Economic and political inclusion of human development conditional transfer programmes in Latin America?

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Abstract

Human development conditional transfer programmes have been adopted by a majority of countries in Latin America to address the intergenerational persistence of poverty. Typically, programmes provide regular and reliable transfers in cash to households in poverty, with transfers conditional on children attending school and on household members attending health clinics. Rigorous impact evaluations have established that, on the whole, programmes reach their explicit objectives, especially as regards nutrition, children's schooling and improved health care utilisation. It is too early to say whether human development programmes will be successful in reducing the intergenerational persistence of poverty in the region. To an extent, this will depend on whether they contribute to the economic and political inclusion of groups in poverty and extreme poverty. To the extent that improvements in children's schooling and health state cannot guarantee a successful inclusion in the labour market, or that transfers reinforce longstanding clientelistic practices in the region; the fuller economic and political inclusion of these groups might not materialise. The paper aims to throw light on these issues by assessing existing knowledge on the longer term effects of participation in human development transfer programmes leads on productive capacity, employment and political participation. It finds a mixed picture.

Keywords

Social assistance, social protection, cash transfers, Latin America

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1. Introduction

Large scale human development conditional transfer programmes have been adopted by a majority of countries in Latin America to address the intergenerational persistence of poverty.[1] Typically, programmes provide regular and reliable transfers in cash to households in poverty, conditional on children attending school and on household members attending health clinics. In some cases, Mexico's Progresa/Oportunidades and Brazil's Bolsa Família for example, human development conditional transfer programmes have evolved into flagship antipoverty programmes, leading national antipoverty strategies. Disguised as 'ccts', conditional cash transfers, they attract considerable attention from international organisations and from governments in Africa and Asia.[2] A growing literature has emerged assessing their orientation, design, and effectiveness.[3] This paper throws light on two issues, central to the sustainability of human development conditional transfer programmes, which have not received adequate attention in the literature. Are human development conditional cash transfer programmes likely to deliver longer terms improvements in human development sufficient to break intergenerational poverty persistence? Are they likely to contribute to the political participation of low income and informal groups?

Rigorous impact evaluations have established that, taken as a whole, programmes reach their explicit objectives, especially as regards nutrition, children's schooling and improved health care utilisation.[4] It is too early to say whether human development programmes will prove successful in reducing the intergenerational persistence of poverty in the region. To an extent, this will depend on whether they contribute to sustained improvements in the productive capacity of programme participants, sufficient to ensure fuller economic inclusion. Critics often raise the issue that improvements in children' schooling and health state cannot guarantee a successful inclusion in the labour market.[5]

Economic inclusion goes hand in hand with political inclusion. An apt description of the welfare institutions which evolved in Latin America in the second half of the last century is that they were 'truncated'. Formal sector urban workers benefited from pensions and health insurance generously subsidised from general taxation. Informal and rural workers and their families had very limited access to social protection. Truncated welfare institutions reflected and reinforced the political exclusion of large sections of the population, a situation exacerbated by authoritarian regimes in the latter part of the last

[1] Similar programmes have been adopted in Africa and Asia, but the paper focuses only on the Latin American experience.
[2] Elsewhere we have made the point that human development conditional cash transfer programmes need to be studied within a broader category of social assistance. See BARRIENTOS, A. 2013c. *Social Assistance in Developing Countries,* Cambridge, Cambridge University Press.
[3] See, inter alia, CECCHINI, S. & MADARIAGA, A. 2011b. La trayectoria de los programas de transferencia con corresponsabilidad (PCT) en América Latina y el Caribe. Santiago: CEPAL, CECCHINI, S. & MADARIAGA, A. 2011a. Conditional cash transfer programmes. The recent experience in Latin America and the Caribbean. Santiago: ECLAC, FISZBEIN, A. & SCHADY, N. 2009. *Conditional Cash Transfers. Reducing Present and Future Poverty,* Washington DC, The World Bank, GONZÁLEZ DE LA ROCHA, M. & ESCOBAR, A. L. 2012. *Pobreza, transferencias condicionadas y sociedad,* Mexico City, CIESAS.
[4] The best example is SKOUFIAS, E. 2005. Progresa and Its Impacts on the Welfare of Rural Households in Mexico. *Research Report.* Washington: International Food Policy Research Institute
[5] For a review of Progresa in Mexico see FREIJE, S. & RODRÍGUEZ-OREGGIA, E. 2012. Long Term Impact of a Cash Transfer Program on Labor Outcomes of the Rural Youth in Mexico. Center for International Development at Harvard University, GONZÁLEZ DE LA ROCHA, M. 2012. *Vulnerability, Household Dynamics and Social Policy in México,* Mexico City, Sedesol.

century.[6] Human development conditional cash transfer programmes, and more generally social assistance, have emerged with democratisation, but critics question whether transfers will reinforce longstanding clientelistic practices in the region.[7]

Research findings on these two issues, economic and political inclusion, have important implications for the future of antipoverty policy in Latin America and elsewhere. There are direct implications for the design and implementation of these programmes. Increasingly, human development conditional cash transfer programmes in the region are perceived as flagship programmes organising and integrating a range of complementary interventions, including interventions linked to employment and enterprise development. Pioneer programmes, like Mexico's Oportunidades have developed interventions aimed at facilitating the transition to employment for early cohorts of children who have completed the schooling cycle. There are also broader implications for the study of antipoverty policy. Among them, the need to see human development conditional cash transfer programmes as institution building and not as time limited 'development' interventions, stands out. The success and political sustainability of antipoverty policy rests as much on social contract renewal as in the more technical design features of specific programmes.

The paper throws light on these issues. It examines the extent to which participation in human development transfer programmes can be expected to deliver economic and political inclusion in Latin America. Section 2 will consider what we know about the longer term effects of participation in human development conditional cash transfer programmes. Section 3 assesses the short and longer term effects on political participation. Inevitably, this is work in progress as a full assessment of these effects can only materialise in the fullness of time. A final section draws out the main conclusions.

2. Do transfers have long term effects on economic inclusion?

In their initial incarnation, human development conditional cash transfer programmes in Latin America were intended to have a limited time window. They were introduced to help households experiencing poverty avoid disinvesting in their children's human capital. The incidence of dysfunctional but rational responses by households in poverty, taking children off school or 'economising' in health and food items, became evident during the economic crisis of the second half of the 1990s.[8] For example, most cash transfers were initially set up to support beneficiaries temporarily until the economy could return to positive growth, as actually happened with PANES programme in Uruguay. Mexico's 1997 Oportunidades programme was intended to deliver direct income transfers in cash to targeted households for three years. Colombia's 2002 Familias en Acción adopted a similar time window. Red de Protección Social in Nicaragua operated from 2000 to 2006 and it was phased out due to the end of its funding cycle. Initially at least, anti-poverty programmes emerged as a counter-cyclical strategy for poor households.

[6] Brazil was the last country to extend the franchise to illiterate citizens in 1985, about a quarter of the potential electorate.
[7] See HALL, A. 2008. Brazil's Bolsa Família: A Double-Edged Sword? *Development and Change,* 39**,** 799-822, MAHON, J. E. 2009. Can new social programs bring about a new period of political incorporation in Latin America? Williamstown MA: Williams College.
[8] See CUTLER, D. M., KNAUL, F., LOZANO, R., MÉNDEZ, O. & ZURITA, B. 2000. Financial Crisis, health outcomes and aging: Mexico in the 1980s and 1990s. Cambridge, M.A.: National Bureau of Economic Research.

Short term approach but long-term focus?

Contrary to the initial expectations of policy makers, most human development conditional cash transfer programmes are still in operation. In fact, governments in the region have sustained and scaled up cash transfers for longer than it had been intended. Table 1 provides summary information on human development conditional transfers in Latin America and the Caribbean. In most countries, these programmes have become the flagship of antipoverty strategies, and have acquired a firm and stable institutional base in Ministries of Social Development.

[Table 1 about here]

To an important extent, there was a mismatch between policy-makers perceived need to address the impact of the economic crises, and the fact that the programmes targeted structural poverty. While policy makers were focused on responses to a temporary economic turmoil expected to fade out within 3 or 5 years, the programmes were designed to achieve the reduction and eventual eradication of persistent poverty. Introducing Chile Solidario in 2002, President Lagos stated that its aim was to eradicate extreme poverty by 2010. This innovative programme included the *Puente* component that was expected to support households for two years, in which beneficiaries could achieve a minimum living standard (MIDEPLAN, 2009). Yet the targeting methods in use by a majority of programmes were designed to respond to the structural causes and consequences of poverty or deprivation. In Mexico, the selection of beneficiaries relied on a proxy mean test detecting deficits on a broad set of human, physical and social capitals (Coady and Parker, 2009). The persistence of poverty has, in fact, ensured continued demand for such interventions, beyond the short term response to the very regular crises in Latin America.

The persistence of poverty raises important questions about the long run effectiveness of human development conditional transfers. There has been a large decline in extreme poverty in the region, where these programmes have contributed to this trend. See Figure 1. However significant levels of extreme and persistent poverty remain.

[Figure 1 about here]

Human development conditional transfers have been designed with the dual objective of alleviating current poverty levels and increasing children's human capital. The expectation is that once children become adults they will be equipped with higher productive capacity and avoid poverty when forming new households. Human development conditional cash transfers focus at the same time on adults and children, but the long-term effects experienced by these groups must be analysed differently. Adult household member can use the additional income to enhance their consumption levels and as working capital in activities with very low productivity.[9] The human capital that adults can accumulate from income transfer is limited, as they commonly engage in informal jobs or end up as self-employed. Human development conditional transfers have targeted households living in rural areas, where agricultural activities are predominant and yield lower returns to human capital. As regards children, the long-term

[9] A long-term evaluation found that parents would invest part of the transfer in productive assets, increasing their income in about 10 percent. See GERTLER, P. J., MARTINEZ, S. W. & RUBIO-CODINA, M. 2012. Investing Cash Transfers to Raise Long-Term Living Standards. *American Economic Journal: Applied Economics,* 4**,** 164-92.

effects of these programmes can be observed directly only when they become economically active, but their accumulation of human capital can be traced before they join the labour market.

A simple model can help to illustrate the longer-term effect of conditional cash transfers. Emerson and Souza (2003) develop an inter-temporal model of human capital investment that may explain the interaction of non-linearities and the overcoming of poverty traps under a intergenerational framework[10]. They assume that the child labour decisions are made by the head of the household and that s/he sends the child to work (or keeps her at school) only if the contribution of the children to current consumption is higher than the valuation of the future consumption.

In this case, households decide between child labour or child human capital accumulation. For simplicity, there is one child and one adult who values current consumption and the schooling attainment of his child. Given imperfections in the financial markets, parents are unable to borrow. Households with little initial human capital are more desperate for the contribution of the child to the present consumption than those high educated households. The human capital is the only determinant of adult wage and the labour income of the children is equal to the typical wage of an adult with no education.

In each period t, the utility of the adult is given by $U_t = U(C_t, h_{t+1})$, where C_t is the consumption level and h_{t+1} is the human capital achievement of the child. Adult earnings are given by the function $w_t^a = h_t$ and child wage is $w_t^c = 1 - e_t$, where e_t - $e_t \epsilon [0,1]$ - is the time spent at school. It is assumed that there is a technology that converts the time at school into human capital, denoted by $h_{t+1} = f(e_t)$ that complies with these properties: $f(0) = 1$, $f(1) = \bar{h} > 1$ and $f'(e) \geq 0$ for all $e_t \epsilon [0,1]$.

The adult maximizes his utility function $U[h_t + 1 - e_t, f(e_t)]$ subject to the total earnings of the household given by $w_t = w_t^a + w_t^c$ and the budget constraint $c_t = w_t$. Therefore, if e^* is the solution to this problem, it can be expressed as a function of the human capital - namely $h_{t+1} = f\big(g(h_t)\big) \equiv \gamma(h_t)$. The functional forms of $g(.)$ and $f(.)$ will determine the shape of $\gamma(h_t)$.

In figure 1, $g'(.)$ and $f'(.)$ are deemed to be positive. Two steady states and one saddle point in the intergenerational transmission of education - and subsequent earnings. At point A no time is allocated to human capital formation The latter is where $f(0) = 1$. Any human capital investment such that $h_t < h^*$ would not be sufficient to move from the trap at this point.

At point *B* there is a critical value of human capital achievement that is sensitive to any slight variation. Any point such that $h_t > h^*$ would lead to the second steady state at point *C*, where children engage full time to human capital accumulation activities. The latter may be considered as a virtuous trap.

The empirical evidence on CCTs suggests that it may require more than one generation to escape the trap. Co-responsibilities can be introduced in the model by constraining the education time, e_t, until it can reach levels beyond the saddle point *B* in figure 1. Similarly, the value of the transfer may compensate the downfall of the incomes of the households given that children spend more time at school.

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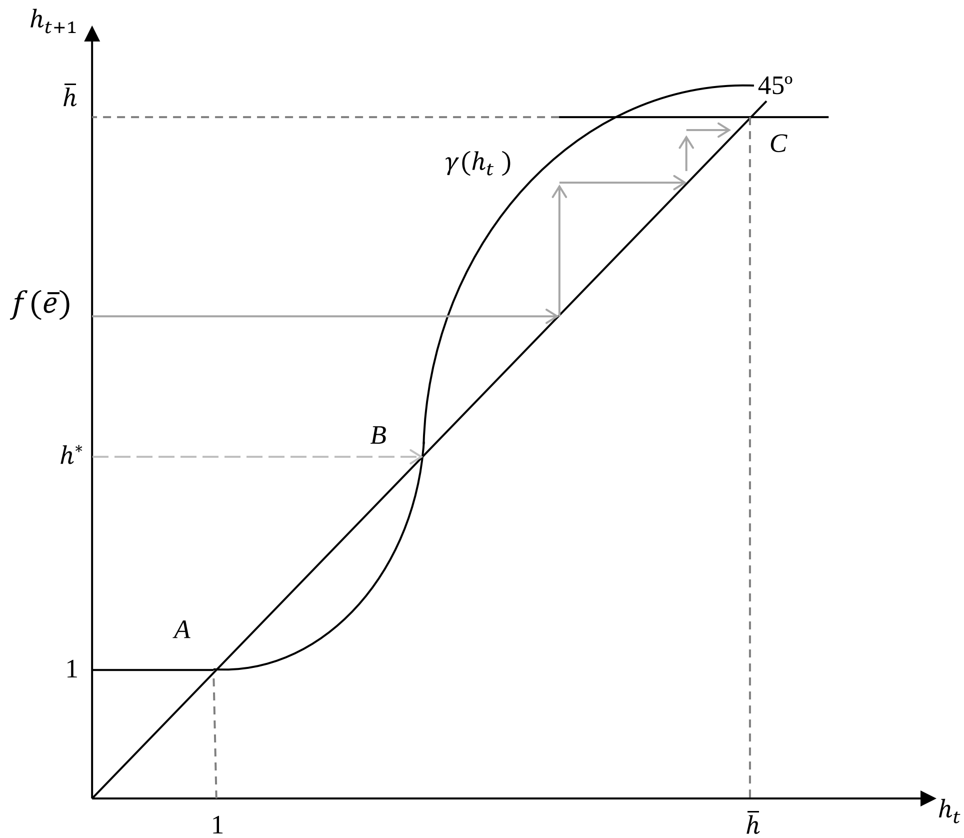
[10] A similar analysis is made by Moav [2002] assuming convex technology and bequest transferring MOAV, O. 2002. Income distribution and macroeconomics: the persistence of inequality in a convex technology framework. *Economics Letters,* 75**,** 187-192.

Figure 1. Children's human capital function.

Source: Emerson and Souza (2003); modified by authors.



The CCT is introduced into the household's budget constraint in as a function of the minimum schooling time required by the programme. Let $\bar{e}$ be the minimum schooling time that determines the participation in the CCT scheme. If the benefits, $B(\bar{e})$, are defined as positive when $e_t \geq \bar{e}$, then the budget constraint becomes $w_t = w_t^a + w_t^c + B(\bar{e})$. We assume that the benefit covers the reduction in household's income that results from a lower child labour.

Given the solution for the optimization problem, we start from the condition where $e^* < \bar{e}$. In this case, the human capital accumulation won't be enough to escape the lowest steady state in Fig. 1. Similarly, if human capital accumulation can reach point B, parents and children will obtain the same education level where no further accumulation if feasible.

A noteworthy case is when the programme can exogenously anticipate the minimum education level and benefit size that it are required to attain the highest steady state. This is when the solution to the maximisation problem leads a result such that $e^* = \bar{e}$. In Fig. 1 this is illustrated in the children's human capital level obtained by $f(\bar{e})$, where adult's education is not directly determinant of observed children's attainment. The final result is the convergence of child and adult human capital onto the highest steady state.

Evidence from differential exposure to these interventions

There is very little direct evidence on the long-term effects of human development conditional transfers. While, some evaluations have focused on different levels of exposure of beneficiaries to identify medium and longer term effects, other studies have tried to assess the conditions of former participants whose transfers have been stopped and compared them to existing participants.

Behrman et al. (2004) evaluate the performance of Mexico's Oportunidades for different levels of exposure comparing programme outcomes in early and late entry municipalities. They show that the longer the exposure to the programme, the greater the effects on years of education. This higher human capital translated into an increase of 25.2 percent in the average wage of working girls, while there were no significant outcomes for boys. Similarly, Barham et al. (2013) estimate the effects of the Red de Proteccion Social in Nicaragua for those beneficiaries that were exposed to the programme for three years a decade ago. As the Red de Proteccion Social was phased out in 2009, they traced ex-participants around the country in order to reduce attrition rates. The highlight of this research on Nicaragua's human development conditional transfer was the education attainment of children enrolled at 9-12 years old. The results indicate that children who participated in the programme accumulated 0.5 additional school grades and performed better in most of the standardised test scores in maths and language. Barham et al. (2013) were mainly interested in the schooling of former participants, they do not provide evidence on the achievements of children (now adults) on the labour markets.

Familias en Accion in Colombia has been operating since 2001 inspired by the early success of Oportunidades in Mexico. It began enrolling nearly 200 thousand households in 2001 and was scaled up to reach almost three million (with seven million children) in 2010. The programme evaluation found short-term positive effects on education and nutrition of children (Attanasio and Di Maro, 2005, Attanasio et al., 2010). After more than a decade of operation, the programme agency studied outcomes for different levels of exposure in order to learn about the long-term effects of the programme on the first cohort of beneficiaries.[11] Econometría (2012) reported that 9-12 years old children that had been exposed to the nutrition transfer with mandatory health check-ups were 0.213 standard deviations taller than peers in the control group . The long-term exposure to the programme also brought adverse effects (commonly known as side effects). The share of overweight children in rural areas increased by 5.6 percentage points. Adverse effects were also found in education. Current 18-26 years old youths that had participated when children were 4 percentage points more likely to repeat a school year.

Labour market effects

The hypothesis that children are expected to perform better than their parents on the labour markets when adults, was tested by the long-term impact evaluation of Familias en Accion. The initial analysis had shown that the program did not appear to have effects on a variety of non-monetary poverty indicators, including the unsatisfied basic needs and the multi-dimensional poverty index (Alkire and Foster, 2011). As regards children, the report indicated that treatment and control groups of 18-26 years old youths, were experiencing unemployment rates close to 50 percent with sharp gender differences

[11] For details on the long-term effects of Familias en Accion on education outcomes see BÁEZ, J. E. & CAMACHO, A. 2011. Assessing the Long-Terms Effects of Conditional Cash Transfers on Human capital: Evidence from Colombia. Bogotá: Universidad de los Andes.

(unemployment affected 60 percent for women and 10 percent for men at 26 years of age) (Econometría, 2012). The estimates showed that only women were able to obtain high quality jobs, with an increase of 2.5 percentage points in the probability of being hired by a formal employer. Women who participated in the programme reported on average one fewer child compared to non-participants. This facilitated their labour market participation. A qualitative analysis of the labour performance of youths showed that they faced limited labour market opportunities. Despite higher levels of human capital, conditions in the labour market played a dominated role in their potential success in breaking the intergenerational transmission of poverty.

Freije and Rodríguez-Oreggia (2012) studied the short, medium and long-term effects of human development conditional transfers on the performance of youths on the labour markets in Mexico. They focused their analysis on wages and the probability of being employed as the main outcomes attributable to the Oportunidades programme. The levels of exposure were defined as short participation period for less than three years, medium for 3-6 years, and long for 6 years and longer. For longer levels of exposure, these authors found an increase in the probability of being employed. They acknowledged that the observed increases in the probabilities of being employed was not solely attributable to Oportunidades, but found that the effects of the programme on education were driving this outcome. As for labour incomes, they detected a long-term increase of 12.6 and 14.6 percent in wages for youths with primary and secondary education, respectively, in comparison to the control group. In the medium term, the effects of the programme on wages turned out to be negative for all education levels. The study identified considerable heterogeneity in the effects, but the authors conclude that overall the programme did not provide the children with the means to obtain better jobs (formal and better remunerated) than their parents. In their view, the long-term participation in the programme did not reduce the intergenerational transmission of monetary poverty.

It can be argued that human development conditional cash transfers are bound to fail in achieving their long-term objectives in circumstances where households in poverty face significant disadvantage in labour markets. Recalling the strategy of Chile Solidario in 2002-2011, 30 percent of participants had failed to meet the minimum living standards after two years. Among the assessed dimensions, labour market and income generation outcomes were the most difficult to meet. Although active labour market interventions packed within Chilse Solidario were identified by social workers to be in high demand from beneficiary households, many participants were unable to find a formal job or start an entrepreneurship project.

Despite the strong evidence on the improvement in the human capital of participant children attributable to human development conditional transfers, their mixed labour market outcomes raises questions regarding whether these programmes are effective in facilitating the economic inclusion of participating households.

As regards adults, research has shown that adult household members marginally increase their labour participation, with stronger effects on males (Alzúa et al., 2010). Females show more success in finding better quality jobs. Barrientos and Villa (2013) studied the labour market outcomes of Familias en Accion, concluding that the human development conditional transfers caused a 7.1 percentage points increase in the proportion of employed women with health insurance.[12] They also detected a sharp increase of 10 percentage points in the labour participation of single mothers living with young children. These effects emerged from differentiating subgroups of participants (single mothers, types of household composition), suggesting heterogeneity in labour market effects. Although participation improves labour market outcomes for some, these effects disappear when considering the overall population. Findings on whether these programmes are capable of generating improved economic opportunities for beneficiary households are very mixed.

Complementary interventions

Some governments have responded by developing complementary interventions to strengthen existing human development conditional transfers. Recently, the Brazilian government introduced Brasil sem Miseria (Brazil without extreme poverty), a strategy to enhance the economic inclusion of low income households. [13] It is designed to complement the existing Bolsa Familia, with specific components focused on productive inclusion. The rural component delivers technical assistance and credit for the production of agricultural goods. The strategy also facilitates the commercialisation of produce in public and private markets. The urban component consists of labour insertion programmes to formal jobs or the development of individual or collective entrepreneurship. The productive inclusion component of Brasil sem miseria is a complementary strategy which other countries in the region are themselves considering.

The main difference between these complementary strategies and those defined by the multi-dimensional anti-poverty transfers such as Chile's Ingreso Etico Familiar (which replaced Chile Solidario in 2012) is timing. The labour components of Chile Solidario were offered at the beginning of the intervention. The new generation of economic inclusion strategies are being introduced at a time when participants have more than a decade of receiving transfers, and when their children have improved their human capital levels. There are large gaps in knowledge of the effectiveness of economic inclusion components as complementary strategies, as they have a short life to date. On the other hand, higher levels of education of children enable us to predict that such strategies are likely to yield positive effects in the future.[14]

In summary, human development conditional cash transfer programmes emerged as counter-cyclical strategies that would support households experiencing poverty during lean years, but they also had a focus on structural poverty. Over time, they have been scaled up and institutionalised, offering longer

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[12] These were Local Average Treatment Effect estimations.

[13] The Mexican Government has also launched the strategy known as Cruzada contra el hambre (crusade against hunger), which complements the *Oportunidades* programme.

[14] If beneficiaries can achieve a successful economic inclusion they will have the opportunity to obtain the most from their higher productive capacity. Behrman et al. estimated that the Oportunidades programme increases in one the years of education of children. See BEHRMAN, J. R., PARKER, S. W. & TODD, P. 2005. Long-term impacts of the Oportunidades Conditional Cash Transfer Program on Rural Youth in Mexico. Goettingen: Ibero-American Institute for Economic Research. According to Ordaz-Diaz, each year of education has a return of 11-13% on the Mexican labour markets. See ORDAZ-DÍAZ, J. L. 2008. The economic returns to education in Mexico: a comparison between urban and rural areas. *CEPAL Review.* CEPAL. There are also simulations that confirm that Oportunidades could provide children with higher earning capacity, however, they are pessimistic on how strong the effect of the programme could be for facilitation poverty eradication. See MCKEE, D. & TODD, P. 2011. The longer-term effects of human capital enrichment programs on poverty and inequality: Oportunidades in Mexico. *Estud Econ,* 38**,** 67-100.

period of participation to beneficiary households. This has raised questions about the longer term effects of these programmes on poverty and labour outcomes. This applies to adults and children participants, and especially for beneficiaries that were enrolled when children and became adults. There is limited knowledge on these effects. The evidence emerging from studies is mixed. Children's improved human capital does not necessarily translate into better labour market outcomes. Labour market outcomes among adults show considerable heterogeneity, but improvements in employment and access to formal jobs are relatively small. The emphasis on complementary interventions is too recent to assess.

3. Do transfers generate political participation?

The literature on the politics of the welfare state has long noted that policies influence politics (Pierson, 1993). The presence, reach, and design of social policies contribute to shaping public opinion and political support, with implications for the sustainability and evolution of such policies. Esping-Andersen's classification of welfare regimes into high income countries into Nordic-social democratic, Central European-conservative, and Anglo-Saxon-liberal, helps pin-point differences in welfare institutions across the three types (Esping-Andersen, 1990). Stratification effects associated with these institutions can help explain their resilience and path dependence over time (Powell and Barrientos, 2004).

By contrast, welfare institutions in Latin America, and other developing regions show very weak path dependence. Social insurance schemes, established in the early years of the 20th century in pioneer countries in Latin America, expanded in countries like Argentina, Uruguay, Chile and Brazil through the 1970s to reach a majority of the labour force. In several countries in the region, a wave of reform in the 1980s and 1990s replaced social insurance schemes with individual retirement accounts leading to stagnant levels of population coverage. In the 2000s, the growth of welfare institutions has focused on social assistance that is programmes addressing poverty and vulnerability. Structural reforms in welfare institutions since the post-WWII period in Latin America seem far from the stability in similar institutions in high income countries.

Weak stratification effects of welfare institutions in Latin America provide a possible explanation (Barrientos, 2009). For the region as a whole, social insurance institutions covered, at best, formal sector workers, thus excluding large sections of the population. In the 21st century, most governments in the region have implemented or expanded social assistance programmes and policies with a view to integrating hitherto excluded groups within social protection systems. The nature and modality of this incorporation has implications for the strength of stratification effects (Barrientos, 2011, Ferreira and Robalino, 2010).

Against this background, the issue whether the participation of low income groups in large-scale human development conditional transfer programmes in the region has implications for their political inclusion and, through associated stratification effects, for the sustainability of emerging social assistance institutions, becomes highly significant. This section explores the findings from the scarce literature on this issue.[15]

[15] The influence of political factors on the adoption of social assistance programmes is a related but distinct question. Readers interested in this issue should see BORGES SUGIYAMA, N. 2011. The difussion of Conditional Cash Transfer programs in the Americas. *Global Social Policy,* 11**,** 250-278, CARNES, M. & MARES, I. 2010.

Transfer programmes and short term political effects

There is consensus around the view that large-scale transfer programmes can have observable electoral effects in the short term. This is common ground for a broad range of views on the desirability of transfer programmes. Hall (2008) relies on media reports to articulate a concern that Bolsa Família might come to be understood as a successful tool to ensure electoral success in the short run, thus obviating the need to address structural reforms. As he puts it, "there is a risk that the imperative to make short term electoral gains could compromise longer-term investment in key areas such as education, health and sanitation" (Hall, 2008: 816). Zucco makes the obvious point that from "the strictly political standpoint, large scale cash distribution to the poor is a formidable short run strategy" (Zucco, 2008: 46).[16]

As regards short term political effects, research has focused on assessing whether who benefits from these effects and the extent to which incumbents can and do influence the direction of these effects. There is some agreement around the view that incumbents are most likely to benefit from short term effects of transfer programmes. Manacorda et al. (2011) find that beneficiaries of PANES in Uruguay are more likely to vote in support of the incumbent than non-participants. The extent to which politicians at different levels of government are able to draw electoral credit from the programme depends on their participation in the implementation of the programme.[17] Linos (2013) finds for Honduras that participation in cash transfer programmes had a statistically significant effect on the probability of incumbent re-election in municipal elections but not in presidential elections.

There is much less agreement on the extent to which the allocation of programme places, or budgets, is an important factor in garnering electoral support for incumbents. The issue here is that voting in poorer areas with higher incidence of transfers is also more likely to vote for pro-poor coalitions, independently of the distribution of the transfers. Nupia (2011) examines the distribution of Familias en Acción participants across municipalities in Colombia and finds that it matches incumbents core voter areas in presidential elections. Giovagnoli (2005) studies the distribution of Argentina's Jefes y Jefas and finds that the distribution of transfer receipt is correlated with municipalities with Peronist incumbents, but that this correlation could alternatively be explained by the socio-economic conditions at municipal level. Fried (2012) considered the allocation of places and budgets to municipalities under Bolsa Familia in the 2008 elections and finds that political machines do not explain the distribution of the programme across municipalities in Brazil, but that socio-economic variables do. Also on Bolsa Família, Bohn (2011) analyses support for Lula in elections going back to 1989 and concludes that the pattern of support for him was in place prior to the introduction of the programme in 2003.[18] The main conclusions from these studies is that whilst short effects of transfer programmes on the electoral support for incumbents can be

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Deindustrialization and the rise of non-contributory social programs in Latin America. Washington DC: Georgetown University.

[16] See also the review in ZUCCO, C. 2013. When payouts pay off: Conditional transfers and voting behavior in Brazil 2002-10. *American Journal of Political Science*.

[17] For Brazil, for example see DE JANVRY, A., NAKAGAWA, H. & SADOULET, E. 2009. Pro-poor targeting and electoral rewards in decentralizing to communities the provision of public goods in rural Zambia. Berkeley: University of California at Berkeley, FENWICK, T. B. 2009. Avoiding Governors: the success of Bolsa Família. *Latin American Research Review,* 44**,** 102-131. For India see ZIMMERMANN, L. 2012. Jai Ho? The impact of a large public works programme on the Government's election performance in India. Michigan: University of Michigan.

[18] See also ZUCCO, C. & POWER, T. 2013. Bolsa Família and the shift in Lula's Electoral Base, 2002-2006: A reply to Bohn. *Latin American Research Review,* 48**,** 3-24, BOHN, S. Ibid.The electoral behavior of the poor in Brazil: A research agenda. 25-31.

observed and measured, these do not necessarily reflect politically motivated allocation of the programme. As Fried concludes, there is “little evidence that political criteria explain variation in the coverage of Bolsa Familia across municipalities…” (Fried, 2012: 1049).[19]

Transfers and long-term political effects

For our purposes, the issue whether human development conditional transfer programmes have long-term political effects is particularly important. The study on Uruguay’s PANES referred to above finds that programme participants are more likely to vote in support of incumbents who implement a large-scale anti-poverty transfer programme. In the short term, this can be interpreted as pocketbook voting. The issue is whether antipoverty policies, and human development conditional transfer programmes specifically, can sustain political support in the medium and longer term. Mahon (2009) raises precisely this issue with a paper entitled Can new social programs bring about a new period of political incorporation in Latin America? As he puts it: with the introduction of “conditional transfer programs, the state are not structuring a civil society relationship and its presence is not constant but contingent. People do not become its beneficiaries by becoming members of anything…it is quite likely that the political loyalties created by these programs will be relatively shallow, limited to voting patterns, and even at that, potentially mobile…will beneficiaries of social protection and conditional transfers turn out be poor defenders of democratic rules” (Mahon, 2009: 7).

Mahon’s prior regarding the role of civil society organisations in the expansion of social   protection is in line with the development of social insurance in the region, initially through trade unions in key sectors establishing social insurance funds, later consolidated into publicly supported and run funds. By contrast, participation in social assistance programmes is not membership based. Yet this is precisely their strength, because they are grounded on a citizenship principle, as opposed to the contribution principle which underlies social insurance. Incorporation through social assistance needs different reference points (Barrientos, 2013a). Interestingly, the study by Linos (2013) referred to above distinguishes direct transfers to households; community grants, and a mixed mode. She finds that community grants and the mix of transfers and community grants, where membership is required, did not have statistically significant effects on the re-election of incumbents.

What about participation in political processes. In Colombia’s Familias en Accion, Baez et al. (2012) use match individual data across programme and electoral participation. They find that programme participants are 1.5 to 2.5 percentage points more likely to be registered than non-participants. Among registered voters, the probability that they have registered subsequent to the programme being implemented in the municipality is 3 percentage points. Programme participants are also 7-9 percentage points more likely to vote than non-participants. The findings on registration and participation effects are important because they indicate longer term political inclusion. In most programmes, registration is a

[19] It is an interesting issue, laying outside the scope of this paper, whether human development conditional transfer programme have design features that prevent manipulation, or whether democratisation has led to a change in the scope for manipulation of political processes in the region. Studies on earlier antipoverty transfer programmes do find direct manipulation of programmes by incumbents. See DIAZ-CAYERO, A., ESTÈVEZ, F. & MAGALONI, B. 2008. The core voter model: Evidence from Mexico. Stanford: Stanford University, CAMACHO, A. & CONOVER, E. 2009. Manipulation of Social Program Eligibility: Detection, Explanations and Consequences for Empirical Research. Bogotá: Universidad de los Andes Facultad de Economía. WEITZ-SHAPIRO, R. 2006. Partisanship and protest: The Politics of workfare distribution in Argentina. *Latin American Research Review,* 41**,** 122-147.

requirement to secure personal identity cards, leading to improvement in electoral registration of low income groups. De la O (2013) studies electoral outcomes using evaluation data for Progresa in Mexico matched with municipal level electoral data. Exploiting the quasi experimental evaluation process in Progresa which enables a comparison of eligible households incorporated into the programme at different times for administrative reasons, she finds that early programme participants show a 5 percentage point higher probability of turning out to vote than non-participating, but equally eligible, households (from a 60% baseline). In both Colombia and Mexico the higher turnout favoured incumbents.

The growing institutionalisation of human development conditional transfer programmes suggests that incorporation of low income groups is not a simply short term strategy. The process of institutionalisation has been slow and uncertain at times. As discussed in the previous section, in many countries in the region, human development conditional transfer programmes were introduced as short term development interventions, Mexico's Progresa or Colombia's Familias en Accion, for example. In Brazil, Bolsa Escola evolved from municipal innovation to a federal programme from 1995 to 2001. The creation of Ministries of Social Development to formulate and implement antipoverty programmes and policies, often around flagship human development conditional transfer programmes, is also an indication of the permanence of these programmes (Cecchini and Madariaga, 2011b).

The interesting point is whether human development conditional transfer programmes advance more inclusive social contracts. The expansion of social policy in Brazil, and which includes human development conditional transfers, is on a path of development that begins with the new 1988 Constitution and the recognition of the right to social protection (Britto and Soares, 2011, Jaccoud et al., 2010). The reform and expansion of non-contributory pension pensions and the emergence of human development conditional transfers from municipal activism can be understood as being located on this path (Barrientos, 2013b).[20] However, the available literature on other Latin American countries on the role of social policy and these programmes in supporting a renewed social contract is scarce.

In summary, the fast growing literature on the political effects of human development conditional transfers agrees on the point that the programmes have moderate short term effects on electoral outcomes, in the main through increased support for incumbents. The electoral effects cannot be interpreted as clientelistic practices which have been prevalent in the region. There is very limited research on the longer term effects of transfers; but two studies conclude that human development conditional transfers have resulted in increased registration and voting turnout among low income groups. It is therefore too early to assess whether ctts have facilitated a greater political inclusion of these groups, but the findings from this growing literature point in this direction.

4. Conclusion

The paper aimed to throw light on two questions: Are human development conditional cash transfer programmes likely to deliver longer terms improvements in human development sufficient to break intergenerational poverty persistence? Are they likely to contribute to the political participation of low

[20] The role of social policy in supporting social contract renewal in Brazil has been explored in ALSTON, L. J. 2012. Changing Social Contracts: Beliefs and Dissipative Exclusion in Brazil. Cabridge MA: NBER.

income and informal groups? Inevitably, the answers to these questions must be work in progress, as a full assessment of these effects can only materialise in the fullness of time.

In answering the first question, it is important to distinguish the impact on adults from the impact on children. Improvements in the human development of children as a consequence of participation in human development conditional transfers are expected to raise their productive capacity and facilitate permanent exit from poverty. Studies focusing on human capital accumulation of participant children generally find the expected impact. Whether this capital accumulation is reflected in improved labour market outcomes depends to an important extent on labour market conditions. The findings on this are mixed. Improvements in the human capital of children cannot guarantee improved labour market opportunities, but generate improved outcomes when conditions are positive. As regards adults, the observed impact of human development conditional transfers on labour market participation and outcomes is relatively small, and can be positive or negative. The positive effects can be observed more clearly for specific groups, like single mothers in Colombia. It is too early to say whether the introduction of complementary active labour market policies can strengthen positive effects.

The bulk of the research on the political effects of human development conditional transfershas focused on short term electoral effects. These appear to support incumbents, but not in the 'clientelist' mould which features strongly in the region in the past. The short term effects can be interpreted instead as increasing political support for pro-poor governing coalitions. Knowledge on the longer term effects of human development conditional transfers on political participation is scarce. Improvements in the electoral registration and turnout of low income groups have been confirmed in two countries; in part because researchers have not examined these issues elsewhere. Raising the political inclusion of disadvantaged groups does point to longer term effects of these programmes.

Research on human development conditional transfersis growing apace. The scant literature on their longer term effects is in part explained by their relative recent introduction in the region. As the paper indicates, further research on this is urgently needed.

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Table 1: Human development conditional transfers in Latin America and the Caribbean

Country	Programme	Beneficiaries	Units
Argentina	Asignación Universal por Hijo	1,480,000	Households
Bolivia	Bono Madre Niño	355,328	Mothers
Bolivia	Bono Juancito Pinto	1,925,000	Children
Brazil	Bolsa Familia	13,872,243	Households
Chile	Chile Solidario*	250,000	Households
Colombia	Familias en Acción	2,083,315	Households
Costa Rica	Avancemos	150,000	Children
Dom. Rep	Solidaridad	623,000	Households
Ecuador	Bono de Desarrollo Humano	1,900,000	People
El Salvador	Comunidades Solidarias (former Red Solidaria)	350,000	Households
Guatemala	Mi Familia Progresa	350,000	Households
Honduras	PRAF	345,000	Households
Jamaica	Programme of Advancement through Health and Education	130,000	Households
Mexico	Oportunidades	5,845,056	Households
Nicaragua	RPS*	30,000	Households
Panama	Red de Oportunidades	72,471	Households
Paraguay	Tekopora	498,628	People
Peru	Juntos	649,553	Households

* Ended programmes. Source: Authors, Paes-Sousa et al. (2013).

Figure 1