

## Results Profile: Social Protection in Latin America and the Caribbean

### ACROSS LATIN AMERICA

## Conditional Cash Transfers Improve Human Capital

### Overview

For more than a decade, the [International Bank for Reconstruction and Development \(IBRD\)](#) has helped countries in Latin America and the Caribbean pioneer conditional cash transfers (CCTs) as a proven approach to helping people out of poverty. By linking cash payments to keeping children in school or ensuring that families get proper health care, these programs benefit 21 million families – or 93 million people – each year across the region.

#### Full Brief—4 Pages

[Conditional Cash Transfers for Poor Families: An efficient tool for combating poverty](#) —PDF, April 2010

### Challenge

Poverty and inequality are critical issues in growing economies and tend to pass from generation to generation in the same families. The poor and vulnerable are exposed to a wide range of risks and shocks that affect their current well-being and their longer-term prospects for rising out of poverty.

To address these challenges, all countries need social safety nets both to protect the vulnerable from falling into poverty during crises and to help them transition out of poverty in the absence of larger crises. Safety nets are defined as non-contributory transfer programs targeted to the poor and those vulnerable to shocks. CCT programs, originally designed in Latin America, are safety nets that provide cash to poor families on condition that they make verifiable investments in the current and future well-being of their children, such as regular school attendance or use of basic preventative nutrition and health services.

Latin American and Caribbean governments have adopted CCTs as a social protection tool for combating poverty. By addressing demand-side barriers such as lack of information, these beneficiary-centered programs can improve the efficiency of basic services.

### Approach

The IBRD has supported conditional cash transfers since the first programs began in the late 1990s, either through technical support or funding. IBRD engages in policy

More Results 

**21**  
**million**

households in Latin America/Caribbean are benefiting from CCT programs.

#### MORE INFORMATION

- » [World Bank and Safety Nets](#)
- » [World Bank and Conditional Cash Transfers](#)
- » [World Bank and Latin America/Caribbean](#)
- » [Conditional Cash Transfers: Reducing Present and Future Poverty](#)
- » [Social Safety Nets: Lessons from Rich and Poor Countries](#)
- » [Conditional Cash Transfers: Weathering the Crisis](#)

dialogue, studies and investment lending, and has supported exchange of information and CCT experiences among numerous developing countries. IBRD has helped clients design and strengthen monitoring and evaluation methodologies, as well as management information systems, allowing for better tracking of program activities. In recent years, a community of practice on CCT programs in the Latin America and Caribbean region has been established.

During fiscal years 2005-2009, IBRD expanded its CCT portfolio, approving 16 projects in 10 countries, mainly in Latin America and the Caribbean, with more recent projects branching out to East Asia and Eastern Europe. IBRD approved over US\$1.5 billion for Mexico's [Oportunidades](#) program alone – 40 percent of total IBRD safety net lending. In fiscal year 2009, several of the region's CCT programs were expanded to protect the most vulnerable from the impact of the global financial crisis. IBRD provided nearly US \$2.5 billion to help LAC countries finance the response.

CCT programs have implemented novel approaches to targeting the poor, addressing gender issues, transferring funds, fostering social accountability, building error and fraud control systems, and strengthening governance. Programs have also used new technologies such as bank cards to facilitate payments and cell phones to send educational messages to recipients. They have linked clients to social services, helped obtain identity documents for marginalized groups, and promoted savings as a medium-term strategy to help CCT households out of poverty.

## Results

To date, 17 countries in the Latin America/Caribbean region have adopted CCT programs. CCTs supported by the IBRD in the last decade benefit about 21 million households annually in Latin America and the Caribbean, or almost 93 million individuals. The largest CCTs are in Brazil and Mexico, serving 11 million and 5.2 million households, respectively. Colombia's program, [Familias en Acción](#), reaches about 20 percent of all households and Jamaica's [Program of Advancement through Health and Education](#) benefits about 12 percent of the population.

CCTs have been shown to reduce poverty rates among participants in Mexico, Colombia, Jamaica and Brazil. An evaluation of Chile's [Solidario](#) program in 2006 found that rural beneficiaries experienced an 18 percent reduction in poverty and 35 percent drop in extreme poverty.

Even when CCTs do not pull households out of poverty entirely, they improve conditions for beneficiary families. For example, CCTs have contributed to increased per capita consumption (by 7 percent in Brazil, 8 percent in Mexico and 10 percent in Colombia). Beneficiary families also consumed more food of better nutritional quality, contributing to better health and nutrition outcomes.

Increased vaccination coverage was found in some countries that had low initial vaccination rates (for example, in Nicaragua and Honduras), but not in countries, such as Mexico where these rates were already quite high. Increases in visits to health centers have been substantial, with a 38 percent increase in health care visits for children 0-6 years old in Jamaica and a 33 percent increase in growth monitoring of children 0-2 years old in Colombia.

Across the region, CCTs have boosted school enrollment from 1 to 10 percentage points, with larger effects in the higher grades. Thirty-eight percent of the children whose families have benefited from the [Oportunidades](#) program in Mexico and have gone on to higher education.

## Toward the Future

CCTs are moving from the first generation operational issues of ensuring that money reaches beneficiaries transparently, to future challenges of integration with other programs and to helping clients graduate out of poverty. To improve the design, implementation, expansion and

evolution of effective CCT programs, further development of “best practice” knowledge and useful tools for capacity building is needed. Lessons learned in IBRD countries are guiding expansion of CCTs in lower income countries served by the International Development Association.

IBRD will continue to lend and provide technical assistance to support CCT programs and innovations to ensure these programs best meet country needs.

## Partners

IBRD has worked with the [Secretariat of Social Development](#) (Mexico), the [Ministry for Social Protection](#) (Colombia), the Ministry of Social Development and Eradication of Hunger (Brazil), the [Presidential Council of Ministers](#) (Peru) and the [National Council of Women](#) (Argentina), among others, to provide lending and technical assistance to support CCT programs.

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