



The growth of conditional cash transfers in Latin America and the Caribbean: did they go too far?

Marco Stampini
Leopoldo Tornarolli



Inter-American
Development Bank

Social Sector
Social Protection and
Health Division

POLICY BRIEF

No. No. IDB-PB-185

November 2012

The growth of conditional cash transfers in Latin America and the Caribbean: did they go too far?

Marco Stampini
Leopoldo Tornarolli



Inter-American Development Bank

2012

Cataloging-in-Publication data provided by the
Inter-American Development Bank
Felipe Herrera Library

Cataloging-in-Publication data provided by the Inter-American Development Bank Felipe Herrera Library

Stampini, Marco.

The growth of conditional cash transfers in Latin America and the Caribbean: did they go too far? / Marco Stampini, Leopoldo Tornarolli.

p. cm. (IDB Policy Brief ; 185)

Includes bibliographical references.

1. Economic assistance—Latin America. 2. Economic assistance—Caribbean Area. 3. Transfer payments—Latin America. 4. Transfer payments—Caribbean Area. I. Tornarolli, Leopoldo. II. Inter-American Development Bank. Social Protection and Health Division. III. Title. IV. Series.

IDB-PB-185

<http://www.iadb.org>

The opinions expressed in this publication are those of the authors and do not necessarily reflect the views of the Inter-American Development Bank, its Board of Directors, or the countries they represent.

The unauthorized commercial use of Bank documents is prohibited and may be punishable under the Bank's policies and/or applicable laws.

Copyright © [2012] Inter-American Development Bank. All rights reserved; may be freely reproduced for any non-commercial purpose.

The preparation of this report was funded by the Institutional Capacity Strengthening Fund (ICSF), thanks to the contribution of the Government of the People's Republic of China

Marco Stampini mstampini@iadb.org; Leopoldo Tornarolli ltornarolli@depeco.econo.unlp.edu.ar

Abstract¹

Conditional Cash Transfers (CCTs) are an endogenous innovation from Latin America and the Caribbean (LAC) that aims to reduce current poverty while developing the human capital of the next generation, in the attempt to break the intergenerational transmission of poverty. Pioneered in Brazil and Mexico in the late 1990s, by 2011 CCTs had spread to 18 countries in the region and covered as many as 129 million beneficiaries. In this paper, we use administrative and household survey data to document (i) the evolution of CCTs and poverty in LAC, (ii) the relationship between expanded coverage and the quality of targeting and (iii) the change in beneficiary household characteristics. We show that in most countries the transfers represent over 20% of poor beneficiaries' incomes, and the poverty headcount index would be on average 13% higher, had CCTs not been implemented. A decade of sustained and widespread economic growth has expanded the fiscal space for social assistance. The largest programs (in Brazil, Colombia and Mexico) have achieved coverage rates around 50-55% of the poor. At the same time, economic growth contributed to reducing the incidence of poverty. As a result, the number of CCT beneficiaries overtook the number of poor in the region in 2006 (using a standardized income poverty line of USD 2.5 per day (purchasing-power-parity adjusted)). Higher coverage was accompanied by increasing levels of leakage. For example, the share of non-poor beneficiaries increased from 46% to 65% in Ecuador over the period 2004-10, and from 40% to 61% in Mexico over the period 2002-10. Beneficiaries' level of education and participation in formal labor markets have increased. Yet, the analysis of household data shows that CCT beneficiaries remain mostly poor or vulnerable, characterized by extremely low levels of schooling and unstable labor market outcomes. Hence, while further expansion of the programs may in many cases be unnecessary, the need for social assistance and human capital development remains high. The transition to the new generation of CCT programs will require focusing on the quality of the services that accompany the transfers, in order to maximize the impact on current and future poverty.

Keywords: Conditional Cash Transfers (CCTs), Latin America and the Caribbean (LAC), coverage, leakage, social assistance, beneficiary characteristics, Socio-Economic Database for Latin America and the Caribbean (SEDLAC).

JEL Classification: I38.

¹ Marco Stampini is with the Inter-American Development Bank, Social Protection and Health Division; E-mail: mstampini@iadb.org. Leopoldo Tornarolli is with the Centro de Estudios Distributivos, Laborales y Sociales (CEDLAS) of the Universidad Nacional de la Plata; E-mail: ltornarolli@depeco.econo.unlp.edu.ar. We are grateful to Ferdinando Regalia, Hector Salazar, Norbert Schady, Marcos Robles, Mario Sanchez, Pablo Ibarra, Carolina Gonzalez, Vanessa Curran, the late Mrs. Faith Innerarity and the participants in the Regional Policy Dialogue 2012 on Social Protection (Bogota, Colombia, June 2012) for useful comments. Remaining errors are our own. We are also thankful to Carola Gajardo for editing, and to the Socio-Economic Database for Latin America and the Caribbean (SEDLAC) for availing the household survey data. This version has been revised on February 26, 2013, and contains corrections to Table 2, Figure 4, and Figure A.1.

Introduction

Until the 1990s, social protection in Latin America and the Caribbean was mostly organized around work related social insurance, which included health coverage and pensions. These schemes reduced formal workers' vulnerability to life cycle events. However, given the high prevalence of self and informal employment, they failed to reach a large part of the population. Coverage was low and the impact in terms of poverty reduction weak.

The need for complementary social assistance programs became evident when the region was hit by structural crisis that further increased the rates of unemployment and informality. At the end of the 1990s, Brazil and Mexico introduced innovative Conditional Cash Transfer (CCT) programs that differed from previous social assistance in many respects. First and most importantly, they aimed to break the intergenerational transmission of poverty by conditioning payments on compliance with co-responsibilities aimed to develop children's human capital. These included regular school attendance, health check-ups for children, pregnant women and lactating mothers, complete vaccination records, and participation in training sessions focusing on nutrition and health. The ultimate hope, although never explicitly stated in these terms, was that conditions would allow the accumulation of sufficient human capital to drive the next generation out of poverty, so that social assistance would no longer be needed in the future. Other substantial differences from previous social assistance programs were that: (i) benefits were paid in cash rather than in kind (a departure from the practice of delivering food baskets (Fonseca 2006)), to acknowledge that households are better positioned than the public administration in deciding how to allocate available resources; (ii) transfers were assigned to mothers, under the assumption that women direct a higher share of expenditure to types of goods and services that benefit children, including food, schooling and health, and finally; (iii) some of the first CCT programs (e.g. *Progresar/Oportunidades*) embedded rigorous evaluations that proved their impacts in terms of poverty reduction and increased demand for schooling and health services. This last apparently technical innovation played a fundamental role in ensuring the stability of the programs in the face of government changes, and in justifying their expansion as well as the replication in other countries.

CCTs were an endogenous Latin American innovation that rapidly spread within and outside the region. By 2011, eighteen countries in Latin America and the Caribbean (LAC) were

running a CCT program, and others (e.g. Bahamas, Barbados, Belize and Suriname) were designing one. The number of beneficiaries grew from 38 million in 2001 to 129 million in 2010. CCTs proved to be effective at reducing poverty and inequality. We estimate that the poverty headcount index in the countries covered by our analysis would be on average 13% higher, had CCTs not been implemented. In many instances, CCTs have become the backbone of social assistance, replacing previous ineffective transfers and working in synergy with complementary programs focusing on key areas of human capital development such as child nutrition and early childhood development. Thanks to their accurate registries of beneficiaries, far-reaching executing agencies and institutionalized interaction with the supply of education and health services, CCTs have at times become the basis for the organization of networks of social services.

In this paper, we provide novel estimates of the expansion of CCT programs in LAC and investigate their ability to reach the poor. Our contribution is novel because we exploit a large amount of household survey data and calculate standardized measures of poverty, coverage (percentage of poor that benefit from the programs) and leakage (percentage of beneficiaries that are not poor). We use data from 43 household surveys from 13 countries over the period 2000-11, and analyze the evolution of beneficiary household characteristics. The analysis aims to feed into the ongoing policy discussion on the future of social assistance in LAC.

We find that coverage has grown but remains well below universal. The largest programs (in Brazil, Colombia and Mexico) reach about 50-55% of the poor, defined as those with per-capita income of less than USD 2.5 per day after Purchasing Power Parity (PPP) adjustment. Higher coverage was associated with a sharp increase in the rate of leakage. For example, the share of non-poor beneficiaries increased from 46% to 65% in Ecuador over the period 2004-10, and from 40% to 61% in Mexico over the period 2002-10. Brazil's *Bolsa Familia* exhibits a level of leakage of 50%. Over time, CCT beneficiaries have become relatively less poor and more educated, tend to live in better quality dwellings, and are increasingly engaged in formal wage employment. Nonetheless, CCT beneficiaries remain highly vulnerable, as their endowments of physical and human capital are still scarce, and their labor market outcomes mostly informal.

The rest of the paper is organized as follows. Section 1 describes data sources, definitions and methodology. Section 2 reviews the growth of CCT programs in LAC. Section 3 discusses the trends of CCTs and poverty in the region, and the relationship between the two. Section 4

shows how increased coverage came at the cost of higher levels of leakage to the non-poor. Section 5 analyzes the evolution of the characteristics of beneficiary households. Section 6 concludes with a discussion of the policy implications of our findings.

1. Data, Definitions and Methodology

For the analysis of the expansion of CCT programs in LAC, we use both administrative and household survey data. The former comes from government publications and websites, and contains information on the number of beneficiaries. The latter has in recent years started to collect information on participation in CCT programs and the magnitude of their transfers. Household survey data allows exploring the relationship between participation and household characteristics, hence the magnitude of coverage and the quality of targeting of the poor. It also allows estimating the trends in poverty, which will be compared to the trends in the expansion of CCT programs.

We do not exploit data from the evaluation samples as these are typically collected when CCT programs are first introduced, tend to cover a short time span and not to be nationally representative.

1.1 Household Survey Data

All household surveys used in this paper are from the Socio-Economic Database for Latin America and the Caribbean (SEDLAC) assembled by the *Centro de Estudios Distributivos Laborales y Sociales* of the *Universidad Nacional de La Plata* (CEDLAS) and the World Bank's Poverty Group. This contains information on almost 300 household surveys in 25 LAC countries.

We consider all SEDLAC surveys that contain information on CCT programs. Although some CCT programs were introduced in the 1990s, household surveys started to include modules on participation only in recent years. A complete list of references is provided in Table 1. All surveys are nationally representative with the exception of Argentina's, which are representative of urban areas only.

It is worth noting that household surveys are not typically designed to be representative at the level of specific population groups, such as the one of CCT beneficiaries. This implies that estimates of the number of beneficiaries in each country are unlikely to match exactly the data

reported by administrative sources. What is more, descriptive statistics of beneficiaries' characteristics may be an approximation of the true value that one could measure through eligibility and participation records, especially where coverage is low and the number of households in the sample reporting to participate in the programs is small. Yet, this problem is mitigated by the fact that CCT programs tend to target relatively homogenous population groups (e.g. the extreme poor). This enhances the validity of our results (for the whole population of recipients).

Table 1 - Household Survey Data Sources

Country	Years	Survey
Argentina	2006-2010	<i>Encuesta Permanente de Hogares Continua (EPH)</i>
Brazil	2003, 2005, 2007-2009	<i>Pesquisa Nacional por Amostra de Domicilios (PNAD)</i>
Chile	2000, 2003, 2006, 2009	<i>Encuesta de Caracterización Socioeconómica Nacional (CASEN)</i>
Colombia	2010	<i>Encuesta de Calidad de Vida (ECV)</i>
Costa Rica	2010	<i>Encuesta Nacional de Hogares (ENAHO)</i>
Ecuador	2004-2010	<i>Encuesta Nacional de Empleo, Desempleo y Subempleo (ENEMDU)</i>
Guatemala	2011	<i>Encuesta Nacional de Condiciones de Vida (ENCOVI)</i>
Jamaica	2010	Jamaican Survey of Living Conditions (JSLC)
Mexico	2002, 2004, 2006, 2008, 2010	<i>Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH)</i>
Panama	2008	<i>Encuesta de Niveles de Vida (ENV)</i>
Paraguay	2009, 2010	<i>Encuesta Permanente de Hogares (EPH)</i>
Peru	2006-2010	<i>Encuesta Nacional de Hogares (ENAHO)</i>
Uruguay	2006-2010	<i>Encuesta Continua de Hogares (ECH)</i>

Source: SEDLAC

1.2 Identification of CCT Beneficiaries

Some household surveys include a module on participation in social assistance programs (and on the value of the benefits), which usually features a specific question on CCTs. Participation is recorded at the household level, while no information is typically collected on the identity of the members receiving the transfer or complying with program conditions.

In some of the surveys with no social assistance module, participation can be deducted from the sections on non-labor income. For example, the questionnaire used in Mexico asks a specific question on having received a transfer from *Oportunidades*. This is a second best option

for measuring participation, as some beneficiary households may not have received the transfer e.g. for failing to comply with program conditions.

Finally, some surveys ask neither about participation nor about CCT payments. Wherever possible, we follow Gasparini and Cruces (2010) and Soares et al. (2006) and identify the beneficiaries through the value of specific components of non-labor income that include CCT transfers. We use algorithms that match this value to the amount that the household should receive according to the program eligibility rules. This is the case for Brazil (*Bolsa Familia*) and Argentina (*Asignación Universal por Hijo*). We are aware that this strategy may lead to some errors in the identification of beneficiaries, since some households may be receiving an amount of money equal to the CCT payment from other sources. Yet, the existing literature reassures us that errors are limited, and outweighed by the gain in information from the inclusion of key countries in our analysis.

1.3 Definition of Poverty

We follow the usual practice of considering a household as poor if its welfare level does not reach a given threshold. The practical implementation of this definition involves choosing a measure of household or individual welfare (typically either consumption or income) and a poverty line. Although we are aware that most of the literature recommends the use of consumption, only few countries in the LAC region systematically measure consumption in their household surveys, while all of them include questions on individual and household income. Therefore, we base our analysis on per-capita income (in all countries but Jamaica, where we dispose only of the consumption variable).

Cross country comparisons and aggregations require a substantial amount of harmonization work. For example, National Statistical Offices adopt different methodologies to treat regional prices, imputed incomes such as the implicit rent from house ownership, zero incomes, non-responses and missing data. They also use different adult equivalent scales for the calculation of per-capita values. Finally, national definitions of poverty are based on national poverty lines, which vary by country.

To ensure comparability, we construct standardized (across countries and years) per capita income variables. SEDLAC's website (<http://sedlac.econo.unlp.edu.ar/eng/>) provides detailed explanations of the items included in the calculation of each income variable.

In order to ensure comparability and allow aggregations, we use an international poverty line set at USD 2.5 per capita per day, after Purchasing Power Parity (PPP) adjustment to 2005 dollars. Most national poverty lines are higher than this threshold (see Table A.1 in Annex), which therefore tends to underestimate poverty (and to overestimate leakage) relative to the official definition of many countries. For this reason, we verify the robustness of our results to the adoption of an alternative USD PPP 4 poverty line.

1.4 Coverage and Leakage

We define coverage as the percentage of poor that receive benefits from the program. We are aware that most CCTs do not target all the poor, hence coverage cannot be universal. For example, if a transfer focuses on households with children and only half of the poor live in households with children, the maximum possible coverage will be, by design, 50%. Less than universal coverage can also be due to the fact that the programs are executed only in part of the country (e.g. in the poorest rural areas). For simplicity, we make no attempt to restrict the analysis to those households that satisfy demographic and geographic criteria of eligibility.

In addition, different countries may adopt different definitions of poverty (e.g. based on national poverty lines, or on multidimensional considerations). As a consequence, our analysis of coverage based on standardized data and definitions does not precisely measure the incidence of exclusion errors; it rather approximates the extension of the social assistance delivered through the CCTs. The complement to our measure of coverage is a function of both errors of exclusion and intended exclusion (by design).

Leakage is defined as the percentage of beneficiaries that are not poor. The measure of leakage will depend on the choice of the poverty line. For example, if we adopt an international poverty line of USD PPP 2.5 for cross-country comparison and the national poverty line is set at USD 6, our measure of leakage will include also those recipients with income between USD 2.5 and 6, which are part of the government's target. We are aware of this caveat. For this reason, our estimates of leakage must be considered with caution, and we verify the robustness of our results using an alternative poverty line of USD PPP 4.

2. The Growth of CCT Programs in Latin America and the Caribbean

The first CCT programs in LAC were the Brazilian *Bolsa Escola* and *Programa de Garantia de Renda Mínima*, launched in January 1995 by the local governments of the Distrito Federal (where the capital Brasilia is located) and Campinas (Sao Paulo) respectively. The programs, whose transfers were conditional on school attendance, were soon replicated by other municipalities and states. They led in 2001 to the launch of the Federal *Bolsa Escola* Program, followed in 2003 by *Bolsa Familia* which merged a number of existing social assistance transfers (*Bolsa Escola*, *Bolsa Alimentação* and *Cartão Alimentação* (part of *Fome Zero* anti-hunger program) and *Auxílio Gas*) (Lindert et al. 2007).

The Mexican *Programa de Educación, Salud y Alimentación* (PROGRESA), introduced in 1997 and later renamed *Oportunidades* in 2001, was the first nationwide CCT program in LAC. It was soon followed by Honduras' *Programa de Asignación Familiar* (PRAF), that had started in 1990 as an unconditional cash transfer, to which conditions on health and education were added in 1998.

The first half of the 2000s saw the introduction of a second wave of CCT programs, including *Superémonos* in Costa Rica in 2000 (later discontinued in 2002 and replaced in 2006 by *Avancemos*), *Red de Protección Social* in Nicaragua in 2000 (discontinued in 2006), *Familias en Acción* in Colombia in 2001, *Chile Solidario* in Chile² and the Programme of Advancement Through Health and Education (PATH) in Jamaica in 2002, and *Bono de Desarrollo Humano* in Ecuador in 2003.³

The third wave of CCT programs was launched in 2005-06. It included *Familias por la Inclusión Social* (FIS) in Argentina,⁴ *Solidaridad* in Dominican Republic, *Comunidades Solidarias Rurales* in El Salvador, *Red de Oportunidades* in Panama, *Tekopora* and *Abrazo* in Paraguay, *Juntos* in Peru, the *Plan de Atención Nacional a la Emergencia Social* (PANES) in

² *Chile Solidario* complemented the *Subsidio Unitario Familiar* program, which had started in the 1980s with the aim to foster human capital development through education and health, but which did not include penalties for non-compliance with program conditions (Fiszbein and Schady 2009, p. 88).

³ The *Bono de Desarrollo Humano* was created to substitute a previously existing unconditional cash transfer. Enforcement of conditionalities in the new program remained mild.

⁴ *Familias por la Inclusión Social* complemented important pre-existing workfare transfers such as *Trabajar* and *Jefes y Jefas de Hogar*, which were created at the time of the first and second CCT waves.

Uruguay, the *Bono Juancito Pinto* in Bolivia, *Avancemos* in Costa Rica and Targeted Conditional Cash Transfer Program (TCCT) in Trinidad and Tobago.

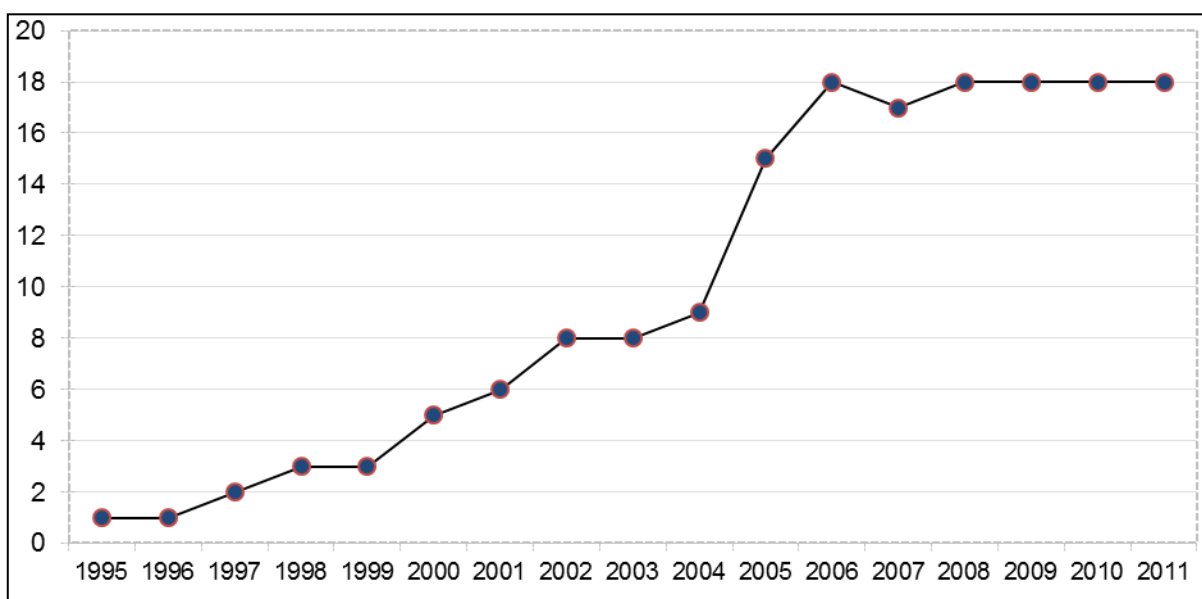
The latest additions to the family of CCTs were Guatemala's *Mi Familia Progres*a (MIFAPRO) and Uruguay's *Programa de Asignaciones Familiares* in 2008, Argentina's *Asignación Universal por Hijo* (AUH) and Bolivia's *Bono Juana Azurduy* in 2009, and Honduras' *Bono 10,000* in 2010.

As shown in Figure 1, by 2006 eighteen countries in LAC were implementing CCT programs. Table 2 reports the number of beneficiaries (counting all beneficiary household members) by country over the period 2001-10. The launch of CCTs in new countries and the contemporaneous expansion of the existing programs led to an increase in the total number of beneficiaries in the region from about 38 million in 2001 to approximately 129 million in 2010.

In 2010, Brazil's *Bolsa Familia* was the largest program in the region, reaching 52 million beneficiaries, followed by Mexico's *Oportunidades* and Colombia's *Familias in Acción* with 27 and 12 million beneficiaries respectively. Also Argentina (combining *Familias por la Inclusión Social* and *Asignación Universal por Hijo*), Ecuador and Bolivia ran large CCT programs (12, 6 and 6 million beneficiaries respectively). Twelve other countries jointly accounted for the remaining 14 million beneficiaries (Table 2).

Most countries that started CCT programs maintained and substantially expanded them over the period of analysis. For example, between 2001 and 2010, the number of beneficiaries grew from 22 to 52 million in Brazil, from 16 to 27 million in Mexico, and from 0.4 to 12 million in Colombia. There were only two exceptions. Nicaragua launched the *Red de Protección Social* in 2000, with a three-year pilot followed by a three-year implementation period between 2003 and 2006; the program was then discontinued. Costa Rica launched *Superémonos* in 2000 and suspended it in 2002, waiting 4 years before starting the new CCT *Avancemos* in 2006.

Figure 1 - Number of LAC Countries Implementing CCT Programs



Source: Own calculations based on data from the Economic Commission for Latin America and the Caribbean (ECLAC) and the Social Assistance in Developing Countries Database (Barrientos et al. 2010).

Table 2 - Number of CCT Beneficiaries in LAC, by Country (2001-10)

<i>Million individuals</i>	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Popula- tion (2010)	Benefi- ciaries / Pop. (2010)
Argentina					1.12	1.49	2.44	2.83	11.31	11.79	40.41	0.29
Bolivia						3.83	4.19	5.14	5.45	5.69	9.93	0.57
Brazil	21.57	21.52	37.70	42.30	46.13	48.41	46.41	43.29	50.72	52.39	194.95	0.27
Chile		0.19	0.45	0.66	0.78	0.95	1.05	1.15	1.29	1.30	17.11	0.08
Colombia	0.38	1.44	1.58	1.50	2.32	3.15	7.25	7.94	11.57	11.69	46.29	0.25
Costa Rica	0.05	0.04	0.00	0.00	0.00	0.01	0.09	0.12	0.15	0.19	4.66	0.04
Dominican Republic					0.77	0.85	1.22	2.84	2.93	2.98	9.93	0.30
Ecuador			4.00	4.34	4.71	4.90	4.99	5.06	6.27	6.13	14.46	0.42
El Salvador					0.06	0.11	0.23	0.40	0.51	0.57	6.19	0.09
Guatemala								1.55	2.63	3.25	14.39	0.23
Honduras	0.63	0.54	0.43	0.41	0.76	0.66	0.78	1.07	0.78	1.07	7.60	0.14
Jamaica		0.35	0.41	0.41	0.41	0.51	0.58	0.64	0.71	0.83	2.70	0.31
Mexico	15.58	21.62	21.62	25.00	24.50	25.00	25.00	25.25	26.05	27.25	113.42	0.24
Nicaragua	0.06	0.06	0.14	0.14	0.14	0.14					5.79	0.00
Panama					0.02	0.12	0.26	0.43	0.42	0.36	3.52	0.10
Paraguay					0.02	0.05	0.05	0.07	0.52	0.55	6.45	0.09
Peru					0.18	0.88	1.94	2.31	2.25	2.59	29.08	0.09
Trinidad and Tobago						0.02	0.02	0.02	0.03	0.04	1.34	0.03
Uruguay					0.31	0.31	0.32	0.33	0.74	0.76	3.36	0.23
TOTAL	38.3	45.8	66.3	74.8	82.2	91.4	96.8	100.4	124.3	129.4	531.6	0.24

Source: Administrative data from national governments. The number of beneficiaries for Nicaragua is estimated on the basis of the number of beneficiary households (10,000 over the period 2000-03, and 30,000 over the period 2004-06) and estimates of the average household size in the country.

3. CCTs and Poverty

Over the past ten years, the incidence of poverty in LAC has dropped from 25.2% to 15.7% (period 2001-10, USD PPP 2.5 poverty line; Robles 2011). Most countries have experienced fast economic growth and have been successful at reducing poverty and inequality as well as other socioeconomic indicators such as the rates of unemployment and labor informality (Gasparini and Lustig 2011).

Conditional cash transfers, by providing a large and reliable source of income, contributed to making economic growth more inclusive. Figure 2 shows that the transfers account in most countries for 20-25% of beneficiaries' total income. Panama has the most generous program (43% of total income), while the size of the transfers is relatively small (11% or less of total income) in Chile, Colombia, Costa Rica, Guatemala, Jamaica and Uruguay. When the focus is restricted to poor beneficiary households, CCTs account on average for 32% of income. They provide more than 20% of total income in all countries but Guatemala (9%) and Jamaica (11%), with peaks of 52% in Panama, 44% in Ecuador and 40% in Argentina.

We estimate that the poverty headcount index in the countries covered by our analysis would be on average 13% higher (with variations ranging from 1% in Paraguay to 59% in Uruguay), had CCTs not been implemented. These estimates are obtained by comparing estimated incomes with a no-CCT counterfactual in which incomes are recalculated net of the transfers. The simplified counterfactual implicitly assumes that CCTs neither crowd out nor foster any other source of income (such as labor earnings or private transfers). Hence, results should be treated with caution and viewed as estimates of direct short-run effects. They are presented in Figure 3 for the sample of 13 countries with available data.

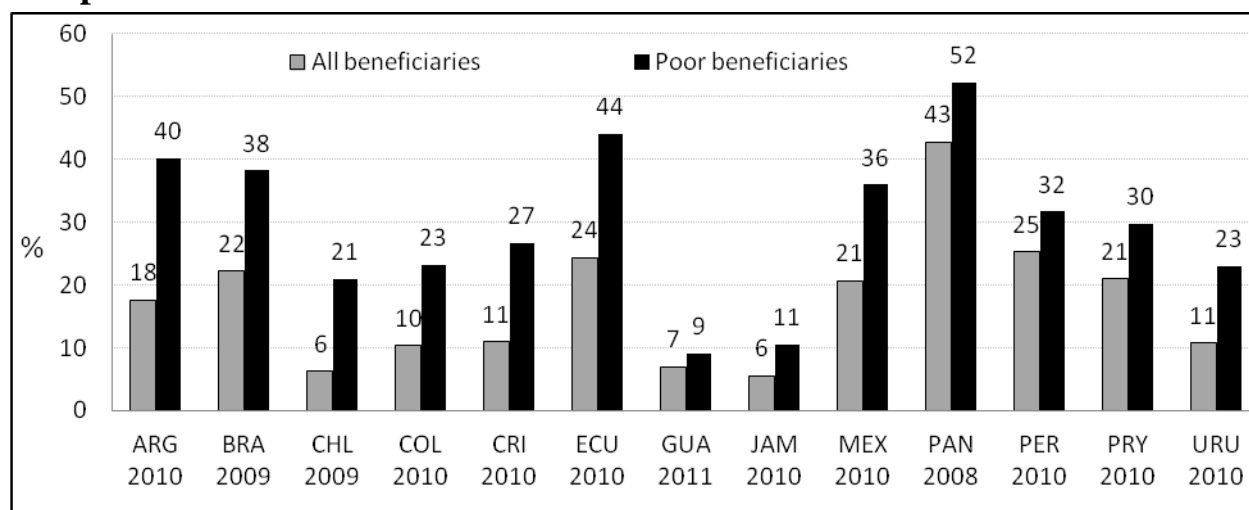
The largest effects in absolute terms were recorded in Ecuador, Brazil and Mexico, where CCTs reduced the poverty headcount index by 3.3, 1.7 and 1.7 percentage points respectively. Only in Chile, Costa Rica, Jamaica, Panama and Paraguay, CCTs reduced the poverty headcount index by less than one percentage point.

Even greater impacts were achieved in terms of poverty gap and squared poverty gap indexes, which recognize the reduction in the severity of poverty also for the beneficiaries that are not lifted above the poverty line. For example, Uruguay's poverty gap and squared poverty gap in 2010 would be respectively 95% and 125% higher, had *Asignación Familiar* not been

implemented. As a second example, Ecuador’s *Bono de Desarrollo Humano* reduced the poverty gap in 2010 from 8.3% to 5.9% (see Table A.2 in Annex).⁵

Over the course of the 2000s, economic growth created fiscal space for the expansion of CCT programs, for example through the rollout to new geographical areas, or through modifications of eligibility rules (e.g. proxy means formulas or eligibility thresholds). At the same time, economic growth contributed to lifting million households out of poverty. Consequently, the number of CCT beneficiaries overtook the number of poor in LAC in 2006 (or approached it in 2010 when using the USD PPP 4 poverty line) (Figure 4). The number of CCT beneficiaries is now greater than the number of poor in Argentina, Bolivia, Brazil, Chile, Colombia, Dominican Republic, Ecuador, Jamaica, Mexico and Uruguay (Figure A.1 in Annex). Yet, in no case coverage of the poor is close to complete, due to both design choices and imperfect targeting.

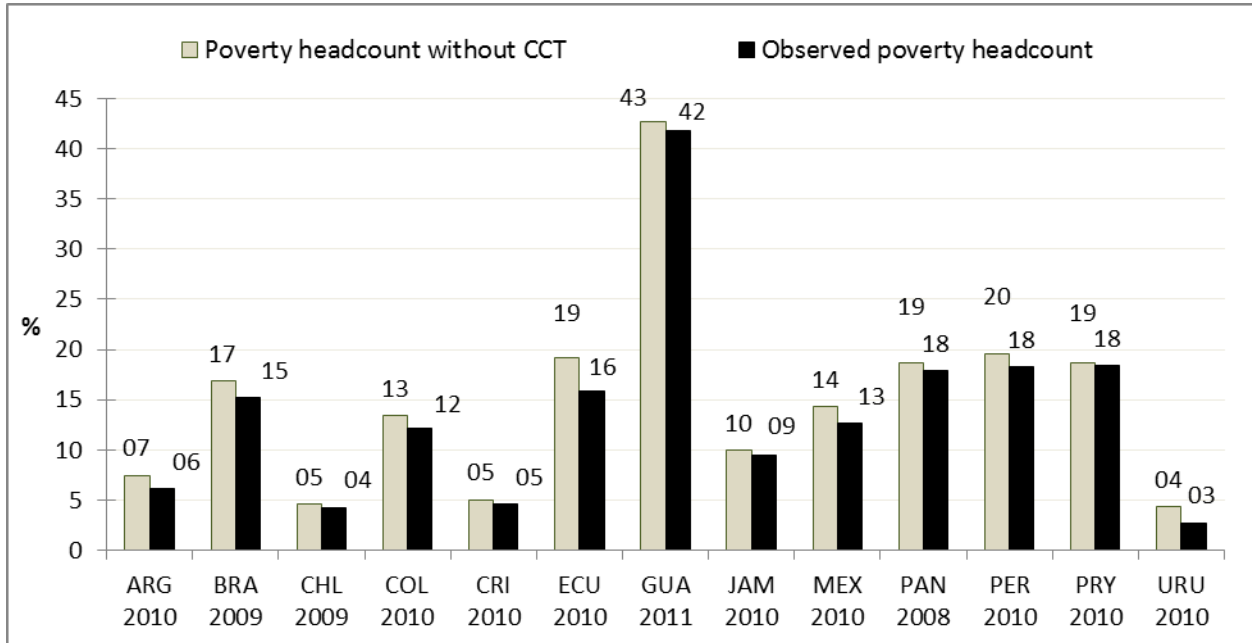
Figure 2 - Magnitude of Conditional Cash Transfers as Percentage of Recipients' Income in Selected LAC Countries



Source: Own calculations based on data from SEDLAC. Note: ARG = Argentina, BRA = Brazil, CHL = Chile, COL = Colombia, CRI = Costa Rica, ECU = Ecuador, GUA = Guatemala, JAM = Jamaica, MEX = Mexico, PAN = Panama, PER = Peru, PRY = Paraguay, URU = Uruguay. Poor beneficiaries defined on the basis of the poverty line of USD PPP 2.5.

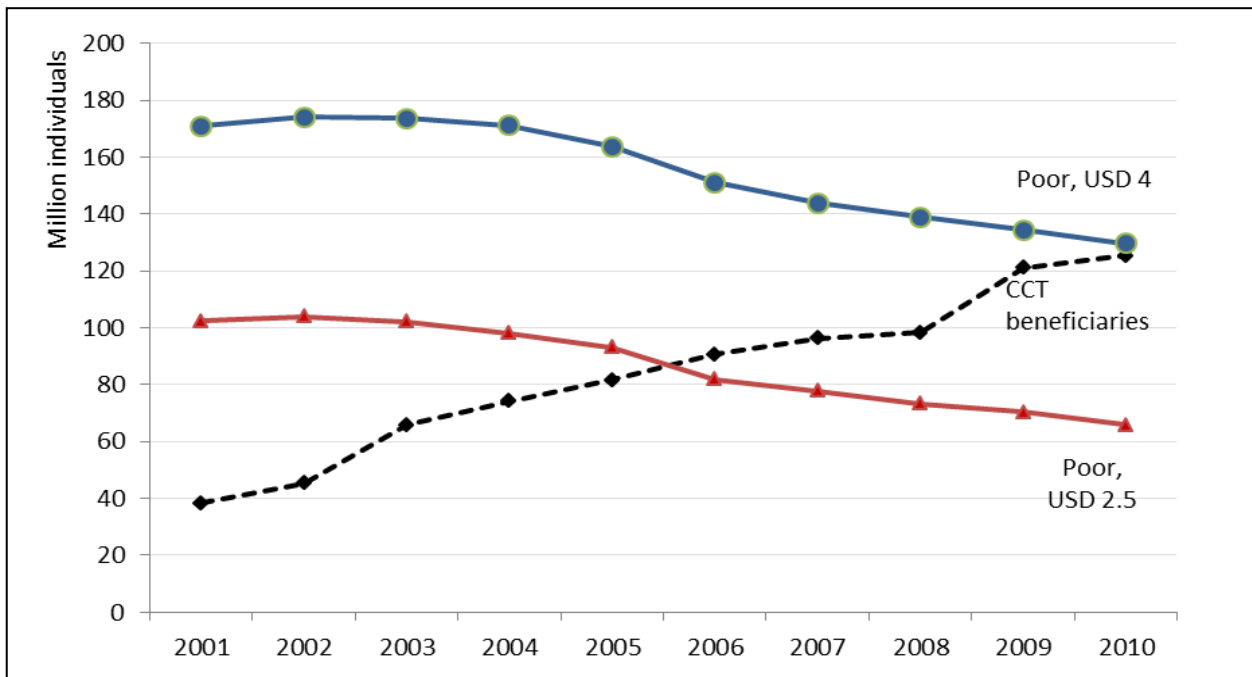
⁵ For a comparison, see Fiszbein and Schady (2009, Table 4.3, p. 110).

Figure 3 – Impact of CCTs on the Poverty Headcount Index (USD PPP 2.5 Poverty Line) in Selected LAC Countries



Source: Own calculations based on data from SEDLAC.

Figure 4 - Evolution of Poverty and Magnitude of CCT Programs in LAC



Source: Own calculations based on data from SEDLAC. Series based on data for Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, Panama, Paraguay, Peru and Uruguay.

4. Increased Coverage and Quality of Targeting

Most CCT programs tend to select their beneficiaries through a combination of regional targeting and proxy means testing of poverty.⁶ The former criterion is used to pre-select the regions with the highest incidence of poverty, with the caveat that the areas in which the supply of health and education services is insufficient to meet the expected growth in demand caused by CCT conditionalities are usually excluded. Proxy means tests attempt to identify poverty through a set of correlated assets, and tend to outperform the methods of selection used by other social assistance programs. In some cases, eligibility is extended to additional vulnerable groups (e.g. the elderly or individuals with disabilities) with application of alternative or no poverty filter.

The expansion of CCT programs over the last ten years led to increased inclusion of the poor. Yet, under-coverage persists. This is partly due to design, e.g. because not all the poor households live in selected areas or satisfy the demographic criteria for eligibility, such as having school age children. Low coverage can also be due to exclusion errors, e.g. if the proxy means tests fail to identify the poor as such. As a result, the three largest programs (in Mexico, Brazil and Colombia) achieve coverage of 50-55%, and only Uruguay's *Asignaciones Familiares* reaches more than 80% of the poor (Table 3).

Expanded coverage is inevitably associated with higher leakage. When targeting is limited to the extreme poor, it is likely that many of the erroneously selected beneficiaries will still belong to the moderate poor category. On the contrary, when the moderate poor are included and the eligibility cutoff moves towards the poverty line, the likelihood of including non-poor beneficiaries increases. Although higher leakage should to a certain extent be expected, the fact that many poor remain excluded from the existing programs, coupled with limited resources for social assistance, makes the quality of targeting an issue of paramount importance. Leakage to the non-poor reduces the effectiveness for both poverty reduction and human capital development, and represents a lost opportunity.

Figure 5 shows that in LAC, on average, leakage increases by 0.46 percentage points for each additional percentage point of coverage (Panel A). The slope of the relationship is steeper in

⁶ Two notable exceptions that do not employ proxy means tests are Brazil's Bolsa Familia (which targets households with monthly per capita income below R\$ 140 (self-declared)) and Argentina's Asignación Universal por Hijo (which targets households with adults that are either unemployed or informal wage employees (with earnings below the minimum wage)).

rural than in urban areas (0.52 versus 0.31 – Panels C and D). This is partly explained by the fact that urban leakage starts high at very low levels of coverage (suggesting that identifying the urban poor is relatively more difficult). It could also be due to the higher opportunity costs of participation for urban individuals who can potentially access a wider range of employment opportunities (both for the parents who need to comply with program conditions, and for children who can decide to drop out of school), which adds an implicit self-targeting mechanism to the proxy means test of poverty.

Over the decade, the implementation of CCTs in the region has been characterized by growing levels of leakage (Table 3). For example, the share of non-poor beneficiaries has grown from 46% to 65% in Ecuador over the period 2004-10, and from 40% to 61% in Mexico over the period 2002-10. Brazil's *Bolsa Familia* (which does not use a proxy means test) is relatively better targeted, yet it exhibits a level of leakage of 50%. Figure A.2 in Annex shows graphically the relationship between coverage and leakage in selected countries. It shows that leakage grew more than should be expected based on the increase in coverage in Uruguay, Chile and Mexico (compare steep short trend line for the country with long trend line for LAC).⁷ The nature of these results does not change when the analysis is replicated with a USD 4 poverty line (Figure 5 Panel B and Table 3).

Increased leakage may be due to poor quality of the targeting mechanisms employed for the inclusion of new beneficiaries. This would call for a revision of such mechanisms, including the proxy-means tests. Alternatively, the same trends could be due to factors lifting CCT beneficiaries out of poverty (with previously eligible households ceasing to be poor without leaving the programs). In addition to economic growth, these factors include the change in demographic characteristics, with children growing and either working or leaving the household, and possible positive impacts of the transfer on households' income generating capacity through the alleviation of credit constraints.

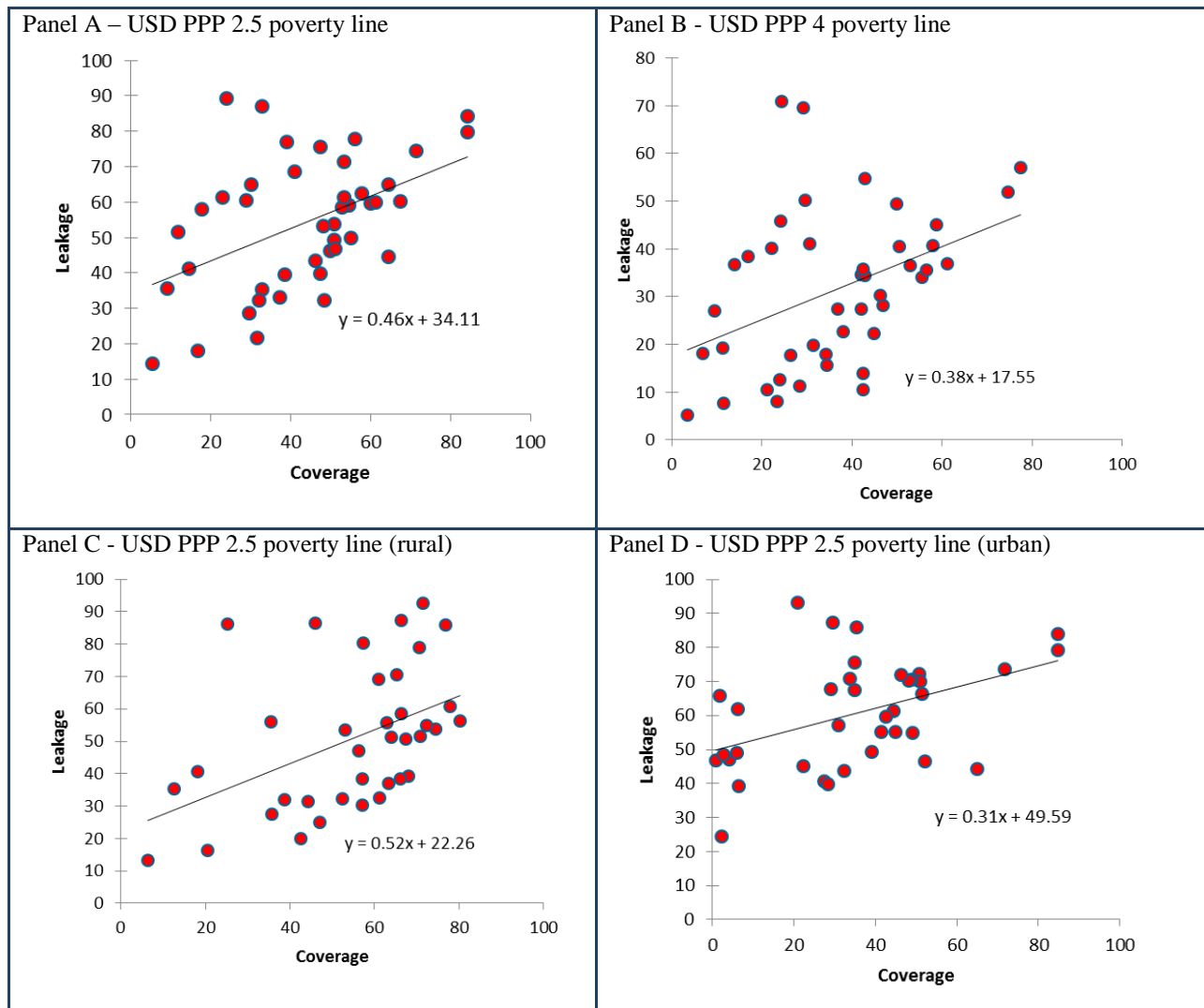
To this, it must be added that some countries further expanded their programs during the second half of the decade in the attempt to provide a fast response to spiking food prices. While acknowledging that CCTs aim to assist the structurally poor with a long term strategy of human capital development, these countries needed to rely on already established operational structures

⁷ In the case of Chile, coverage decreased over time while leakage grew, determining a negative slope of the trend line.

to quickly reach poor households with children, the most vulnerable to the adverse nutritional impacts of high prices for basic staples. For these reasons, they expanded CCTs as a short term intervention that may have reached also the transient poor.

In the generalized absence of a graduation policy promoting the exit of households that were no longer poor, all the above mentioned factors contributed to increasing the number of beneficiaries while the number of poor in the region was dropping. This motivates the current debate on the need to incorporate clear systems of recertification and graduation. The analysis of beneficiaries' characteristics as captured in household survey data can help us understand the extent to which these reforms are needed.

Figure 5 – Relationship between Coverage and Leakage in LAC CCTs



Note: solid circles represent all available LAC observations.

Table 3 - Coverage and Leakage in Selected CCT Programs in LAC

Country	Year	Program	Coverage % of individuals <USD PPP 2.5 that receive the program	Leakage % of beneficiaries with income > USD PPP 2.5	Coverage % of individuals < USD PPP 4 that receive the program	Leakage % of beneficiaries with income > USD PPP 4
Argentina	2005		11.9	51.6	9.4	27.1
	2006	FIS	17.8	58.0	13.9	36.7
	2007		22.8	61.3	17.0	38.4
	2008		28.9	60.4	22.1	40.1
	2009	FIS +	30.2	65.1	24.1	45.9
	2010	AUH	47.4	75.7	42.8	54.8
Brazil	2003		32.8	35.3	26.5	17.8
	2005		38.6	39.5	31.5	19.7
	2007	BF	46.2	43.4	38.1	22.6
	2008		51.0	49.2	42.2	27.4
	2009		55.1	50.0	46.8	28.1
Chile	2003		41.1	68.6	30.5	41.1
	2006	CS	39.1	77.0	29.7	50.1
	2009		32.7	87.1	29.1	69.6
Colombia	2010	FA	53.4	71.4	49.9	49.4
Costa Rica	2010	AV	23.9	89.4	24.3	70.9
Ecuador	2004		49.8	46.3	44.8	22.3
	2005		50.8	53.8	46.3	30.3
	2006		57.7	62.4	52.8	36.5
	2007	BDH	59.9	59.7	55.5	34.0
	2008		61.3	59.8	56.6	35.5
	2009		67.3	60.2	61.1	36.9
2010		64.5	65.1	58.0	40.7	
Guatemala	2011	MFP	48.4	32.2	42.5	10.4
Jamaica	2010	PATH	56.0	77.9	50.5	40.5
Mexico	2002		47.5	39.9	34.3	18.0
	2004	Oportunidades	48.2	53.2	36.7	27.3
	2006		54.7	59.1	42.1	34.6
	2008		52.9	58.6	42.9	34.4
	2010		53.4	61.4	42.5	35.8
Panama	2008	RDO	31.6	21.6	23.3	7.9
Paraguay	2009	TKO	9.1	35.7	6.9	18.0
	2010		14.4	41.2	11.2	19.2
Peru	2006		5.4	14.4	3.5	5.2
	2007		16.7	18.1	11.5	7.5
	2008	Juntos	29.7	28.7	21.2	10.4
	2009		32.1	32.4	23.9	12.7
	2010		37.4	33.1	28.5	11.3
Uruguay	2006	PANES	51.2	46.8	34.4	15.5
	2007		64.6	44.7	42.5	13.9
	2008		71.5	74.6	58.9	45.1
	2009	AF	84.2	79.8	74.6	51.8
	2010		84.3	84.4	77.6	57.0

Source: Own calculations based on data from SEDLAC. Notes: FIS = Familias por la Inclusión Social, AUH = Asignación Universal por Hijo, BF = Bolsa Familia, CS = Chile Solidario, FA = Familias en Acción, AV = Avancemos, BDH = Bono de Desarrollo Humano, MFP = Mi Familia Progresiva, RDO = Red de Oportunidades, TKO = Tekopora, AF = Programa de Asignaciones Familiares.

5. How Did Beneficiaries' Characteristics Evolve?

Possibly because this was the case for *Progresar/Oportunidades*, which has been the most widely studied CCT program, many believe that CCTs started from extremely poor rural households and later expanded to urban beneficiaries. While the former were characterized by scarce human capital and underemployment (with subsistence agriculture and lack of access to alternative forms of work), the latter were more educated, less poor (in terms of both income and assets) and had access to a wider range of employment opportunities.

Looking at twelve countries with available household data (the surveys for Argentina cover only urban areas) we find that CCTs are mainly urban in Brazil, Chile, Colombia and Uruguay (Table 4). While *Chile Solidario* shows signs of urbanization, with the percentage of urban households growing by 10 points between 2003 and 2009, the share of urban households did not change substantially over the period of observation in Brazil and Uruguay. On the contrary, Ecuador's *Bono de Desarrollo Humano* and Peru's *Juntos* have grown increasingly rural. The only program that seems to have substantially grown through urban expansion is Mexico's *Oportunidades*, whose share of urban households grew from 22% to 40% over the period 2002-10.

Over time, CCTs have been including relatively more educated households. Just to give a few examples, the share of beneficiary heads' with at least some secondary education grew from 32% to 46% in Argentina (2005-10), from 12% to 18% in Brazil (2003-09), and from 10% to 22% in Mexico (2002-10).⁸ The only exceptions are Ecuador and Paraguay, where the level of education of beneficiary household heads decreased slightly over the period of observation (Table 4).

As from programs' design, CCTs expansion appears to be correlated with a reduction in schooling gaps for children of beneficiary households. For example, in Ecuador enrolment in the 16-18 year old group grew from 42% to 61% in beneficiary households over the period 2004-10, against an increase from 67% to 78% for non-beneficiaries. Consequently, the enrolment rate gap decreased from 25 to 17 percentage points (Figure 6 Panel A). At the same time, the

⁸ We focus on household heads years of schooling and highest attended level because these variables are unaffected by program participation (differently from average adults' education which includes the older children). Reported percentages are the sum of incomplete and complete secondary education, plus incomplete and complete tertiary education.

percentage of children in the same age group with a delay of at least one year (comparing age and grade) dropped from 73% to 56% in beneficiary households (a trend similar to that of non-beneficiaries) (Figure 6 Panel B).

Nonetheless, CCT beneficiary households keep being characterized by a low level of education. On average, the heads of beneficiary households have completed 5.5 years of schooling, and over 70% have completed primary education or less.⁹ Heterogeneity is broad. Schooling is lowest in Guatemala, where beneficiary household heads had only 2.4 years of schooling in 2011, and 94% had not achieved more than primary education. At the other end of the distribution, in 2010 Jamaican beneficiary household heads had 8.3 years of schooling, and 76% of them had at least some secondary education (Table 4).

In Argentina, Chile, Ecuador, Mexico and Uruguay expansion in coverage was characterized by a substantial increase in the percentage of household heads engaged in formal wage employment. The largest increase was recorded in Uruguay, from 17% in 2006 to 36% in 2010 (Table 4). In Brazil, Peru and Mexico the share of farmers' households dropped substantially, evidence that only in the case of Mexico can be explained by an expansion to urban areas.

However, beneficiary household heads' employment remains mostly informal, with an average of 67% in either informal wage employment, unpaid family work, self-employment or farming. In many countries, self-employment is the main form of work; this is the case for Colombia, Panama, Paraguay and Peru. Informal wage employment prevails in Mexico and Guatemala, where it is the labor market status of 40% of beneficiary household heads. Formal wage employment regards on average 14% of beneficiary household heads, with shares over 20% only in Brazil, Chile and Uruguay (Table 4).

The analysis of dwelling characteristics confirms that CCT programs have been expanding to relatively less poor households, or that economic growth has improved the living standard of beneficiary households. This is reflected in slightly decreasing rates of overcrowding, and increasing rates of connections to electricity and water networks (Table 4). On average, 84% and 80% of beneficiary households have electricity and water connections, respectively. However, electricity connection rates remain relatively low in Panama (25%), Peru (53%) and Guatemala (65%). Water connection rates are still relatively low in Jamaica (22%), Peru (38%),

⁹ Unless differently specified, all averages are unweighted means of countries' latest observations.

Guatemala (57%), Panama (67%) and Colombia (75%). In these countries, CCTs registries of beneficiaries may be used to identify those in need of housing improvement, and connection to basic infrastructure services.

Despite being characterized by similar incidence of poverty (with poverty headcount ratios in the 60-65% range), important differences remain between beneficiaries in urban and rural areas. First, rural beneficiaries have lower levels of education, with 4.8 years of schooling for household heads, against 6.2 in urban areas. Second, while on average 40% of rural beneficiary household heads are farmers, in urban areas formal wage employment and non-agricultural self-employment are relatively more frequent (respectively 20% versus 14% in rural areas, and 20% versus 7%). Third, rural beneficiary households have significantly lower access to basic infrastructure (80% versus 93% for electricity, and 65% versus 86% for water). Finally, rural beneficiary households are relatively more likely to be female headed (34% versus 23%).

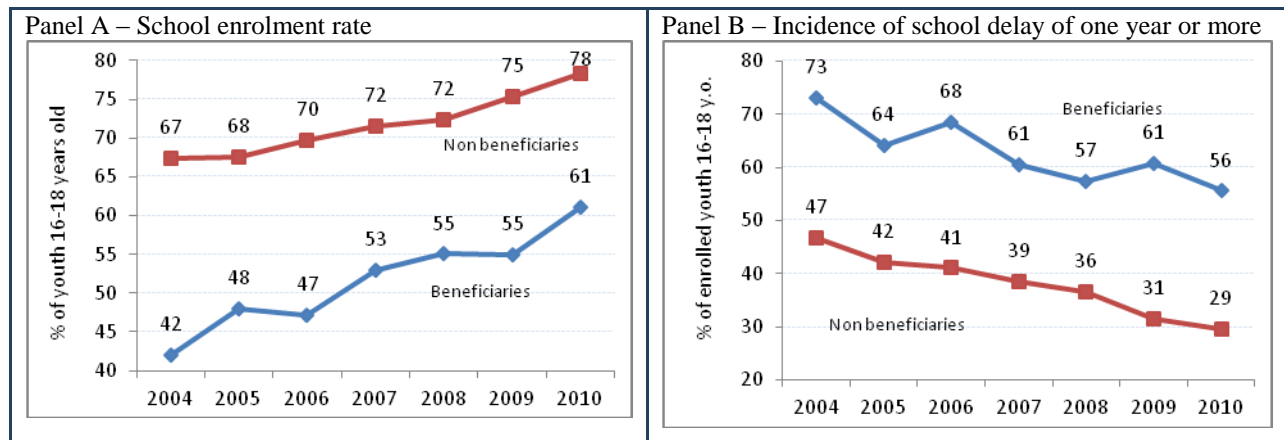
Overall, despite growing leakage, CCT beneficiary households remain mostly poor, characterized by low levels of education, engaged in unstable forms of employment and often lack access to basic infrastructure. These features suggest high vulnerability, in particular in rural areas.

Table 4 - Characteristics of CCTs Beneficiary Households in Selected LAC Countries

Country	ARG		BRA		CHL		COL	CRI	ECU		GUA	JAM	MEX		PAN	PER		PRY		URU	
	2005	2010	2003	2009	2003	2009	2010	2010	2004	2010	2011	2010	2002	2010	2008	2006	2010	2009	2010	2006	2010
Program	FIS	FIS+AUH	BF		CS		FA	AV	BDH		MFP	PATH	<i>Oportunidades</i>	RDO	<i>Juntos</i>		Tekoporá		PANES	AF	
Urban share	100.0	100.0	65.6	68.2	63.6	74.4	73.7	45.4	46.3	38.1	19.9	27.3	22.1	39.9	3.3	11.3	5.3	3.0	8.6	95.7	94.3
Family size	5.0	4.9	4.6	4.2	5.0	4.6	4.8	4.9	5.1	4.4	6.3	4.6	5.0	4.9	6.4	5.8	6.2	5.4	5.2	4.8	4.7
# of children (<12)	2.2	1.9	1.9	1.7	1.8	1.6	1.9	1.1	2.4	2.0	3.0	2.0	2.4	2.1	3.2	3.1	3.3	2.5	2.4	2.5	1.9
Household head																					
Age (years)	44.7	43.4	42.8	41.5	45.0	45.5	42.7	45.9	49.9	55.3	41.2	53.6	48.6	48.7	46.7	44.3	45.7	49.7	47.7	42.6	42.9
% Male-headed	65.4	66.1	76.8	66.7	74.0	63.5	68.4	65.0	77.7	73.0	85.5	42.4	85.0	77.5	82.7	85.0	83.6	79.4	82.1	61.9	61.0
Education																					
Years of schooling	7.1	8.2	3.8	4.7	7.0	7.9	5.2	6.4	4.9	4.5	2.4	8.3	3.1	4.3	4.0	4.3	4.7	4.6	4.1	6.0	6.9
% none-primary	67.8	54.2	88.1	81.9	74.7	58.1	65.8	68.7	81.3	84.2	93.6	23.5	89.8	78.4	87.6	88.1	91.4	79.4	77.0	68.8	54.8
% some/compl. secondary	27.7	38.4	8.3	14.2	24.3	39.7	30.3	28.3	17.0	13.8	6.2	74.2	9.7	20.6	12.2	10.2	8.6	18.5	20.9	30.5	43.5
% some/compl. tertiary	4.4	7.4	3.6	4.0	1.0	2.3	4.0	3.0	1.7	1.9	0.2	2.2	0.5	1.0	0.2	1.7	0.0	2.2	2.2	0.7	1.7
Labor market status																					
% Inactive	22.3	19.0	13.1	16.4	21.8	23.0	15.8	16.6	13.2	22.4	7.2		9.6	18.3	12.2	1.5	1.5	15.3	11.3	19.2	14.0
Unemployed	7.3	5.5	4.7	5.3	7.1	6.7	3.6	4.5	3.3	1.3	1.5		0.3	2.4	1.0	0.0	0.0	0.9	0.8	10.4	4.5
Salaried formal	11.7	15.7	21.2	22.0	20.4	22.9	8.4	35.2	4.4	7.2	7.9		3.0	5.1	10.8	0.6	1.9	1.6	0.0	16.9	36.1
Salaried informal	30.4	34.7	20.8	22.2	20.3	19.5	20.2	19.3	33.6	26.9	39.8		40.5	39.4	17.9	5.5	11.6	4.8	8.3	22.8	17.1
Unpaid worker	0.0	0.0	4.4	4.7	0.2	0.1	0.8	0.2	0.4	0.4	0.5		0.5	1.1	2.4	0.2	0.8	0.4	0.0	0.0	0.2
Self-employed	26.4	21.2	15.9	16.2	19.3	20.1	33.6	15.3	16.9	14.1	8.1		11.5	7.3	6.0	4.1	4.8	3.2	5.3	27.7	23.2
Farmer	0.3	1.3	18.2	11.8	9.8	5.1	16.6	8.3	26.5	27.1	32.2		34.4	21.9	49.3	88.1	79.0	72.8	71.9	2.7	3.8
Employer	1.8	2.5	1.7	1.3	0.5	0.6	1.1	0.6	1.7	0.5	0.6		0.2	4.4	0.0	0.1	0.4	1.1	1.2	0.3	1.1
Dwelling characteristics																					
% Owner	54.1	56.7	70.2	68.1	54.7	55.6	45.9	75.6	74.2	75.8	83.7	72.1	89.5	80.8	94.9	86.4	86.3	91.4	89.0	31.9	34.8
Overcrowding (Members/Rooms)	2.3	2.2	0.9	0.9	1.5	1.1	1.9	1.1	1.1	0.9	4.7	1.6	1.5	1.3	2.8	2.7	2.6	2.6	2.8	2.1	1.7
% Electricity conn.			92.0	97.3	95.4	99.3	96.3	98.9	93.2	94.7	65.1	85.4	91.6	97.9	24.6	20.5	53.2	88.1	94.1	95.3	99.0
% Water connection	97.1	97.7	70.7	81.2	81.0	91.4	75.1	97.9	75.6	82.2	56.7	21.5	64.3	80.7	67.0	17.5	38.2	90.9	91.4	88.4	97.4

Source: Own calculations based on data from SEDLAC. Note: dwelling characteristics for Ecuador in 2004 are from the 2005 household survey.

Figure 6 - School Enrolment and Delay in Ecuador, Youth Aged 16-18 Years Old



Source: Own calculations based on data from SEDLAC.

6. Conclusions and Implications for Policy

Conditional cash transfers have grown rapidly in Latin America and the Caribbean since their first introduction in Brazil and Mexico in the late 1990s. They are now implemented in 18 countries, with more considering their introduction, and reach as many as 129 million beneficiaries. Their expansion is due mainly to the proven ability to reduce poverty while increasing the demand for education and health services, demonstrated through rigorous impact evaluations which were embedded in the original design.

Conditional Cash Transfers (CCTs) development has coincided with a decade of sustained and widespread economic growth that created the fiscal space for increased social assistance. The programs were expanded through the incorporation of new beneficiaries, while the lack of graduation policies prevented the exit of those that were no longer poor. As long as targeting was confined to the chronic poor, this was unlikely to be a problem. Structural poverty has limited variation over time, and requires long term intervention to fill the gap in terms of physical and human capital. The long term objective of the CCTs was to ensure that the children of beneficiary households achieved a sufficiently high level of schooling, so that they could exit poverty through employment, removing the need for social assistance to the next generation. Graduation for beneficiary households would naturally come with graduation of their children from secondary school, and with them finding decent employment.

Expansion to moderately poor beneficiary households, and the consequent increase in targeting errors, translated into a growing number of non-poor beneficiaries. In some cases, the problem was exacerbated when CCTs were used (beyond their intended mandate) to provide short term assistance in the face of spiking food prices. While this problem required short term interventions, governments needed fast-response tools that allowed reaching the poor, particularly those that having small children were most exposed to the nutritional risks of expensive food products. CCTs served the purpose.

As a consequence of increased coverage, leakage to non-poor beneficiaries has been growing. Beneficiary household members' level of education, incidence of formal employment and access to basic infrastructure have all increased over time. Yet, our analysis shows that all these indicators are still far from satisfactory levels. Although relatively less poor, CCT beneficiary households remain largely vulnerable, particularly so in rural areas.

The analysis presented in this paper suggests that, in many cases in which the number of beneficiaries has exceeded the number of poor, further expansion of CCTs should not be on the agenda. On one hand, governments should elaborate graduation policies fostering the exit of those that no longer need social assistance, with the goal of improving as much as possible the quality of targeting. On the other hand, they should direct available resources to measures aimed to maximize the impact in terms of human capital development for the existing poor and vulnerable beneficiaries. For example, the focus of education co-responsibilities could shift from school attendance to learning outcomes. For health, check-ups and vaccinations could be complemented by interventions that improve nutritional outcomes (which in some cases may mean reducing chronic malnutrition, in others the incidence of overweight and obesity). Moving up the results ladder will require improving the quality of the supply of education and health, and complement the work done in school and health centers with other services focusing for example on early childhood development and parenting skill education. For beneficiary youth, the quality of secondary school education should be improved to ensure relevance for labor market outcomes, so to enable a successful school to work transition.

This will not be easy. The experience of most countries has shown that a successful cooperation between social assistance and the suppliers of health and education services is hard to achieve. The introduction of complementary services to build a more complex network with a single objective to maximize beneficiaries' human capital will further complicate the challenge.

Yet, this is a fundamental task if governments want to create a new generation of improved CCTs, and ensure that their programs are effective at achieving the original goal to stop the intergenerational transmission of poverty.

References

- Barrientos, A., Niño-Zarazúa, M. and Maitrot, M. 2010. “Social Assistance in Developing Countries Database. Version 5.0 July 2010”. Available at:
http://www.chronicpoverty.org/uploads/publication_files/social-assistance-database-version-5.pdf.
- Fiszbein, A. and Schady, N. 2009. *Conditional Cash Transfers: Reducing Present and Future Poverty*. Washington DC: The World Bank.
- Fonseca, A. 2006. “Los sistemas de protección social en América Latina: Un análisis de las transferencias monetarias condicionadas”. Seminario de Transferencias Condicionadas y Seguridad Alimentaria: Puertas de Salida a la Pobreza Extrema a través del Combate al Hambre. Santiago de Chile.
www.rlc.fao.org/es/prioridades/seguridad/ingreso/pdf/fonseca.pdf
- Gasparini, L. and Cruces, G. 2010. “Las Asignaciones Universales por Hijo: Impacto, Discusión y Alternativas”. Documento de Trabajo. 102. CEDLAS-UNLP. Julio, 2010. ISSN 1853-0168.
- Gasparini, L. and Lustig, N. 2011. “The Rise and Fall of Income Inequality in Latin America”. CEDLAS Working Papers 0118, CEDLAS, *Universidad Nacional de La Plata*.
- Lindert, K., Linder, A., Hobbs, J. et al. 2007. “The Nuts and Bolts of Brazil’s Bolsa Família Program: Implementing Conditional Cash Transfers in a Decentralized Context”. Social Protection Discussion Paper n. 709. Washington DC: The World Bank.
- Robles, M.. 2011. “Poverty estimates for the Latin America and Caribbean region”. Mimeo, Washington DC: The Interamerican Development Bank.
- Soares, F., Soares, S., Medeiros, M. et al. 2006. “Programas de Transferência de Renda no Brasil: Impactos sobre a Desigualdade”. Texto para discussão No. 1228. Instituto de Pesquisa Econômica Aplicada. Available at:
http://www.ipea.gov.br/sites/000/2/publicacoes/tds/td_1228.pdf

Annex

Table A.1 - Comparison of Standardized and Official Monthly Poverty Lines (USD PPP)

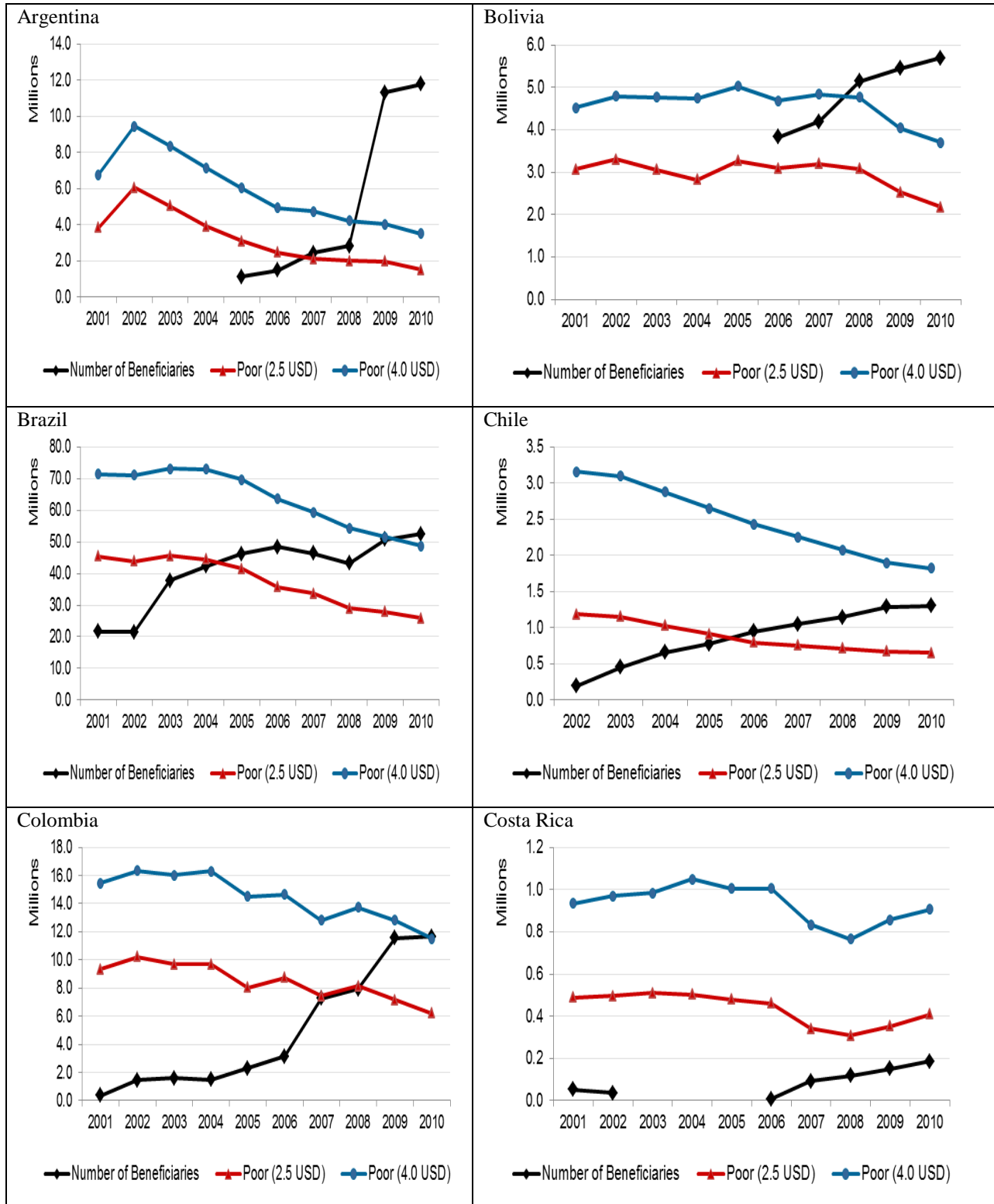
Country	Year	Standardized USD 2.5	Standardized USD 4	Official Extreme	Official Moderate
Argentina	2010	75	120	50	106
Brazil	2009	75	120	Does not exist	
Chile	2009	75	120	63	121
Colombia	2010	75	120	50	106
Costa Rica	2010	75	120	82	171
Ecuador	2010	75	120	61	108
Guatemala	2011	75	120	55	113
Jamaica	2010	75	120	86	131
Mexico	2010	75	120	99	193
Panama	2008	75	120	74	130
Paraguay	2010	75	120	82	128
Peru	2010	75	120	76	129
Uruguay	2010	75	120	75	199

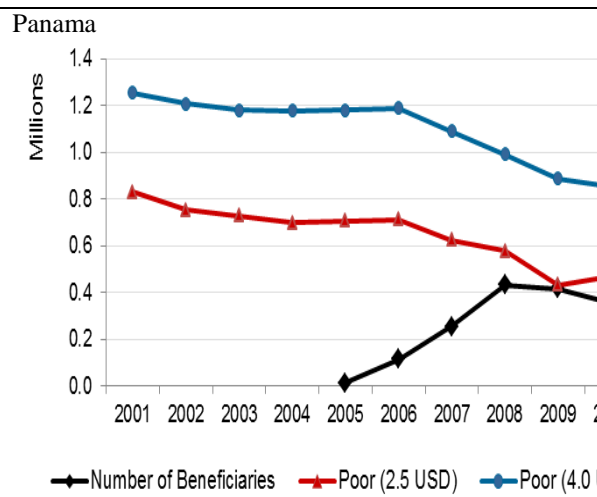
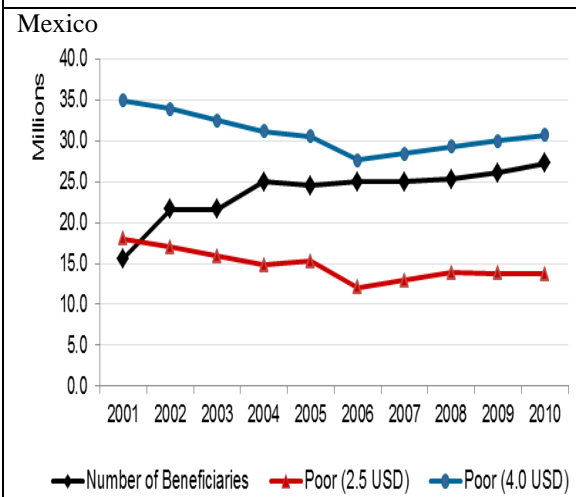
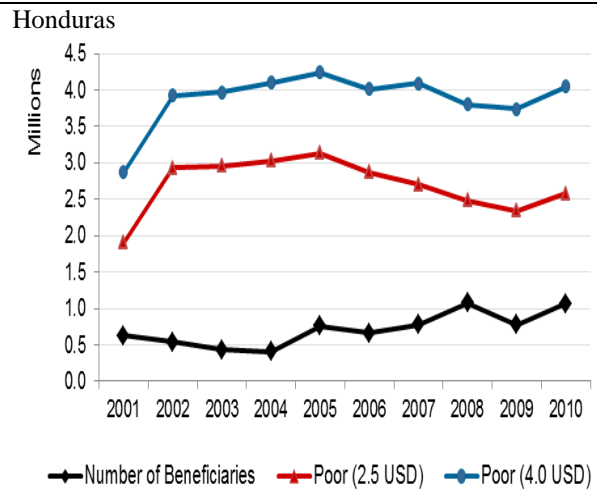
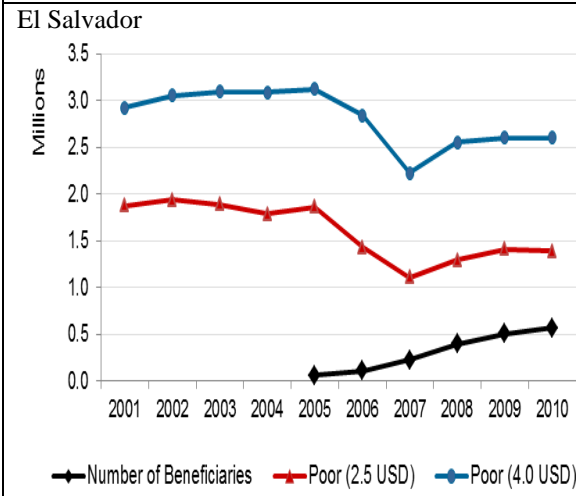
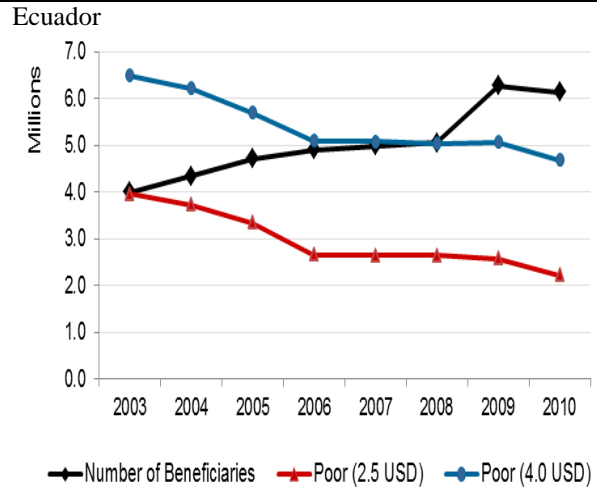
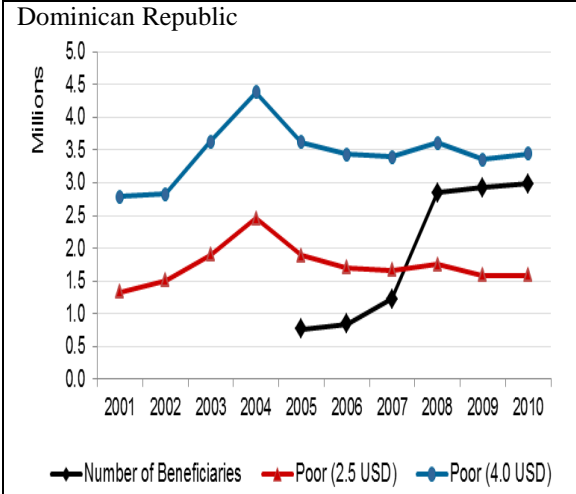
Table A.2 - Impact of CCTs on Poverty (USD PPP 2.5 Poverty Line) in Selected LAC Countries

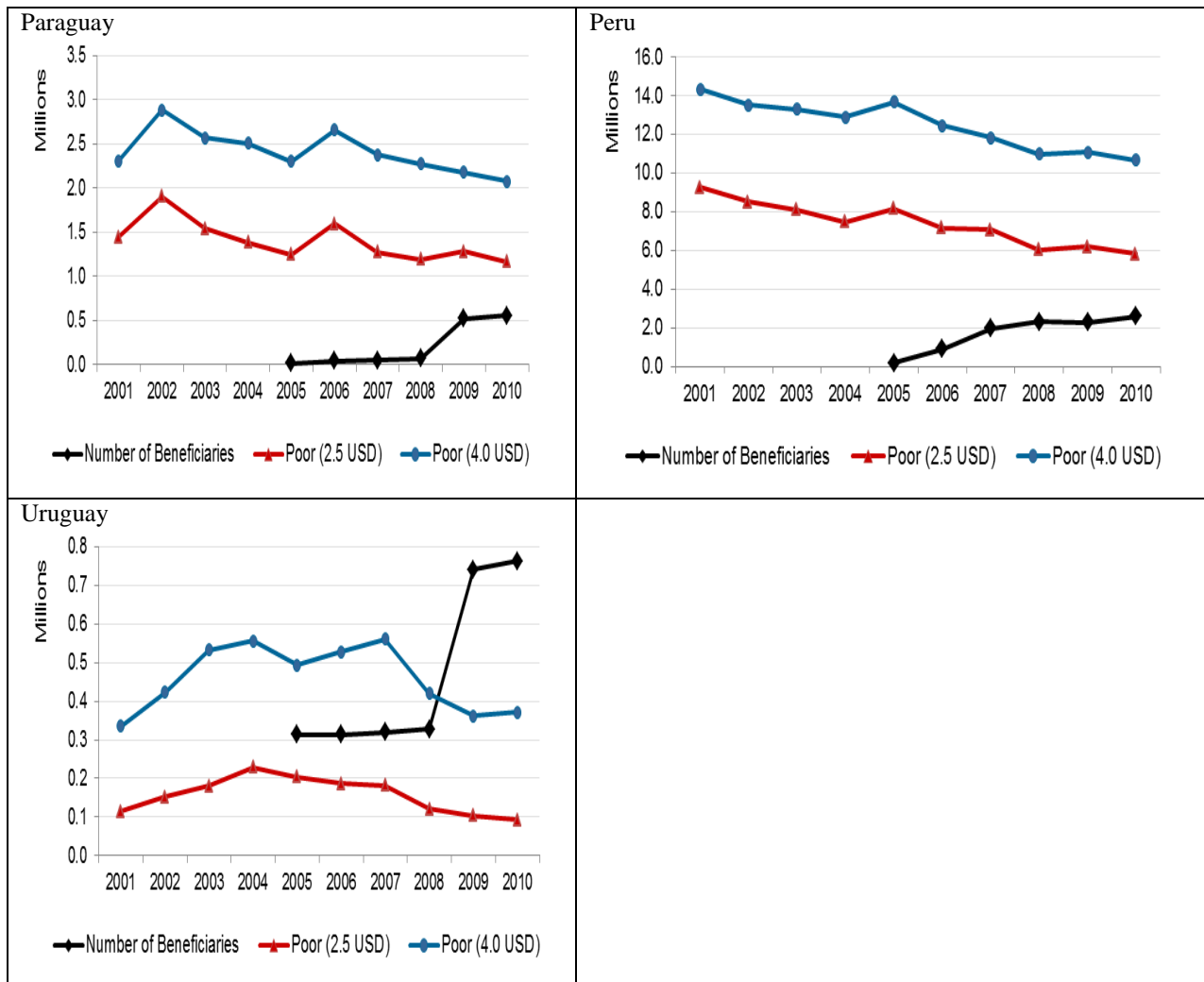
Country, year	Estimated with CCT			Estimated without CCT		
	Poverty headcount	Poverty gap	Squared poverty gap	Poverty headcount	Poverty gap	Squared poverty gap
Argentina, 2010	6.14	2.30	1.36	7.49	3.11	1.95
Brazil, 2009	15.21	7.07	4.85	16.90	8.62	6.31
Chile, 2009	4.29	1.63	0.99	4.59	1.78	1.10
Colombia, 2010	12.13	5.04	3.07	13.44	5.79	3.62
Costa Rica, 2010	4.57	1.67	0.97	5.06	1.86	1.08
Ecuador, 2010	15.91	5.91	3.37	19.24	8.29	5.26
Guatemala, 2011	41.84	16.66	9.04	42.72	17.53	9.74
Jamaica, 2010	9.50	2.35	0.83	9.95	2.73	1.04
Mexico, 2010	12.63	4.79	2.80	14.35	6.22	3.95
Panama, 2008	17.88	8.72	5.63	18.62	9.83	6.98
Paraguay, 2010	18.31	6.39	3.09	19.62	7.64	4.10
Peru, 2010	18.45	7.75	4.65	18.68	8.16	5.01
Uruguay, 2010	2.75	0.58	0.22	4.39	1.14	0.49

Source: Own calculations based on data from SEDLAC.

Figure A.1 - Evolution of Poverty and Magnitude of CCT Programs in Selected LAC Countries

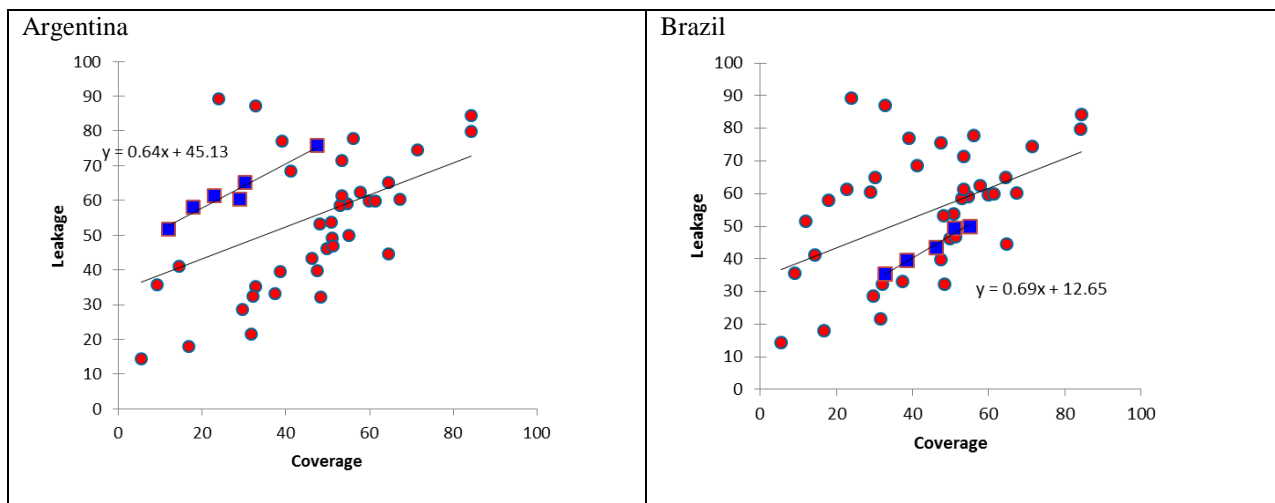


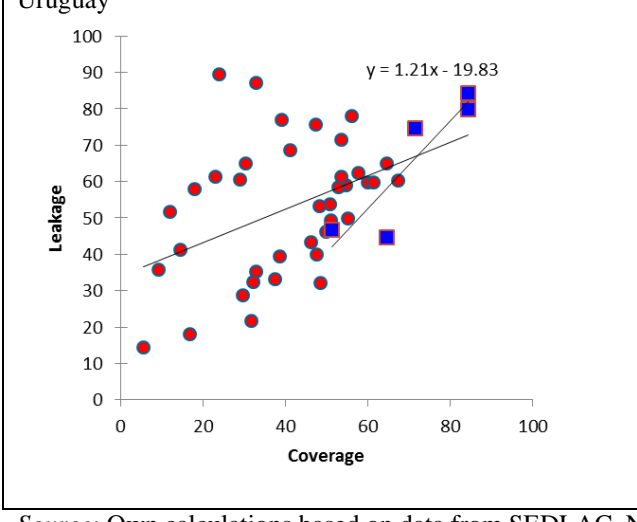
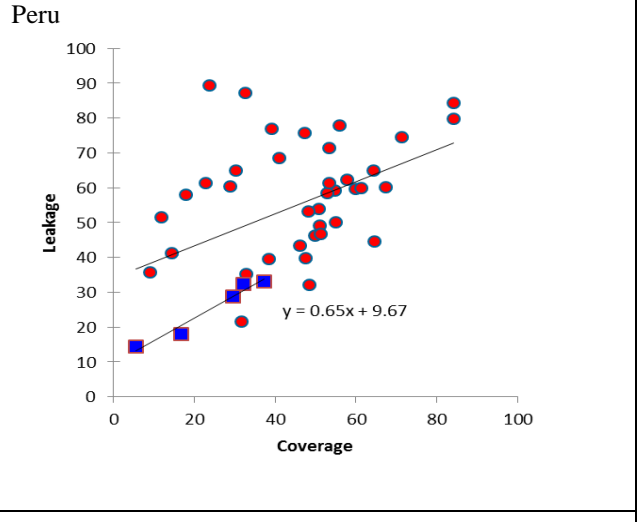
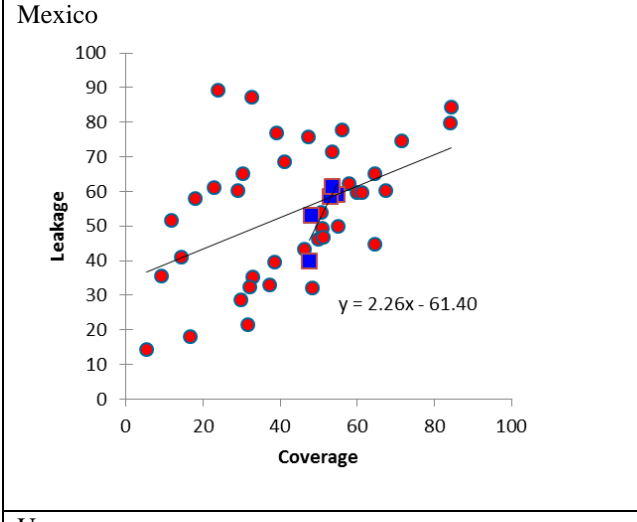
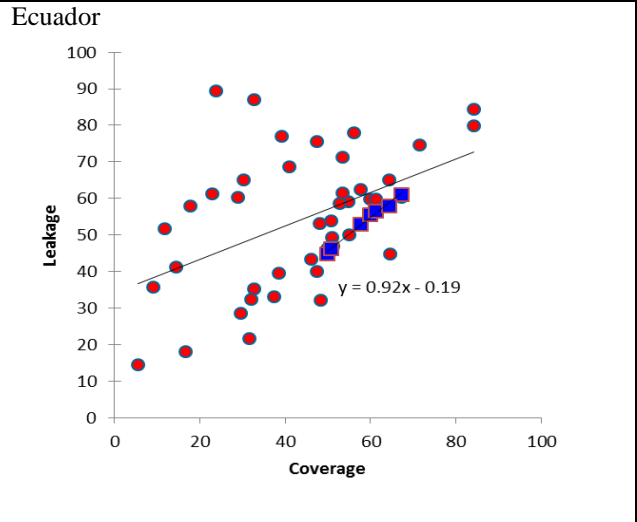
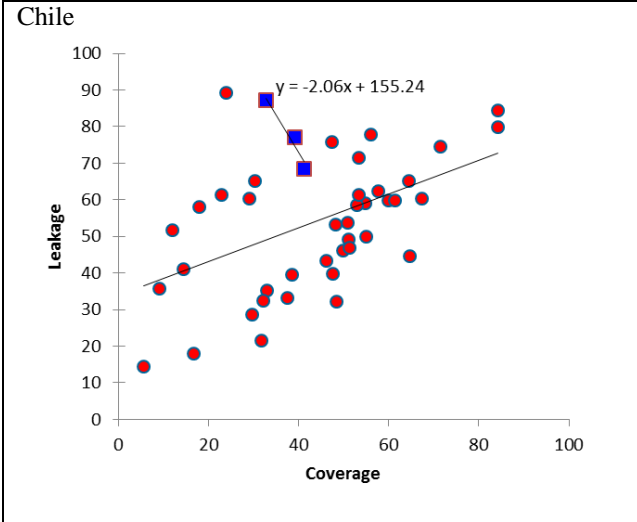




Source: Own calculations based on data from SEDLAC and CCT administrative sources.

Figure A.2 - Coverage and Leakage in Selected LAC CCTs





Source: Own calculations based on data from SEDLAC. Note: solid circles and long trend line represent all LAC observations; solid squares and short trend line refer to the selected country.