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CONDITIONAL CASH TRANSFERS:

PROGRESS TOWARDS THE MILLENNIUM DEVELOPMENT GOALS

by Blase Kornacki*

The Millennium Development Goals (“MDGs”) set the lofty targets of ensuring universal primary education, reducing poverty, combating infectious diseases, and promoting gender equality.¹ Commitment to similar goals in the past has not met with much success; however, evolving approaches to social welfare give hope that progress towards the MDGs is possible. One such new approach is the Latin American phenomenon of conditional cash transfer programs (“CCTs”).


Conditional cash transfer programs are transforming Latin America’s approach to social welfare.⁴⁵ CCTs provide money to families living in extreme poverty in exchange for the commitment to invest in human capital.⁴⁶ The programs aim at replacing the “traditional supply-side mechanisms” with “demand-side interventions to directly support beneficiaries.”⁴⁷ Traditional mechanisms battled poverty with subsidies or direct investments in public goods, whereas the new approach channels support directly to the people and promotes investment in human capital, using market approaches as an incentive to use social services such as primary and secondary education and local health centers.⁴⁸ Like the MDGs, the CCT programs focus on the long-term benefits of improved education and health services rather than concentrating merely on short-term income objectives. By providing financial incentives to induce school attendance, the programs aim to give children the opportunity to contribute to the family without having to enter the workforce.⁴⁹

Brazil’s *Bolsa Familia* (“family fund”)⁵⁰ is Latin America’s largest CCT program, and is poised to become the largest CCT program worldwide as well.⁵¹ *Bolsa Familia*, like many similar programs across Latin America, combines the educational element that requires 80-85 percent attendance with additional health and nutrition requirements. It provides income to 7.5 million of Brazil’s poorest families, in an effort to offset the need for child-earned income by providing heads of households with a basic monthly payment.⁵² Because the administrators believe women are more likely to invest the money in their children, payments are made every two months to female heads of household.⁵³ In return, recipients must ensure that their children are properly vaccinated and that they regularly attend school. Children who do not meet the program’s school attendance requirements risk suspension of their families’ benefits.⁵⁴

The programs have met with varying degrees of success. Studies show that while recipients of the cash transfers are more likely to attend school, they are not less likely to work.⁵⁵ Instead, children are increasingly expected to juggle both work and school.⁵⁶ Attendance rates have been difficult to gauge, and media allegations of extortion accuse teachers of withholding small grants from the very poor families in exchange for proper reporting of attendance to the authorities.⁵⁷ A further critique of the programs is their emphasis on attendance rather than the improvement of the quality of public education.⁵⁸ While these critiques point out the inefficiencies of the new

approach, CCT’s positive impacts are laying a foundation for the future elimination of these shortcomings.

The statistics show a generally positive effect that CCTs have had on their education goals, particularly in terms of increased enrollment rates for both girls and boys.⁵⁹ Nicaragua’s twenty-two percent increase in primary school enrollment in CCT areas exhibits the most drastic improvement.⁶⁰ Colombia has noted positive effects of CCTs on the enrollment rates in rural areas, but there is no impact in the urban zones.⁶¹ CCTs have also seen some success in narrowing the gender gap in education.⁶² Targeting gender inequality, some countries offer higher grants to females as an added incentive to stay in school.⁶³

The CCT’s positive impacts on school enrollment rates and preventive healthcare attest to the overarching success of the programs. Despite its criticisms, the CCTs’ innovative approach to the delivery of social services gives hope that evolving welfare structures will facilitate the attainment of future targets such as those set forth by the Millennium Development Goals. 

ENDNOTES:

- ¹ UNITED NATIONS, MILLENNIUM DEVELOPMENT GOALS, available at <http://www.un.org/millenniumgoals/goals.html> (last visited Nov. 3, 2005).
- ² See Laura Rawlings, world bank group, *A New Approach to Social Assistance: Latin America’s Experience with Conditional Cash Transfer Programs*, at 1 (Aug. 2004), available at [http://wbln0018.worldbank.org/HDNet/HDdocs.nsf/2d5135ecbf351de6852566a90069b8b6/4bb6997285f65ef585256ee5005e3a75/\\$FILE/0416.pdf](http://wbln0018.worldbank.org/HDNet/HDdocs.nsf/2d5135ecbf351de6852566a90069b8b6/4bb6997285f65ef585256ee5005e3a75/$FILE/0416.pdf) (last visited Nov. 4, 2005).
- ³ *Id.*
- ⁴ *Id.*
- ⁵ *Id.*
- ⁶ See Andre Portela Souza, *The Impact of Cash Transfers on School Attendance and School Progression in Brazil*, at 5 (Feb. 2005), available at <http://www.vanderbilt.edu/Econ/wparchive/workpaper/vu04-w07.pdf> (last visited Nov. 4, 2005).
- ⁷ ECONOMIST.COM, *New Thinking about an Old Problem*, (Sept. 15, 2005), available at http://www.economist.com/displaystory.cfm?story_id=4408187 (last visited Nov. 4, 2005).
- ⁸ Rawlings, *supra* note 2, at 2.
- ⁹ ECONOMIST.COM, *supra* note 7.
- ¹⁰ ECONOMIST.COM, *supra* note 7.
- ¹¹ See Rawlings, *supra* note 2, at Table 2, 21, for information on country-specific conditions placed on recipients of CCTs.
- ¹² See Souza, *supra* note 6, at 7.
- ¹³ See Souza, *supra* note 6, at 7.
- ¹⁴ Simon Schwartzman, *Education-Oriented Programs in Brazil: the Impact of Bolsa Escola*, at 3-4, Paper submitted to the Global Conference on Education Research in Developing Countries, Global Development Network, Prague (Mar. –Apr. 2005), at 4, available at http://www.schwartzman.org.br/simon/pdf/bolsa_escola_eng.pdf, (last viewed Nov. 3, 2005).
- ¹⁵ See *id.* at 23.
- ¹⁶ Rawlings, *supra* note 2, at 9.
- ¹⁷ Rawlings, *supra* note 2, at 9.
- ¹⁸ Rawlings, *supra* note 2, at 9.
- ¹⁹ Rawlings, *supra* note 2, at 5.
- ²⁰ Rawlings, *supra* note 2, at 5.

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