

INTERNATIONAL Poverty Centre

Working Paper number 38 August, 2007

*The International Poverty Centre is jointly supported by the Brazilian Institute for Applied Economic Research (IPEA)
and the Bureau for Development Policy, United Nations Development Programme, New York.*

CONFRONTING CAPACITY CONSTRAINTS ON CONDITIONAL CASH TRANSFERS IN LATIN AMERICA: THE CASES OF EL SALVADOR AND PARAGUAY

Fábio Veras Soares
International Poverty Centre

and

Tatiana Britto
Visiting researcher, International Poverty Centre

Working Paper

Copyright© 2007

**International Poverty Centre
United Nations Development Programme**

International Poverty Centre
SBS – Ed. BNDES, 10º andar
70076 900 Brasilia DF
Brazil

povertycentre@undp-povertycentre.org
www.undp-povertycentre.org
Telephone +55 61 2105 5000
Fax +55 61 2105 5001

Rights and Permissions

All rights reserved.

The text and data in this publication may be reproduced as long as the source is cited.
Reproductions for commercial purposes are forbidden.

The International Poverty Centre's Working Papers disseminate the findings of its work in progress to encourage the exchange of ideas about major development issues. The papers are signed by the authors and should be cited and referred to accordingly. The findings, interpretations, and conclusions expressed in this paper are entirely those of the authors. They do not necessarily represent the views of the International Poverty Centre, IPEA or the United Nations Development Programme (or its Administrator, Directors, or the countries they represent).

Working Papers are available online at <http://www.undp-povertycentre.org> and subscriptions can be requested by email to povertycentre@undp-povertycentre.org

Print ISSN: 1812-108X

CONFRONTING CAPACITY CONSTRAINTS ON CONDITIONAL CASH TRANSFERS IN LATIN AMERICA: THE CASES OF EL SALVADOR AND PARAGUAY*

Fábio Veras Soares** and Tatiana Britto***

ABSTRACT

This Working Paper offers an institutional overview and comparative analysis of the Conditional Cash Transfer (CCT) experiences of El Salvador (*Red Solidaria*) and Paraguay (*Tekoporã*). We focus on the potential contradictions and tensions that arise from the double objectives of these programmes—namely, short-run poverty alleviation and breaking the intergenerational transmission of poverty through human capital accumulation. We also examine how both programmes address these tensions and compare their approaches regarding implementation issues and administrative and institutional factors. We argue that political economy issues play an important role in the decisions taken regarding targeting criteria, monitoring of conditionalities, graduation from the programme, and exit rules. These programme features are not necessarily coherent with one another because they pursue different objectives and are justified by differing rationales. These problems might be exacerbated in a scenario—common in many developing countries—characterized by financial and institutional capacity constraints and, sometimes, weak political support for a CCT programme.

Keywords: Poverty; Conditional Cash Transfers; Government Programme.

JEL Classification: I 38

* The authors gratefully acknowledge the comments and suggestions from the peer reviewers of this Working Paper: Irene Ocampos, GTZ Paraguay; Francesca Bastagli, London School of Economics; Joana Mostafa, Brazilian Ministry of Social Development and Fight against Hunger; Jeni Vaitsman, National School for Public Health; and Terry McKinley, Acting Director, International Poverty Centre, Brasilia. We would also like to thank all the individuals who have collaborated with us during the fieldwork carried out in Paraguay and El Salvador, in particular Ofelia Insurrealde, Jorge Centurion, Hector Cardenas, Margarita Molinas, Jorge Castillo, Dora Liz Cardoso, Hugo Odone, Carolina Avalos, Carla Recinos, Claudia Sandoval and Ena Granados.

** International Poverty Centre.

*** Visiting researcher, International Poverty Centre.

1 INTRODUCTION

Conditional Cash Transfer programmes (CCTs) have been introduced in many Latin American countries during the last 10 years. Evaluations of first-generation CCT programmes implemented in middle-income countries, such as Mexico and Brazil,¹ indicate considerable success in providing social assistance and short-term poverty relief while also tackling the intergenerational transmission of poverty through incentives for human capital investments (basically education, health and nutrition). These results have led many governments and international development organizations to regard such programmes as an effective way to promote social protection and help achieve the Millennium Development Goals (MDGs).

Nevertheless, there are still some uncertainties about the potential of CCTs in countries that face major institutional and financial constraints. Having strong institutional coordination and ensuring funds for a reasonable period of time are basic requirements for the success of CCT programmes. These requirements pose a major challenge for countries with weak institutional coordination among line ministries and/or layers of government, overwhelming budget restrictions for social investments, as well as the virtual absence of a tradition with regard to broad social protection schemes.

A careful analysis of the design and implementation of CCTs in such countries might shed some light on how they have dealt with these challenges and what are the possibilities, limits and issues involved. In this sense, a range of aspects should be explored, including the diagnosis of poverty causes, the programme strategy regarding targeting, the implementation and monitoring of conditionalities (or 'co-responsibilities', as they are sometimes called), administrative capacity and the coordination of CCTs with supply-side interventions (Britto, 2005; de la Brière and Rawlings, 2006).

In order to address these issues, this Working Paper offers an institutional overview and analysis of the cash transfer experiences of El Salvador (*Red Solidaria*) and Paraguay (*Tekoporã*). The CCT programmes in both countries started in 2005. As they are quite recent initiatives, we had the opportunity to examine them when adjustments and difficult choices regarding changes in the design or the implementation strategies were being made. Our analysis is based on a review of available documents, reports and papers on each programme, as well as semi-structured interviews and/or focus group discussions with key actors and strategic stakeholders (government and donor officials, programme coordinators, field workers, local researchers, community leaders, and beneficiary as well as non-beneficiary groups).

In particular, our Working Paper provides a comparative overview of the main features of each programme and the implementation strategy that each used. Based on this comparative approach, our paper seeks to draw lessons and policy implications from these two experiences that could not only contribute to their future development, but also help the design of cash transfer programmes in other developing countries with similar characteristics.

2 DESIGN AND IMPLEMENTATION OF CCTs: UNDERLYING ISSUES

As pointed out by Handa and Davis (2006), there are some internal contradictions and potential tensions among CCT elements that have become evident as the implementation of these programmes has multiplied across Latin America. These contradictions tend to be exacerbated in countries that face institutional and financial constraints in implementing CCT

programmes. In general, CCTs have double objectives: 1) to boost the accumulation of human capital in poor families, particularly for children, in order to break the intergenerational transmission of poverty; and 2) to alleviate poverty in the short run.

It has been argued that the human capital objectives should be the focus of the programmes and that efficiency in the use of CCT funds should be enhanced via better targeting strategies (De Janvry & Sadoulet, 2006). Along these lines, Handa and Davis (2006) have argued that the second objective—poverty reduction in the short run—is often stressed for political reasons. A potential tension arises from the fact that the aim of short-run poverty alleviation might jeopardize some of the operational traits of a programme focused on the objective of human capital accumulation.

However, CCT programmes can be evaluated from the opposite angle. The main objective can be seen as poverty alleviation, with human capital objectives added to gain political support from the general population. In fact, Handa and Davis (2006) state that sometimes conditionalities are included in cash transfer programmes in order to gain the support of the middle classes, which, it is thought, do not believe that it is acceptable to hand over money to the poor without requiring them to do something in return, e.g., send their children to school or attend health clinics.

According to this view, conditionalities would be necessary to make the poor take responsibility for their own well-being, instead of relying on a state-centred paternalism. Molyneux (2006) argues that this emphasis on individual responsibility and self-help has been a strong component of the 'New Poverty Agenda', which has informed the development of many poverty-reduction initiatives in Latin America, including CCTs.

At first glance, the focus on one or the other of the two objectives might appear to be irrelevant to the outcome of the programmes, but when one examines their details, the trade-offs between the two objectives become too visible to be ignored. They are revealed in at least three programme dimensions: a) in the targeting strategy, b) in the monitoring of conditionalities and the implementation constraints that they impose, and c) in the exit (or graduation) rules and in the mechanisms for the incorporation of new beneficiaries.

With regard to targeting criteria, the focus on human capital accumulation might leave important segments of the poor population out of the programmes, especially the elderly and the disabled. In such a context, it is clear that CCT programmes cannot be regarded as a comprehensive poverty reduction and/or social protection strategy.² This feature would be even more evident if an 'efficient targeting' strategy were adopted, that is, if households more likely to send and keep their children in school would be more likely to become beneficiaries. This would result from an approach directed at maximizing programme impacts on human capital outcomes (through the effects on attendance and drop-out rates) at a low cost. The rationale behind this kind of approach would be to make CCT programmes cheaper and more effective by means of a narrower targeting of resources.

One can easily draw an analogy between such an approach and a poverty reduction strategy that would give priority to those households closer to the poverty line, rather than those deeper in poverty. In this case, the efficient targeting strategy would seek to maximize the impact on the poverty headcount rather than the reduction of the poverty gap ratio. This targeting approach, however, would make sense only in a framework in which the governing objective of the CCT programme was human capital accumulation, with little concern for short-run poverty alleviation.

Despite advocating a focus on human capital, neither *Red Solidaria* nor *Tekoporã* has adopted a targeting criterion based on the principle of maximizing the impact on human capital indicators, such as enrolment or attendance rates. Both programmes included geographical targeting prior to household targeting. El Salvador used a categorical targeting approach in the 32 poorest municipalities and intends to move to a methodology of proxy-means testing for new municipalities. Paraguay, for its part, used a multidimensional index to estimate non-monetary poverty that is very similar to the one adopted by *Familias en Acción* in Colombia and *Progresas/Oportunidades* in Mexico.

Therefore, in terms of targeting strategy, short-run poverty alleviation seems to be the most important objective in both programmes. The argument that such an objective should be made compatible with human capital accumulation is based on the idea that poorer households are more likely to be credit-constrained, leading to a socially undesirable under-investment in the human capital of their children. For that reason, poverty—either monetary poverty or multidimensional poverty—could be used as the targeting criteria of a CCT programme with a focus on human capital.

The role of conditionalities is a major issue in its own right.³ But its relevance in this study is that it becomes central to a CCT when human capital accumulation is its major concern. For instance, the inclusion of remote poor areas in the programme can be delayed due to supply constraints that hinder the compliance with and the monitoring of conditionalities, as occurred in the renowned *Progresas* in Mexico in its initial phase. Moreover, for countries with limited institutional coordination, monitoring of the compliance with conditionalities can represent a sizeable share of the overall cost of the programme, both in monetary terms and in time spent by programme managers in coordinating monitoring with payments to beneficiaries. This process implies a fine-tuned coordination between line ministries and the implementing agency, and between the latter and the local institutions or partners in charge of monitoring at the grassroots level.

Furthermore, the contradictions between the two objectives being discussed can become particularly striking when designing the exit or graduation rules and the mechanisms to incorporate new beneficiaries. If the focus of the programme is human capital accumulation, then it is reasonable to argue that monetary support should last for the whole basic health and education cycles. Nevertheless, most CCTs in Latin American countries have a time limit for households to remain in the programme—which, on average, is three years.⁴ After this period, families have their 'poverty status' re-evaluated and may be excluded from the programme.

This approach is justified basically by two arguments: a) to avoid dependence, which ends up sacrificing the long-term impact on human capital of young household members because of the concern about possible negative impacts on the labour supply of adult members; and b) to give a chance to more—and perhaps poorer—families to participate in the programme within a context of limited funding. The latter does not apply in the case of El Salvador and Paraguay because there is no intention of incorporating new beneficiaries once the selection procedure is finished in a particular municipality. Thus, in their current design, these programmes have a static approach and target only the current generation under the age of 15 years.

More recent CCT initiatives (the so-called third generation CCT programmes), largely inspired by the *Programa Puente* component of *Chile Solidario*,⁵ emphasize working together

with the beneficiary families so that they can find 'exit doors' from their current poverty status. This approach would imply integration with other policies and programmes within a broader development strategy.

This seems to be one of the 'new aspects' that are present in the CCT programmes of both El Salvador and Paraguay. In El Salvador, one of the components of *Red Solidaria* is a 'family sustainability network', which offers micro-credit and promotes productive projects in the municipalities where the programme is being implemented. In Paraguay, the family support component uses 'family guides' to develop jointly with beneficiary families a strategy to improve their productive potential and to support the organization of committees of productive beneficiaries.

The key question here is how these 'development strategies' fit into the logical framework of the programme, and how they interact with other programme objectives. For example, do they reduce potential contradictions or do they aggravate them? Do they receive enough funding and effectively promote synergies with their CCT counterparts? Have technologies been developed to tailor the existing programmes to the needs of beneficiaries?

The 'integral support' that such programmes offer to beneficiary households aims to build up the financial, social and human capital of adult family members so that they can improve their living conditions in a sustainable way, thereby enhancing their chances of rising out of poverty when they graduate from the programme. This approach shifts the focus from human capital accumulation to short- to medium-run activities that could work as exit-door strategies. This move towards economic opportunities, empowerment and income-generating activities for the adult members of the beneficiary household has arisen as a response to the criticism that CCT programmes do not change the poverty situation of the family in the short run and might, in fact, generate dependence.⁶

Similar to the case of the cost of conditionalities, we have here the issue of the cost of these more comprehensive developmental strategies within a social protection framework. Hiring family guides or NGOs to work with beneficiary families can reduce the funds available to incorporate a higher number of (eligible) beneficiaries. It is worth mentioning that the *Puente/Chile Solidario* model was developed based on the understanding that there was 'core poverty', identified as the extremely poor who do not benefit from general economic growth. This model may not be relevant for countries where both extreme and moderate poverty are widespread and where the social and economic infrastructure has not been well developed.

Finally, an important consideration in countries with institutional and financial constraints is related to the substantial influence that international organizations and consultants from 'older' CCTs have on the conception of new programmes. This affects the programme's initial design and objectives, leading to problems in terms of applicability to the local context, country ownership and, as a result, programme impacts and sustainability.

In the next sections we will discuss how *Red Solidaria* and *Tekoporã* have dealt with the challenges posed by the design and implementation of CCT programmes in the light of the issues discussed above.

3 AN OVERVIEW OF *RED SOLIDARIA* AND *TEKOPORĀ*

3.1 ORIGINS AND OBJECTIVES

Both *Red Solidaria* in El Salvador and the *Tekoporā* pilot programme in Paraguay started officially in 2005, but their origins were different. Whereas targeted income support was already mentioned in the government plan presented by the elected right-wing party candidate (Antonio Elias Saca, from the *Alianza Republicana Nacionalista - ARENA*) in the 2004 presidential elections in El Salvador,⁷ in Paraguay the first suggestion of a cash transfer scheme came from a technical committee in charge of the design of the National Strategy for Fighting Poverty.

President Antonio Elias Saca's government plan for the 2004-2009 presidential term envisaged the creation of a social safety net for El Salvador's most vulnerable population. Social protection is defined in that document as the set of public policies that give support to the poorest and most vulnerable, helping them to overcome risk factors. Thus, it had a risk management approach. In this approach, social protection should enhance human capital by comprising both labour market policies and targeted cash transfers. The conceptual design of *Red Solidaria* occurred between 2004 and the beginning of 2005; and the programme was officially launched by a presidential decree in March 2005.⁸ The IDB and the World Bank were closely involved in the initial design of the *Red*, which also benefited from consultancies of experts and programme managers of other CCTs implemented in Latin America.

In Paraguay, the origins of *Tekoporā* can be traced back to the government's signing of the Millennium Declaration in 2000. The government took the decision to support the design of a National Strategy for Fighting Poverty that would encompass a set of actions and programmes in the social sector but would have a focus on poverty reduction.⁹ In the first drafts of the strategy, the idea of a cash transfer emerged. This occurred mainly due to the missions that members of the technical team had undertaken to other Latin American countries, especially to Brazil, Chile, Colombia and Mexico in order to obtain detailed knowledge of their CCT programmes (Rivarola, 2006). In November 2003, already under a new administration, a CCT design team was established with technical and financial support from the IDB (US\$ 380,000).

However, the idea of implementing a cash transfer programme was received with some uneasiness by segments of the government and civil society in Paraguay. There was a perception that handing money out to the poor—even with conditionalities attached—would not be an appropriate way to combat poverty due to a predicted negative impact on the supply of labour. There was a strong feeling that the programme could generate dependency.

In the face of this resistance, an international conference was organized in July 2004 by the design team to present a draft of the National Strategy for Fighting Poverty and to showcase several Latin American CCT programmes. After this conference, the idea of a CCT programme gained support and the government started the preparation for its launching. *Tekoporā* was not launched by specific legislation, but was introduced through the budget law for 2005.

Red Solidaria's legislation (the above mentioned executive decree) laid the programme's foundations in terms of objectives, duration, assigned resources and institutional coordination. It states that the *Red's* objective is assistance to extremely poor families, through short-term improvements in child and maternal health and nutrition, basic education, as well as

improvements in the supply of drinking water, sanitation, electrification and roads to the poorest rural communities of the country.

The programme encompasses the following components, described as tools to broaden the opportunities of the disadvantaged population to improve their economic and social conditions: 1) The Family Solidarity Network, comprised of conditional cash transfers and 'lifelong learning' sessions for beneficiary families; 2) The Network of Basic Services, comprised of supply-side programmes in education (Effective Schools Network), health and nutrition (Extension of Health Services), and improvements and rehabilitation of basic infrastructure (drinking water, sanitation, electrification and rural roads); and 3) The Family Sustainability Network, comprised of productive projects and micro-credit schemes in the targeted municipalities.

In the absence of a legal document that sets the objectives and implementation details of the *Tekoporã*, one has to examine the operational manuals¹⁰—where the logical framework is presented—as the main source of institutional information on the programme's stated objectives and approach. According to the manuals, the main objective of *Tekoporã* is to reduce the number of households living in extreme poverty through cash transfers conditional on families undertaking certain actions aimed at developing the human capital of their members. As secondary objectives, the manuals mention: 1) increasing expenditures on food items and 2) increasing expenditures on inputs required to maintain an adequate level of nutrition for children and ensure their school attendance.¹¹

There are clearly similarities between the two programmes: a) the focus on the extremely poor as the target population and b) the focus on nutritional and educational outcomes. A remarkable difference between them, however, is the infrastructure component of *Red Solidaria*, with its focus on the access to drinking water and sanitation, electricity and rural roads. Both programmes share the diagnosis that one of the causes of poverty is the low level of human capital of the extremely poor.

Therefore, their major aim is to break the intergenerational cycle of poverty through cash transfers that, while alleviating poverty in the short run, are also conditional on certain actions, such as regular health check-ups and school attendance. There is also the explicit message that the monetary benefit should be spent in the best interests of the children, i.e., on items that would improve their nutritional condition and their school performance.

3.2 TARGET POPULATION, TARGETING TOOLS, COVERAGE AND GOALS

The target population of both programmes—given their objectives—is extremely poor households with children under the age of 15 years or with pregnant women. How to reach such households, how many to incorporate into the programme and in accordance with what priorities are the fundamental questions to be answered by the targeting methods. Despite their focus on extreme poverty, neither *Tekoporã* nor *Red Solidaria* seeks to cover the whole population living in extreme poverty.

In the case of *Red Solidaria*, there is not only a rural emphasis, but also a focus on the 100 municipalities classified as the poorest ones in the country. Based on this orientation, the implementation of *Red Solidaria*, in particular of its CCT component, has been a phased one. The first transfers took place in October 2005; 15 municipalities were included in that year and a total of 13,278 beneficiary families. In 2006, 17 other municipalities and 10,828 families were added. This completed the coverage of the first group of 32 municipalities characterized by

'very high extreme poverty' (*pobreza extrema severa*), according to the classification adopted in the country's poverty map. For 2007, the programme intends to reach another 15 municipalities, covering about 45,000 families. Up until 2009, the programme projects to reach 100,000 poor families, approximately the total number of poor and extremely poor households in the targeted municipalities.

In Paraguay's *Tekoporã*, the goal established in the 2004 operational manual was to reach 162,600 households by 2008. According to this figure, the programme would cover all households with at least one child below the age of 15 years or a pregnant woman living in extreme poverty. However, this goal has been reduced in the 2007 operational manual to 45,000 households by 2009—28 per cent of the original target for 2008. In 2005, the pilot of the programme started in five municipalities in two different departments and covered a total of 3,452 beneficiaries by the end of that year. In 2006, the programme was scaled up to include another seven municipalities with 5,386 beneficiary families. The target for 2007 is to incorporate 18,000 new beneficiary families in 16 municipalities in five departments.

Both programmes have implemented geographical targeting in order to rank municipalities according to their poverty level. *Red Solidaria* has used a poverty map developed by FLACSO, which comprises two types of ranking criteria: a cluster analysis that identifies four levels of poverty and a within-cluster ranking of municipalities according to a marginality index. The cluster analysis attempts to combine long-standing structural and current dimensions of poverty. In order to do so, it uses 1) the proportion of 1st grade students with a severe height-for-age deficit (stunting); and 2) the incidence of income poverty (poverty headcount). Based on these indicators, the programme grouped municipalities into the following categories: 1) Very high extreme poverty, comprising 32 municipalities; 2) High extreme poverty, comprising 68 municipalities; 3) Moderate extreme poverty, comprising 82 municipalities; and 4) Low extreme poverty, comprising 80 municipalities.

The 100 municipalities that make up the first two categories were identified as the target of *Red Solidaria*. The Integrated Index of Municipal Marginality (IIMM), which was used to rank municipalities within the clusters, combines and weights 1) the monetary aspects of deprivation, measured by the income poverty gap of each municipality, with 2) indicators related to unsatisfied basic needs in housing and education, such as access to piped water, sanitation and electricity; crowding; prevalence of earth floors; illiteracy and schooling rates. The sequence of inclusion of each targeted municipality into *Red Solidaria* has carefully respected the poverty-map ranking. The first 32 municipalities classified under the very high extreme poverty category were the first to be included, according to their IIMM position. In 2007, the programme is expanding its reach to include the second cluster, i.e., the high extreme poor, also following the IIMM ranking.

For the household targeting, different criteria have been used. In the rural areas of the 32 municipalities that belong to the first cluster, because of the severity of their poverty, every family with pregnant women and children under 15 years of age who have not finished 6th grade have been selected as potential beneficiaries. In urban areas, in addition to the categorical criteria, the following additional parameters have been included: crowding, housing conditions (material used on roof, walls and floor), and access to sanitation.¹² For the 68 municipalities belonging to the second cluster, the high extreme poor, the *Red's* operational manual details a proxy-means test (PMT) that would combine variables related to

the household location (rural or urban), housing conditions, possession of durable goods, family composition and characteristics, and access to remittances.¹³

In the case of *Tekoporã*, the geographical targeting was based on the *Índice de Priorización Geográfica* (IPG)¹⁴—the Geographical Prioritization Index. Each district would enter the programme according to its ranking by the IPG and the number of households to be selected in the district would be given by the estimated proportion of the extremely poor. The IPG combines both monetary and non-monetary poverty indicators as *proxied* by the unsatisfied basic needs approach (NBI).

Monetary poverty had a weight of 40 per cent in the IPG¹⁵ and comprised two indicators: 1) the ratio between the proportion of the extremely poor in the district and the proportion of the extremely poor in the department; and 2) the ratio between the proportion of the extremely poor and the proportion of the poor in the district. The indicator for unsatisfied basic needs (NBI) had a weight of 60 per cent. It was comprised of an indicator of housing conditions and access to infrastructure, which had a weight of 30 per cent in the NBI, and an indicator of educational achievement and access to education, which had a weight of the remaining 70 per cent.

Municipalities with an IPG score above 18 points were classified as high priority. However, unlike the approach of *Red Solidaria*, municipalities did not enter the programme according to the priority criteria¹⁶ since supply-side constraints were taken into account in the selection of the districts that took part in the pilot and in the preparation for the scaling-up.¹⁷

Tekoporã differs from *Red Solidaria* in its targeting approach. For the poorest municipalities, *Red Solidaria* used a categorical targeting approach based on geographical area (rural emphasis) and the demographic composition of the household (pregnant women and children under 15 years of age). In contrast, *Tekoporã* uses a multidimensional index derived from a principal component analysis to prepare a list of potential beneficiaries of the programme in both rural and urban areas.

This index, the *Índice de calidad de vida* (ICV), or Quality of Life Index, combines several sub-indices: 1) access to services: water, electricity, fuel to cook, rubbish collection and telephone; 2) health: health insurance, health care for the sick or injured (during the past three months), children's vaccination status; 3) education: language spoken at home, the household head's education level, the spouse's education level, years of schooling 'lost' by the children aged 6 to 24 years; 4) occupation: the household head's occupation; 5) housing condition: crowding; ceiling, wall and floor material, separated toilet, sanitation; 6) possession of durable goods: air-conditioner, heater, truck, cars, refrigerator and washing machine; and 7) number of children aged 0 to 15 years old. These variables were selected according to two different models applied to the 2001 Household Survey (*Encuesta Integrada de Hogares*), one for rural and another for urban areas. These models yielded different weights for each area.

Households are classified into four groups: the extreme poor (group I - ICV < 25 points), the moderate poor (group II - ICV between 25 and 40 points), and two non-poor groups: group III (ICV between 41 and 55 points) and group IV (ICV above 55 points). In principle, only group I, the proxy for the (monetarily measured) extreme poor, should be eligible to take part in the programme. However, since the targeted number of potential beneficiaries that was based on estimating the number of extreme poor for each district was not reached through this ICV

proxy, the selection criterion was expanded to include group II. Therefore, the programme also incorporated the moderate poor into the pool of potential beneficiaries.¹⁸

The identification of potential beneficiaries is undertaken in both countries through a census process. However, whereas in El Salvador the census covered the whole municipality, in Paraguay during the pilot phase (covering five districts) the census was conducted only in neighbourhoods of selected districts with two or more unsatisfied basic needs. This option was chosen because of the lack of funds to conduct the survey in the whole district.

Another difference resulted from the fact that the census in El Salvador was based on a participatory process that involved the local community in the mapping process, whereas in Paraguay the whole process was initially centralized at the National Statistics Office (DGECC) and afterwards outsourced to private firms. Curiously, El Salvador followed the opposite direction: the first census was outsourced to private firms, but the *Red's* implementing agency has gradually taken over the whole process, subcontracting, training and supervising researchers directly.

The categorical approach in rural areas adopted by *Red Solidaria* in its poorest municipalities is not very common in Latin America, where multidimensional indices, such as the ones adopted in Mexico, Chile and Colombia, have been the prevailing method used to select beneficiary households after some degree of geographical targeting that also takes into account monetary poverty indicators. In Paraguay, the targeting strategy was inspired by the Colombian case, which also relies on a multidimensional index instead of focusing on means testing or proxy means testing. However, instead of keeping the weights a secret, as was the case in the Colombian SISBEN, the programme made the weighting process public to the local reviewing committee – *comite de seleccion de beneficiarios*.

The bottlenecks encountered in the targeting process in El Salvador result mostly from the unclear procedures undertaken to select beneficiaries in urban areas. This approach added special parameters to the categorical targeting criteria, which had to be verified through a second visit to the potential beneficiaries selected on the basis of the census database. There has also been a problem resulting from the static nature of the census process—the only basis on which entrance into the programme is determined—since this approach does not consider the demographic dynamics of the households. For example, new children might be born or new families might move into the municipality after the census has been completed, but they will not be identified as potential beneficiaries. Finally, the adoption of a proxy means test to select beneficiaries in the municipalities of the second cluster might create new difficulties because the programme's targeting criteria will become less clear to beneficiaries.

In Paraguay, a serious bottleneck has been encountered in the selection of neighbourhoods within pilot districts where the census would take place. There was a major outcry among local representatives, mostly members of the reviewing committees, which led the programme managers to accept some households to be interviewed based on demand. This had been specified in the 2004 operational manual as occurring in a later stage (*empadronamiento continuo*)¹⁹ in order to obtain information on (extreme) poor families in non-selected neighbourhoods in the pilot district. Another problem that has been observed is the adoption of the same cut-off point for the ICV in both rural and urban areas (i.e., below a 40-point score). But this would render meaningless any comparison between rural and urban beneficiaries.²⁰

A distinguishing feature of the targeting process in Paraguay is the validation of the list of potential beneficiaries by the local reviewing committee. This committee, which is made up of local representatives, is responsible to review the list of all potential beneficiaries and approve their selection. A similar structure exists in El Salvador, but the programme reviews only the list of the potential urban beneficiaries according to the above-mentioned approach.²¹

Relative or absolute poverty measures were central to the geographical targeting used in both countries. But this kind of targeting begs the question about which of the two programme objectives, i.e., short-run poverty alleviation or long-term capital accumulation, is being emphasized. It is fairly clear that a cash-transfer scheme that focused on human capital accumulation would hardly gain 'civil society' support if it did not also use some targeting criteria based on current poverty conditions, but, instead, opted to rely only on selecting the population that would maximize the human capital achievements of the programme (see De Janvry and Sadoulet (2004)).

While these programmes do not take into account the ways of maximizing their impact on long-run human capital accumulation in their targeting strategy, as mentioned above, they do not rely exclusively on a monetary approach to target extremely poor families. *Red Solidaria* has opted for simple categorical targeting: eligible households in rural areas in the poorest 32 municipalities. The rationale underpinning this strategy is the pervasiveness of poverty in these areas.²²

Targeting individual households in this context would lead to unjustifiable costs in terms of trying to achieve programme efficiency. Hypothetically, it could also lead to social tensions within small, isolated communities, as have been reported in the first evaluations of the Mexican pioneer CCT (Adato et al, 2000). Additionally, the private costs involved in the process of becoming a beneficiary and collecting the benefits are assumed to be a disincentive to non-poor families, working as a tool for self-targeting.

The *Tekoporã* programme has opted to use a multidimensional index (ICV) that is not directly linked to a monetary poverty measure. In fact, the latter is considered only in the calculation of the Geographical Prioritization Index (IPG), which is used to determine the priority with which a municipality is incorporated into the programme. Still left unanswered is the rationale for using multidimensional indexes to select beneficiaries of a CCT programme vis-à-vis its two major objectives. Does this imply, for example, that in addition to alleviating current monetary poverty and promoting human capital accumulation, cash transfer programmes should be designed to compensate for the lack of economic opportunities and lack of access to basic public services? Or is the use of such indices justified as a means to address the lack of reliable information on earnings and/or proxies for earnings in a rural setting? Also, if human capital is a central objective, does it make sense to combine educational indicators with so many other variables (unless these variables were strongly correlated)?

3.3 AMOUNT OF THE TRANSFERS

In *Red Solidaria*, the cash transfers provided by the programme comprise a health stipend for families with pregnant women and children under five years-old and an education stipend for families with children from five to 15 years old who have not completed 6th grade (the second cycle of basic education). Each stipend is worth US\$ 15 (US\$ 13 PPP) per month, but a family entitled to both of them would receive only US\$ 20 (US\$ 17 PPP) per month. There are no

variations in the amount of the transfers according to the size of the family or the age, grade or gender of the beneficiary children. The fact that the amount of the transfer does not increase with the number of beneficiary children in the household seems to be related to the fear that the programme might have some impact on fertility rates either by increasing the desired number of children or by anticipating pregnancies in order to benefit from the transfer.

In *Tekoporā*, there is a basic benefit related to food and nutrition worth Gs 60.000 (or US\$ 11 PPP) regardless of the number of children aged 0 to 15 years old and a nutrition and education bonus worth Gs 30.000 (about US\$ 5 PPP) per child with an accumulation limit of four children, so that the maximum payable benefit is Gs 180.000 (about US\$ 32 PPP).

According to the 2004 operational manual, this value was calculated to cover the average poverty gap of the two bottom deciles of the per capita income distribution. However, an examination of the data shows that this benefit is far below that necessary to close the poverty gap of an average beneficiary family. Actually, the small amount of the transfer is consistent with the argument used by some managers that the focus of the programme should be human capital accumulation. Thus, the benefit should be kept low in order to avoid work disincentives among the adult members of the household.

3.4 CONDITIONALITIES AS CO-RESPONSIBILITIES

Families selected through the targeting procedures described above are invited to take part in *Tekoporā* and *Red Solidaria* through signing an agreement: an *acta de compromiso*, in the former programme, and a *convenio de corresponsabilidades*, in the latter.

In *Red Solidaria*, the family agreement has to be signed by the main beneficiary and a co-responsible person. If, once selected, the family agrees to take part in the programme, the *agreement* spells out the co-responsibilities not only on the part of the beneficiary family, but also on the part of the government of El Salvador. For the family, the agreement includes the following obligations: 1) Ensure school enrolment and attendance of their 5-14 year-olds, from pre-school to 6th grade; 2) Register the family in health programmes, ensure child and maternal health check-ups and comply with the basic child and maternal health protocols and immunizations; 3) Attend the family training sessions offered by *Red Solidaria*; and 4) Use the transfers provided by *Red Solidaria* on food consumption.

For the government, the obligations include: 1) Through the Ministry of Health, provide basic health services in health units or other institutions subcontracted for this purpose; 2) Through the Ministry of Education, provide basic education up to 6th grade to beneficiary children between the ages of 5 and 14; 3) Promote lifelong learning sessions for beneficiary families; and 4) Deliver the cash transfer, conditional on school enrolment and regular attendance of the beneficiary children (based on the education stipend) and on accessing the periodical child and maternal health check-ups and immunizations for children under 5 years-old (based on the health stipend).

With regard to *Tekoporā*, the *acta de compromiso* does not list all the government co-responsibilities. It commits the government to the monthly payment of the stipend and to the continuous follow-up of the families, but does not mention anything related to the supply side aspects of the co-responsibility. The member responsible for the family (the *titular*) commits to the following conditionalities: 1) use the benefit to purchase food, so that the nutritional status of the children would improve; 2) undertake a first visit to the health centre for a diagnosis of the health and nutritional condition of each child younger

than 15 years and of each pregnant woman; 3) guarantee that the children are not delayed in their immunization schedule; 4) guarantee that women (pregnant or not) and teenagers visit the health clinic according to its protocol; 5) use the education stipend to buy school-related material; 6) enrol all children younger than 15 years-old in school; and 7) ensure 85 per cent minimum school attendance by them.

In both programmes, the *agreement* expresses the conditions under which the transfer shall be suspended and entails an authorization for the family to be withdrawn from the programme if it is confirmed that it no longer fulfils its eligibility criteria.

The conditionalities for the transfers applied in both countries encompass the usual engagement in health and education activities that are found in most CCTs across the region. Nevertheless, their *agreements* go beyond such past practices when they set up conditions related to the use of the transfers. In *Red Solidaria*, the *agreement* also obliges the participation of family members in lifelong learning sessions, a condition that is monitored even though it should not affect the cash transfers. In contrast, the commitment to use the cash transfers on food is not actually monitored. In fact, it could be understood as part of an awareness campaign to change attitudes and to reinforce the human capital focus of the programme. However, its inclusion in the *agreement* is confusing, since it is stated in that document that families can lose their benefits if they do not comply with such commitments.

Similarly to *Red Solidaria*, the *Tekoporã* programme does not enforce the condition that the transfer should be spent on food and on school-related expenses. However, ‘family guides’ stress the message that the transfer should be spent in order to promote the best interest of the child. Unlike *Red Solidaria*, in *Tekoporã* the participation in family training sessions and in complementary activities, such as beneficiaries’ productive committees, are not listed as conditionalities in the *acta de compromiso*. However, it is unclear how family guides, in practice, inform families about the actual requirements with which they need to comply in order to continue in the programme.

In our focus group discussions, some family guides admitted that sometimes they might inform the families that attendance in the training sessions and participation in the beneficiaries committee can increase their likelihood of staying in the programme after the initial three-year period. This might increase the perception of the families that those activities are conditionalities of the programme.

According to the data from the impact evaluation of the pilot, among the 361 beneficiary households in the sample, 3.6 per cent did not know any of the requirements related to staying in the programme, 85 per cent mentioned that attendance in school was one of the requirements, 70.5 per cent mentioned regular visits to health centres and 60 per cent mentioned the child’s immunizations. Only 5.3 per cent mentioned the need to cultivate vegetable gardens and a mere 2.5 per cent mentioned maintaining the hygiene of the household. Surprisingly, 5.8 per cent said that the programme had no conditionality attached to it.

3.5 GRADUATION RULES

In line with the conceptual and operational guidelines of *Red Solidaria*’s legal framework and operational manual, the family agreement explicitly states a 3-year period for eligibility—namely, each family is entitled to receive the transfers for these three years only. This clause seemed very clear to most beneficiaries and all programme managers and stakeholders interviewed during the research field work. What did not appear clear to them was what would happen after these three years: would the families simply stop receiving the transfer,

regardless of the persistence of the eligibility conditions that had entitled them to be selected in the first place? Or would the programme have some kind of transition or phasing-out strategy that would graduate families and avoid the interruption of the transfers in the middle of a school or immunization cycle?

According to the *Red's* operational manual, the exit strategy of the programme comprises undertaking a re-evaluation of each family after they have received transfers for three years. This re-evaluation would take into account whether families still had children younger than five years-old (for continued eligibility for the health stipend), or whether they had children between five and 15 years-old that had not finished primary education, or 6th grade (which would entitle them to continue receiving the education stipend). Nevertheless, the manual stresses that the questionnaire and the criteria to be used in this re-evaluation process are subject to validation by the inter-institutional Directive Council of *Red Solidaria* and to the availability of financial resources from the government of El Salvador.

So far, the issue of graduation from the programme or re-certification of eligibility does not seem to be a very important one for El Salvador's CCT agenda. On the one hand, this might be due to the novelty of the programme, which has existed for less than a year and a half and still has not had to deal with this potentially difficult issue. On the other hand, it might be related to the *Red's* central objective: to improve human capital rather than merely reducing current income poverty. As such, the acceptable 'exit door' from the programme would seem to be a demographic one. This would contrast with reliance on 'emancipation' strategies that are hypothetically able to lift beneficiaries out of poverty—an outcome that depends among many other factors on the labour market and economic performance of the country, as well as on synergistic coordination among various social programmes.²³

With regard to *Tekoporā*, the explicit limit of three years in the programme is not mentioned in the *acta de compromiso*. Actually, the *acta de compromiso* states that the 'contract' between the programme and the recipient of the benefit is valid until the end of each calendar year and can be extended if the two parties agree. However, the 'agreement mechanism' for the renewal of the 'contract' is not made clear in that document. Nevertheless, the operational manual states that families can stay in the programme up to three years as long as they maintain their eligibility status, i.e., they have a child younger than 15 years old and he/she is attending any grade of the basic education cycle (from 1st to 9th grade).

After the three-year period, the registry system of the programme will provide an assessment report on the beneficiary households, with indicators derived from the monitoring system.²⁴ Those indicators refer to the family's progress in undertaking the various steps of the family support activities, which will be monitored by the family guides.

The three-year period is divided into four steps, in which the families, with the support of the family guides, are supposed to undertake several activities.²⁵ These include: allowing family guide's visits in order to discuss the conditionalities, health and hygiene issues, nutritional habits, as well as attendance at adult literacy courses and training sessions. The review of these indicators will show whether the family has achieved the targets in the various steps.²⁶ If so, the family graduates from the programme; if not, the family will continue in the programme for two more years; however, the value of the benefit will be reduced to the minimum amount of the transfer.

In-situ visits and interviews with beneficiaries and family guides clarified that most beneficiaries were aware of the three-year limit of the programme. However, those who knew

about the re-assessment of the families after three years and the possibility of staying a bit longer in the programme thought that they would be allowed to stay beyond the three-year period only if they complied with the conditionalities and performed well in the complementary activities agreed with the family guides.²⁷ However, this is precisely the approach that would render them not eligible for the two-year extension.

Most CCTs include, at least in principle, an explicit time limit after which families should be re-assessed. The three-year period is a fairly common threshold.²⁸ But the theoretical or empirical justifications for such time limits are unclear (Cohen and Franco, 2006). They seem to be driven mostly by fiscal or political considerations, associated with fears that transfers might become financially unsustainable, be perceived as permanent entitlements and create dependence of beneficiaries.

Another possibility, as we mentioned above, is that the three-year period is introduced in order to give time for the programme to win political support on the basis of achievements that are feasible within such a short period. In countries that rely heavily on external funding for their CCTs (not the case of either El Salvador or Paraguay during their initial stages), the duration of the programme might also be related to the duration of the contracted loans.

Some CCTs have introduced transition rules, which include not only recertification strategies, but also the use of declining stipends as a phasing-out mechanism. In the case of *Oportunidades* in Mexico, families are re-assessed every three years through the same survey used for their selection for the programme. If the family is still considered in extreme poverty according to the programme's multidimensional index, it will continue receiving the transfers as before. However, if the family is not considered to be in poverty anymore, it will follow the phasing-out process of the *Esquema Diferenciado de Apoyo* (EDA), which was created in 2003.²⁹

Families stay in EDA for a period that varies from one to three years, but several components of the transfers are cut out, implying a substantial reduction in their value (Cohen and Villatoro, 2006). So far, almost five million families have been re-assessed and around 300,000 have been passed onto the EDA stage. However, only 0.11 per cent of the five million beneficiary families had been graduated from the programme by the end of 2006.

The distance between what is effectively carried out and the programme's discourse, as well as the actual difficulties associated with adopting a coherent and transparent graduation strategy, have contributed to highlight graduation rules as part of the 'unfinished agenda of CCTs' in Latin America (de la Brière and Rawlings, 2006). A crucial issue in this respect is that graduation rules have to be shaped according to the programme's central objectives. From the perspective of human capital accumulation, which is the main objective stressed by *Red Solidaria* and *Tekoporã*, short time limits—if strictly applied—might be counterproductive, especially if they are not sufficient to cover the entire basic education or immunizations cycles (Handa and Davis, 2006; Cohen and Franco, 2006; Soares and Ribas, forthcoming).

4 IMPLEMENTATION ISSUES: DIFFERENCES AND SIMILARITIES

4.1 TRANSFER MECHANISMS

In El Salvador, transfers are delivered bi-monthly in payment events that usually take place in the municipality's main square and might occupy the whole morning, depending on the number of beneficiaries in each municipality. The delivery of the transfers is subcontracted to

a banking institution, which organizes the logistics of the payments, including the transport of the funds, maintaining security and providing cashiers. This experience differs from that of Brazil, for instance, which counts on a fairly developed and widespread banking network that allows an automated scheme for the delivery of transfers through money-teller machines and magnetic cards. In contrast, *Red Solidaria's* transfers are handled manually and involve the deployment of considerable amounts of money and personnel across the country.

The local coordination of *Red Solidaria* has an important role in the organization of payment events. A whole payment schedule is set up and beneficiaries are lined up according to this schedule and their exact placement in the transfer's spreadsheet. This is designed to rationalize the process, shortening the time that beneficiaries have to queue to receive their transfers. Still, there can be significant costs to beneficiaries in attending the payment event, not only in terms of time but also transportation, especially for those living in more remote rural communities.

Tekoporã's 2004 operational manual stated that transfers would be paid bi-monthly in the nearest bank. However, this was changed before implementation began, based on the assumption that poor families were not used to managing large sums of money and planning their expenditures throughout a long period of time. Also, using bank offices could impose excessive costs for families living far from towns where these services are located.

The solution was to deliver transfers through a mobile unit with cashiers of a state bank (*Banco Nacional de Fomento*), which go to programme districts on various dates. Besides the costs associated with the deployment of this single mobile unit, there is another problem that is particularly important for beneficiaries: there is no fixed date for the transfer payment. Since delays can be as long as 50 days, this tends to have almost the same effect as a bi-monthly delivery, except that such delays make it more difficult for beneficiaries to rely on the transfers for consumption credit or investment plans. According to the data collected for the impact evaluation, 85 per cent of the beneficiaries said that the payment is usually delayed. Counting on a single mobile unit for the delivery of the transfers, in a monthly payment scheme, seems a clear bottleneck for scaling-up *Tekoporã*.³⁰

Similar to *Red Solidaria*, the local coordination of *Tekoporã*—in particular, that of the family guides—has an important role in organizing the beneficiaries for the payment. During the payment, personnel from the implementing agency at the national level as well as the department supervisor are there to address questions and receive written complaints about the programme. The local-level agents of the programme, i.e., the family guides and the departmental supervisors, are also paid on this occasion.

4.2 MONITORING OF CONDITIONALITIES

As CCTs, both *Tekoporã* and *Red Solidaria* involve conditionalities or co-responsibilities in health and education that are connected to the cash transfers. Nevertheless, there are important differences in the implementation of the monitoring processes related to these conditionalities.

In Paraguay, initial plans indicated that the information flow regarding conditionalities would be based on the coordination between the national implementing agency (SAS), which would generate lists of beneficiaries by school and health post, and the departmental units, which would send these lists to district units for further distribution among the corresponding schools and health posts. The units would then send bi-monthly feedback to the national agency.

In practice, monitoring the compliance with conditionalities by beneficiaries has not been achieved.³¹ Difficulties in the coordination with line ministries and local health and education personnel, the absence of a departmental unit for the programme (only solved with the creation of an intermediary supervisor, to be discussed below) as well as failures in the data collection about schools and health posts used by beneficiaries prevented the success of the process as planned. In 2006, an attempt to control enrolment in two pilot municipalities has generated some illegitimate reductions in the transfers to some families in those districts, generating a great deal of complaints because of errors in the lists passed onto the schools.

The monitoring process in Paraguay has been recently changed to include a stronger participation of the local family guides in solidifying the links between families and the institutional authorities in charge of transmitting the information to the central government. Additionally, the verification of school enrolment and health check-ups depend on beneficiary mothers making sure their co-responsibility forms are duly stamped by schools and health posts, instead of relying only on the health and education personnel.

This is already the case in El Salvador, where the flow of information regarding conditionalities falls primarily under the responsibility of the NGOs³² for family support and follow-up. These institutions work as the main link between beneficiaries and the programme. When a family enters the programme, it receives an annual form for the control of co-responsibilities, which has to be stamped by health posts and schools, as well as by the NGOs themselves with regard to attending the lifelong training sessions that are also part of *Red Solidaria*.

The NGOs are in charge of monthly monitoring of whether these forms are duly stamped; and, in cases when they are not, the NGOs have to check whether there are justifications for non-compliance according to the programme's rules (e.g., sickness, death of a family member or natural disasters are all justifiable absences from school, health check-ups or family training sessions). Only unjustified non-compliance is reported and generates discounts in the transfers.

The discounting of benefits also differs by programme. In El Salvador, the education stipend is temporarily suspended if there are at least four unjustified absences from school in a month by any beneficiary children. The health stipend is suspended in case of a one-off simultaneous non-compliance with both the health check-ups and immunizations or non-compliance with either the check-up scheme or the immunizations protocol for two periods.³³

In Paraguay, discounts vary between Gs 15,000 (US\$ 3 PPP) and Gs 30,000 (US\$ 5) per child, depending on the co-responsibility (education and health check-ups for 6-14 year-olds, in the first case; and health check-ups for children 0-5 year-olds and pregnant women, in the second case). Non-compliance three consecutive times leads to the suspension of transfers.

4.3 COMMUNITY PARTICIPATION AND GENDER

Following the example of most CCTs implemented elsewhere, *Red Solidaria* and *Tekoporã* deliver transfers to the mother or another female family member who is in charge of children's care. This gender concern is strengthened in *Red Solidaria's* family training sessions, which include specific workshops related to gender awareness, reproductive health and women's rights.

The beneficiary women of *Tekoporã* elect leaders (*madres líderes*) to function as a liaison with the programme. These leaders receive no monetary compensation for their work, which provides important assistance to the family guides. The rationale for their existence, as well as

for the existence of beneficiary (community) committees whose main objective is to develop production cooperatives,³⁴ seems to be linked to the idea of enforcing a culture of self-help and promotion of empowerment. However, while having these participatory dimensions could effectively result in greater awareness and organization regarding rights-based demands on the part of beneficiaries, their actual scope is restricted to topics directly related to the programme. This seems an opportunity missed in terms of community organization and gender empowerment.

Red Solidaria also includes a beneficiary or community committee in its design, which should comprise at least three beneficiaries by canton who function as liaisons between the community, the municipal committee and the NGO responsible for family support and follow-up. Their roles are similar to those assumed by the *Tekoporā's madres líderes*. However, as yet these committees have not been set up in most communities.

The community is also supposed to have a presence in the municipal committees of *Red Solidaria* through the attendance of community leaders representing each rural canton of that municipality. But the actual degree of participation by these leaders varies by committee. In some cases, it is difficult even to ensure their presence in the meetings, since they have to cover long distances, usually on foot, and lose a day's work to attend the committee sessions, with no compensation or other incentives. And it is not clear the extent to which the community leaders included in the committees indeed represent beneficiaries. A common feature observed among these leaders is that most of them are males. This might indicate the prevalence of a cultural gender bias in their choice.

Thus, although the discourse about community participation seems, in general, very strong among CCTs, in practice there are shortcomings in both of the programmes. Beneficiaries do not take advantage of the opportunities to use the participatory spheres created by *Tekoporā*; and genuine beneficiary and community participation in *Red Solidaria* still has to be realized.

5 ADMINISTRATIVE AND INSTITUTIONAL SETTINGS

5.1 NATIONAL AND LOCAL COORDINATION

Both *Tekoporā* and *Red Solidaria* are national programmes whose implementation depends on fine-tuned coordination between national and local levels of administration. The lack of institutional structures at the local level that would be able to reach potential beneficiaries and a lack of coordination between national and local government structures are usually suggested as major constraints on the implementation of CCT programmes in countries without an established tradition of social protection. *Red Solidaria* and *Tekoporā* have been very creative in the design of this coordination and have found innovative solutions that deserve to be further evaluated.

Red Solidaria opted to use an existing structure, the Social Investment Fund for Local Development³⁵ (FISDL), as the implementing agency, but its technical and political coordination falls under the Technical Secretariat of the Presidency and a Directive Council involving several government organizations at ministerial level. This Council is supposed to meet twice a month and has the role of ensuring the strategic coordination required for the *Red's* implementation and for addressing extreme poverty in El Salvador.

The technical coordination is the responsibility of an Executive Directorate, which coordinates with FISDL and the government organizations involved in the *Red*. The Executive Directorate has a very modest structure (four employees plus the Executive Director) and is hierarchically linked to the Presidency, although physically located in FISDL. The inter-institutional coordination required at this level takes place in an Intersectoral Committee, in which the organizations represented at the Directive Council have a seat.

The core focal points for *Red Solidaria* at the local level consist of the local representative of FISDL, who is responsible in general for no more than two municipalities where the *Red* is being implemented; a municipal liaison, who is usually the mayor; and the municipal and regional coordinators of the NGO in charge of the family support and follow-up in the locality. The NGOs are hired annually by FISDL through a bidding process for the implementation of the CCT component in each municipality. Currently, there are five NGOs working with the first 32 municipalities included in the programme. They have a regional coordinator, as well as a municipal coordinator and a team of young promoters, usually recruited locally, who are each responsible for working with 150-160 households.

In practice, the NGOs are the link between beneficiaries and the programme. They are in charge of organizing incorporation events for the signing of family *agreements*, monitoring the compliance of co-responsibilities, providing lifelong learning sessions for beneficiary families, coordinating (along with the FISDL local representative) payment events, receiving complaints, and administering and updating the information that is required for the beneficiary registry system.

Tekoporã is a programme of the *Red de Promoción y Protección Social*, RPPS³⁶ (Social Protection and Promotion Network). The *Red* is the implementing agency of *Tekoporã* and is a department of the Secretary for Social Action (SAS). The *Unidad Coordinadora Institucional*, UCI (Institutional Coordinating Unit), which is under the RPPS, is in charge of the operational aspects of the programme. However, the intersectoral coordination is carried out by the *Gabinete Social* (Social Cabinet), which facilitates the interaction between the SAS and the other Ministries, particularly the Ministry of Education and Culture and the Ministry of Health. The Minister of Education is the head of the *Gabinete Social*.

Until 2006, the programme was fully financed by the country's budget resources, but the scaling up will be financed by the Inter-American Development Bank (IDB) through the reallocation of the funds of a loan that was agreed and signed in January 2003 to finance PROPAIS II (Paraguayan Program of Social Investments). This new funding alternative was possible because the terms of the PROPAIS II agreement had envisaged the financing of a CCT programme as one of its potential social investments.

At the local level there are representatives, such as the departmental supervisor, the municipal liaison—whose wage is partially financed by the programme—and the family guides. The departmental supervisor is a person hired by the programme to act as the focal point between the Institutional Coordinating Unit and the other institutions involved in the implementation of the programme, in particular, directors of health centres and departmental education supervisors, the municipal liaison, the reviewing committee and the family guides.

The guides are responsible for the family support and follow-up of the beneficiary families. The work of the departmental supervisor in *Tekoporã* is a mixture of what the FISDL representative and the departmental coordinators of the local NGO do in *Red Solidaria*. Among

other functions, the supervisors are supposed to oversee the activities of the family guides, who, just like the local promoters in *Red Solidaria*, are the direct link between beneficiary families and the programme. The family guides are young people who live in the municipality and have at least a high-school education and some experience in social work. They are responsible for 80 to 100 families—fewer than in *Red Solidaria*—whom they have to visit at least once a month. These guides are selected, trained and hired by the Institutional Coordinating Unit (UCI).

5.2 LINKAGES AMONG GOVERNMENT LAYERS

Municipalities get formally involved in both programmes through the signing of an *agreement* with the national government. This involves the appointment of a municipal liaison for the programme. The municipal liaison, as already mentioned, is usually the mayor or another employee or elected representative that is appointed by the mayor for this task in the case of *Red Solidaria*. His/her cost is borne by the municipality. In the case of *Tekoporã*, the liaison is a person nominated by the mayor and whose wage is partially (sometimes fully) covered by the programme. Ideally, the liaison should be an employee of the municipality who would receive a wage increase—financed by UCI—to compensate for the new tasks related to the programme.

The municipal liaison involvement's with the *Red* covers its three components and is an add-on function for the person, for which there is no specific remuneration or incentive. However, the fact that the *Red* components will not only increase the amount of cash that can stimulate the local economy but also finance infrastructure improvements in the locality operates as a major incentive to get the Salvadorian municipalities involved.

In *Tekoporã*, the *agreement* states that the UCI and the municipality will share information on the programme as a way to harmonize their initiatives for the benefit of the activities. It also states that an operational plan should be worked out by both parties. Among the municipalities' duties listed in the agreement are: the nomination of the local liaison; the provision of support (infrastructure) to the different activities that will be carried out at the municipality level (e.g., training sessions, census activities, registrations, benefit payments, monitoring and evaluation, and controlling of conditionalities); and, finally, some financial support to (unspecified) activities related to the programme.

During *in-situ* visits to pilot municipalities and based on interviews with mayors and liaisons, we observed that the municipalities do approve of the programme because of the benefits that it brings to the poorest people in the community and the stimulus that it provides to the local economy. However, the level of commitment varies greatly among pilot municipalities. In some of them, there is interest to link local initiatives to the programme, such as a social pharmacy in the district of Buena Vista, but this is not the rule.

Actually, in most cases the agreement to work together with the UCI to improve the coordination of programmes that would combat poverty seems to be only on paper. No mention was made during the interviews of any common operational plan linking the programme components to municipal initiatives. There has been some discussion about municipal support to the family guides, such as providing them with access to free photocopies at the municipality and a monthly fuel quota to subsidize their visits to the families.³⁷

The government layers actively involved in the programme are thus limited to the national government and the local government. There is no established role for the departmental government. In the case of *Tekoporã*, the 2004 operational manual included some activities for a departmental liaison in the implementation of the programme. However, this liaison was never set up and the introduction of the departmental supervisors directly linked to the UCI has filled that gap one year after the launching of the pilot.

5.3 GOVERNMENT COORDINATION, SUPPLY SIDE ASPECTS AND EXIT DOORS

Red Solidaria was launched in El Salvador as part of the government's social strategy, *Oportunidades*. This strategy is described as an effort to develop capabilities and opportunities for social and economic inclusion. In addition to *Red Solidaria*, which is targeted at the poorest rural population, *Oportunidades* covers four other strategic areas: health (*Fosalud*), youth (*Jóvenes*), information technology (*Conéctate*) and credit (*Tu Crédito*). But the way that these five programmes interact is not self-evident. Apparently, there is no direct coordination among them, with the exception of the micro-credit projects that form part of the *Red's* component of family sustainability. The five of them seem to have been grouped together more because of the presidential priority they have received than as part of a well articulated social strategy.

Nevertheless, one can argue that *Red Solidaria* does achieve an important intersectoral coordination with the areas of education and health, particularly at the national level. The Ministries of Health and Education have taken part in the programme since its design, including the formulation of the logical framework, the definition of co-responsibilities and the identification of follow-up mechanisms.

In the implementation phase, they are important partners in the supply-side efforts that have to be linked with a CCT-like programme: the Extension of Health Services (ESS) and Effective Schools Networks (REE) have been targeted to the same municipalities reached by the *Red*.³⁸ And these ministries are also involved in the impact evaluation planned to start in 2007. This coordination takes place not only at the political level, through the *Red's* Directive Council, but also at the technical level, through the Intersectoral Committee.

Moreover, the *Red* goes beyond simply establishing add-on responsibilities for the health and education personnel as a result of its CCT component. It directs additional resources for strengthening education and health infrastructure through its second component. So, the *Red* was not intended to be only an additional burden on, or a reorientation of, line ministries' funds for these areas. It implied an infusion of new funds and a potentially greater impact for the ministries' own programmes.

Nevertheless, even with such coordination and the integrated design of *Red Solidaria*, there have been supply-side constraints on the programme. For instance, newspaper articles have pointed out that the beginning of the school year in which the *Red* was introduced in its first 15 targeted municipalities was marked by shortages of classrooms, equipment and teachers that could respond to the increases in enrolment resulting from the programme.

Officials of the Ministry of Education have confirmed these difficulties, but pointed out that they are commonly observed in many urban schools of the country. The novelty was that it happened in poor and remote rural areas, often previously 'invisible', and that it had to be quickly solved so as to avoid jeopardizing the programme's co-responsibilities. In this sense, incentives for the demand for social services, especially when they are linked to a visible

program such as the *Red Solidaria*, might work as positive pressures for the expansion of service coverage and help motivate the population to access basic rights to which they are entitled.

An important issue, which does not appear as a specific education sector programme linked to the *Red*, is school transportation. Since most of the *Red's* beneficiaries are located in rural areas, often uncovered by public transportation and having inadequate roads, school distance can be a serious obstacle to children's attendance. Apparently, each school network selected on the basis of the REE programme could use part of its funding to set up transportation schemes, but there is no national programme that adequately addresses this potential supply-side constraint. Moreover, REE funds might not be sufficient to provide an appropriate solution.

In the health sector, the increases in demand resulting from *Red Solidaria* also required measures to hire more doctors and nurses and find other 'creative' approaches, such as directing to the *Red's* municipalities medical students that are fulfilling their one-year social service requirements. What remains to be further investigated is whether these responses are more than mere improvisations that attend to the immediate objective of ensuring that the beneficiaries comply with the programme's co-responsibilities, and thus help offer beneficiaries sustainable access to quality public services in education and health.

At the municipal level, the linking of service providers with *Red Solidaria* is related mostly to feeding the information flow related to the verification of co-responsibilities, which is monitored by the NGOs for family support and follow-up. In the case of the service providers visited during the research fieldwork, we found that the degree of familiarity with the programme appeared higher among health personnel than education personnel. This could be related to the fact that the director of the municipal health unit has a seat in the municipal committee, while the education representative comes from the departmental level.

The coordination between the CCT component and the family sustainability component of the *Red* is less visible. *Red Solidaria's* productive projects are coordinated by the Ministry of Agriculture while micro-credit is under the responsibility of the Multi-Sectoral Investment Bank. Although these initiatives might coincide in terms of geographical targeting, because of their own specific eligibility requirements and criteria, their beneficiaries are not necessarily the same households that receive the cash transfers.

Furthermore, the productive component of the *Red* appears to be the most fragile one, in terms of resources. The reason for this might relate to the weak emphasis on promoting 'exit doors' for the CCT component that are not demographically based. Another possibility, mentioned during an interview, is that building infrastructure is more visible and less complex than promoting time-intensive productive projects that can really make an impact.

Tekoporã is also part of a broader strategy: the National Strategy for Fighting Poverty. The objective of this Strategy is to guarantee to all citizens living in poverty the access to the material, social and political conditions needed to exercise their rights and develop their potentialities in a comprehensive manner, and to thereby halt a self-reinforcing cycle of poverty. For this purpose, the Strategy deems it necessary to institute a new public management that focuses on the intersectoral coordination of public policies in order to offer a comprehensive set of public services to the population living in poverty.

The Secretary for Social Action (SAS) is the institution responsible for this articulation. Indeed, SAS is involved in all three thematic areas of the Strategy: 1) Social Protection:

comprised of programmes that seek to attend to the basic needs of vulnerable families; 2) Social Promotion: comprised of programmes that address social exclusion via the promotion of communitarian organizations and communitarian services and infrastructure, and the strengthening of local governments; and 3) Economic Inclusion: comprised of programmes that guarantee financial and technical support to improve the quality and the productivity of small firms, including the development of inclusive networks with a large social base; and provide training programmes

The main feature of the intersectoral strategy is its orientation towards a specific target population, namely, the poor. To this end, adequate targeting instruments, objective selection of beneficiaries and monitoring and evaluation are crucial elements for success. The tools used and discussed in the targeting strategy of *Tekoporã*—i.e., IPG and ICV—are going to be used in the intersectoral initiative as well. It is clear, therefore, that the inclusion of *Tekoporã* beneficiaries into the three components of the Strategy is a fundamental step in the implementation of that Strategy.

However, if the Secretary for Social Action (SAS) is the institution responsible for guaranteeing the access of the *Tekoporã* beneficiaries to their rights, it is not in charge of the supply of education and health inputs as well as other inputs necessary to promote social and economic inclusion. Actually, the institution responsible for designing and coordinating social programmes is the *Gabinete Social* (Social Cabinet). Therefore, when the Institutional Coordinating Unit (UCI) alerts the SAS that it is facing supply problems that hinder beneficiary families from complying with conditionalities, the next step is to contact the line ministry responsible and/or the *Gabinete Social* to solve that problem. However, an analysis of the pilot experience of *Tekoporã* reveals that this route is not a smooth one.

The line ministries—particularly in the areas of education and health—did not take part in the design of *Tekoporã*. This has proven to be a major issue that has led to the difficulties in getting the liaison personnel of each line ministry involved in the implementation of the programme. This was particularly the case in the Ministry of Health, where the liaison designated to be the link between the programme and the Ministry changed several times, delaying the achievement of a consensus on the usefulness of health conditionalities and the role that health personnel at the local level would have in monitoring them.

It is worth mentioning that there was some expectation that the extra burden occasioned by the new programme, due to its monitoring tasks, would lead to some sort of financial compensation for the personnel involved. The absence of a specific budget for the infrastructure investment in the areas of health and education—in contrast to the experience of *Red Solidaria*—was another hurdle hindering the implementation of the programme, at least in the pilot phase.

In June 2006, the *Gabinete Social* signed an agreement in which it committed to 1) improve the supply of services under the responsibility of line ministries in all municipalities that take part in the *Tekoporã* programme so that the conditionalities could be effectively fulfilled; 2) increase the budget directed to the municipalities covered by the programme in order to respond to the new demand that it would generate, through earmarked money to improve infrastructure and increase human resources; 3) speed up a social protection intersectoral plan to offer complementary programmes for the vulnerable population; and 4) nominate a committee that would be responsible for verifying that the commitments above were being fulfilled.

The need for the *Gabinete Social* to issue such an agreement almost one year after the pilot had started is a clear indication that the necessary intersectoral coordination of the programme had not been in place. A thorough evaluation of the El Salvador experience has not been undertaken so far but, in principle, one could highlight as a potential best practice the El Salvador experience with the incorporation of line ministries in the design process and the introduction of a specific budget to address the supply-side constraints. These practices can facilitate the coordination of the work between the implementing agency of the programmes and the line ministries at the national and local levels.

The inclusion of the 'family social support' component in the *Tekoporã* was done during the implementation of the pilot. This component had not been mentioned in the 2004 operational manual. Based on the review of documents and interviews with managers, we concluded that this component was introduced basically for two reasons: 1) a perception that the cash transfer would not be enough to improve other dimensions of well being in the household—in particular, it would not be able to move the household out of (extreme) poverty within the span of three years; and 2) the lack of local institutions that could effectively link up the programme with beneficiaries. It would be an impossible task for the municipal liaison to be the focal point for more than 1,000 families; therefore, the decision to include family guides in the family support component was a logical one.

Whereas the component of family sustainability in *Red Solidaria* is perceived as an exit door strategy (even if it does not take a very prominent role in the programme), in *Tekoporã* the exit door strategy is based on the work undertaken by the family guides, namely, the so called 'family social support'. The family guides have a variety of tasks that range from the actual support given to the families to the collection of data to verify the progress of the family with regard to co-responsibilities and complementary activities.

During *in-situ* visits and interviews with members of the communities, we could observe that much of the emphasis of the programme is placed on the role of the social support provided by the family guides. In fact, sometimes their work is regarded by community members (headmasters, members of the reviewing committee, local informants) as being more important than the transfers themselves or than the conditionalities related to education and health. According to the family guides interviewed in our field visits, the bulk of their activities consist in discussing and planning with families a strategy to increase their productive potential.

In general, the family guides encourage the families to cultivate vegetables and fruits and raise livestock for self-consumption and a marketable surplus, motivate domestic budget planning, and encourage the creation of beneficiary (community) committees that would work like a production cooperative. The latter have led mostly to the production of soap and *chipas*, based on a notable gender division of labour, as mentioned earlier.

In addition to the contribution of the committees, sometimes the lifelong learning sessions incorporate some elements related to productive activities. The family guides also discuss the importance of health care, hygiene, education and an appropriate and varied diet for the welfare of the family in general, and of the children, in particular. They are also in charge of dealing with domestic violence and family problems such as alcoholism and drug abuse.

According to the phases that the families should follow in the three-year period, the family guides would work and assess the following dimensions:

1. First phase (6 months): the co-responsibilities for health and education and complementary activities related to identification (getting IDs), a healthy diet and hygiene;
2. Second phase (12 months): co-responsibilities in health and education and complementary activities related to a healthy diet and hygiene; plus income generating activities, self-consumption and production; literacy and training for labour activities;
3. Third phase (12 months): co-responsibilities in health and education and complementary activities related to hygiene; income generating activities, self-consumption and production; literacy and training for labour activities; plus family dynamics;
4. Fourth phase (6 months): co-responsibilities in health and education and complementary activities related to hygiene; income generating activities, self-consumption and production; and family dynamics.

Some of the productive activities mentioned above could improve the welfare of the families, but it is doubtful that they would be adequate to lift beneficiaries out of poverty without being integrated with a broader set of policies. Initiatives in this direction have been taken. For instance, it was mentioned in one of the *in-situ* visits that the Ministry of Agriculture had tried to give technical assistance to the beneficiaries, but a major hurdle is the fact that they are used to work with farmers who own much more land than the typical *Tekoporã* beneficiaries. For the latter, a six hectare plot seems to be the upper limit of land possession or access.³⁹

The lack of technology and appropriate policies to deal with such constraints seems to be a major problem that hinders getting other ministries involved in the programme, even leaving aside the issue of coordinating a broader set of ministries and institutions. This highlights the difficulties in coordinating social protection, social promotion and economic inclusion in a single programme. In this sense, a challenge for *Tekoporã* managers is to make its objectives clear to participants and civil society at the grassroots level so that beneficiaries will not expect from the programme more than it can (and should) offer.

6 CONCLUSION: BOTTLENECKS AND LESSONS LEARNED

In this Working Paper, we have discussed the potential conflicts that can arise from the double objectives of CCT programmes—i.e., alleviate poverty in the short run and break the intergenerational cycle of poverty in the long run. These conflicts affect several dimensions: targeting strategy, implementation of conditionalities, graduation rules, institutional coordination, and exit doors. The experiences of El Salvador and Paraguay with regard to these dimensions are illustrative of the challenges posed by the implementation of CCT programmes in countries with significant institutional and financial capacity constraints.

Financial constraints are a great challenge since they determine the size of the programme (e.g., how many beneficiaries it can cover) and its scope (e.g., which complementary activities the programme can afford). We have seen that neither *Red Solidaria* nor *Tekoporã* aims to cover all extremely poor households in their respective countries.⁴⁰ The size and scope of each programme also tend to pose trade-offs. Introducing family support activities, for instance, clearly diverts funds from the cash transfer component. In this regard, we have observed that while the focus of *Red Solidaria* remains on human capital accumulation (the Family Sustainability Network component does not have the same priority as the cash transfer component), *Tekoporã* has smoothly shifted its focus towards the activities related to family social support.

However, such options do not always seem to be the result of a conscious decision in one direction or another. We have seen, for example, that neither *Red Solidaria* nor *Tekoporã* opted for targeting criteria that would give more weight to variables that determine human capital outcomes. Actually both adopted a targeting strategy based on poverty measures that emphasize short-term poverty relief.

Another example of a tension that results from the effort to achieve the double objectives under conditions of capacity constraints is *Red Solidaria's* limiting of grants—despite its focus on human capital accumulation—to families with children who have not completed 6th grade and with at least one child younger than 15 years old. The programme 'graduates' households with just one child when she turns 15 years old even though she has not completed 6th grade.

These restrictions contradict the goal of ensuring at least basic education to all and might, in fact, generate negative incentives for grade promotion among students who do not have relevant age/grade ratios. In the absence of episodes of repetition or dropping-out, students would reach the 6th grade at the age of 12 years, not 15.⁴¹ In *Tekoporã*, where there has been a shift away from human capital accumulation, a child can stay in the programme—which is very important because the value of the benefit varies with the number of children—until she completes the basic education cycle (up to the 9th grade) regardless of her age. Therefore, as long as exit rules are based on appropriate age/grade criteria, *Tekoporã's* approach seems to be more supportive of human capital outcomes.

Nevertheless, the uncertainties surrounding graduation rules and how these rules fit with the objectives of the programme are a crucial challenge for both programmes. From the perspective of human capital accumulation, a period of three years in the programme is too short for any sustainable impact. It remains to be seen whether these two countries will follow the Colombian experience, where this limit is not observed, or will come up with more coherent graduation rules or phasing out strategies.

With regard to managing conditionalities, *Tekoporã* has not monitored the co-responsibilities in the first year and a half of the pilot programme. This has basically been due to the lack of institutional coordination among line ministries and the implementing agency. This has led to an agreement by the Social Cabinet to channel more resources into the municipalities covered by the programme and strengthen the coordination among ministries to tackle both supply-side constraints and the monitoring of conditionalities.

The family guides will have a prominent role in the process of speeding up the collection of information on compliance with conditionalities, in order, in part, to determine any necessary discounts in the value of transfers. These new measures taken by *Tekoporã*

resemble the ones already in place in *Red Solidaria*, where line ministries have been involved since the very beginning of the programme and conditionalities are closely monitored through an active participation of the NGOs responsible for the follow-up with beneficiary families.

In addition to the coordination among line ministries, there is the important issue of coordination among different layers of government. The role of municipalities, beyond the nomination of local liaisons, is still not clear. Municipalities sign an agreement with the programme implementing agency from the national government, but in practice their participation seems to be very limited. It is not clear whether this is caused by a lack of resources or political will. Similarly, there is little coordination at the local level among the respective institutions of the various line ministries (mainly the education and health ministries), the municipalities, and the representatives of the programme.

In Paraguay, the absence of a minimal official structure at the grassroots level that could link the programme with beneficiaries led to the introduction of family guides. In El Salvador the NGOs play a similar role. This lack of institutional capacity at the local level, in addition to being a problem on its own, puts pressure on the funding of the programme. Establishing such capacity tends to drain resources from the cash transfer component, and this might lead to a reduction in the target number of beneficiary families. An issue that deserves a deeper analysis is the cost of these new structures vis-à-vis the total size of the programme and their efficacy in helping compliance with responsibilities.⁴²

In addition to monitoring conditionalities and linking up the programme with beneficiaries, *Tekoporã's* family guides are in charge of the family support component, which is regarded as an exit strategy from the programme. However, this initiative, which resembles the *Puente/Chile Solidario* model (a popular approach in many new CCTs), could backfire for the simple reason that most of the programmes and policies available in a country such as Chile are likely to be absent in poorer countries.

In *Red Solidaria*, the Family Sustainability Network seems to serve the purpose of providing an exit strategy for the beneficiaries through providing income generating activities. However, it does not operate on the assumption that the beneficiaries of micro-credit initiatives are also beneficiary families of the cash transfer component. Such a link would imply a higher degree of coordination between the implementing agency and other ministries, such as the Ministry of Agriculture, which are not the usual CCT line ministries. This process would add a new layer of institutional coordination for programmes that are still struggling to get the basics right.

It seems that the demand for these exit strategies results from the uneasiness of some sectors of society in accepting that it may be necessary to hand out money to poor households for an extended period of time, namely, until their children complete their basic education cycles. In order to respond to this concern, programme managers have tended to design, in a fairly rapid manner, exit-door strategies that are not likely to work in a time span of only three years or are not well adapted to the concrete needs and problems of beneficiaries. Therefore, instead of reducing the tension between the two original objectives of CCT programmes, the addition of this new demand can further complicate programmes, exacerbating contradictions between the two objectives and substantially changing the design and implementation of the programmes.

Another important issue, where the political will for implementing CCTs plays a decisive role, is whether CCTs are considered temporary policies put in place to impact upon one generation or a permanent component of a country's social protection system, aiming to protect those who are traditionally excluded from conventional social programmes and contributory safety nets.

In practice, this issue is resolved by the static or dynamic design of the CCT programme, i.e., whether it has a strategy to incorporate new beneficiaries. Both *Tekoporã* and *Red Solidaria* have adopted a static approach—in contrast with *Oportunidades* (Mexico), *Bolsa Familia* (Brazil) and *Puentes/Chile Solidario* (Chile), which have a dynamic approach that incorporates new beneficiaries every year. Budget constraints and the need for political support from the elites and middle classes—the influential voters who are not potential beneficiaries—are likely to determine whether such programmes remain static or become dynamic.

In summary, we have seen that political economy factors affecting the concrete evolution of CCT programmes in such countries as El Salvador and Paraguay, which face financial and institutional capacity constraints, might shift such programmes away from their two original objectives and/or generate greater contradictions or tensions between them. Such changes do not always move in the same direction: some components might be weakened while other components might be added in order to respond to the criticisms faced by the programme.

At the end of the day, most of the criticism is based on the idea that cash transfers to the poor are not really a good model of social protection, even when transfers are tied to conditionalities. Perhaps, a larger research question to be answered regarding the political economy of CCT programmes, but one that is beyond the scope of this study is: who is opposed to cash transfer programmes and what is their rationale?

REFERENCES

- Adato, M. (2000). 'The Impact of PROGRESA on Community Social Relationships'. Washington, DC: International Food Policy Research Institute.
- Britto, Tatiana (2005). 'Recent trends in the development agenda of Latin America: an analysis of conditional cash transfers'. Institute for Development Policy and Management (IDPM), Manchester.
- Cohen, Ernesto and Franco, Rolando (2006). 'Los Programas de Transferencias con corresponsabilidad en America Latina: similitudes y diferencias', In Ernesto Cohen and Rolando Franco, *Transferencias con corresponsabilidad: una mirada latinoamericana*. FLACSO.
- Cohen, Ernesto and Villatoro, Pablo (2006). 'Chile: Puente – Chile Solidario'. In Ernesto Cohen and Rolando Franco. *Transferencias con corresponsabilidad: una mirada latinoamericana*. FLACSO.
- De la Briere, Benedicte and Rawlings, Laura (2006). *Examining Conditional Cash Transfers: a Role for Increased Social Inclusion?* Social Safety Net Primer Series. Washington, DC: The World Bank.
- De Janvry, A. and Sadoulet, E. (2006). 'Making Conditional Cash Transfer Programs More Efficient: Designing for Maximum Effect of the Conditionality,' *The World Bank Economic Review*, 20(1):1-29, Oxford, UK: Oxford University Press.
- Handa, S. and Davis, B. (2006). 'The Experience of Conditional Cash Transfers in Latin America and the Caribbean', *Development Policy Review*, Vol. 24, No. 5, Oxford, UK: Blackwell Publishing.
- Molyneux, M. (2006). 'Mothers at the Service of the New Poverty Agenda: Progres/Oportunidades, Mexico's Conditional Transfer Programme,' *Social Policy & Administration*, vol. 40, no. 4, August, pp. 425-449.
- Nuñez, Jairo M. and Cuesta, Laura (2006). 'Colombia: Programa Familias en Acción', In Ernesto Cohen and Rolando Franco. *Transferencias con corresponsabilidad: una mirada latinoamericana*. FLACSO.
- Rivarola, Andrés (2006). 'Paraguay: La Red de Promoción y Protección Social', In Ernesto Cohen and Rolando Franco. *Transferencias con corresponsabilidad: una mirada latinoamericana*. FLACSO.
- Soares, Fabio V. and Ribas, Rafael P. (2007). 'Programa Tekoporã: Evaluación del Marco Lógico, del manual operativo y de la línea de base del piloto', Mimeo, International Poverty Centre, Brasilia.
- .

NOTES

1. *Progresa/Oportunidades* in Mexico has been evaluated along several dimensions by different external evaluation teams. This process has generated much of the evidence that has informed most of the international discussion regarding CCT impacts. These evaluations can be found at <<http://evaluacion.oportunidades.gob.mx:8010/en/index.php>>. With regard to the Brazilian experience, small-scale evaluations of the first decentralized experiences with CCTs at municipal and state level yielded evidence-based support for those programmes so that the national government decided to run CCT programmes at the country-level. This process culminated in the creation of *Bolsa Familia* in 2003 through the merger of different CCT programmes.
2. Similarly, a social protection strategy that does not incorporate the typical CCT beneficiary cannot be regarded as comprehensive. In fact, the great novelty of CCT programmes in most Latin American countries is not the conditionalities and the potential effect of human capital accumulation, as it is commonly pointed out, but rather the fact that a significant proportion of the poorest population is included for the first time in some sort of social protection scheme.
3. Some CCT programmes have adopted a different approach towards conditionalities. Brazil's *Bolsa Familia*, for instance, approaches conditionalities as mechanisms to ensure the access of the poor to basic rights such as education and health, rather than as measures with which beneficiaries must comply in order to continue in the programme.
4. It is worth noting that *Familias en Acción* in Colombia had a three-year limit for families to stay in the programme, but this limit was never observed (Nuñez & Cuesta, 2006). It remains to be seen whether countries with financial and institutional capacity constraints that have recently started CCT programmes really 'need' the three-year limit due to budget constraints or they are using this limit to buy time to consolidate and structure the programme, win political support, and then replace this time limit with an age or grade eligibility standard.
5. *Puente-Chile Solidario* also claims, as does *Bolsa Familia*, that it has a focus on guaranteeing the fulfilment of basic rights. In the case of the Chilean programme, the most important basic right to be achieved is the right to have access to food (*derecho a la alimentación*). This is due to the programme's targeting of the extremely poor. Once this right is secured through the transfers, one can advance towards an approach of 'capacity development' through psycho-social support that helps the families to achieve a minimum standard in several dimensions of well-being (Cohen & Villatoro, 2006).
6. Nevertheless, there is a risk that in over-emphasizing exit-doors or self-help strategies, the programmes end up imposing add-on conditionalities on beneficiaries, as well as causing exclusionary effects on groups that are unable to work.
7. Interestingly, the government plan of the leftist *Frente Farabundo Martí para la Liberación Nacional* (FMLN)—the other strong contesting party in the 2004 elections—mentioned under its educational priorities the establishment of school grants (*beca escuela*) to combat school drop-outs, low rates of attendance in school, and child labour. Therefore, it seems that by 2003 cash transfers for human capital purposes had already emerged as a 'consensus' between the two strongest parties, at least at the programmatic level.
8. Executive Decree no. 11, of March 4th, 2005, modified by Executive Decree no. 42, of May 16th, 2005.
9. This initiative started in December 2000 and involved national and international experts and the support of the IDB, World Bank, ILO and UNDP.
10. *Tekoporā* has two operational manuals: one written in 2004 for the preparation of the pilot and another one that is being finalized for a loan agreement with the IDB. The latter—which we will refer to as the 2007 operational manual—incorporates all changes that occurred during the implementation of the pilot as well as some changes suggested by IDB negotiators.
11. The latest version of the 2007 operational manual—still to be approved (and confirmed) - has significantly changed these objectives. Now there is a clear emphasis on the component linked to the social support provided to the family. The general objective is stated as improving the quality of life of the beneficiaries through the use of basic services and instruction in good practices in health and education. The specific objectives are (1) to increase the resources of the household through the transfer and (2) to give family social support through following-up co-responsibilities.
12. These criteria were not detailed in the programme's operational manual, but in the new operational guideline for the municipal committees, which is still in the process of being publicized among committee members.
13. During the interviews carried out with the programme's managers, it was mentioned that the use of the proxy-means test, at least in its initial formulation, was not assured. Further tests with the formula and other targeting alternatives were to be conducted with the beneficiary database so as to confirm the validity and applicability of the targeting.
14. The IPG ranks the poorest districts in the country based on data from the 2002 Census data and the 2003 National Household Survey—*Encuesta Permanente de Hogares* (EPH). Following a poverty map approach, the programme uses the data of the EPH to calculate poverty statistics at the district level.
15. This formula has been changed after the pilot of *Tekoporā*. The IPG now ranks 66 municipalities that will be given priority not only for the implementation of the CCT programme but also for other development and poverty-reduction initiatives.
16. Illustrative of this approach is the fact that among the 20 districts that had an IPG score above 20 points, only Buena Vista was selected to be one of the five districts to take part in the pilot.

17. This restriction was already present in the 2004 operational manual and its enforcement was confirmed by the analysis of the documentation of the programme and interviews with programme managers.
18. The IDB has suggested that *Tekoporā* should adopt a proxy means test based on the same set of variables used to calculate the ICV as its selection criteria. According to the latest version of the operational manual, households in ICV group II will become beneficiaries only if they are also below the extreme poverty line. It is unclear, however, whether their earnings will be self-reported or estimated through a proxy means approach.
19. It seems that this component will not be part of the 2007 operational manual. There will be a period of 20 days during which families can report that they have not been contacted by the census enumerators. Once the census is completed, new families cannot be added to the database of potential beneficiaries.
20. This problem will not occur in the scaling up of the programme since, according to the 2007 operational manual, only households in rural areas will be eligible for the programme.
21. But, in general, this work is done by the implementing agency's local representative for that municipality or the municipal liaison to the programme.
22. Calculations on the basis of the statistics presented in the poverty map show that poverty rates vary from 66 per cent to 89 per cent within the 32 municipalities of the first cluster (FLACSO, 2005).
23. In a sense, the family sustainability component of *Red Solidaria* seems to have been put in place to deal with this issue, since it encompasses productive projects and micro-credit schemes as mechanisms for income generation or diversification. However, as will be discussed below, this component has not received much attention in the programme and its links with the CCT component are weak.
24. The 2004 operational manual mentioned that the re-assessment of the poverty status of the family would be based on the ICV. This was reviewed based on the recognition that the ICV score of the family would hardly change because the structural variables that comprise this index are fairly stable.
25. More details on the work and duties of family guides will be provided in the next section.
26. It is still unclear how this family progress assessment will take place.
27. Actually, some of the family guides use the possibility of staying longer than three years in the programme as an incentive for the families to engage in the complementary activities. This strategy is not endorsed by the managers at the national level, but this practice is fairly widespread among family guides in the pilot municipalities.
28. An exception seems to be *Bolsa Familia* in Brazil, which has no time limit for staying in the programme but uses the single registry as an updating mechanism and consistency check for the verification of family eligibility for the programme. Information in the single registry has to be updated every two years.
29. It is striking that this mechanism has been created only six years after the launch of *Progresa* in 1997. The human capital approach of this programme and the impact evaluations that did not show any negative effect on adult labour supply have helped it to somehow avoid the hotly contested discussions and pressures surrounding the issue of the graduation of beneficiary families in the short/medium run in order to avoid their dependence on transfers.
30. In the new operational manual, the government does not promise to pay the benefit monthly, but states only that the beneficiary will receive 36 payments over a three-year period.
31. In fact, even in countries that have been running CCTs the longest, the actual monitoring of conditionalities does not always take place and reactions to non-compliance are seldom implemented. This points out the issue that the actual set up and implementation of such a monitoring system might take a long time.
32. Details on the role of NGOs in *Red Solidaria* will be discussed below.
33. The health protocols include scheduled check-ups and immunizations according to intervals that vary by the age of children.
34. We will discuss the beneficiary (community) committees' objectives in the next section. However, it is worth mentioning that women are over-represented in those committees. It seems extremely difficult to get the men involved. Apparently, there is a perception among beneficiary households that any activity related to the programme should be undertaken by the *titular*, i.e., the mother or the woman who collects the benefit. Not surprisingly, most beneficiary committees produce *chipas* (a type of maize bread) and soap, both of which are traditionally regarded as female activities.
35. FISDL is the successor of the original Social Investment Fund (FIS), created in the early 1990s with the development agenda of that time, i.e., a temporary mandate, a focus on infrastructure projects, a demand-based orientation and a heavy reliance on external resources. Throughout the 1990s, the fund achieved a permanent status and underwent several transformations. Since 1997, its mission has been the "eradication of poverty in El Salvador" and its mandate has included a strong component of local development and coordination with municipal governments. FISDL's history, mandate and nation-wide network, through its 44 local representatives, justified appointing it as the implementing agency of *Red Solidaria*.
36. Under the RPPS there are two other programmes: a) *Abrazo*, whose target are street children living in Asunción (the capital) and b) *Ñopytyvo*, which is quite similar to *Tekoporā* but is targeted to the indigenous population of Puerto Casado.
37. Family guides have to bear the cost of transportation to visit the families under their responsibility. Most guides have motorcycles.

38. Both programmes existed before the creation of *Red Solidaria*. ESS was mostly a World Bank funded project, which included the creation of mobile health units and the contracting of private health providers to reach remote communities. REE is oriented towards increasing coverage and quality through the coordination of schools located in the same geographical area.

39. The data of the impact evaluation survey show that 75 per cent of the beneficiaries have access to less than six hectares and, actually, cultivate less than that.

40. In the case of *Tekoporā*, the target number of beneficiaries has been reduced to 28 per cent of the original goal.

41. Supply constraints have been pointed out as the main reason for these restrictions. Therefore, strengthening the delivery of basic education beyond 6th grade in the targeted municipalities is very much needed to remove this potential perverse incentive from the programme.

42. Nevertheless, the implementation of CCTs in countries without an established tradition of social protection can have the indirect beneficial effect of starting to build up both institutions and infrastructure that in the future could serve as the basis to effectively deliver a broad set of public services to the poor population. However, the efficacy of the CCT programme structure to do so in coordination with line ministries has to be improved in the short run.



International Poverty Centre

SBS – Ed. BNDES, 10º andar
70076 900 Brasília DF
Brazil

povertycentre@undp-povertycentre.org

www.undp-povertycentre.org

Telephone +55 61 2105 5000

Fax +55 61 2105 5001