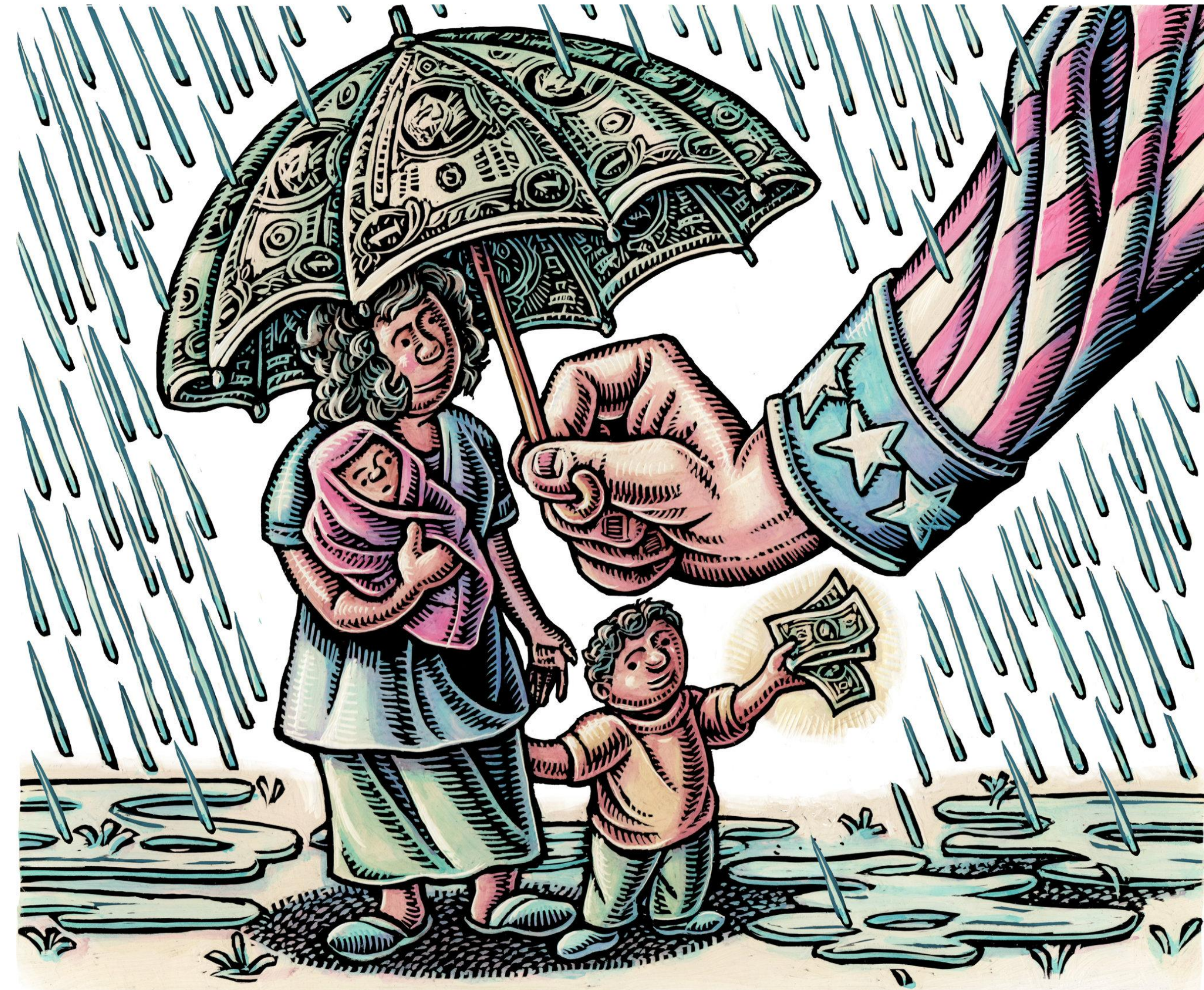


Topic 11: Social programs



Main things to learn

1. Poverty: Two main interpretations: individual limitations vs. structural factors. Social programs.

2. Cash transfers:

- Rise in popularity since the 1990s.
- Conditionality.
- Positive impacts on poverty, education and health.
- Cash transfers in low-income countries.

3. The Graduation Approach:

- Bundled programs: asset transfer, training, savings, mentoring.
- Comparison with cash transfers.

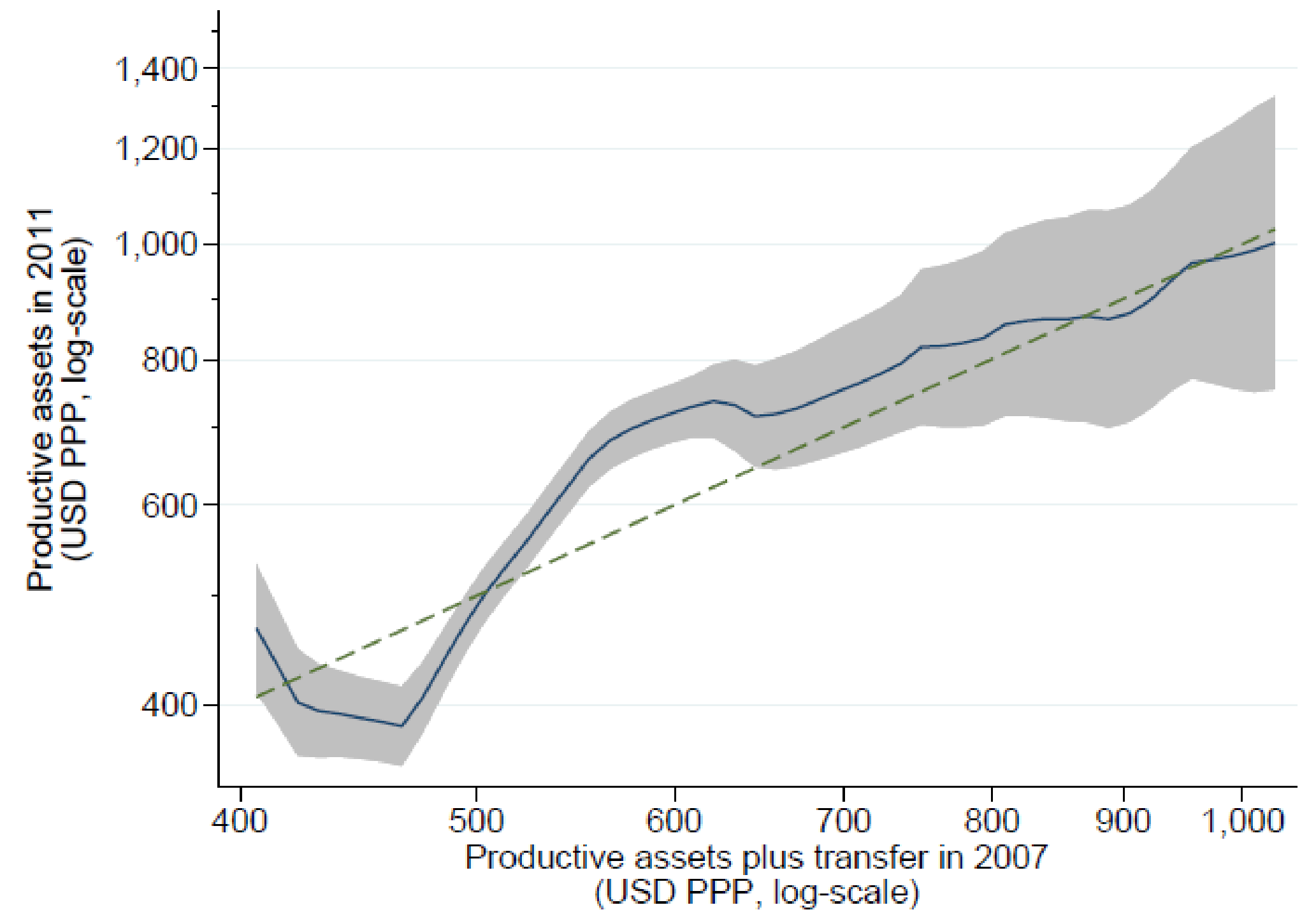
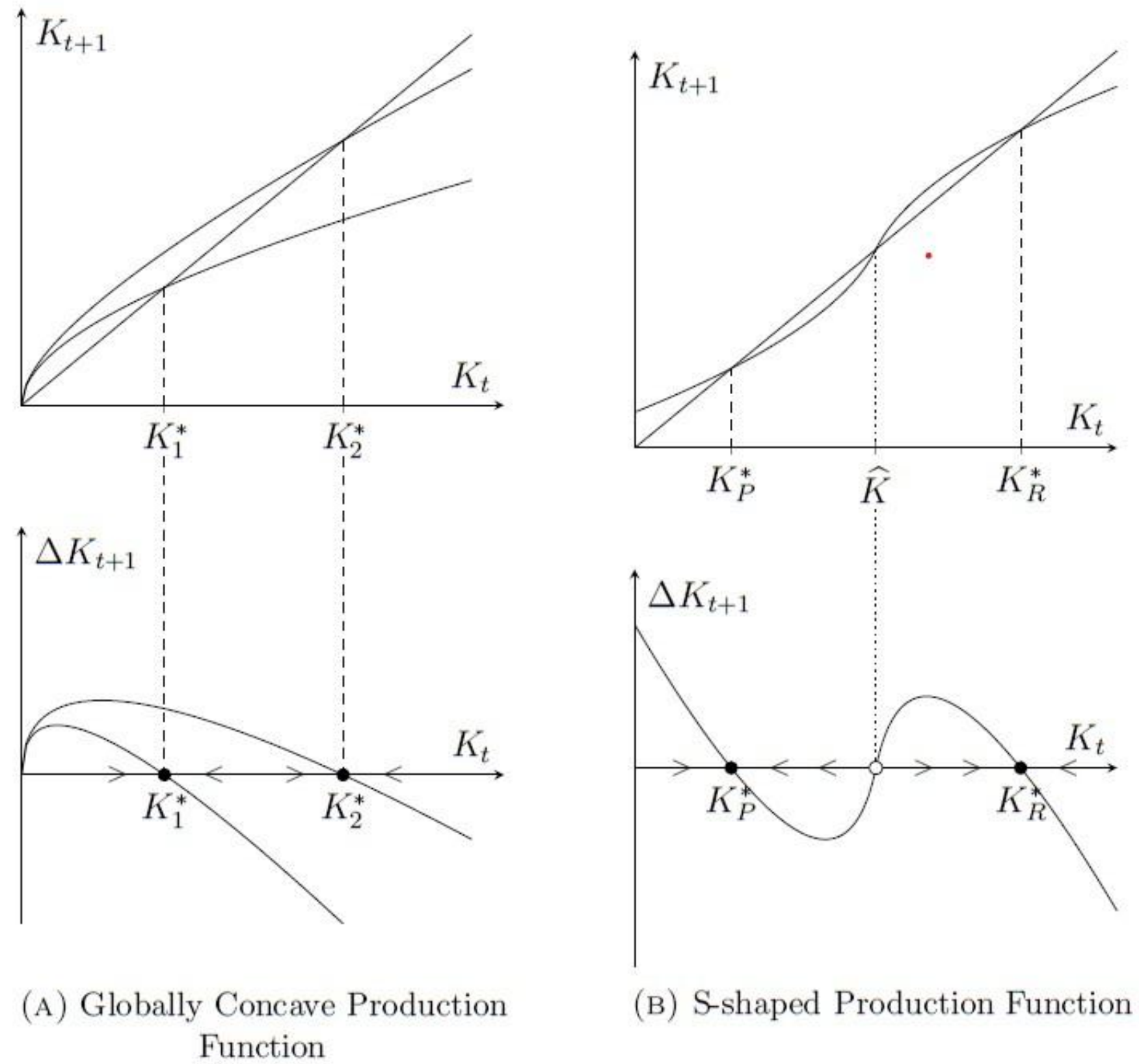
11.1. The nature of poverty



Poverty: individual limitations vs. structural factors

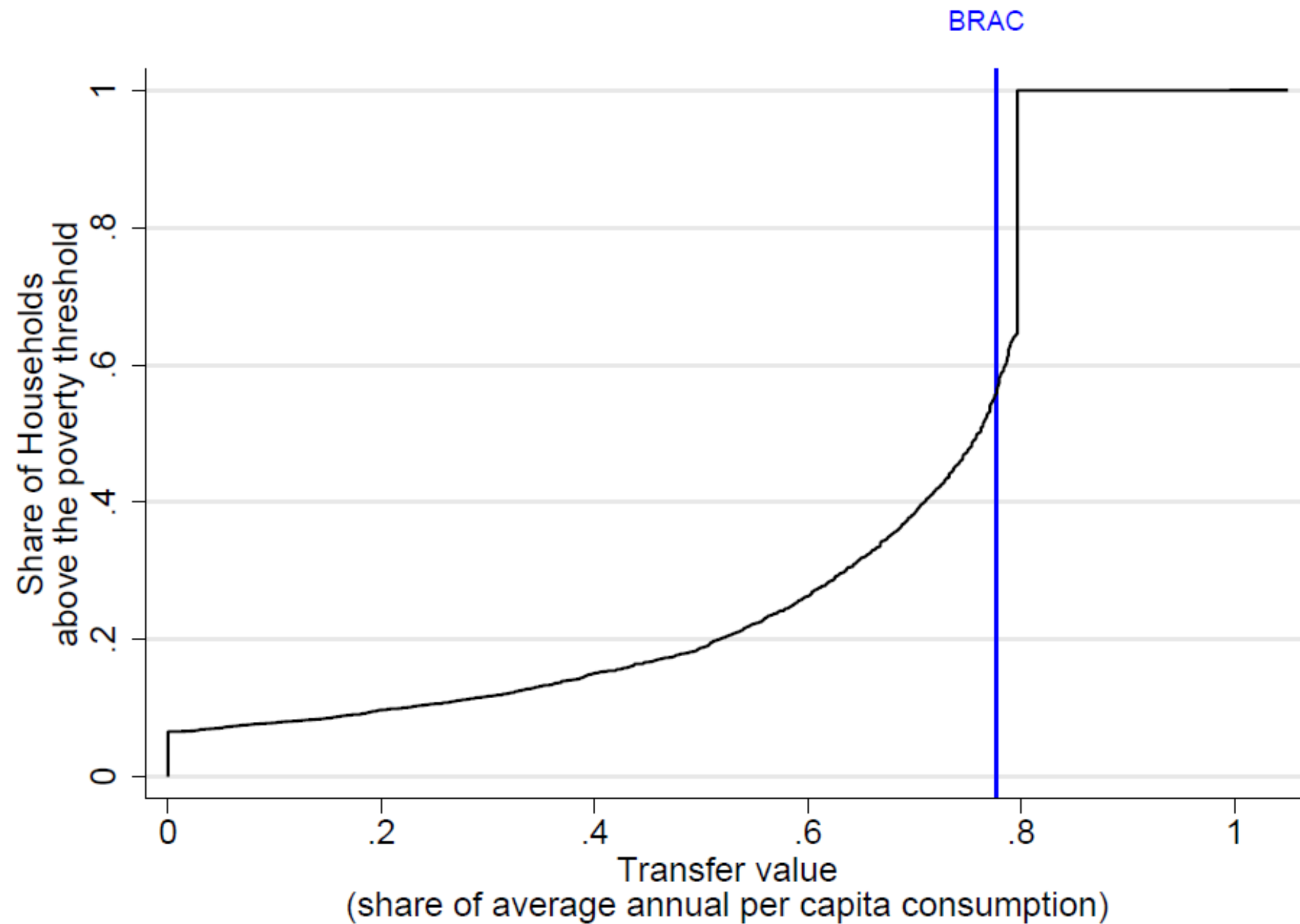
Balboni et al (2022 – QJE): why do people stay poor - 1

[VIDEO](#)



Poverty: individual limitations vs. structural factors

Balboni et al (2022 – QJE): why do people stay poor - 2



Structural view of poverty is supported!!
=> Stronger support for social programs.

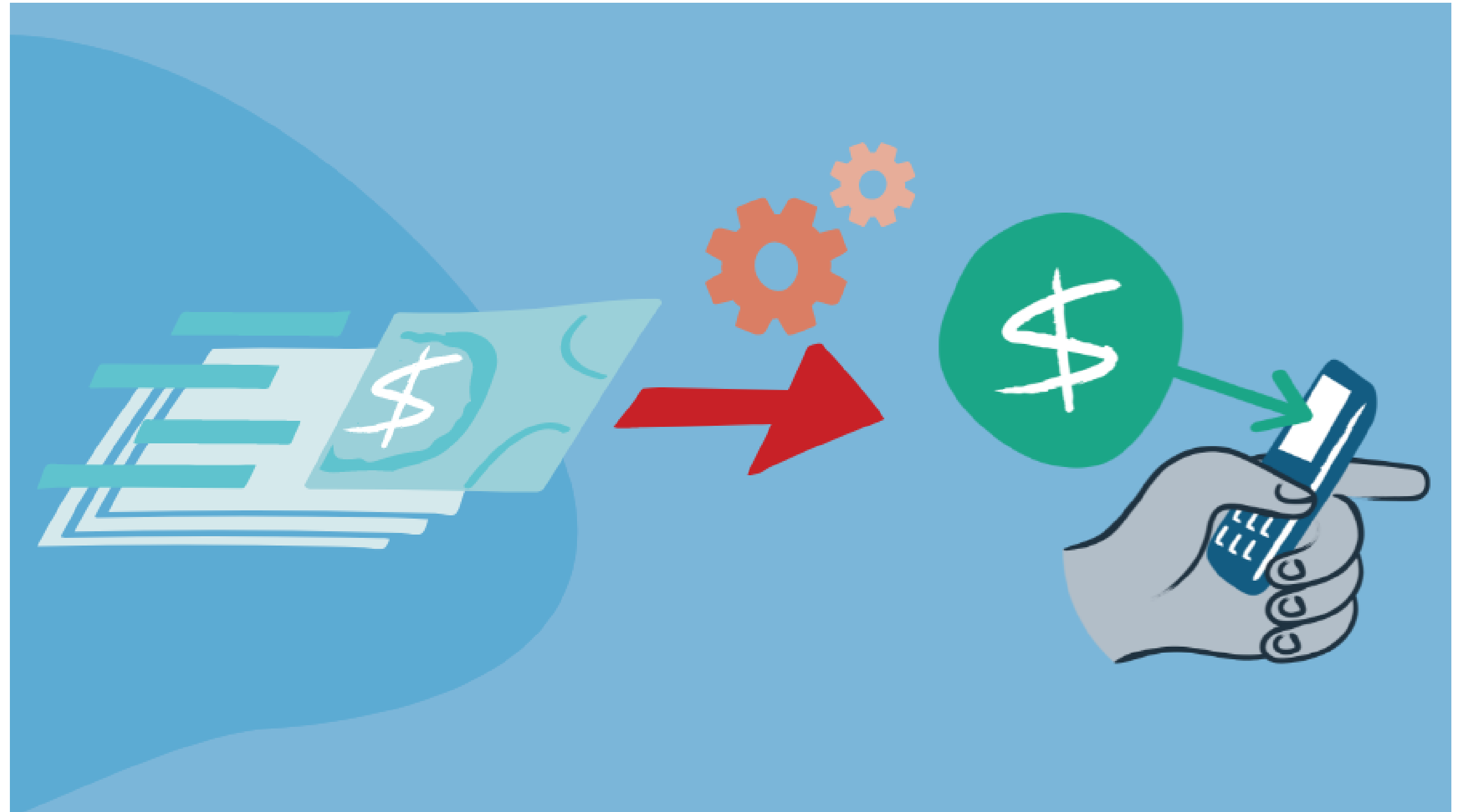
FIGURE IX

Share of Ultra-Poor Households Above the Poverty Threshold as a Function of the Transfer Size

Last month Claire Balboni presented “Weathering poverty” here at Nova.

Those escaping poverty through the large transfer (graduation) resist weather shocks better, without drawing down transferred assets!

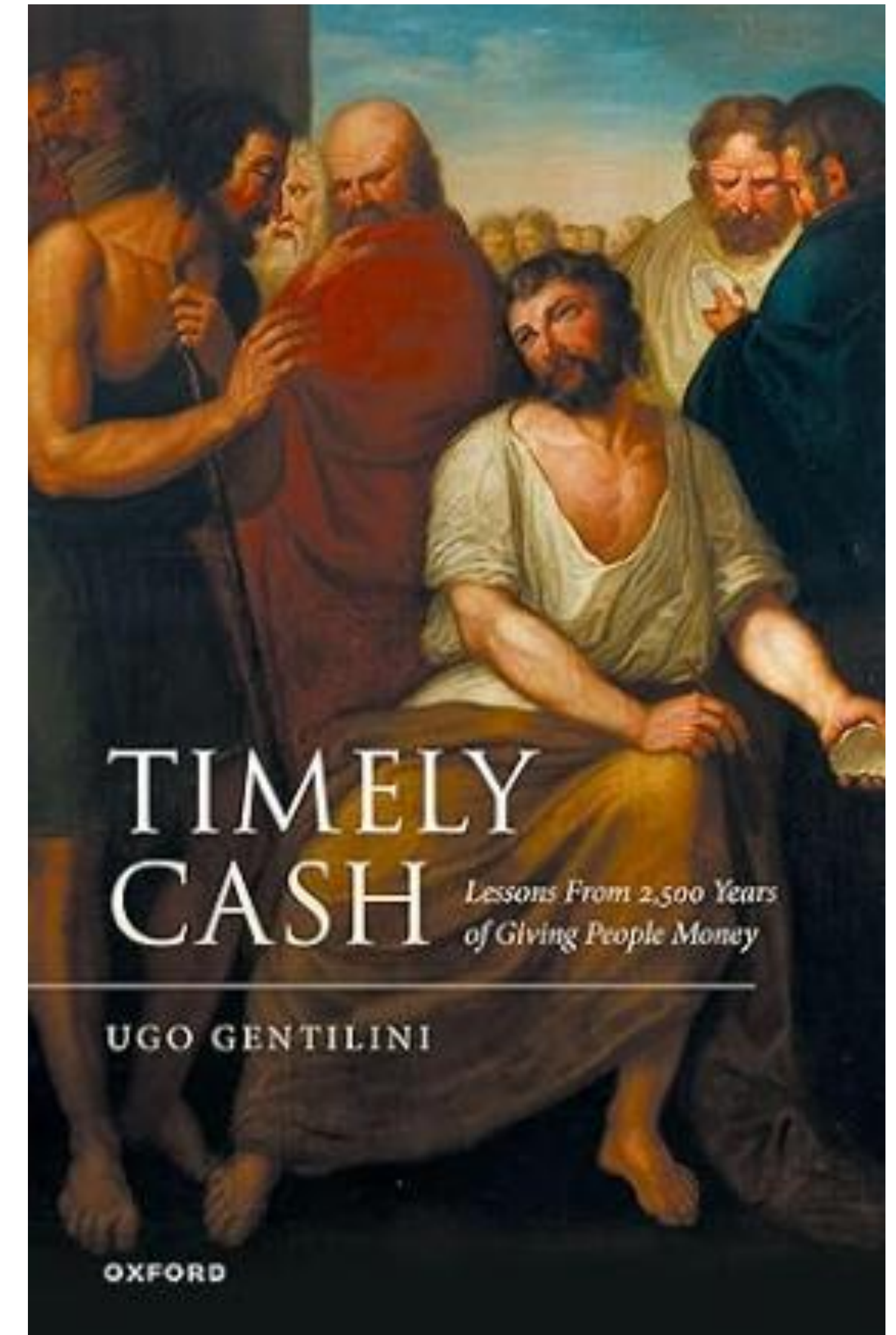
11.2. Cash transfers



Cash transfers

Debate

1. A very long history.
2. Different types, nature and objectives. **Examples?**
3. Controversial. **Why?**
4. Rise in popularity from early 1990s.



Progresa in Mexico - 1

1. The Progresa Program in Mexico was the first huge-scale Conditional Cash Transfer (CCT).
 - Started in 1997. Reached 2.6 million households, about 40% of Mexico's rural poor.
 - Then expanded to urban areas. Rebranded as Oportunidades and Prospera.
2. It offered money to poor families but only if their children regularly attended school and the family sought preventive health care.
 - Monthly cash transfers, from \$15 to \$30 per household (number of children, gender) + basic health package (\$8) and nutritional supplements.
 - \$777 million USD annually by 2000 – 0.2% to 0.4% of Mexico's GDP at its peak.
3. Presented as compensation for wages lost when child went to school instead of working.

Progresa in Mexico – Impact 1: education

Schultz (2004 – JDE): School Subsidies for the Poor: Evaluating the Mexican Progresa Poverty Program

- Relevant conditions of the cash transfer program:
 - Grants were available to the eligibly-poor mothers of a child enrolled in school and confirmed by their teacher to be attending 85 percent of the school days.
- Results after three rounds of surveying in the first two years:
- At the primary school level, enrollment rates increase: 0.92pp for girls, 0.80pp for boys (baseline: 94%).
- At the secondary school level, enrollment rates increase: 9.2pp for girls, 6.2pp for boys (baseline: 67 and 73%, respectively). **Narrowing the gender gap!**

Cost effective!

Progresa in Mexico – Impact 2: health

Gertler, Paul (2004 – AER P&P): Do Conditional Cash Transfers Improve Child Health? Evidence from PROGRESA's Control Randomized Experiment

- Relevant conditions of the cash transfer program:
 - Children of age 0-23 months get immunized and visit nutrition monitoring clinics every two months. Children of age 24-60 months attend nutrition monitoring clinics every four months.
 - Pregnant women visit clinics to obtain pre-natal care, nutritional supplements, and health education.
- **Results:**
 - Treatment children 0-35 months experienced lower illness rates in the first 6 months of life (25pp) and after 24 months in the program (40pp).
 - Treatment children were less likely to be anemic (25pp) and grew about 1 centimeter more during the first year of the program.

Conditional cash transfers fast expansion

Figure 1 CCTs in the World, 1997 and 2008

1997



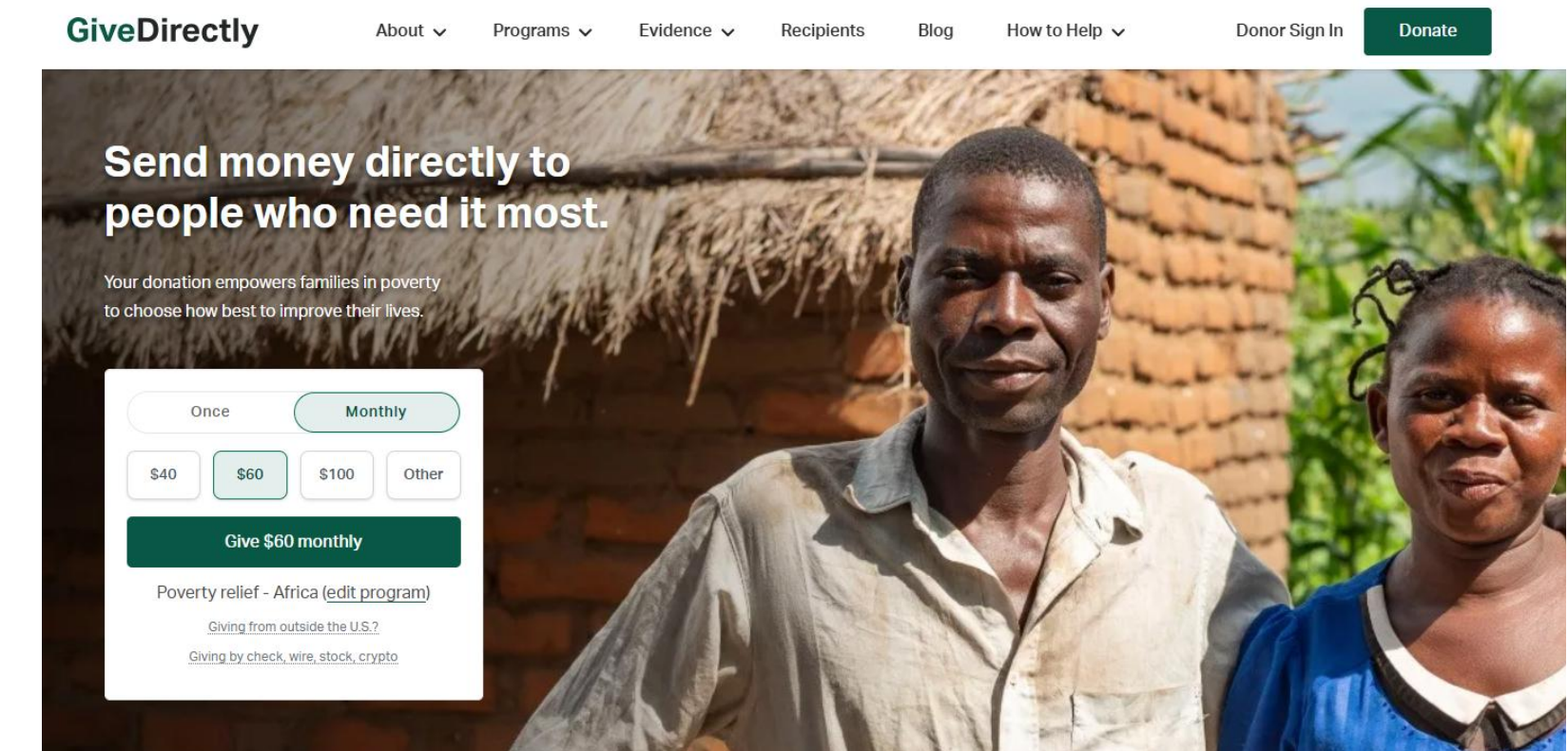
2008



Source: World Bank.

NGO-directed Cash Transfers (mostly in low-income countries) – Give Directly

- Strong evidence-based approach to determine the best uses of cash transfers to fight poverty: Funded by and partnering with some of the best economists in the world for impact evaluation.
- Some main findings:
 - Unconditional vs. Conditional: Unconditional boosts income and well-being broadly; conditional better targets education and health outcomes.
 - Universal vs. Targeted: Giving to all in a village increases local economic spillovers and social cohesion.
 - Large vs. Small Transfers: Large one-time transfers support investment; small regular payments improve stability and mental health.
 - Spending Behavior: Recipients typically invest in essentials—no rise in harmful spending like alcohol or tobacco.



[Link to web-page](#)

Social programs: cash transfers vs. targeted interventions

Aspect	Cash Transfers	Other Targeted Interventions
Objective	Alleviate poverty via income support	Address specific barriers (e.g. education, health)
Type	Monetary (Conditional or Unconditional)	In-kind, service-based, or behavioral
Examples	Progresa, GiveDirectly, South Africa pensions	Remedial education, school meals, asset transfers
Flexibility	High – households choose usage	Low – tied to specific service or need
Cost-effectiveness	Often high; simple to administer	Variable; may yield higher returns in specific areas
Sustainability of Impact	Mixed – depends on context and design	Often higher when structural barriers are addressed
Scalability	Easily scalable	Challenging due to logistics and targeting
Key Challenge	Risk of limited long-term transformation	Implementation complexity; targeting errors

11.3. Asset transfer programs



BRAC's graduation approach

- What It Is: Combines asset transfers (e.g., livestock), training, savings, healthcare, and mentoring to help ultra-poor households "graduate" from extreme poverty.
- How It Works: Time-bound (typically 24 months), with intensive coaching and bundled support—not just cash.
- Impact: Increases in income, consumption, savings, and self-employment sustained 3–7 years post-program across multiple countries.
- Cost-Effectiveness: Higher short-term costs, but strong long-term gains make it cost-effective per dollar of impact (ROI proven in randomized trials).



[Link to web-page](#)

Thanks for your attention and contributions!