

# Conditional cash transfers and poverty eradication in Latin America

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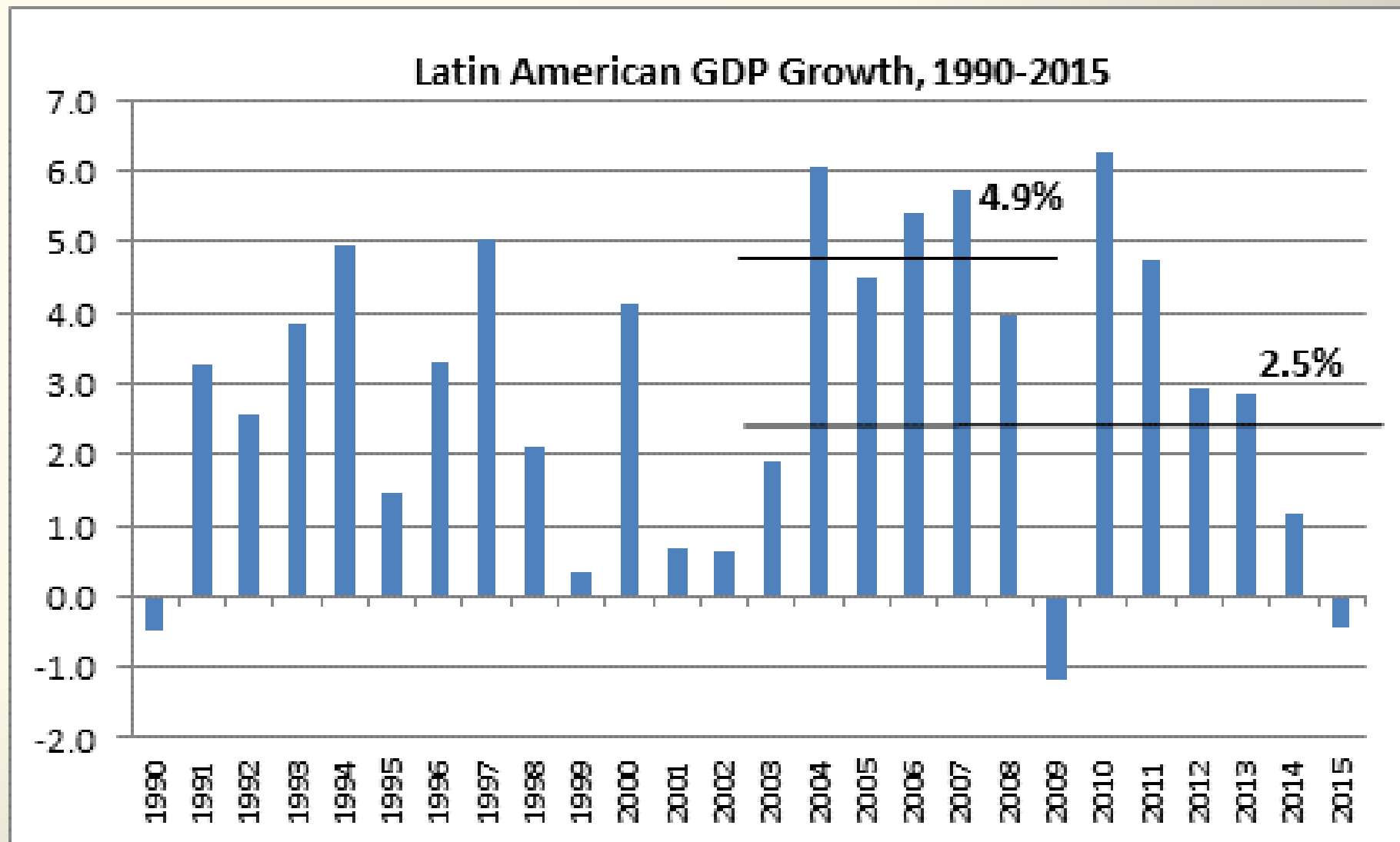
Bangkok, 4-6 May 2016

# Objective

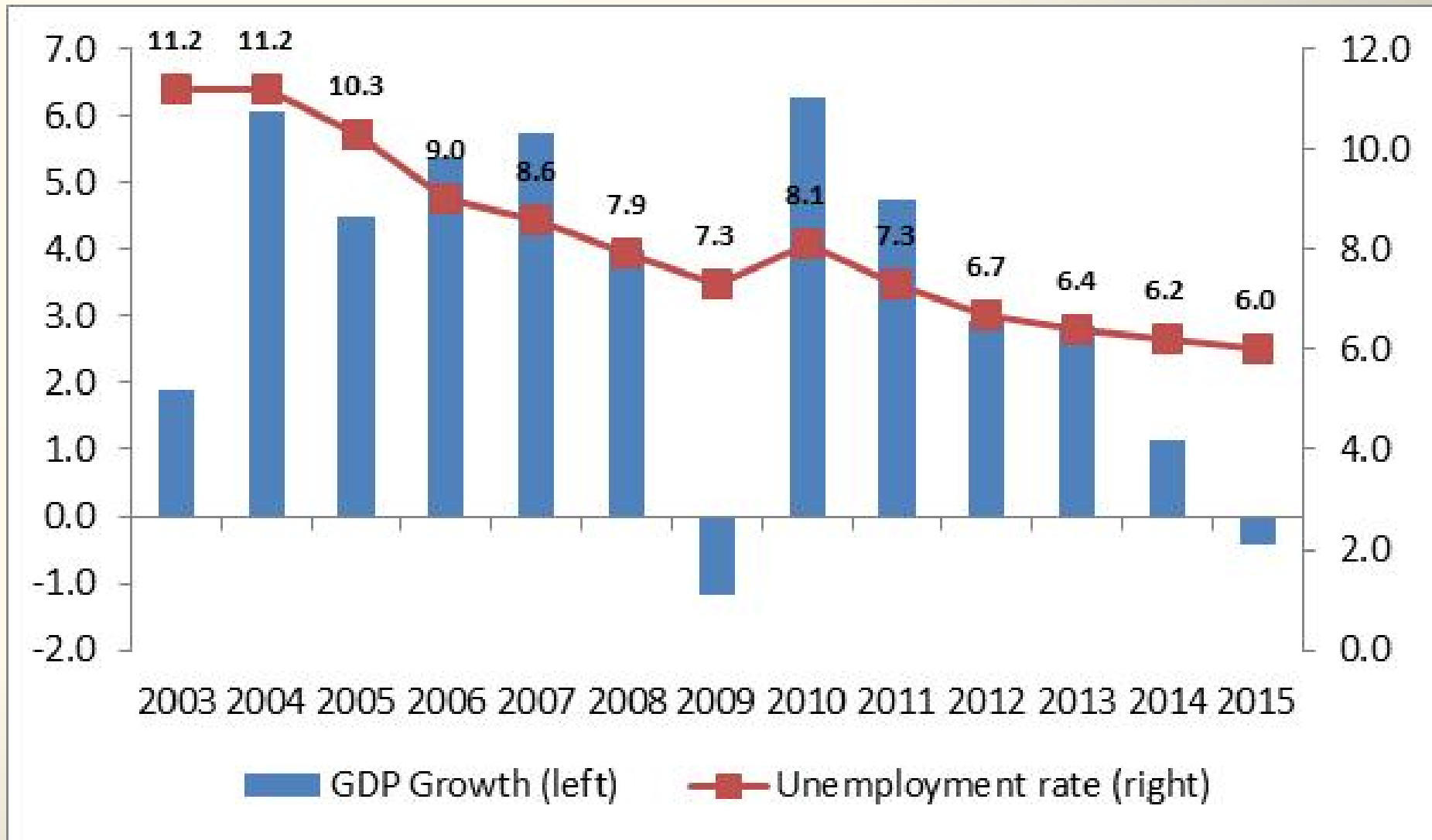
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- To bring together Latin American experiences so as to draw lessons about good practices, shortcomings and future challenges regarding conditional cash transfers.
- In particular, discuss around the following questions:
  1. What has been done so far regarding cash transfers? What are the best practices?
  2. What are the main impacts of policies implemented?
  3. What is still to be done? In what direction should Latin American countries move forward? What are the future challenges?

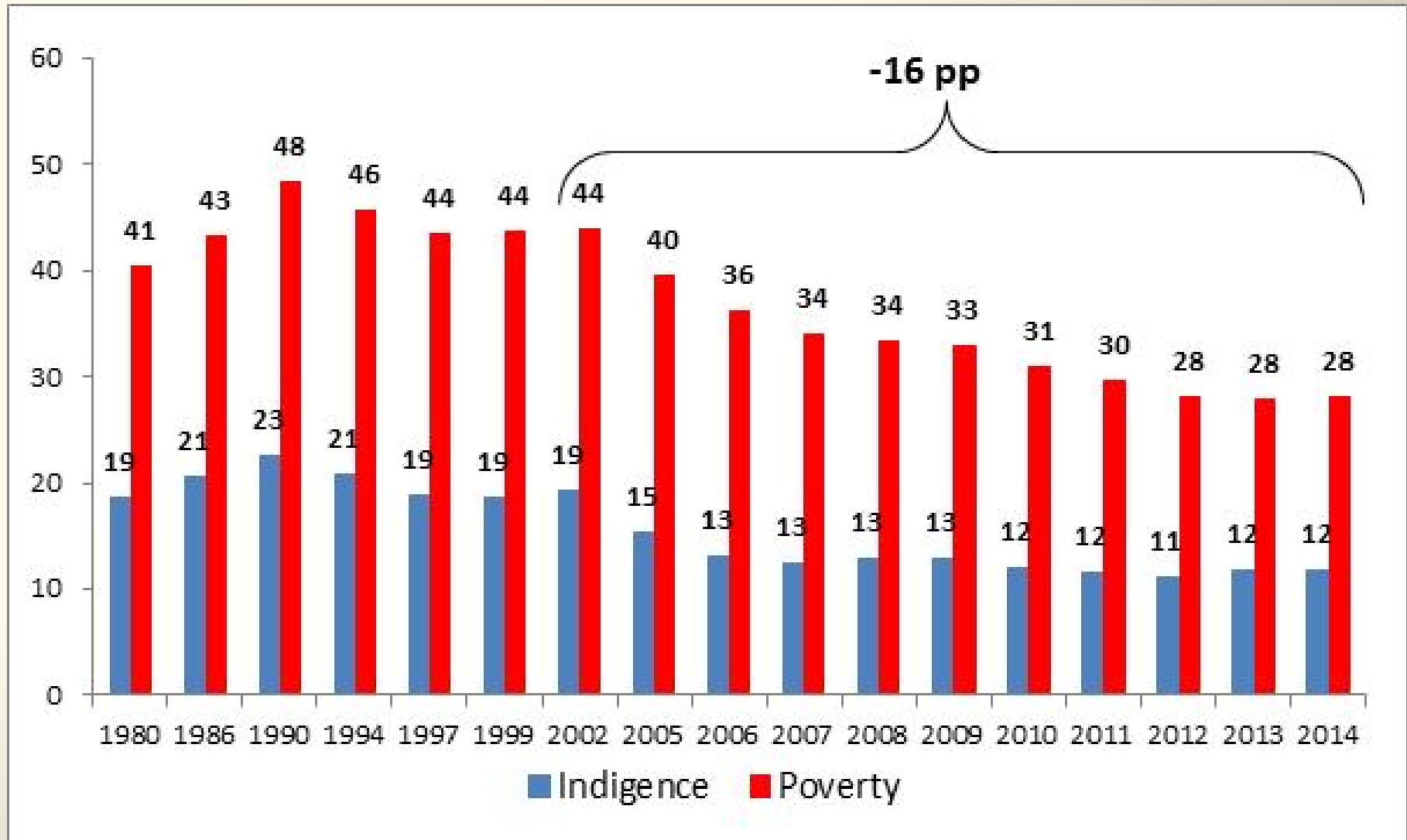
# A period of high and sustained GDP growth



# Economic growth has had a positive impact on labour market indicators

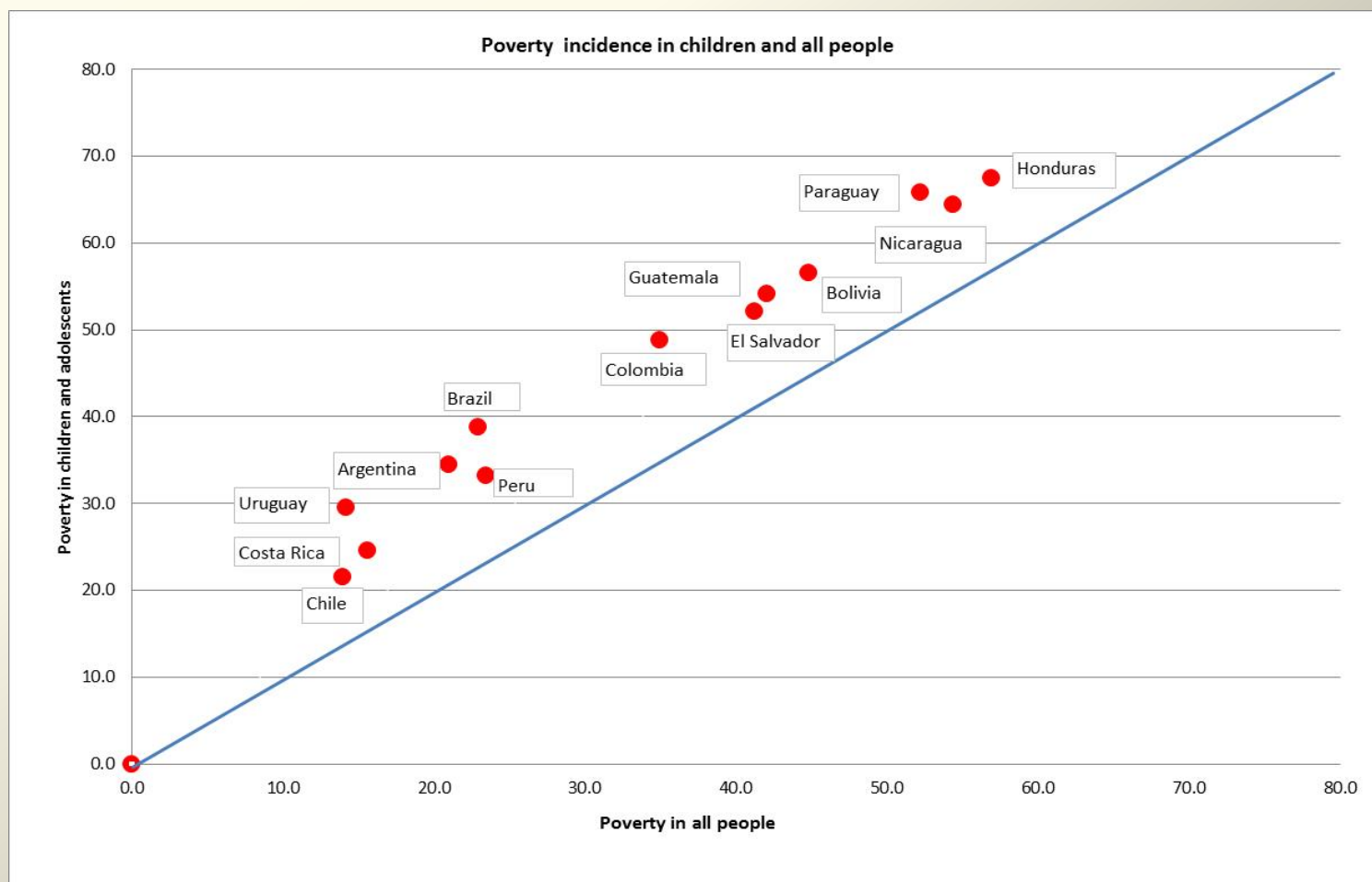


# Reduction of 16 p.p. in poverty and 7 p.p. in indigence



# What has been done regarding CCTs in Latin America?

Given the greater incidence of poverty in children and adolescents compared to other age groups, as from the mid-nineties LACs have been implementing and expanding CCTs to households with children.

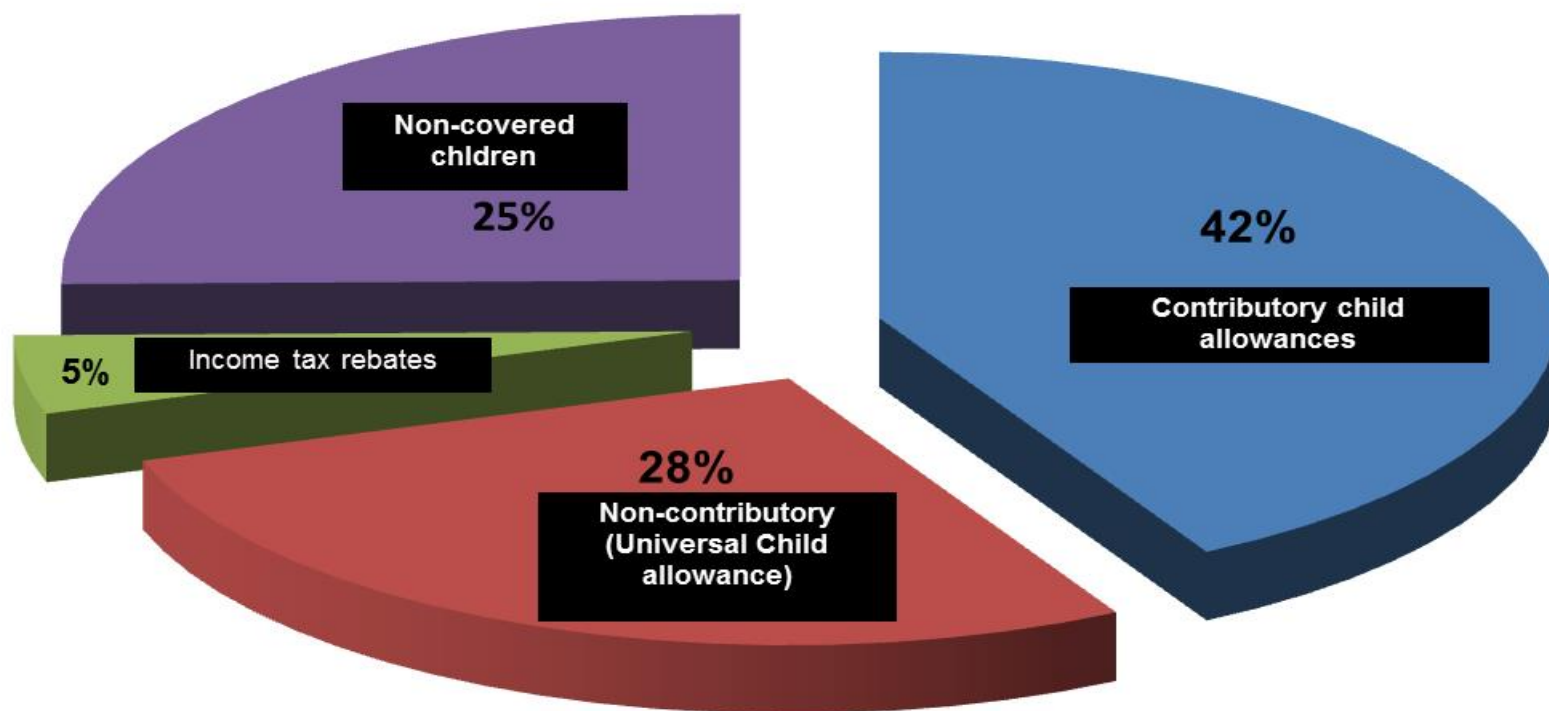


# What has been done regarding CCTs in Latin America?

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- **First group** of countries that has especially designed these programmes: *Progresa* (Mexico), *Bolsa Familia* (Brazil). **Second group** (Chile, Uruguay and Argentina) which has extended its contributory child allowances systems towards groups of the population previously excluded.
- Most of them include conditionalities related to certain nutrition, education and health objectives.
- The expansion of non-contributory cash transfers represented an important step forward in the field of social protection in LA. High coverage of children (Argentina, 75%; Brazil, 70%).

# Cash transfers for children in Argentina: Three-part system





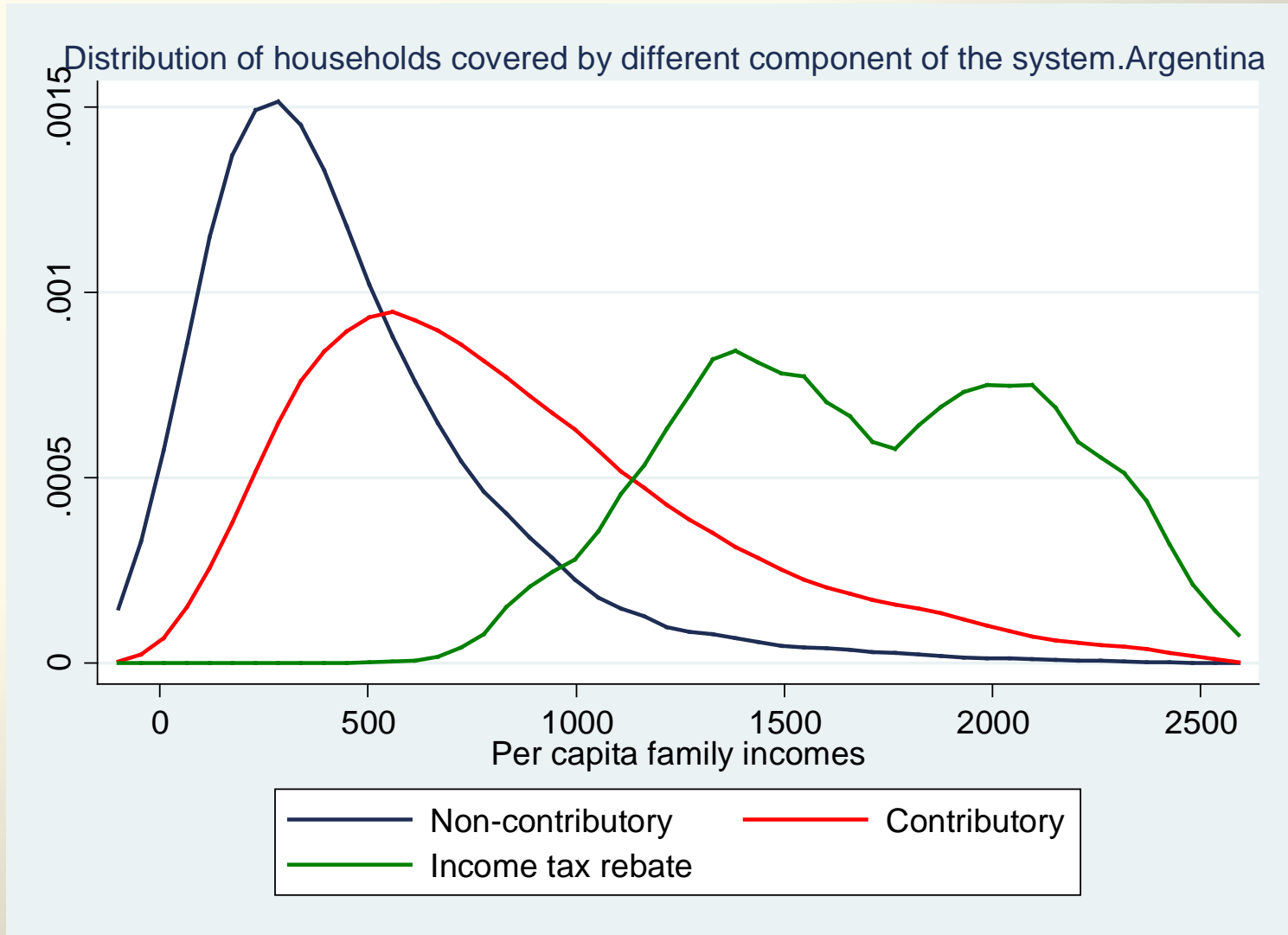
## What has been done regarding CCTs? (cont.)

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- Integration between contributory and non-contributory components of cash transfers for children (Argentina and Uruguay).
- Existence of an “umbrella program” with different coordinated pillars (education, health, nutrition, employment, housing).
- Unconditional cash transfer component (“dignity” component of the Ethical Family Income Program, Chile).
- Inter-institutional coordination (Uruguay and Chile). Strengthening institutional capabilities of public agencies.

# Main impacts

These programs cover the most vulnerable households.



# Main impacts

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- They have positive impacts on welfare, in particular, extreme poverty, nutrition, health, school attendance.
- The “negative” impacts on labour market (disincentives to work) seems to be, in general, null or very low.
- This type of transfers guarantees a stable amount of money that does not depend on macroeconomic or labour fluctuations. Short and long term positive impacts.
- Although CCTs have called the technical and political attention of the region, they account for only 0.25% of the countries’ GDP, an aspect that restrains the effect they can have on poverty and inequality.

**What is still to be done?  
Future challenges**

## GO BEYOND EXTREME POVERTY



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graph TD; A[GO BEYOND EXTREME POVERTY] --- B[ ]; B --- C[To reach children who are not covered yet]; B --- D[Move forward from anti-poverty programmes to the universalization of the social protection rights for all children.]
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To reach children who are not covered yet

Move forward from anti-poverty programmes to the universalization of the social protection rights for all children.

# Place greater importance to the removal of social exclusion factors

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graph TD; A[Place greater importance to the removal of social exclusion factors] --- B[More integration among different pillars of cash transfers for children (contributory, non-contributory and child tax credit).]; A --- C[Greater integration with other programmes that aim at tackling the social risks faced by families with children.]; A --- D[Discuss the "graduation" rules  
Are they compatible with the aim of improving the families' capabilities to remain out of poverty by their own means?]; A --- E[Dimensions such as child-care, gender inequality and child labor should also be considered a priority in building a comprehensive protection system.]; A --- F[Reduction of the segmentation in the quality of the supply of basic services for targeted and non-targeted populations.];
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Greater integration with other programmes that aim at tackling the social risks faced by families with children.

Discuss the "graduation" rules

Are they compatible with the aim of improving the families' capabilities to remain out of poverty by their own means?

Dimensions such as child-care, gender inequality and child labor should also be considered a priority in building a comprehensive protection system.

Reduction of the segmentation in the quality of the supply of basic services for targeted and non-targeted populations.

# DISCUSS THE ROLE OF CONDITIONALITIES

What are their aims? Foster demand for social services? Get social support?

Do they have an independent impact beyond the cash transfer?

Are governments able to monitor their accomplishment?

How to avoid the exclusion of the most vulnerable families that do not accomplish them?

From the perspective of “conditionality” to the universal right for children to access basic services.

This requires guaranteed access to good quality social services

# Some final remarks

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- Universalization strategies do not override the aim of creating more and better jobs, and reducing informality and inequality in Latin America.
- Need to integrate public policies so that they become a coherent system of training, employment, social protection and productive development.
- The institutional design is essential to turn such programmes into permanent state policies.
- Definition and implementation of a long-term economic development strategy. It is important to recognize the significant heterogeneity across Latin American countries.