much information available regarding its impact.

Presidencia de la República Programa Familias en Acción, Colombia -- Presentation by Fernando Sánchez Prada

Programme Structure: The population of Colombia is 40 million and the number of families and children under the CCT programme constitute 20 percent of the population. Programa Familias en Acción (PFA) is an initiative of the President's Office to support the families in terms of nutrition, health and education of children under 18-years. It targets:

- Families in the first-level of SISBEN (beneficiary selection system for social programmes);
- Registered families in the Sole Registry of Displaced Population; and
- Native people.

Programme Objectives: There are four underlying objectives of this programme:

- Decreasing non-attendance and the dropout of students enrolled in the primary and secondary education.
- Supplementing incomes of families living in extreme poverty with children younger than seven years of age, with the purpose of increasing their spending on food.

- Increasing assistance for improving the health of children less than seven years of age. Improving childcare in terms of nutrition, vaccination, child development, affection and family environment.

Conditionalities: Under this programme, payments are made twice a month for primary education, secondary education and nutrition. The conditionalities are similar to those for similar programmes in other countries and comprise:

- Educational transfers for attending classes,
- no unjustified absences from school,
- nutrition transfers for visiting health clinics for age-appropriate growth, and
- development of children below seven years.

Compliance Monitoring: To ensure compliance with the nutritional aspect of the programme, a record of the height-weight ratio and other nutritional parameters is maintained. If nutrition levels are found to be low, the individual is sent to the Colombian Institute for Family Welfare which specialises in nutrition. The conditionality has not so much to do with the family ensuring that the nutritional levels are met than to ensure that the family takes the child to the relevant establishment to check whether its nutritional needs are being met.

Outcomes: PFA was designed in 1999 and was implemented in 2000. The graph between poverty and economic growth shows that there has been a gradual decrease in poverty in the lifetime of the programme.

Results show that the CCT programmes in rural Colombia have had a large impact in many spheres, such as increase in consumption of basic goods, decrease in chronic under-nourishment of children (up to two years) and increasing incidence of vaccinations and school attendance.

The results of the programme in urban areas, however, have been different. Bogota, the capital of Colombia, has many poor settlements around it. Poor people from these areas come to work in Bogota. This floating population makes it difficult to target the beneficiaries. Further, in the case of urban areas, benefits are extended only to secondary education in view of the high incidence of dropout at high school level due to the lure of employment.

Social Protection: Colombia conducts various social promotion activities to enhance the results of its programme.

- Core meetings are organised where 'leader mother' talks to 50 other mothers about common problems and challenges, and invites a professional (a doctor, teacher, etc.,) to assist her.

- In addition to this, families in every city assemble in a huge meet where the issues are resolved and discussed. It is presided over by the mayor of the city, teachers and all the participating authorities. Thus, the assembly is a forum for discussion of all the components of the CCT.
- There is also a social network for the beneficiaries that links with radio (national and local) and TV programmes. The government has a contract with cellular phone companies, which allows them to send regular text messages to beneficiaries about the programme.

Proposed Improvements: In order to create greater impact, programme results are being reviewed with local authorities periodically and new forms of communication with beneficiaries are being developed.

Oportunidades in Mexico -- Presentation by Armando Gerónimo

Oportunidades is a Mexican government programme created in 1997 as Progresá which changed to its current name in 2002. It is designed to target poverty by providing cash payments to families in exchange for regular school attendance, health clinic visits and nutritional support. Oportunidades is credited with reducing the incidence of poverty and improving outcomes in health and education in the regions where it has been deployed. As of 2008, around 25 million people participate in Oportunidades.

Key features of Oportunidades include:

- In order to encourage co-responsibility, receipt of aid is predicated upon compliance of the family with programme requirements, such as ensuring that children attend school and family members receive preventative health care.
- Programme recipients are mothers, i.e., the caregivers directly responsible for children as well as decisions pertaining to family health.
- Cash payments by the government directly to the recipient families in order to minimise patronage and corruption.
- A system of evaluation and statistical controls to ensure effectiveness of the programme.
- Rigorous screening of recipients based on geographical and socioeconomic factors in the process of selection.

- Programme requirements formulated such as to target measures considered most likely to lift families out of poverty, focusing on health, nutrition and children's education.

Programme Objectives: The Oportunidades programme in Mexico has two objectives: The short-term objective is to alleviate poverty through cash transfers, and the long-term objective is to invest in human capital to bring about development, and break the inter-generational transmission of poverty.

Programme Structure: The programme provides cover for all extremely poor families regardless of the number of children and specifically for children from grade III onwards. The cover is for the family's full life-cycle. The programme also has a transfer component for a senior citizen which is being replaced by a specific transfer to the elderly living in poverty. Cash transfers enable access to health services, food, fuel and power, educational scholarships for completion of high school. Because of the food crisis that occurred in 2007-08, a nutritional component (Vivir Mejor) has also been incorporated into the programme.

Under Oportunidades, the beneficiaries are counselled on their co-responsibilities (which include school attendance and accessing health services) and those families that comply with these receive the monetary assistance. Payments under the programme are made on every other month basis.

Targeting: In the original design of Oportunidades created in 1997 by the federal government, the programme focussed only on rural areas comprising settlements with less than 2,500 inhabitants. The targeting mechanism was designed to pick out extremely poor families. Once these were identified, access to health and education services was validated and made available in those areas as per requirement.

From 2001, the programme was extended to urban and semi-urban localities. In rural areas the beneficiaries were selected through a survey while in the urban and semi-urban areas the families wishing to avail of the programme were invited to present themselves for assistance. Rural areas with the highest degree of marginalisation were selected for participation in the programme and in urban and semi-urban areas families living in extremely poor conditions were identified for assistance. Priority was given to the more marginalised communities and access to services was assured for them. From 2008 municipalities with the lowest standards of human development have been given special priority.

Compliance Monitoring: Three sets of institutions in Mexico work together to ensure compliance of the recipients with the conditionalities of the programme. These are the health establishments dependent on the health ministry, the schools dependent on the education ministry and Oportunidades itself, which is dependent on the social development ministry.

The doctor or the assistant in these health establishments keeps a record of whether the family attended the consultation and of their compliance with the health conditionalities. In the case of children it is the teachers in the schools who keep a record of compliance, maintaining a record of the number of absentees in a month and frequency of absenteeism; support is withheld if a child is absent more than 15 percent of the schooldays. The documents which used to prepare these reports of compliance with co-responsibility are the basis on which Oportunidades personnel calculate the monetary support that the programme will extend.

Effectiveness of Co-responsibility: A study using Mexican data investigated whether some families who did not receive the form necessary to monitor the education co-responsibility due to an administrative error had had the same behaviour as those who rightly receive the form. The idea was to assess the role of conditionality in driving the programme's positive impact on school attendance. The results showed that when children were making the transition to lower secondary school the impact was even larger, while there was no measurable impact on children continuing in primary school.

These results suggest that conditionalities seem to be more important during some critical transitions in educational cycles⁷. Another study done in Ecuador took two key groups, one of which stated in the survey that it was not aware of the existence of conditionalities in the programme and another who stated that they were. It was found that the people who thought that they had to comply increased their attendance, and as a result, child labour reduced by about 17 percent. These results were achieved just because the second group believed that it was their co-responsibility to comply with the conditionalities.

Evaluation and Improvements⁸: The chief strength of Oportunidades lies in the process of constant evaluation conducted through both international and national institutions. Recommendations that emerge from the evaluation exercises are actively incorporated into the programme. The targeting mechanism has been improved and changes introduced in health services, disbursement of scholarships and provision of nutritional supplements. As a result positive action based on the results of evaluation was made possible.

⁷ See <http://www.ipc-undp.org/pub/IPCOnePager64.pdf>

⁸ For detailed discussion on the M&E process of the Oportunidades see under 'Mexico' in section on 'Monitoring & Evaluation and Financing of CCTs' in Chapter 3.

Based on these recommendations new models have been designed and implemented for urban areas, which include a new method of multi-dimensional household testing; an alternative health model; different transfer schemes for the educational component; transfers through debit card; and a new model of guidance, monitoring, and personalised attention to the beneficiaries.

Red de Protección Social (RPS) in Nicaragua -- Presentation by Carmen Largaespada Fredersdorff

Nicaragua's CCT -- Red de Protección Social (RPS) -- had a short lifespan. It was initiated in 2000 and ended in 2006.

Objectives

- Reducing school drop-outs up to the fourth grade;
- Improving the nutritional status and well being of children up to five-years-old; and
- Supplementing incomes of families living in extreme poverty in rural areas in order to increase their expenditure on food.

Most of the transfers within RPS were used to buy food. Increases in school attendance, well-being of children and women, and reduction in malnutrition were important characteristics of the RPS.

Targeting: RPS had two phases. Phase 1 (2001-02) serviced 10,000 households and six municipalities and had a budget of USD10 million. Phase 2 (2002-04) serviced 30,000 households (including the 10,000 from phase 1), included three new municipalities and had a budget of USD20 million.

Conditionalities: The RPS regularly directed funds to female household heads conditional upon the households' fulfilment of certain co-responsibilities. These included children's school attendance, medical check-ups at local health centres and mothers' participation in educational sessions.

Results: Upon evaluation of the first phase of RPS it was found that the programme had significantly increased school enrollment and other education-related indicators. Perhaps more impressively, it had reduced stunting by five percentage points in treatment communities, an unexpectedly large result. These outcomes combined with other positive assessments of its performance made RPS something of a model CCT.

To the surprise of many members of the international community, however, the Nicaraguan government voluntarily discontinued the programme.

Outcome and Learning: The downfall of RPS came not from its lack of impact but partly because of its failure to establish and maintain a positive image for itself within Nicaragua. The experience highlights the need for CCTs to garner national support and foster domestic understanding of their objectives and policies. This is particularly true of CCTs that depend on external funding, which may be absorbed in meeting the demands of the organisations providing the finance.

Sentiments in Nicaragua about RPS tended to be polarised and uninformed. Some common opinions were misleading, and RPS officials grappled with domestic opposition arising from a lack of understanding of the programme's objectives and procedures.

There was a persistent belief that RPS was not concerned with alleviating long-term poverty but rather that it was perpetuating poverty by giving cash transfers to the poor. In reality, RPS was noteworthy for its focus on using conditional transfers as a mechanism to initiate behavioural changes and increase investment in long-term human capital accumulation. The programme's educational components and co-responsibilities, while central to RPS were not well known or understood among domestic critics.

Another complaint was that the programme was inefficient and too expensive. RPS might have received greater support if government officials had understood all the services the programme provided — why RPS managed these services rather than others and the long-term savings the current expenses were expected to generate. If the programme's positive impacts had been clearly and consistently communicated some of these accusations might have been tempered.

Rather than addressing these attacks, RPS officials focussed on satisfying the requirements of the programme's loans in order to ensure that it could continue to receive funding for future phases. They were also unduly concerned with responding to external criticisms that might endanger its funding. This approach, while not unreasonable, neglected important domestic constituencies whose negative opinions and misperceptions ultimately contributed to the programme's demise.

The lack of domestic understanding ultimately overwhelmed the programme. Nicaraguan support could not be maintained and RPS's autonomy was eventually eroded. Eventually, RPS was discontinued, to the surprise of many within the international community, who understood the programme's purpose and impacts better than the domestic constituents.

The end of the Nicaraguan experience with RPS is disappointing in the light of the programme's achievements but it provides relevant lessons to policymakers working with CCTs, particularly those receiving external funding. Even if a programme is deemed successful by the international community, domestic constituents must still approve of it. The support of both the non-beneficiary populace and government officials is

important. Key domestic officials may change over time, and support for a long-running programme cannot be predicated upon the sole support of a few officials who may not remain in their positions. Frequent communication of a programme's purposes, policies and results is important to gaining and maintaining support. Without steady domestic approval, even an excellent programme may lose support and eventually be discontinued.

Social Risk Mitigation Project and CCTs in Turkey -- Presentation by Savas Yilmaz

The population of Turkey is about 70 million. The poverty profile shows that 0.74 percent of the population lies below the absolute poverty line while 17 percent exists below the relative poverty line. Poverty risk is higher in rural areas because of low education and large household size. Thus, there has always been the need for some sort of protection for the poor in Turkey.

Conditional Cash Transfers were first introduced into Turkey in 2001 with the Social Risk Mitigation Project, implemented by the General Directorate of Social Assistance and Solidarity and co-financed by the World Bank.

Programme Objectives: The objectives of the project were to mitigate the impact on poor households of the 2001 economic crisis following a devastating earthquake (1999), to improve the households' capacity to cope with similar risks in the future, and to advance social inclusion through better targeting and new poverty reduction programmes.

Programme Structure: The programme has three components:

- Institutional development of related agencies dealing with social assistance programmes;
- Conditional cash transfers worth USD300 million; and
- Execution of local initiatives such as microfinance programmes.

Programme Objectives:

Educational grants that target school-age children. The objective here was to encourage poor families to send their children to school.

- Health grants which target children in the zero to six age group and pregnant women. With the objectives to encourage poor families to avail preventive healthcare services for children and to encourage pregnant women to have regular health checks during their pregnancy and to opt for institutional childbirth.

Conditionalities

- The conditionality in the case of education grants is that the children must be enrolled in school and register an attendance of 80 percent;
- In the case of health grants, the children must be regularly taken to health clinics; and
- In the case of pregnancy grants the mothers must have regular health checkups during pregnancy as well as two months after the delivery. Institutional delivery was mandatory.

Targeting⁹: Turkey has been quite successful with the implementation of CCTs. Poor households with school-going children below 18 years and families with expectant mothers and children below six are targeted for inclusion.

Turkey has an extremely large informal sector which employs most of its poor households. This makes the task of estimating household incomes and identifying poor households a very complex one. Hence, Turkey uses household consumption expenditure as a proxy indicator of income. The initial questionnaire that was applied to intended beneficiaries to collect consumption expenditure information also carried questions regarding other social indicators so that the socio-economic background of each and every household is clearly set. Households were surveyed in two rounds — once in 2001, when 5,000 households were surveyed, and later in 2004, when 7,000 households were surveyed.

The targeting mechanism is based on a scoring formula which uses this surveyed data. Thus, the scoring formula has a cut-off norm embedded in it that allows or eliminates families, and which also takes into account the minimum wage prevalent in Turkey. The present cut-off is USD150 per month.

The entire project is IT enabled, managed online right from targeting and eligibility to the payment of cash. This makes it easier to fill, calculate, update and evaluate, giving better results and solutions.

Results: There were two impact assessments that were conducted by a consultancy firm and the World Bank which showed that there was an increase in enrollment rates, school attendance, and use of health facilities like vaccination and women delivering in hospitals.

The programme has had a massive impact on the status of women because the payments are usually made to them. To further reduce the gender gap, a higher amount of cash is provided to girls as compared to boys under the programme. Other programmes have also been implemented in the form of local initiatives with focus on women's participation.

⁹ See also Targeting in Turkey under section on Targeting and Conditionality in CCTs.

CCT is a very long-term programme and Turkey has successfully created synergies between the old programme on social assistance and the new CCT. This has served as a strong policy platform to address the long term-goal of poverty reduction. More vigorous coordination is needed with other agencies like the Ministry of Education and Health in order to harmonise and achieve long-term efficient, workable and sustainable solutions.

Asia Pacific

Female Secondary Assistance Programme¹⁰ in Bangladesh -- Presentation by Barsha Khattry, Goran Jonsson, Kishore Singh and Majeda Haq

Objective and Coverage: This CCT programme was introduced in 1994 to close the significant gender gap in secondary education. Today it covers 121 of the 507 districts of Bangladesh.

Conditionalities

- Beneficiary school going girl must have a minimum of 85 percent attendance,
- They must remain unmarried till end of term, and
- They must attain at least 45 percent marks to pass.

Achievements: As a result of the programme, enrollment of girls increased from 1.1 million to three million between 1991 and 2005 thereby achieving gender parity in education. There was also a reduction in early age marriages and fertility rates. Nutrition levels improved and increase in female employment resulted in higher incomes for women.

New schools were built to meet educational needs in remote areas and for disadvantaged communities due to the strong supply-side response for education. There was increase in access to secondary education and improvement in the quality of schools due to teacher training programmes, performance incentives to teaching staff and improved water and sanitation facilities.

The success of the programme encouraged the Government of Bangladesh to introduce stipend programmes in primary schools as well. Such stipend programmes were focussed solely on girls.

Weaknesses: The weaknesses in these programmes were found to be similar to those in other programmes worldwide — poor availability of information, sustainability issues and poor targeting.

¹⁰ <http://www.undp.org.in/content/cct/Bangladesh.ppt>

Though the programme has ensured high rates of enrollment and attendance among girls, it has not been able to ensure educational attainments for girls at par with boys. This is because girls are often burdened with household chores and responsibilities related to care-giving for younger siblings. The CCT in its design did not take into account these ground-level realities and because of this the results of the programme are not perceived to be either deep or long-term.

Case Study: Urban Partnership for Poverty Reduction Project in Bangladesh

Targeting: In 2008, Bangladesh initiated this programme with the aim to target three million extremely poor urban beneficiaries across six cities and 24 towns by 2015. The budget allocated to this programme is USD110 million and the donor partners include DfID, UNDP, UN-HABITAT and others. As Bangladesh has no urban development ministry, the programme is being implemented by local governmental agencies that work in partnerships.

Community Development Centres: The poor families dwelling in slums are divided into 15-20 primary groups and representatives of these family groups form community development centres or CDCs. These groups develop community action plans comprising two components:

- Settlement Improvement Fund, wherein projects (water, sanitation, drains, others) are identified by the community and are funded by the municipal corporation; and
- Socioeconomic Fund including a block grant, education grant, apprenticeship, urban agriculture, and social development fund.

The aim is to enable access to wage employment, enterprise development, informal and formal education, and financial services.

Notably, the apprenticeship programme for the poor and extremely poor is aimed at enhancing skill development and creating employment opportunities. Each beneficiary receives 1,500 taka per month and local workshops are identified where such beneficiaries can serve as apprentices in order to learn a trade. The beneficiaries are required to attend at least 25 days of the apprenticeship training and demonstrate a good aptitude for enterprise development.

Families with a good savings record are given preference; however, it has been found that such a condition was actually excluding the extremely poor, and thus, this conditionality needs to be revisited.

Another component of this programme is a block grant, where 5,000 taka each are given to beneficiaries identified by the CDCs and the only condition imposed is that they have to use this money for enterprise development. Communities with good savings records have been given preference in this regard, but this again has resulted in the exclusion of many of the poorest families and needs to be reconsidered or removed. Under the education grant extremely poor families are given an educational fee of 4,000 taka in two installments, the condition being a requirement of a minimum 80 percent school attendance of children in the school-going age groups.

Achievements

- More than 4,000 people have been trained within the apprenticeship programme;
- With the help of the block grant, 1,362 destitute women have been able to set up their own businesses or revive their unviable businesses; and
- As a result of the educational grant, 1,500 children have been supported and regular attendance in schools has vastly improved.

Rural Employment Opportunities for Public Assets (REOPA) in Bangladesh

Targeting: REOPA is a social safety net programme with a very elaborate targeting process which involves not-so-accurate community selection and an extremely accurate categorical selection. For example, only households headed by destitute women, where women are divorced, abandoned or widowed, are targeted. The proxy means test is used to identify the destitute women and there is also an element of self-selection. As a result, the targeting is almost 98 percent accurate.

Structure: The projects are time bound, limited to a period of four years. They are funded by UNDP and EC and cover 388 unions (lowest administrative units in Bangladesh) out of 4,503, which is about 10 percent of the population of Bangladesh. There are 24,444 women beneficiaries from the ultra-poor, women-headed households, who are paid 100 taka per day under cash-for-work projects.

Some of this cash has to be compulsorily saved. It can subsequently be used by these women to invest in any micro enterprise or as a contingency sum for future crises.

Life-Skills Training: While REOPA is not a CCT, it has CCT components. The conditionality is that beneficiaries are required to attend 15 days of life-skills training to induce behavioural changes.

REOPA life skills training starts with women crew groups for the purpose of building and maintaining roads. The ultimate aim is ensuring the groups have sustainable self-employment and a permanent ascent from poverty. This can be achieved by changing the cycle of capacity development by introducing packages which contain leadership development, group formation, awareness of rights and entitlements, environment and disaster management, gender development, etc., which would ultimately result in a change in behaviour and lead to self-employment, thus indicating a way out of poverty.

Achievements

- As a result of such training packages, it has been observed that there is increased confidence and solidarity among poor women.
- Women are aware that they can demand basic service entitlements like health, agriculture, livestock, micro credit, etc.
- They are more conscious about health and nutrition. In the past, less than half the women visited doctors, usually buying medicines over the counter. However, they now see the value of availing professional health services. Thus, they are paid not to actually visit a doctor, but to create awareness among themselves about the benefits of medical services, food and nutrition, and health and sanitation.
- Earlier only about 60 percent children attended schools. However, now there is almost 100 percent attendance of both boys and girls in schools.
- The labour gangs, which were initially only brought together for two years, have converted themselves into permanent self-employed groups with highly developed leadership skills.
- Saving habits have also improved significantly. As a result there has been a shift in livelihood from wage earning to self-employment.

Challenges

- The biggest challenge before the programme is that the product is very weakly designed and has no sustainability which highlights the importance of building social capital.
- Another issue is that since government representatives oversee these projects, the level of interest in its implementation varies from district to district; thus there are different degrees of engagement.

- Livelihoods are vulnerable to sickness, market and seasonal fluctuations, and natural disasters, which is a major reason for impoverishment.
- There is an absence of mitigation structures, as a result of which 97 percent of the population is not covered by social insurance. Thus, life insurance, accident insurance, medical insurance, livestock insurance, etc., need to be worked on.
- Problems of pilferage and corruption are also common -- benefits of the programmes often do not reach the poor.
- There is also a problem of exclusion -- beneficiaries of one social safety net programme are excluded from other such programmes. Complementarities across programmes can help in avoiding such issues.

Programme Keluarga Harapan in Indonesia -- Presentation by Dr. Harapan Lumban Gaol

Indonesia is home to 74 million poor people who are classified into three clusters:

- The ultra poor, comprising of about 3.9 million households for whom the government has introduced social assistance and protection programmes;
- About 60 to 70 million poor people for whom a peoples' empowerment programme has been implemented; and
- Around 40 million people who have been uplifted from the poorest and poor sections, for whom the government provides credit for strengthening the community and community self-help groups.

The Government of Indonesia launched a CCT programme in 2007 called the Family Hope Programme or Programme Keluarga Harapan (PKH). This is the first programme which involves governmental departments as well as local agencies, ministries of health, education, social affairs and planning agencies.

Programme Structure and Conditionalities

- Under the educational conditionality, children between the ages of seven and 15 attending primary or middle schools are beneficiaries; however, even 18-year-olds who have not finished high school are eligible to receive the benefits provided they meet the conditionality of attending the school.
- Expectant/lactating mothers and infants are expected to access healthcare services regularly in order to remain beneficiaries of the PKH.

- District-level bodies and municipalities are also required to meet certain conditionalities for the implementation of CCTs in their zones.
- The number of ultra-poor households must be very high in the respective zones or wards chosen.
- The administrative head of the district or municipality must sign a memorandum of understanding containing a commitment to provide the requisite health and education facilities in response to the demand for these services generated by the CCT.

Programme Coverage and Disbursals

People in Indonesia are scattered across various islands and increasing the coverage of CCT to all the islands is a difficult task due to poor infrastructure. The coverage is presently limited to only 13 of the 33 provinces. By 2010 the coverage is expected to reach 25 of the 33 provinces, i.e. one million beneficiaries.

The CCT is implemented by the Ministry of Social Affairs which has an army of field facilitators.

On an average, 1,390 IDR are transferred to every household that meets the programme's conditionalities. The Ministry of National Education has stipulated that a special stipend for poor children must be prioritised for CCT beneficiaries. Payment is, thus far, being made only through post offices. However, due to certain constraints in using the post offices the government is now considering the option of using peoples' banks as a medium of public disbursement of cash.

Benefits

Cash transferred is used first for food, second for education and third for health. Benefits of the programme include an increase in the levels of school attendance and visits to primary health institutions. The average monthly presence of children in schools is more than 85 percent.

All CCT beneficiaries automatically become members of the Community Health Security for Poor People. Also, CCT cards are now given to the beneficiaries, making them eligible to visit hospitals. Although the government has not developed additional health infrastructure, it is reported that primary health services for CCT beneficiaries are more easily accessible and more vaccines, medicines, and vitamins are now available.

Challenges

- In Indonesia, incidence of child labour is very high and many parents expect their children to work. As a result, they do not attend school. Even after the implementation of CCTs, child labour has not reduced significantly. This is because about 82 percent of the enrolled students are working and studying simultaneously.
- Some state owned schools still maintain a passing grade mechanism, thus, children from poor households are not able to pass, and sometimes have to attend expensive private or religious school institutions like madrasas.
- Since targeting is undertaken within a quota system, when the quota is not filled, the money comes back to the treasury. This causes a rift between the statistical bureau and the implementing agency as they are unable to account for why the money has been returned when there are still so many poor people in the country.
- There is also a lack of coordination between stakeholders. In the absence of incentives to teachers and medical services, verification processes remain very poor. This often results in the wrong people availing benefits. However, with learning from Latin American countries, Philippines, etc., the Indonesian government is working at creating a more simplified verification form.
- With the help of the World Bank, the government is also developing a self targeting process where the community can have the freedom to select beneficiaries based on self determined criteria.

CCTs in Pakistan -- Presentation by Nangar Soomro

The CCT initiative in Pakistan is an offshoot of its food support programme. The elements of CCTs were added to the already existing mega safety net programme and it was decided to correct the errors of the existing programmes by complementing it with CCT. With a change in the government the earlier mega safety net project was abandoned and the current government is attempting to launch another safety net project with CCT elements.

Targeting

Beneficiaries under the erstwhile programme were targeted using two approaches -- the first was the door-to-door approach where data was collected on a prescribed form. The second approach involved inviting the beneficiaries to attend village gatherings in rural areas.

Programme Structure and Conditionalities

In the typical CCT cycle, the programme is preceded by a public information campaign followed by targeting and selection of the beneficiaries. Initially, pilots were started in only three districts but recently eight new districts have been included. Overall 12,000 beneficiaries are covered under the programme.

It is mandatory for beneficiaries to enrol their children in school and ensure 80 percent attendance in order to avail of the benefits under the programme. PKRs.300 per month is transferred to each beneficiary through post in quarterly payments. The use of banks as a channel for cash delivery is still under consideration but has not been adopted yet.

Stakeholders

- The pilot is funded by the Government of Pakistan, which annually provides PKRs.120 million and is technically supported by World Bank.
- The programme is managed by a project management unit, which is responsible for the design and technical assistance of the project.
- The provincial administration is responsible for setting up field activities and monitoring the programme at the provincial-level.
- The district office is responsible for financing the projects.
- A memorandum of understanding has been signed with the Department of Education who are service providers and the post is used as the cash distribution agency.
- Monitoring of compliance with conditionalities is the responsibility of the education department, which maintains school attendance records.
- Although a forum to address grievances does exist, a proper monitoring and evaluation system is still being worked upon.

Impact Evaluation

Impact evaluation for the pilot will be completed in March 2010 based on which the future course of the programme will be determined. The effort is to link the CCT with the existing mega safety net, i.e., Benazir Income Support Programme.

Challenges

Targeting

- The door-to-door survey methodology was found to be extremely impractical for rural areas. Awareness campaigns through media, posters, banners, etc., were conducted and found to be useful. But awareness levels were low. Beneficiary verification documents were often found to be manipulated, resulting in the wrong people availing the benefit.
- In the absence of a central registry, the cost associated with verifying documents was also found to be quite high. A revised system of verification of documents has now been put in place for proper targeting.
- Due to communication gaps between the targeting and executing agency, the objectives of targeting were not made very clear. People exaggerated the number of children they had while the number of girls was often underreported.
- A test more simplified than the prevailing proxy means test is needed to avoid inconsistencies and incompleteness in data.

Supply-side

The CCT, in order to be successful, requires the existence of good quality and easily accessible services. After conducting a supply capacity assessment it was found that while the urban supply capacity position is encouraging, in the rural districts the situation is not very good. Teachers often do not attend schools in rural areas, their qualifications are comparatively low and they are frequently absent. In some districts, schools are non-functional. In such cases, cash is still transferred to the beneficiaries and at the same time the matter is taken up with the educational department. Schools in rural districts are not easily accessible.

Currently, teachers as well as the educational department are being trained to meet the requirements of the CCT.

Political Commitment

The main learning from the pilots was that the government was being over ambitious in its plan to implement the CCT programme all over the country within one year. The design and implementation of CCT requires adequate administrative capacity and the system takes time to develop — in the case of Pakistan the system took three to four years before it could take on the onus of running the CCT effectively.

Political commitment is essential for smoothly implementing and running CCTs. Often the government does not see eye-to-eye with the promoters of such projects and innovative ideas are often dismissed. Therefore, information and social awareness sessions are now being conducted to convince governments about the benefits of such schemes.

Location

Initially pilots were set up in three of the poorest and remotest districts of Pakistan. Logistically it was not possible to run the CCT in such areas. Therefore, a combination of soft and hard rural and urban areas is being chosen to adequately suit different locations.

Lessons

Lessons from CCT revealed that since circumstances in rural and urban areas are different, different combinations are required to transfer cash. As availability of electricity, telephone network, computers and internet is lacking in rural areas, the post is the only way to transfer the cash. Even though banks can be used in urban areas, the post is the only medium that would be effective in rural areas. Experiments with available technologies such as ATMs and monetary transfers through mobile phones are also being considered.

Another challenge lies in the use of MIS. Readymade software cannot be used and MIS companies are not ready for trial and error approaches. Thus, the focus should be on developing an in-house MIS capacity. Though the initial cost of such an endeavour is high, it will provide more sustainable solutions over time.

Pantawid Pamilyang Pilipino Programme (4Ps) in Philippines -- Presentation by Porfiria Bernardez and Margarita V. Sampang

The Pantawid Pamilyang Pilipino Programme (4Ps) is modelled along the lines of the cash transfer programmes in Latin American and African countries.

Structure

Philippines comprise of 7,107 islands. It has a population of 98 million, of which 26.7 million are poor. The CCT programme targets 4.7 million poor families. The 4Ps programme is managed under the Department of Social Welfare and Development, an agency directly under the Executive Branch of the government.

Under the programme, eligible households receive:

- P6,000 per year or P500 per month per household for health and nutrition,
- P3,000 per year or P300 per month per child for 10 months a year to a maximum of three children per household for education
- P1,400 per month for a family with three children in school.

The cash is transferred to the most responsible adult in the household, who is usually the mother.

Objective

The programme is designed to promote investment in human capital among poor families with children in the age group of zero to 14-years. The aim of the 4Ps programme is to eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women, reduce child mortality and improve maternal health.

Targeting

Under the 4Ps programme, the poor families are targeted by a multi-tiered procedure.

- The poorest provinces based on the Family Income and Expenditure Survey and cities with large pockets of poverty based on the National Anti-Poverty Commission data are selected. Once the provinces and municipalities are selected, a supply-side assessment is conducted for these areas.
- The poorest municipalities from the poorest provinces, based on the data from Small Area Estimates of the National Statistical Coordination Board are selected. The poorest Barangays (the smallest administrative unit like a district or village) is selected from the data provided by the Planning Office.
- A saturation survey of households in selected Barangays is conducted for the selection of the poorest household based on a ranking system using the Proxy Means Test developed for the programme.
- The next step involves the organisation of assemblies to ensure that the data provided by the selected households are accurate.
- Family registries of the selected households are prepared.
- The first payment is made to the families after this stage followed by verification of compliance with the conditions.

- If it is found that households have complied with all the conditions, the second and successive payments are made.

Conditionalities

Conditionalities imposed by the 4Ps programme require that:

- pregnant women get pre- and postnatal care,
- parents and guardians are required to attend parenthood sessions, mother's classes and parent effectiveness seminars where domestic problems are discussed,
- children between the ages of zero to five years get regular preventive health check-ups and vaccines,
- children between the ages of three and 14 years attend at least 85 percent of the classes at day cares, pre-schools and elementary schools, and
- children receive de-worming pills twice a year.

Outcomes and Expected Results

- It is estimated that by imposing such conditionalities and targeting poor families with children the incidence of poverty will be reduced by 9.3 percent upon spending 0.5 percent of GDP on the programme and by 31.1 percent upon spending 1.5 percent of the GDP. The severity of poverty will be reduced by 29.5 percent and 64.3 percent, respectively, by spending the same amounts.
- The conditionalities will be effective in reducing the prevalence of child labour because if children are at school they will not be able to work.
- Such conditions also encourage parents to invest in human capital, health, nutrition and education.
- Women are already reported to be more confident as such conditionalities also promote gender equality and empower women. Women are now able to participate in banking facilities for the first time. The poor in Philippines who earlier did not know how to transact with banks are now able to engage with the banking system as their money is being downloaded through special CCT accounts. So, now they can enter the bank premises with confidence and/or transact money using ATMs, which is a matter of pride for them.
- A significant increase in school attendance with an increase in enrollment in elementary schools and high schools is the expected outcome of the 4Ps programme. Principals across districts have already reported 90-93 percent attendance in schools.

- An increase is also expected in the average years of education completed.
- Health and nutritional benefits are expected to increase with more and more pregnant women, nursing mothers and children between the ages of zero to five-years availing the health services.
- Volunteer resource programmes have been institutionalised in the CCT programme in Philippines. Once awareness of the benefits of such programmes was generated, the people spontaneously volunteered to participate in programmes to encourage fulfillment of social responsibilities and parent teacher workshops, as well as to help in community activities.

Expanding Coverage

Due to the positive impact of the 4Ps, the government has increased the coverage area of the programme. By October 2009, 4Ps operating in 17 regions, 45 provinces and 270 cities has enrolled 695,746 poor households. About one million poor households will be covered by the programme by December 2009 increasing the number of areas covered to 694 cities and 80 provinces.

4Ps in the Cordillera Administrative Region, Philippines

Geographical Coverage

The Cordillera Administrative region is an example of the micro-level implementation of the 4Ps programme. The region encompasses most of the areas within the Cordillera Central Mountain range of Luzon and is home to numerous indigenous tribes collectively called the Igorots or people of the mountain. Being the country's only landlocked region, economic progress here has been slow. Economic activities include farming, pocket mining, wood and bamboo craft, and tourism. The region is composed of six provinces, 76 municipalities and one city. It is home to 32 percent of the nation's poor. The programme covers 13,302 households.

Achievements

- As a result of the programme, community participation has improved, and a sense of volunteerism has been generated. The communities have organised themselves as peacekeepers and helped maintain peace and order.
- Awareness has been generated on community health and sanitation.

- Contribution has been made to a climate change programme through the practice of sustainable environmental activities like implementation of local “clean and green” programmes and observation of 3Rs (reduce, reuse and recycle).
- Backyard gardening for nutritional purposes and adoption of local conditionalities, for example, planting fruit bearing trees to be reaped in five years, has been promoted.
- Counselling of co-beneficiaries regarding vices and misconduct contrary to the programme policies and conditions has been provided regularly.

Challenges

- Despite the initial achievements during the first year of the programme more work is required to reach all the poor households and provide them with the benefits of the programme.
- Future challenges include the building of a better road network to make monitoring of the programme easier as well as improving access to such programmes.
- ATMs are available only in cities or municipal capitals and it is necessary to make these easily available to the poorer sections, enabling them to receive cash transfers through this medium.
- Adequate resources are required to meet the requirements of health and education.
- Aggressive advocacy campaign is required to generate appreciation and support for the programme. Also, poor households which were not covered by the first wave of the programme need to be targeted.



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