



THE BRAZILIAN BOLSA ESCOLA LESSONS FOR CONDITIONAL CASH TRANSFER SCHEMES AROUND THE WORLD (JUNE 2008)

Rachel Cassidy¹
Dominic Rowland²
Valeria Ballettini³
Helen Coskeran⁴

(Research Project. Results: 'U8 Global Student Partnership for Development')

Recibido : Mayo 30 de 2007 Revisado: Octubre 10 de 2008 Aceptado: Noviembre 30 de 2008

Abstract:

The Bolsa Escola ('school stipend') and its successor the Bolsa Familia ('family stipend') schemes have formed a crucial and successful part of Brazil's welfare program. Bolsa Escola provided aid to Brazil's poorest families on the condition that their children attended school, and Bolsa Familia has extended this idea, giving aid on the condition that children both attend school and receive vaccinations. Bolsa Familia is currently the largest Conditional Cash Transfer Program (CCTP) in the world, costing roughly 0.5% of Brazilian GDP and helping around 11.2 million families (around 44 million Brazilians, constituting roughly one fifth of the population). Multilateral institutions have praised the schemes, and they are setting a leading example to other developing nations. In 2005, Paul Wolfowitz (former president of the World Bank) said, 'Bolsa Familia has already become a highly praised model of effective social policy. Countries around the world are drawing lessons from Brazil's experience and are trying to produce the same results for their own people'.

This paper will ask whether such attempts to implement

Resumen:

Los Programas de la Bolsa Escuela ('estipendio escolar') y su sucesor la Bolsa Familia ('estipendio familiar') han formado una parte crucial y exitosa del programa de bienestar del Brasil. La Bolsa Escuela proveyó ayuda a las familias más pobres de Brasil, con la condición de que sus hijos asistieran a la Escuela y la Bolsa Familia ha extendido esta idea, suministrando ayuda, con la condición de que sus hijos vayan a la escuela y que de sean vacunados. En la actualidad, la Bolsa Familia es el Programa de Transferencia de Dinero Condicionado (PTDC) más grande existente en el mundo, el cuesta aproximadamente 0.5% del Producto Interno Bruto de Brasil y ofrece ayuda aproximadamente a 11.2 millones de familias (alrededor de 44 millones de brasileños, lo cual constituye, en términos generales, una quinta parte de la población). Instituciones multilaterales han elogiado los programas, y están estableciendo un ejemplo modelo para otras naciones en desarrollo. En el año 2005 Paul Wolfowitz, (el último presidente del Banco Mundial) dijo: 'La Bolsa Familia ya se ha convertido en un modelo altamente elogiado por su efectiva política social. Países alrededor del mundo están sacando lecciones de la experiencia de Brasil y están tratando de producir los mismos resultado para su propia gente'

¹ Rachel Cassidy (Project Leader) is at Oxford University (UK). She is in the second year of undergraduate studies in PPE (Politics, Philosophy and Economics).

² Dominic Rowland is also at Oxford University, in the second year of an MSc in Biology.

³ Valeria Ballettini has an MPhil in Politics, Democracy and Education from Cambridge University. She has worked for the FAO, Unicef and UNESCO

⁴ Helen Coskeran is a postgraduate student at Cambridge University (UK), studying for an MPhil in International Relations. communications@u8development.org

schemes like Bolsa Escola in other countries are likely to have sustainable success. In order to answer this question, we the authors will take broadly two approaches:

- Firstly, we will focus specifically on Bolsa Escola in Brazil. We will ask which have been the most successful, and which have been the most problematic, parts of Bolsa Escola (and Bolsa Familia; although emphasis will be placed upon Bolsa Escola, since we will predominantly focus upon the role of CCTPs in the educational sector). In light of this analysis, we shall consider whether a Bolsa Escola-style scheme could feasibly be implemented in other countries; and if so, which particular aspects of the Bolsa Escola scheme should be emulated and which should be adapted or avoided.
- Secondly, we shall examine how other countries' actual attempts to implement a Bolsa Escola-type scheme have fared. The other countries that we shall study in detail are Ecuador and Guatemala. These countries have already experimented with CCTPs, and so the case study of each country will address broadly three issues: firstly, how the CCTP in that country is similar to and how it is different from Bolsa Escola; secondly, what the successes and the weaknesses of that country's CCTP have been; and thirdly, what that country's experience might suggest about the broader feasibility of adopting Bolsa Escola-type schemes in other countries worldwide.

Overall, our aim is to examine the role of CCTPs from a somewhat different angle than has been the case in previous studies: we will emphasise the feasibility and sustainability of already existing and potential future programs. We shall suggest areas that might merit further study, and issues that policymakers need to address in the design and implementation of current and future CCTPs.

Key words and expressions:

Conditional Cash Transfer Program, schemes, welfare program, social policy, educational sector.

Este artículo analizará si tales intentos por llevar a cabo tales programas como la Bolsa Escuela ende tener éxito sostenible. Con el fin de responder a esta pregunta, nosotros, los autores tomaremos, en líneas generales, dos enfoques:

- En primer lugar, se hará énfasis específicamente en la Bolsa Escuela en Brasil. Se preguntará cuáles han sido las partes más exitosas y cuáles las más problemáticas de la Bolsa Escuela (y la Bolsa Familia; aunque el énfasis será en el primero, puesto que se concentrará predominantemente en el papel de los Programas de Transferencia de Dinero Condicionado, en el sector educativo). Desde el punto de vista de este análisis, se considerará si el estilo del programa de la Bolsa Escuela podría ser factible de aplicarse en otros países, y de ser así, cuáles aspectos particulares del programa de la Bolsa Escuela se deberían de emular y cuáles se deberían de adaptar o evitarse.
- En Segundo lugar, se examinará cómo les ha ido realmente a otros países para llevar a cabo el tipo del programa de la Bolsa Escuela. Los otros países que se estudiarán detalladamente son Ecuador y Guatemala. Estos países ya han tenido la experiencia con Programas de Transferencia de Dinero Condicionado, y de esta manera el estudio de caso de cada país se dirigirá ampliamente a tres temáticas: primero, qué tan similar y qué tan diferente es el Programa de Transferencia de Dinero Condicionado al de la Bolsa Escuela; segundo, cuáles han sido los aciertos y fracasos del Programa de Transferencia de Dinero Condicionado en aquel país, y tercero, qué podría indicar la experiencia del país con respecto a la factibilidad mayor de adoptar los programas de tipo Bolsa Escuela en otros países del mundo.

En términos generales, nuestra meta es examinar el papel del Programa de Transferencia de Dinero Condicionado desde una perspectiva algo distinta que se ha usado en estudios previos: se hará énfasis en la factibilidad y sostenibilidad de programas ya existentes y de futuros programas potenciales. De igual forma, se sugerirán áreas que podrían merecer un estudio posterior, y temáticas que necesitarán tener en cuenta aquellos que se encargan del diseño y puesta en marcha de Programas de Transferencia de Dinero Condicionado corrientes y futuros.

Palabras y expresiones claves:

Programa de Transferencia de Dinero Condicionado, proyectos, programa de bienestar, política social, sector educativo.

This paper will ask whether such attempts to implement schemes like Bolsa Escola in other countries are likely to have sustainable success. In order to answer this question, we the authors will take broadly two approaches:

- Firstly, we will focus specifically on Bolsa Escola in Brazil. We will ask which have been the most successful, and which have been the most problematic, parts of Bolsa Escola (and Bolsa Familia; although emphasis will be placed upon Bolsa Escola, since we will predominantly focus upon the role of CCTPs in the educational sector). In light of this analysis, we shall consider whether a Bolsa Escola-style scheme could feasibly be implemented in other countries; and if so, which particular aspects of the Bolsa Escola scheme should be emulated and which should be adapted or avoided.
- Secondly, we shall examine how other countries' actual attempts to implement a Bolsa Escola-type scheme have fared. The other countries that we shall study in detail are Ecuador and Guatemala. These countries have already experimented with CCTPs, and so the case study of each country will address broadly three issues: firstly, how the CCTP in that country is similar to and how it is different from Bolsa Escola; secondly, what the successes and the weaknesses of that country's CCTP have been; and thirdly, what that country's experience might suggest about the broader feasibility of adopting Bolsa Escola-type schemes in other countries worldwide.

Overall, our aim is to examine the role of CCTPs from a somewhat different angle than has been the case in previous studies: we will emphasise the feasibility and sustainability of already existing and potential future programs. We shall suggest areas that might merit further study, and issues that policymakers need to address in the design and implementation of current and future CCTPs.

Keywords:

The pioneering scheme: Bolsa Escola in Brazil

1. Bolsa Escola: A Brief History

1.1. A Brief Astory

Brazil's Bolsa Escola was a pioneering Conditional Cash Transfer (CCT) scheme. Its central aim was to alleviate poverty by two mechanisms: firstly, by providing immediate relief to poor families through a monthly payment system; and secondly, by attempting to break the 'cycle of poverty', through encouraging the education of children from poor backgrounds so as to further their chances of economic success as adults. There are also arguments that the scheme has also contributed to other positive results, such as a reduction in child labour; however, for the purposes of this report we shall mainly focus on the scheme's results with regards to the short- and long-term alleviation of poverty.

Bolsa Escola was devised by Cristovám Buarque (then a Federal District Governor) and was fully implemented across Brazil in 2001, following regional trials. Families were eligible to participate if their monthly household income lay at or below half of the minimum wage (R\$90), and if they had children aged between 6 and 15 years. Each family received R\$15 per child per month, for up to 3 children (i.e. a maximum of R\$45), conditional on the child's school attendance rate not falling below 85%. The stipend was awarded to the mother of the household, who received a debit card that was charged

every month (except if the child had failed to attend school).

The exact details of the scheme evolved over time, but the main principles remained the same: the poorest households were targeted, cash transfers were made to women, and conditionality was placed upon primary school attendance. Bolsa Escola has since become part of the larger Bolsa Familia scheme, which adds the condition that each child receive certain vaccinations, but again the same core principles are maintained.

1.2. Our Study

Bolsa Escola is generally deemed to have been a huge success, and the scheme and its effects have received a significant amount of study. There is much literature available that examines the schemes' results in detail, looking at trends in school attendance rates, trends in family income, and so on, and we do not wish to repeat such an analysis here. Our focus instead lies upon the question of how well the scheme could be adapted and implemented elsewhere. Thus we will ask what general lessons can be drawn from Brazilian case about the use of CCTs to alleviate poverty and increase human capital. We shall consider economic, political and sociological factors in turn, and will lay particular emphasis upon the sustainability of such a scheme: this is an issue that has received comparatively little attention.

1.3. Economic Issues

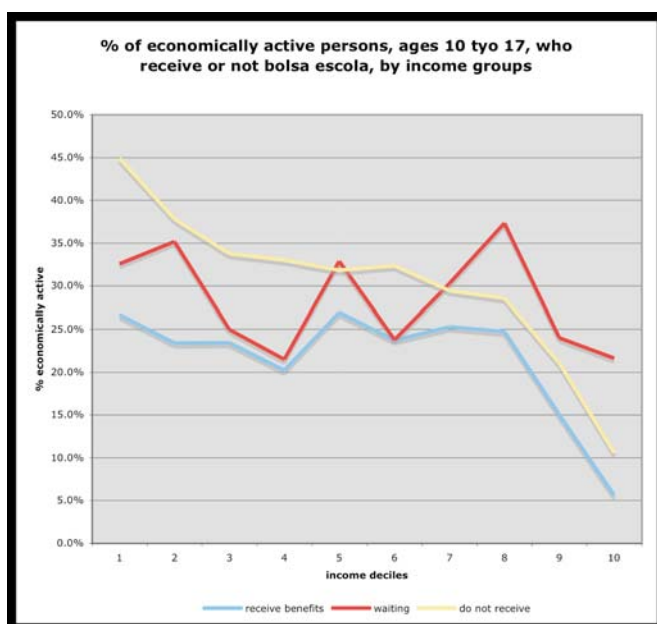
With the increased popularity of conditional cash transfer schemes, and with more and more schemes being implemented, it is likely that funding for such ventures from international donors will become increasingly elusive. Funding for Bolsa Escola has traditionally come from a combination from two sources: re-allocation of Brazilian government spending, and World Bank loans. Both of these funding mechanisms require a return on the investment in order to for the scheme to become a viable candidate for continued support and expansion. Therefore, the essential questions are: does the Bolsa Escola scheme result in more educated workforce; and does a more educated workforce lead to economic growth and thus provide a return on investment in the scheme? In addition, funding from foreign donors (whether bilateral or mediated through the World Bank) must fit certain imposed criteria, and thus the scheme must be examined to see whether these are met.

1.4. Does Bolsa Escola really increase education levels?

Evidence for benefits in education alone is fairly limited. Most data is related to attendance and drop-out rates, and it is very difficult to acquire data on attainment. Since most of the data is based upon sampling, contradictory reports are common in the field. A report published by UNESCO on CCTS (UNESCO 2006) suggests that Bolsa only increased school attendance in boys from 92% in the control group to 95% in the treatment group; however, this study seems to sample an area of Brazil with a high attendance and so results are skewed. IN contrast, another UNESCO report in 1996 (UNESCO 1996) showed that the participation in the Bolsa Escola scheme resulted in higher grade

attainment than control groups as well as a decreased probability that a pupil will repeat the year.

It is perhaps simpler to look at nation wide attendance figures (Bourguignon et al 2003) which show that between 1992 and 2001, school attendance in boys increased by over 14% from 76% to over 90%, and in girls, attendance increased by over 10% from 80% to over 90%. Sample data, however, does give us a good indication of drop out rates among primary aged children with predicted drop out rates falling to 0.3% in the treatment group whilst remaining at 6.1% in the control group. A more detailed examination of enrolment rates by Denes (2003) focuses on different age classes. This study shows, that the between he ages of 5 and 6 and between the ages of 14 and 17, CCTs have a significant positive effect on school enrolment although between the ages of 7 and 13, the effect is limited. This is due to the fact that enrolment between the ages of 7 and 13 is already high so CCTs can contribute little to enrolment, whereas preschool and secondary education is less common. These results suggest that the value of CCTs is to encourage early involvement in school programs, and to decrease drop out rates when children reach working age. The effects of cash payments in preventing employment can be seen in the graph below.



This graph shows that at all times, in all income groups those receiving cash payments are less economically active than those that do not. The authors suggest that the difference is significant enough that even if unobtainable data relating to the employment in the informal economy were to be incorporated, cash transfers would have a beneficial effect on reducing the school absenteeism that is caused by child labour.

1.5. Will Bolsa Escola really lead to longer-term poverty alleviation?

Since the Bolsa Escola scheme was only in operation between 2001 and 2003, until it was incorporated into the Bolsa Familia program, it is not really possible to single out the effects of Bolsa Escola alone on economic growth. However, studies both of raising levels of education in other developing countries and of educational theory allow us to project the possible outcomes.

The theory that educating the workforce will result in economic growth, and thus provide returns

for the investment in human capital, is based upon two components: firstly, that an educated workforce results in higher individual earnings, resulting in increased returns from taxation; and secondly, that it will increase the number of public service professionals (doctors, teachers, specialised civil servants, etc.), which increases the productivity of the workforce, resulting in increased individual and corporate taxation returns. Opinion is however divided as to whether emphasis should be placed upon raising the mean level of education, or upon significantly raising the level of a few individuals who act as focus points for industrial expansion. Bolsa Escola clearly targets the former policy direction, which has beneficial implications on foreign investment as discussed below. However, the major economic draw back of the former approach is clearly the obvious catch-22: if education schemes are targeted solely at raising the mean level of education, then much of the emphasis is placed on primary and lower secondary education; this means in the following generation, there will be a deficit of trained teachers and other service professionals with which to carry on the scheme. It is therefore apparent that CCTS are more sustainable in regions where levels of primary education are high and resources can be focused on raising levels of education that will provide human capital for public services. Bolsa Escola is therefore well adapted to the education structure in Brazil since there is a high level of primary education and resources can be directed towards pre-school and secondary education.

Due to the lack of hard data in Brazil, it is useful perhaps to look at the emergence of economies during the beginning of the 20th century in order to draw parallels with developing economies today. The graph below (Stevens and Weale, 2003) shows a basic correlation between primary school enrolment and the strength of an economy.

This correlation, although clearly significant, is not enough to explain economic growth. To do that, it is possible to estimate the effect of education on economic growth by using indices of work force quality. The table below shows the contribution of workforce quality on economic growth³ during the period of 1960-1989. It can be clearly seen from this table that education of the workforce has a significant effect on growth but one that is most strong in rapidly developing economies such as Japan.

(% p.a.)	Labour Quality Improvement	Contribution to Growth	Growth of Output <i>per capita</i>
Canada	0.74	0.50	2.93
France	0.73	0.49	3.04
Germany	0.41	0.28	2.91
Italy	0.19	0.12	3.74
Japan	1.16	0.79	5.39
United Kingdom	0.38	0.26	2.15
United States	0.59	0.40	2.07

In addition to evidence such as this and more circumstantial evidence in other developing economies, there are various theoretical models that suggest that education leads to growth. The first of these is the growth accounting framework, developed by Solow (1956)⁴ which enables analysis of the source of growth in various economies. The model starts with the basic assumption that there are two inputs, labour (L) and capital (K) and one output, growth (Y). Further variables are then introduced until a model is constructed that can accurately describe a changing economy. This model suggests that, under circumstances deemed typical of an emerging economy, an increase in the average number of years in education of its work force, leads to an increase in output of 10.1%³, equivalent to 6.7% of growth once raising stock capital has been accounted for. The second theoretical model focuses on the output of each individual worker rather than the gross output of a labour force. This type of model, exemplified by Madiw et al., works by placing members of the workforce into one of two categories, 'educated' or 'uneducated', according to whether or not they have secondary education. Madiw was able to use this method to study the effects of secondary education in 98 non-oil-producing countries. All results showed that secondary education was a factor determining the rate of growth of an economy.

Although none of the above arguments for the association between education and growth are significant enough on their own to guarantee a return of investment, taking this evidence in combination suggests that the effect education has on growth will stimulate the Brazilian economy enough to guarantee a significant return from the investment.

1.6. Will foreign investment in schemes like Bolsa Escola be sustainable?

Encouragingly, Bolsa Escola has several advantages with regards to attracting foreign investment, at a time when there is fierce competition in securing such funds.

Firstly, Bolsa Escola lends itself well to data collection, much of it quantifiable. This is crucial because the accountability of aid is an increasingly important factor in bilateral aid transactions. Although impacts on long term poverty and expected growth are harder to predict (as discussed above), it is relatively easy to acquire data on the levels of enrolment, attainment and attendance in schools, as well as the demographics of the recipient families. Thus it is relatively simple for supporters of Bolsa Escola to prove that the scheme has tangible results.

Secondly, Bolsa Escola offers very little scope for corruption, particularly in comparison to other aid schemes. Built into the very fabric of the Bolsa Escola scheme are safeguards against corruption, due to the electronic nature of the movement of finance until the point that the recipient head of household receives the cash transfer: money is distributed by means of magnetic cards from offices governed at the local scale; the numbers of recipients of aid are checked by federal authorities against indicators of wealth in the region; and furthermore, local governments are responsible for ensuring that income levels declared by recipients are correct.

The Bolsa Escola scheme is especially attractive to foreign donors due to the number of ermore,

Aguiar and do Nascimento (2006) suggest that Bolsa Escola has led to mothers taking a more active involvement in their children's schools, and to more adults desiring to become literate (pg. 28 Millennium Development Goals it encompasses). Directly, Bolsa Escola contributes towards MDGs one, two, three and five and indirectly towards goal four. Goal number one is eradicate extreme poverty, which is clearly a central aim of Bolsa Escola. Goal number two, to ensure universal primary education is clearly helped by the scheme. Goal number three, to promote gender equality and empower women, is achieved through the mechanism of cash distribution: the mother of the household collects the money from a local office, which clearly empowers women to be the head of their household, as it gives them direct control over a proportion of the family's finances. Goal number four, to reduce child mortality, is indirectly achieved as a result of raising the level of income within the family but also by the financial control that is given to women by the scheme. Research has shown that, generally speaking, when women are in charge of the finances in a household, more money is invested into the well-being of the children.

Bolsa Escola's approach to education also means that the scheme lends itself well to attracting foreign donors. In general, it is not always in western countries' interests to encourage an increase in certain kinds of education in developing nations. For example, any form of education that facilitates expansion of the refining of primary raw materials, such as increased higher education in related industries, is not in the economic interests of nations reliant on such processes themselves. Yet Bolsa Escola does not pose such conflicts of interests: whilst Bolsa Escola was a demand-side intervention, meaning that there was no control of the syllabus by the World Bank, the Brazilian government chose to make the scheme's target that of raising the mean level of education across the board at primary and secondary school level. An increase in this kind of education is less likely to worry western donors than an increase in more technical education or vocational training.

Overall then, although attracting foreign donors and World Bank participation will become more difficult in the future, as the trend towards CCTS grows and aid budgets become stretched, the Bolsa Escola scheme lends itself well to foreign investment: it incorporates quantifiable effects on school attendance and literacy, safeguards against corruption, simultaneous tackling of multiple MDGs, and no direct economic conflicts of interest. Therefore, although it is not possible to predict whether the return will match the initial investment, the scheme is so well suited to foreign donors that it is likely to make up any deficit between investment and returns.

1.7. Political Issues

There is naturally a significant political dimension to CCT programs such as Bolsa Escola, both in terms of winning political support for the scheme and also in ensuring that the scheme is well-designed and efficiently implemented by the relevant authorities. There are many lessons to be drawn from the Bolsa Escola experience, but three main areas are emphasised here: firstly, the political reaction to such a large-scale CCT scheme; secondly, the relationship between Bolsa Escola and other elements of the Brazilian welfare state; and thirdly, the interaction between federal and local authorities in the implementation of the scheme.

1.8. Are programs like Bolsa Escola politically popular?

Bolsa Escola generally provided a very positive message about the general public's attitude to CCT programs. The scheme has been widely praised, both domestically and internationally, and has been held up as a model for other countries to follow (The Economist, 2008). Perhaps the key point here is that the conditional nature of the cash transfer alleviates concerns that cash subsidies to the poor are 'just handouts' (Lindert); few seem to stand opposed to the idea of giving financial relief as long as it is tied to schooling.

1.9. How should programs like Bolsa Escola fit into a broader welfare program?

When it comes to the issue of policy design, Bolsa Escola has experienced a mixed reception. Some critics have argued that programmes such as Bolsa Escola, as a demand-side remedy to failings in the education system, might draw attention away from much-needed supply-side reforms. There is a danger that CCT schemes will come to be seen as a relatively easy solution to the problem of poor public services, when in fact one of the main reasons for low demand for such services may well be that they need improving. As Rawlings argues, 'the provision of quality health and education services should be a pre-requisite to the implementation of a CCT program, lest the transfer be conditioned upon the mandated use of poor quality, ineffective services with little hope for anticipated welfare impacts...' (Rawlings, 2004: pg. 4). Indeed, a 2006 UNESCO report (Reimers et al, 2006) found that although school attendance had increased under Bolsa Escola, there was little evidence that educational achievement had increased as a consequence. Thus it does seem that money needs to be spent on improving the quality of education, as well as (and perhaps even prior to) being spent on encouraging school attendance.

1.10. Who should administrate and implement programs like Bolsa Escola?

On the issue of project administration and implementation, again Bolsa Escola has brought both positive and negative results. The main issue has been the division of administrative responsibilities between the federal and municipal authorities. Bolsa Escola was unique in its level of decentralisation, and thus to its credit it has avoided the criticisms of over-centralization levelled at CCT programs in other Latin American countries: in politically highly centralized countries such as Mexico and Columbia, CCT schemes, 'have been accused of undermining local governments' effectiveness by bypassing their authority' (Rawlings 2004: pg. 12). However, some have voiced concerns over the fact that the Brazilian scheme completely bypassed the state authorities, establishing dialogue directly between the federal and municipal authorities; Aguiar and do Nascimento (2006) argue that Bolsa Escola could have been even more effective had the states been involved.

Furthermore, Bolsa Escola's considerable involvement of municipal authorities has brought difficulties alongside its benefits. De Janvry et al (2006) found that that several problems arose from devolving power to the municipalities. Firstly, there was 'widespread confusion at the local level about the respective roles of the municipality and of the program's central administration in beneficiary selection' (pg. 2). Secondly,

there was significant variation across municipalities with regards to which subpopulations were targeted (pg. 17), and with regards to how the program was monitored and enforced (pg. 17). All of these factors led to the program being more effective in some municipalities than in others: notably, de Janvry et al find that the program had most impact in the municipalities where the implementation process was most transparent (pg. 24). Perhaps the greatest difficulty was that the municipal authorities lacked the human resources to gather all of the information needed to implement the scheme rigorously (Aguiar and do Nascimento, 2006); however, studies generally show that Bolsa Escola successfully reached the poorest families, and thus perhaps this difficulty was more perceived than real.

Overall then, it seems there is a careful balance to be drawn between national- and local- government involvement, and whilst Bolsa Escola's success suggests that decentralization is ideal, clearly this relies on a strong system of local government. As a consequence, a similar scheme may well face considerable difficulty in countries where local government is relatively weak.

1.11. Cultural and Sociological Effects

- **Might CCTPs like Bolsa Escola change attitudes towards education?**

Policymakers may well hope that schemes such as Bolsa Escola might have sociological impacts that serve to reinforce the program's aims. For example, the program might raise the profile of education, and thus lead parents to send their children to school not because of financial incentives but because they view education as important. Such sociological effects are thus clearly key to a project's long-term sustainability, as by changing attitudes a program can have impact without needing to make cash transfers.

Several commentators have found evidence of these kinds of effects in the case of Bolsa Escola. Through detailed data analysis, Reimers et al (2006) find that, 'CCT scholarships do not simply influence parents to send eligible children to school...but rather send a strong message about the importance of education so that parents tend to send all children to school' (pg. 47). Furth). They also cite positive effects on the self-esteem of children that have benefited from the scheme, and suggest that there are markedly fewer children wandering in the streets as a result (pg. 28).

- **What are the broader sociological and cultural implications of CCTs like Bolsa Escola?**

The design of the Bolsa Escola scheme has also raised issues about gender-power relationships, since (as explained earlier) it is the mother of the household who receives the monthly cash transfer. Overall, commentators suggest that this has had positive repercussions for gender equality, improving women's self-esteem and the level of respect for women within the household (Aguiar and do Nascimento, 2006). In addition, it is argued that the reliable source of income provided by Bolsa Escola has meant that mothers have been better able to manage the family budget, and to ensure adequate nutrition for their family members. However, some have expressed concerns that there might be a backlash to the increased power of females within the household, especially within social groups with a particularly strong cultural tradition of male dominance. Furthermore there have been arguments that a system that treats the family as the individual unit would be, 'inappropriate in particular situations such as indigenous communities where collective decision-making and the provision of group-based

benefits are valued' (Rawlings, 2004, pg.13). On one hand, there have been few reports of these kinds of problems in Brazil, but such issues may become pertinent if similar schemes are attempted in other countries.

Overall, such sociological impacts of course may vary widely from country to country, and it seems clear that CCT schemes should be carefully designed to account for the specific cultural tendencies of a country (with regards to gender and so on). Furthermore, such a scheme would rely on families being registered with local authorities, and so could not benefit countries with significant migrant or displaced populations (Rawlings, 2004). Nevertheless, on the whole the prospects for implementing a Bolsa Escola-type scheme elsewhere seem good if one considers to the broader sociological effects it has had in Brazil.

2. Case Study: Guatemala's Eduque a La Niña Helen Coskeran

Introduction

2.1. Why Guatemala?

CCTs have been tried and tested in other Central American countries, such as Honduras' Programa de Asignación Familiar (PRAF) and Nicaragua's Red de Protección Social (RPS), after Mexico set the example with Progresá (now Oportunidades). However, Guatemala is the Central American country most in need of redistribution with the highest Gini coefficient in the region (UNDP Human Development, 2007) and this is one reason it is examined here.

2.2. Background

Guatemala has lived through decades of political instability and violence since the Central Intelligence Agency (CIA) coup of 1954 which led to a bloody 36-year armed conflict (Schlesinger and Kinzer, 1983). Despite the signing of the Peace Accords in 1996, it has yet to catch up with the rest of the region in terms of democracy, stability, growth and standards of living. Education in particular remains a problem – a family of six cannot survive unless one of the adults has had at least 14 years of education. Primary school enrolment is 74% which is 20% less than Latin America as a whole with a high dropout rate, and it took decades of hard work to reach this level (Edwards 2002: 25). Child labour in Guatemala is also a problem (Guarcello et al, 2003) as it not only prevents children from attending school at the correct age, but also reduces the chance that they will return to education later. The main reason for this is low public spending on education which is just half the Latin American average (Edwards 2002: 26). Also, policymakers mainly focus on primary enrolment to the detriment of preschool, secondary and university enrolment and compulsory education is not enforced. However, it is impossible to combat this through public spending alone which suggests that other methods are needed (Ferreira, 2004). And although there is definitely a positive link between income and schooling, a rise in income has little effect on enrolment rates (Behrman and Knowles, 1999). However, extra incentives such as access to credit and medical insurance and covering schooling costs induce parents to send their children to school. Conditional transfers provide such incentives and one scheme implemented by United States Agency for International Development (USAID) in 1994, is the focus here.

2.3. Eduque a la Niña: A Brief History

Guatemala's educational CCT, Eduque a la Niña, was not the first program of its kind. Such scholarship programmes had been implemented in the previous decade (Chesterfield and Enge, 2002); the Guatemalan Association for Sexual Education (AGES) had provided scholarships of US\$ 4 a month to 1500-3000 girls (Reimers et al, 2006) and since then, other programmes have been introduced such as the Basic Education Reform Stipends for girls in 1997 and the Universalization of Basic Education Stipends for girls in 2001 (Patrinos 2002: 7).

Eduque, although mainly a USAID initiative under the Basic Education Strengthening Project (BEST) scheme, did have other sponsors. Chesterfield (1997) cites contributions coming from international bodies such as the Japanese Agency for International Cooperation, internal organisations like la Fundación de Azucar in addition to a US\$ 31 million government contribution. Aside from the scholarships component which were mostly targeted at girls in grades 1-3 who received \$4 a month (Chesterfield, 1997), the scheme also created parent committees on learning and on scholarship selection and supplied materials (Reimers et al 2006: p27).

2.4. Our Study

This section examines the case of a Conditional Cash Transfer programme (CCT) in Guatemala. It does so in light of the unprecedented success of Brazil's Bolsa Escola scheme⁶ in increasing school enrolment (Schultz, 2004) and decreasing instances of child labour (Skoufias and Parker, 2001)⁷ and in order to investigate whether this could be implemented as successfully in other countries. It also does so because social policy on education matters. The literature has shown that education and human capital development are inextricably linked. Aside from increased opportunities at work and income, it also exposes children to health and social issues with international aid organisations providing evidence that education reduces incidents of aid (OXFAM) and malnourishment of babies (UNICEF).

It is vital to use the lessons learned from the Bolsa Escola scheme and examine what this means for other developing countries (de Janvry et al, 2006). Soares et al (2006) highlight the benefits of CCTs not only on education, but also health and pensions and that in combination, these help to pull entire families out of poverty (Soares et al 2006: 29). Nevertheless, our focus here is educational CCTs, such as Bolsa Escola.

This section is an attempt to see what we can learn from Guatemala's case when applying similar programmes elsewhere. As such, the following two questions will be examined: what CCTs have been implemented in Guatemala and how have they fared? What does Guatemala's case imply for the implementation of CCTs elsewhere?

Similarities and differences to Bolsa Escola

Although also a CCT encouraging school attendance, Eduque differs in many respects from Bolsa Escola. Firstly, unlike other CCTs, it was intended to increase enrolment at local public schools only. Whereas in Colombia's TITL, for example, part of the objective was to increase access for children from poorer families

to a private education (Patrinos 2002: 13). Secondly, the main aims were different. Whereas Eduque's main aims were the promotion of economic development, gender inequality and child labour reduction, Bolsa Escola is 'primarily about alleviating poverty but has an educational component' (Reimers et al 2006: 28).

2.5. Economic Issues

Did Eduque really increase education levels?

Overall, the project was concluded to be a success. Stromquist et al (1999) found it had increased public spending on education by 90% and Patrinos (2002) found attendance had increased by 23%, dropout rates had halved, and the rate of those returning to school increased by 14.9% meaning to an increase in earnings of US\$ 35 (Patrinos 2002: 15).

Reimers et al (2006) praise the project in comparison to other educational CCTs as it does not regard the education system as a 'black box' (Reimers et al 2006: 37). This is apparent from the additional components of academic tutoring and parent committees. Liang and Marble (1996) also found that Eduque was more effective than in test situations where no scholarship or unconditional scholarships were given (Liang and Marble 1996: 1).

Another advantage of the programme was its recognition of age as a factor in the rising opportunity costs of sending children to school (de Janvry and Sadoulet, 2004). Eduque's focus on children in the upper age bracket reflects this recognition. Any CCTs directed at children of a lower age would be inefficient and leak valuable funds (de Janvry and Sadoulet, 2004).

Eduque was not only beneficial for the female recipients of the scholarships. Being involved in such a programme helps to change attitudes among parents in general, meaning boys also reap its benefits (Reimers et al 2006: 47). However, it is difficult to know which project component had the most beneficial effect.

Not all feedback has been positive. Like many other CCTs, Eduque's primary objectives were to increase attendance and attainment, but dropout rates, enrolment, learning quality or school improvement were not included (Reimers et al 2006: 39). There was some knock-on effect in these areas and Stromquist et al (1999) found a difference of 9% in dropout rates in girls with and without the scholarship. However, there was little impact made on learning quality (Reimers et al 2006) which suggests this could be targeted.

- **Will Eduque really lead to longer-term poverty alleviation?**

Not that the short-term can be totally left out of the equation. De Janvry et al (2006) look at the effect of educational CCTs on protecting children from shocks and the decrease in school enrolment and rise in child labour these can precipitate. They find that the former is more positively influenced than the latter and conclude that CCTs have 'an important safety net role to play in protecting child education from a range of idiosyncratic and covariate shocks (de Janvry et al, 2006). However, evaluations by Liang and Marble (2006) and Chesterfield (1997) suggest that Eduque, with its different aims to Bolsa Escola, does not have the same positive effect as the Brazilian initiative on short-term poverty alleviation and protection from shocks.

With regards to human capital development, in their analysis of Latin American CCTs, Lomborg et al (2007)

are sceptical of the ability of CCTs to alleviate poverty long term, particularly when educational standards are not tackled (Reimers et al, 2006). Ferreira (2004) highlights the need for CCTs to include integrated conditionality meaning that an educational aspect alone cannot have as much effect as the inclusion of health, pensions as Brazil's Bolsa Familia (an extension of Bolsa Escola which incorporates child vaccinations and prenatal checks for pregnant women.) Sauma (2008) points out that CCTs must improve other factors associated with education than simply school enrolment and attendance such as teaching standards and materials. Also, in support of Ferreira's (2004) point on integral conditionality, to be very effective, these need to be linked with other conditions on health and child labour (Sauma 2008: vi). Sauma (2008) cites the PETI programme in Brazil which has had positive effects on this and feels reducing child labour should be a standard part of any CCT (Sauma 2008: 19). These would be the main methods of increasing human capital development.

- **Will foreign investment in schemes like Eduque be sustainable?**

Stromquist et al (1999) criticise USAID for failing to ensure that Eduque was sustainable once USAID funding was pulled out. They could and should have ensured agreements and conditions were in place to take the benefit of their short-term efforts to the longer term. As it was, the project 'remained a loose collection of activities, reflecting a lack of emphasis on the whole' (Stromquist et al 1999: 19).

The Central American region receives ample support from multilateral economic institutions such as the World Bank with Guatemala having received around US\$ 100 million. The World Bank recognises the benefits of CCTs and acknowledges that external support is imperative, but also suggests alternatives which may prove more sustainable. Their suggestions include donations from bilateral, regional and private organisations to set up a trust fund for educating girls; a girls' education evaluation fund; or increased statistics from the UNESCO Institute for Statistics to target funding more effectively. Lomborg et al (2007) they cite a 1960s nourishment programme in Guatemala where children who were fed porridge learned more quickly and effectively than those who were not. This could be an alternative which is inexpensive to implement with costs per child per annum at US\$ 23.50. They also cite Chile and Colombia's private school access programme which costs roughly US\$ 24 per annum more than a CCT to local schools but increases income significantly (Lomborg et al 2007: 2).

The founder of Brazil's Bolsa Escola has his own doubts about the long-term sustainability of the project as outlined in his article, which is tellingly entitled 'A good intention gone astray' (Buarque, 2002). In response to criticisms such as these, which suggest that integrated conditionality (as advocated by Ferreira, 2004) are the wrong way to go, the World Bank has attempted to be more specific in the goals it supports by highlighting education and health rather than more general projects like Bolsa Familia¹⁰. Alvares de Azevedo (2007) proposes micro-lending alongside CCTs in order to avoid government dependency and promote empowerment.¹¹

in Guatemala's case, Liang and Marble (1996) pointed out that although the pilot had been successful, subsequent programmes would need to be more targeted, particularly at Mayan girls, in order to make them sustainable over a longer period.¹²

12.6. Political Issues

- **How should programs like Eduque fit into a broader welfare program?**

With regards to international welfare programs, it is interesting that CCTs came from Latin American countries themselves, instead of the Washington consensus (Fukayama, 2007). However, a discussion of this phenomenon lies somewhat outside the scope of this paper, and so let us focus instead on issues of domestic politics. Some feel that the division of government is detrimental to CCT schemes; however, Buarque (2002) argues that education must be separated from health and other poverty-alleviating issues. His concerns that CCTs would become politicised with the change in the Brazilian administration were confirmed when the compulsory education element of Bolsa Familia was removed (Buarque, 2002). Furthermore, the government fears it cannot sustain the amount it spends on the programme, which begs the questions if it is viable to use taxes to increase education attendance and if the scheme could still work with lower funds (Alvares de Azevedo, 2007).

- **Who should administrate and implement programs like Bolsa Escola?**

Eduque was severely affected by its timing at the end of the armed conflict, and the silencing of civil society which that caused. After some early participation at the First National Conference on Girls in 1991, the voices of unions and NGOs were not heard in USAID's programme and other non-state actors like women's groups and teachers' unions were also missing (Stromquist et al, 1999).

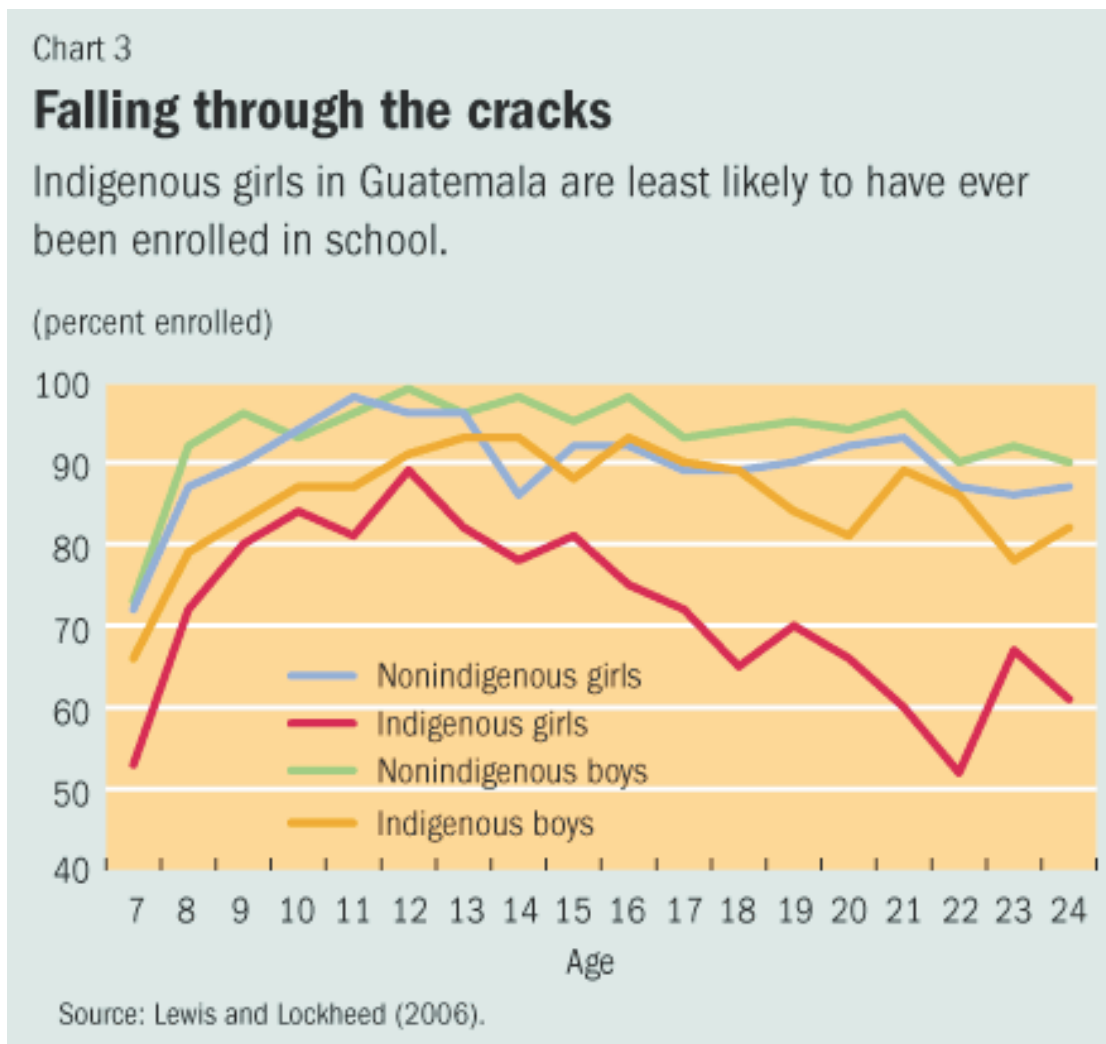
USAID's own report on the programme (Stromquist et al, 1999) also feels Eduque did not reach its full potential. They cite Guatemalan politics as a hindrance to far-reaching systemic change. USAID was also unable to involve major stakeholders such as civil society in the programme. They attribute this to the fact that project implementation was prior to the Peace Accords, and to discrimination against indigenous and female students. Also, to avoid polarising large private businesses, the programme was linked to social and economic development questions, rather than being portrayed as an equity issue, which in turn alienated NGOs and other members of civil society. Aside from financial support, the private sector did not always have a positive impact on the project. Not wishing to leave the project in the hands of donors with alternative aims and objectives to themselves, USAID took full control of the project, thus isolating it from civil society and ruling out long-term sustainability. Sauma (2008) highlights the importance of evaluating CCTs with a long-term perspective to examine their sustainability.

2.7. Cultural and Sociological Effects

- **What are the broader sociological and cultural implications of CCTs like Eduque?**

The sociological impacts were considered carefully with Eduque. The amount of the scholarship was calculated based on family's income (it should not be higher than this); potential wages the girls could earn (it should be lower than this and compensate the family for the opportunity cost of the girl's labour); and it would cover the cost of school supplies but would not be so high as to create a dependency (Patrinos, 2002). The scholarship is equal to 25% of the average income for women with less than a year of schooling (Núñez et al, 1991) as if the cost of schooling is higher than the amount of the scholarship, families will not be attracted to the scheme (Liang and Marble, 1996).¹³

Eduque also encompasses two significant social issues: gender and ethnicity. Ethnic differences are greater in Guatemala than elsewhere in Latin America (Hall and Patrinos, 2005). Indigenous adults have had half the schooling of nonindigenous adults (2.5 as opposed to 5.7 years) and only 39% of Mayan women are literate (Hallman et al 2006: 3). Guatemalan indigenous children lag behind children in other Latin American countries (Lomborg et al, 2007) and indigenous girls are the least likely to enrol in primary education:¹⁴



The above chart shows that just 26% of non-Spanish speaking indigenous girls complete primary education, compared with 62% of Spanish-speaking girls (Lewis and Lockheed, 2007). Hallman et al (2006) also details the plight of the indigenous woman in Guatemala where dropout rates are highest for Mayan girls. Their surveys suggested that the main reasons for this were household duties and lack of finances rather than factors such as early marriage. They also point to Mayan parents' expectations of girls which do not necessarily include a high level of education. This indicates that there are attitudes to be addressed, as well as language barriers which are also a problem for Mayan women (Stromquist et al, 1999).

As regards gender, Guatemala has the highest amount of indigenous girls in Latin America (Lewis and Lockheed, 2007). Indigenous parents keep their daughters at home due to resistance to change, separating

their identity from the ladino population, concerns about discrimination and girls' safety, dependency on the girl's income from labour, and a belief that boys have better employment opportunities than girls upon completing their education. But it is imperative that females are educated because of its impact on other nutritional, educational and industrial variables that foster economic development (Chesterfield, 1997). Given the areas of concern, the focus of the government on mainly rural areas is understandable. However, as Hallman et al (2006) point out, 25% of the families in these areas are non-poor. Thus, more targeted CCTs need to be implemented.

- **Conclusion: What might Guatemala's case suggest about the broader feasibility of adopting Bolsa Escola-type schemes worldwide?**

Guatemala's case is rather unusual in that Eduque tackles issues of ethnicity more than schemes elsewhere may do. However, there are some general suggestions which could be made to make the implementation of similar projects run more smoothly.

The first area which needs to be targeted is the quality of the education, which CCTs do not always consider: CCTs should include this and child labour as objectives of the schemes. As regards girls in particular, there need to be more incentives for poor families to send their daughters to school. Here CCTs can help, although statistics from Ecuador's programme mean CCTs should be regarded cautiously as, although the programme was successful, it did not especially help the case of girls or minority students (Lewis and Lockheed, 2007). This would suggest that CCTs aimed at improving girls' education should be targeted as such and should also recognise the importance of tackling other women's issues like mothers' interest in their daughters' education (Stromquist et al, 1999).

In deciding whether CCTs should be implemented elsewhere, Ferreira (2004) calls for caution and offers his own suggestions for evaluation and pre-implementation assessments. These include geographical targeting, proxy means testing and verification complemented with counterfactual analysis to ensure the program is beneficial to the relevant group. They must also be evaluated based on their long-term benefits rather than just short-term ones, as is usually done now. The above data suggests that although CCTs are to be regarded with some scepticism, conditionality certainly does matter (Ferreira, 2004) as it can adjust behaviour in contrast to non-conditional transfers which simply swell income (de Janvry and Sadoulet, 2004). And new conditions can be considered. Sauma (2008) feels that new CCTs should include child labour as one of their objectives as two Latin American programmes have done so successfully: Brazil PETI and Mexico Avancemos. And in countries where the age of enrolment is especially high, lowering this could also be a condition of the scheme, as could additional factors which influence education such as nutrition (Edwards, 2002).

Given de Janvry and Sadoulet's (2004) findings that CCTs are far less efficient than they could be due to leaked funds on children who would attend school anyway, specialised interventions may also make CCTs more effective. Aside from ethnicity and gender, poverty and location of residence are also deciding factors on the level of education, and so these are issues which a potential CCT could tackle (Hallman et al, 2006).

De Janvry and Sadoulet (2004) believe that there are certain types of children to whom the cash transfers should be offered in order to make the schemes more efficient. They cite eldest children for the purposes

of setting an example, children with an indigenous father and children in areas with no secondary girls, especially girls (de Janvry and Sadoulet 2004: 11). CCTs should be designed, implemented and promoted as contracts with clear objectives rather than handouts. And targeting of funds cannot only be at the most needy, but also at families where it is felt the condition is most likely to be met. This supports Ferreira's (2004) point that not only entrances to the programme, but also exits from it must be monitored closely and occur regularly.

The experience of Eduque shows that international organisations like USAID must seek full support from the government in question and internal NGOs in order to make the project sustainable. This ensures thorough policy dialogue with the potential beneficiaries of the scheme and avoids criticism of sovereignty violation as IMF conditionalities have been subject to. It is also interlinked with requiring less support from the private sector which has proven to be unsustainable in the case of Eduque. However, the immediate success of the program suggests that scholarship-style CCTs are useful for increasing attendance, at least in the short-term. Eduque in itself is a lesson for the resources which can be wasted on constant pilot schemes. No long-term projects have been implemented from this, which lead Stromquist et al (1999) to argue that USAID could have supported scholarship program already established by the government.

However, I do not wish to provide evidence that, '(o)ne of the problems Latin America's democracies face is the persistent denial of progress by many academics, journalists and politicians, both within the region and among those who observe it from the United States and Europe' (Reid, 2007). Bolsa Familia was well-targeted with over 80% going to poor families and having a 'visible impact on incidents of poverty' (Soares et al, 2006). CCTs are therefore well worth pursuing as even one year of extra education makes a significant difference to individual output (4-7%) and improved literacy can increase GDP (Basic Education Coalition, 2004).

Despite the problems with Eduque, it was innovative during a difficult period in Guatemala's history and sets a good example for future CCTs both in what it was – a relatively successful scholarship program targeted at girls in rural areas to increase school attendance – and in what it was not – an efficient project targeted at the poorest families in Guatemala (indigenous and non-indigenous) with ample support from the public sector and a plan for long-term sustainability.

3. The Missing C: the Ecuadorian experience of Non-conditional Cash Transfer Programs: Bono de Solidaridad, Bono de Desarrollo Humano, and Beca Escolar

Vitamin C is an important antioxidant that contributes to a stronger immune system, and is vital for the long-term construction and maintenance of the human body. In this paper I would like to draw an analogy between the 'C' in 'vitamin C' and the first 'C' in 'CCT', since both are symbolic micro-components that are key in ensuring long-term health.

Development policymakers are constantly trying to look for effective practices in order to sustain long-term human development: in essence, they are looking for the 'Vitamin C' of human development policies. This paper will focus primarily on the recent development policy implemented in various countries of Latin

America, Conditional Cash Transfer Programs (CCT Programs), and will ask how a scheme of this kind has fared in Guatemala. Conditional Cash Transfer Programs aim to provide social benefits for the most economically vulnerable populations. Although some of these programs have yielded successful results, many have not been examined and we are unclear of the effectiveness and sustainability of their operation. However, it seems clear that mandated conditionalities are vital for the programs to be effective and operational in the long-term. Therefore, one can argue that the 'C' (standing for the Conditionality) in 'CCT Programs' is the micro-component essential in assuring long-term results in this particular human development policy, just as the C in Vitamin C is an essential micro-component in maintaining long-term benefits for human health.

3.1. Background

Before examining Ecuador's cash transfer schemes directly, I shall first broadly outline the historical context in which the schemes were developed: this is necessary for a fuller understanding of the schemes' aims, designs and so on. At the end of the 20th century, Ecuador experienced a severe economic crisis due to the crash of oil prices and natural disasters (El Niño phenomenon, floods, drought and earthquakes) and the banking crisis (Mejía et al, 2006). As an outcome, Ecuadorian GDP decreased by seven percent (Aguiar and H. Araújo, 2002:70). Other indicators illustrate that the most vulnerable population was dramatically affected not only in terms of decreasing quality of life, but also in terms of augmenting the number of Ecuadorians living in extreme poverty. For example, Aguiar and H. Araújo (Ibid) remark that the number of Ecuadorians living on less than two dollars a day increased from 37, 9%, in 1998, to 43.8% in 1999. The Gini index, which represents a measurement of social inequality, increased from 0.54 in 1995 to 0, 58 in 1998. In addition, during the years of the crisis, unemployment doubled from 8.5 % of the Economically Active Population (EAP) in 1998 to 15,6% in 1999 (Ibid.)

The education sector was highly affected, forcing national authorities to deal with the rise of drop-out rates. In spite of the fact that efforts were made to improve education quality during the 1990s¹⁵ (Arcos, 2001; Bellettini, 2006; Paladines, 1995; Ponce, 2000), there was a general consensus¹⁶ that efforts to keep children in school should focus not on educational quality but on promoting educational access policies. The economic crisis caused negative impact in the rural areas especially in the Coastal Region due to El Niño phenomenon. For example, almost a quarter of children between the age of five and fifteen that belonged to the poorest households on the coast did not attend school. The national attendance rate decreased dramatically within the poorest households, with variation according to children's age. For example, in 1999, 76 % of six year old children attended school while only 65% of thirteen-year-old children attended school and only half of the children between the ages of fourteen and fifteen belonging to the poorest households attended school. Additionally, Aguiar and Araújo (2002: 71) reveal an increase in child labour between January and July 2000, from 153.000 to 187. 000. In 1999, it was accounted that 230.000 children between the ages of six and fifteen dropped out of the educational system in Ecuador (Ibid).

3.2. Cash Transfer Schemes in Guatemala: A Brief History

In Ecuador, three Cash Transfer Programs were implemented in the late 1990's, and two of them currently make up the Human Development Bond (Bono de Desarrollo Humano). However, only one of these

implemented in Ecuador, and will then attempt to identify the critical challenges that the current government must tackle in order to have more successful results. I will place emphasis on the Bolsa Escola program, because this was the only CTF that implemented conditions. The following figure shows a chronological phase of the conditional cash transfers.



3.3. Bono Solidario (Solidarity Bond)

In 1998, the first Cash Transfer Program (Bono Solidario) was implemented in Ecuador in the midst of the severe economic crisis to compensate mothers in poor households and the senior citizens who lost their purchasing power due to increased unemployment. (Leon et al, 2007; Rosero et al, 2008). Moreover, the purchasing power of Ecuador was severely affected by the eradication of electrical energy subsidies, namely gasoline, gas and electricity (Rosero et al, 2008). Therefore, the Cash Transfer Bono Solidario was formed in Ecuador as a social safety net, to protect vulnerable population from severe economic crisis. Bono Solidario used a self-targeting mechanism¹⁷ (Winkler, 2004) where the beneficiaries applied at a Catholic church (Leon, 2007) and were paid through a banking network system (Schady et al, 2006). In order to be eligible, interested participants could not be affiliated with the welfare system (IESS). In addition, their monthly salary could not exceed \$40 (Rosero, 2008; Leon, 2007). Bono de Solidaridad was substituted by the Bono de Desarrollo Humano in 2003 (Ibid).

3.4. Beca Escolar Program: ' All children to the classroom '

The Bolsa Escola Program was implemented in Ecuador in two stages. The first stage started, in the period of the Mahuad Administration (1998-2000) when the Minister of Education attempted to apply the program due to the dramatic fall of the matriculation rate because of the severe economic crisis faced in 1999 (Grindle, 2004). At the time, the Bolsa Escola Program was considered an important social policy formulated by the Mahuad Administration (Ibid). However, the Mahuad Administration was overthrown by a military coup in January 2000 and vice president Gustavo Noboa was appointed the new President of Ecuador. The new Minister of Education continued with the design of Bolsa Escola program under the sponsorship of the Inter American Development Bank. The design of this social program was in charge of consultants hired by UNICEF-Ecuador who served at the Brazilian NGO Children's Mission (Missao Criança) (Aguiar and Araújo, 2002)

The transfer sum paid by the Bolsa Escola Program (USD 10 per month) is based on a calculation of the opportunity cost to send a child to school (in terms of lost earnings from child labour) plus the direct school cost (transportation, school uniforms, school supplies, etc.) Among the objectives of Bolsa Escola-Ecuador

were: i) to improve the matriculation rate among underprivileged children; ii) to decrease repetition and dropout rates; iii) to enhance attendance and attainment rates (Aguiar and H. Araújo, 2002: 72). In order to be eligible to receive Cash Transfers, beneficiaries needed to demonstrate that they: i) had 6-15 year old children; ii) earned less than USD 2 dollars a day. Parents were also obliged: i) to fulfil the attendance requisite that their children must attend at least 90 % of the school year; ii) to ensure that their children received periodical healthcare (Ibid).

The main challenges of the new Bolsa Escola Project Proposal are related to controlling measures with regard to the supervision of children's attendance to school, and the allocation of cash transfers. A consultant who designed Bolsa Escola informed me that in order to control children's attendance, the program team decided to work with micro-financial institutions located all over the country, called cooperatives. In order to smooth the progress of the children attendance control, employers working at the cooperatives received the information bimonthly from parents who went to their children school to request teachers the attendance report card. Parents then went to the cooperatives with the report card and the employer entered the number of school absences into the program computer system. The program team found that this system contributes to the prevention of clientelism and corruption. By using this modus operandi, the program team also attempted to ensure parental participation (at least on a modest scale) in the educational process of their children.

3.5. Bono de Desarrollo Humano (Human Development Bond)

Rosero (2008) remarks that Bono de Desarrollo Humano (BDH) was created in 2003 as a fusion of two social programs: Bono de Solidaridad and Beca Escolar Program. By creating the BDH some changes were introduced, for example the new bond attempted to re-target the beneficiaries using a mechanism called the SELBEN index (in Spanish, the Sistema de Selección de Beneficiarios (Beneficiaries Targeting System), and to enforce conditionality on children's attendance to school which before was never officially monitored (Schady et al: 2006). The SELBEN index is based on information, such as, demographic composition, education levels, access to services and housing characteristics (Ibid).

3.6. Economic Issues

Did Guatemala's CCTs really improve health and education levels? It is important to remark that only one of the Cash Transfer Programs implemented in Ecuador has been entirely evaluated: the Bono de Desarrollo Humano. Some scholars, Schady et al (2006) and Leon et al (2007), have conducted research and attempted to evaluate the impact of Bono de Desarrollo Humano (BDH) and Bono Solidario. Araujo et al (Ibid) evaluated the impact of BDH on child labor and Leon et al (2007) evaluated the impact of Bono Solidario on children's health-related behavior.

Will Eduque really lead to longer-term poverty alleviation? Although the Bono de Desarrollo Humano is currently being implemented, in order to facilitate the most promising results it is important to continue examining the outcomes: this will provide tangible, conclusions and recommendations for decision-makers.

As I have mentioned, Ecuadorian authorities have never enforced the conditionality of these social policies: a key measure to ensure long-run human development and to break the intergenerational cycle of poverty. It is not clear why the conditionalities were not implemented for these social programs in Ecuador. This may have been the result of political factors, which are discussed in the next section.

Political Issues

- **Were Guatemala's CCTs politically popular?** The fact that conditionalities were not enforced may have been a result of the loss of political capital or political support by the schemes' beneficiaries, who represent a considerable number of Ecuadorian citizens.¹⁸ However, these issues are still not clearly identified; therefore, I strongly recommend further research on this issue based especially on elite interviews.¹⁹ In addition, as Schady et al (2006) indicates, in the case of Bono de Desarrollo Humano, the beneficiaries are under the impression that the conditionalities are mandatory, in order to be entitled to receive the cash transfer bond. A crucial question is how the beneficiaries will react when they find out that it is not an officially mandated condition to send children to school, in order to be entitled to receive the Bono de Desarrollo Humano.

- **How should programs like Guatemala's CCTs fit into a broader welfare program?** Bolsa Escola Program in Ecuador was seen as a short-term policy that did not encourage a long-term educational policy. Furthermore, it may be seen as self-contradictory in that it promoted parental participation on the one hand, yet on the other hand simply paid parents to fulfil their obligation (Grindle, 2004). Indeed these facts have received fierce criticism. In the case of Bolsa Escola, some opponents have remarked that sending children to school is an obligation and thus parents should not receive transfers as an incentive to accomplish their duty. Therefore, it is important to investigate the non-economic incentives parents need in order to send children to school. For example, improving the quality of schools as suggested by Reimers et al (2006) by directly investing in the educational institutions themselves, as well-performing schools, may provide a greater incentive for parents to get involved with the educational community. In this way education triangle is being enforced (parents-teachers-students).

Referentes Bibliography

Aberbach, J., and Rockman, B., (2002) Conducting and Coding Elite Interviews, UCLA -Ohio State University, Published American Political Science

Association. Available online:

http://www.tcd.ie/Political_Science/Postgrads/Patrick.Bernhagen/Aberbach_02.htm

Aguiar, M. and Araújo, C.H. (2002) Bolsa Escola: Educación para enfrentar la pobreza, Brasilia: UNESCO.

Aguiar, M. and Araújo, C.H. (2002) Bolsa Escola: Educación para enfrentar la pobreza, Brasilia: UNESCO.

Aguiar, M. and do Nascimento, E. P., Bolsa Escola: Historia y Evolución (UNESCO 2006).

Alvares de Azevedo e Almeida, Thomas (2007), Brazil's Bolsa Familia at Risk, Council on Hemispheric Affairs. Retrieved from: <http://www.coha.org/2007/12/05/brazils-bolsa-familia-at-risk/> Brazil's Bolsa Familia at Risk on 20 May 2008.

Arcos, C. (forthcoming) 'Dos procesos de reforma educativa', Quito: FLACSO.

Behrman, Jere and James Knowles (1999) Household income and child schooling in Vietnam, World Bank Economic Review 13 (1999) (2), pp. 211–256.

Bellettini C-J, V. (2006) "Education Reform in Ecuador during the 1990s: the politics of policy change." Thesis for obtaining the MPhil degree with main stream in Politics, Democracy and Education, Faculty of Education, University of Cambridge.

Berry, J.M., (2002) 'Validity and Reliability Issues In Elite Interviewing' in PS: Political Science and Politics, Vol. 35, No. 4. (Dec., 2002), pp. 679-682.

Bourguignon, F, Ferreira, Francisco & Leite, P.G, The World Bank Economic Review, 2003.

Buarque, Cristovam (2004), Brazil's Bolsa Familia: A good intention gone astray. Retrieved from – brazil on 28 April 2008.

Chesterfield, R and K Enge (2002), The Guatemala Scholarship Program for Indigenous Girls: Do Demand-Side Interventions Work?, Paper presented at Annual Meeting of the Comparative and International Education Society (CIES), Orlando, FL, 5-9 March 2002. Retrieved from http://eric.ed.gov/ERICDOcs/data/ericdocs2/content_storage_01/0000000b/80/27/bb/b6.pdf on 3 April 2008.

Chesterfield, R, F Rubio and E Fernando (1997), Incentives for The Participation of Guatemalan Girls in Primary Education: Final Evaluation of the Eduque a la Nina Pilot Project, Washington DC: Academy for Educational Development.

Colom, Alejandra, Marta Julia Ruiz, Jennifer Catino, Kelly Hallman, Sara Peracca, and Kristen M. Shellenberg (2004), Voices of vulnerable and underserved adolescents in Guatemala, Guatemala City: Project report prepared for National Youth Forum.

Conditional Cash Transfers in Education?, Montreal: UNESCO Institute for Statistics.

Corrales, J. (1999) 'The Politics of Education Reform: Bolstering the supply and demand; Overcoming Institutional Blocks.' Washington: The education reform and management series (World Bank), Vol. II, N.1, Available in: <http://www.reduc.cl/reduc/corrales.pdf>

Crespo, C., (2002) 'Economia Politica de las Reformas Educativas,' ed. Martinic, S., Pardo, M.. Santiago de Chile: CIDE-PREAL. pp. 225-236.

De Janvry, A., Finan, F., & Sadoulet, E, Evaluating Brazil's Bolsa Escola Program: Impact on Schooling and Municipal Roles, University of California, Berkeley, June 2006.

De Janvry, A., Finan, F., Sadoulet, E., Nelson, D., Lindert, K., de la Briere, B., Lanjouw, P., Brazil's Bolsa Escola Program: The Role of Local Governance in Decentralized Implementation, World Bank (December 2005).

De Janvry, Alain and Elisabeth Sadoulet (2004) Conditional Cash Transfer Programs: Are They Really Magic Bullets? ARE Update, 7 (6), 9-11.

De Janvry, Alain, Frederico Finan, Elisabeth Sadoulet and Renos Vakis (2006), Can conditional cash transfer programs serve as safety nets in keeping children at school and from working when exposed to shocks? Journal of Development Economics, 79 (2), 349-373.

Denes, Bolsa Escola, Redefining Poverty and Development in Brazil: World Bank Report 2003.

DFID Budget 2006, retrieved from www.dfid.gov.uk/pubs.

Edwards, John (2002) Education and Poverty in Guatemala, Guatemala Poverty Assessment Program, Technical Paper No. 3, Washington DC: World Bank.

Ferreira, Francisco (2004) The Role of Conditional Cash Transfers in the Process of Equitable Economic Development, World Bank. Presented at 2nd Intl. Conference on Conditional Cash Transfer Programs, 26-29 April 2004. Retrieved from

http://siteresources.worldbank.org/SAFETYNETSANDTRANSFERS/Resources/281945-1131468287118/1876750-1140119752568/Ferreira_En.pdf on 20 April 2008.

Francis Fukuyama (2007), A Quiet Revolution: Latin America's Unheralded Progress, Foreign Affairs November/December, Vol 86, Number 6. Retrieved from: <http://www.foreignaffairs.org/20071101fareviewessay86613/francis-fukuyama/a-quiet-revolution.html> on 25 May 2008.

Gajardo, M. 1999. 'Reformas Educativas en America Latina: Balance de una Decada'. Santiago: PREAL.

Grant, W., (2001) 'Elite Interviewing': A practical guide'. An IGS Discussion Paper 2000/11 published by the University of Birmingham.

Grindle, M., (2004) Despite the Odds: Contentious Politics and Educational Reform. Princeton, N.J.: Princeton University Press.

Guarcello, L, F Mealli and F Rosati, (2003), Household vulnerability and child labor: the effects of shocks, credit rationing, and insurance. Understanding Children's Work, An Inter-Agency Research Cooperation Project (ILO, UNICEF, World Bank Group).

Hall, Gillette and Harry Anthony Patrinos, eds. (2005) Indigenous Peoples, Poverty and Human Development in Latin America 1994–2004. Washington, DC: World Bank.

Hallman, K, S Peracca, J Catino and MJ Ruiz (2006), Multiple disadvantages of Mayan females: the effects of

- gender, ethnicity, poverty, and residence on education in Guatemala: Challenges for Mayan girls' education, Population Council: USA. Retrieved from <http://www.eldis.org/go/topics/resource-guides/education/primary-education/barriers-to-education&id=23038&type=Document> on 3 April 2008.
- Hardin, Belinda J, Rosemarie Vardell, Albertina de Castañeda (2008), More Alike Than Different: Early Childhood Professional Development in Guatemala, *Childhood Education*, 84 (3).
<http://www.flickr.com/photos/ramblingtraveler/1222491057/> accessed on 31 May 2008.
- Kaufman, R., and Nelson, J., (2005) 'Políticas de Reforma Educativa: Comparación entre países.' N. 30. Washington: PREAL.
- Keating, A., (2006) An Introduction to Policy Research and Policy Interviews, A working paper prepared for the Faculty of Education, University of Cambridge.
- León, M., Younger, S., Transfer Payments, Mothers' Income and Child Health in Ecuador, *Journal of Development Studies*, Vol. 43, No. 6, 1126–1143, August 2007.
- Lewis, Maureen A., and Marlaine E. Lockheed (2006) *Inexcusable Absence*, Center for Global Development: Washington. Retrieved from <http://www.cgdev.org/content/publications/detail/11898> on 20 April 2008.
- Liang, Xiaoyan and Kari Marble (1996), *Guatemala: Eduque a la Niña: Girls' Scholarship*, World Bank. Retrieved from
www.worldbank.org/education/economicssd/finance/demand/case/guatemala/guatemala_index.htm on 30 March 2008.
- Lomborg, Bjørn, Amy Damon and Paul Glewwe (2007), *The Elixir of Education?*, Project Syndicate. Retrieved from
www.copenhagenconsensus.com/.../DWSDownload.aspx?File=%2FFiles%2FFiler%2FCC+LAC%2Farticle%2Feducation.pdf on 3 April 2008.
- Mejia, A., Araujo, M.C., Pérez-Liñán, A., Saiegh, S., (2006) 'Veto Players, Fickle Institutions and Low-quality Policies: The Policymaking Process in Ecuador (1979-2005).' Washington D.C.: Inter-American Development Bank.
- Núñez, Gabriela, Beatriz Bezmalinovic, Susan Clay, Bruce Newman, Isabel Nieves and Gloria Tujab (1991) *Educating Girls: Achieving the Development of Guatemala*, First National Conference.
- Ostrander, S., (1995) 'Surely You are Not in This Just to Be Helpful : Access, Rapport, and Interviews' in Hertz, R., Imber, J. (ed.) *Three Studies of Elites in Studying Elites Using Qualitative Methods*, Thousand Oaks: Sage Publications, pp. 133-150.
- Paladines, C., (1995) 'Ecuador: Historia de Refomas Educativas Inconclusas', in *Educación, Crecimiento, y Equidad*. Quito: CORDES-BID.
- Patrinós, HA (2003), *A Review of Demand-side Financing Initiative in Education*, Washington DC: The World Bank.

Ponce, J., (2000) 'La Educación Basica en el Ecuador: Problemas y Propuestas de Solucion.' Quito: Sistemas de Sistemas Integrales del Ecuador del Frente Social.

Puryear, J. (1997) 'La Educacion en America Latina: problemas y Desafios.' Santiago: PREAL.

Rawlings, L., (2004) A New Approach to Social Assistance: Latin America's Experience with Conditional Cash Transfer Programs, Washington D.C.: The World Bank: Social Protection Unit.

Reid, Michael (2007) Forgotten Continent: The Battle for Latin America's Soul, Bury St Edmunds: St Edmundsbury Press Ltd.

Reimers, F., DeShano da Silva C., and Trevino, E., (2006), Where is the "Education" in Conditional Cash Transfers in Education?, Montreal: UNESCO Institute for Statistics.

Reimers, Fernando, Carol DeShano da Silva and Ernesto Trevino (2006), Where is the "Education" in

Rosero, J., Martinez, J., Impacto del Bono de Desarrollo Humano en el Trabajo Infantil (2008), Quito: Ministerio de Coordinacion del Desarrollo Social.

Sauma, Pablo (2008), Child labour and conditional cash transfer programmes in Latin America, Geneva: International Labour Office.

Schady, N., Araujo, M.C. (2006). Cash transfers, conditions, school enrollment, and child work: evidence from a randomized experiment in Ecuador. Washington: The World Bank.

Schifelbein, E. (1995) 'Education Reform in Latin America and the Caribbean: An Agenda for Action.' The Major Project of Education in Latin America and the Caribbean. Santiago, Chile.

Schlesinger, Stephen and Kinzer, Stephen (1983) Bitter Fruit: The Untold Story of the American Coup in Guatemala, Garden City NY: Anchor Books.

Schultz, T Paul (2004) School subsidies for the poor: evaluating the Mexican Progresa Poverty Program, Journal of Development Economics 74 (1), 199–250.

Skoufias Emmanuel and Susan Parker (2001), Conditional cash transfers and their impact on child work and school enrolment: evidence from the Progresa Program in Mexico, *Economia* 2 (1), 45–96.

Soares, FV, Soares S, Medeiros M & Osorio, RG (2006), Cash Transfer Programmes in Brazil: Impacts on Inequality and Poverty, International Poverty Centre: UNDP Working Paper 21.

Solow, R. Growth Theory and the East Asian Miracle, University of New South Wales, 1956

Stevens and Weale, Education and Economic Growth, National Institute of Economic and Social Research, 2003

Stromquist, N, S Klees and S Miske (1999), *Impact Evaluation: Improving Girls' Education in Guatemala*, CIDE. USAID. Retrieved from http://www.dec.org/pdf_docs/PNACA919.pdf on 23 April 2008.

The Basic Education Coalition (2004), *Teach a Child: Transform a Nation*, Washington DC.

UNDP Human Development Report (2007), *Fighting climate change: Human solidarity in a divided world*. Retrieved from http://hdr.undp.org/en/media/hdr_20072008_en_complete.pdf on 4 May 2008.

Vaillant, D. (2005) 'Education Reforms and the Role of Teachers', in PRELAC Journal, UNESCO Regional Office. Chile, 1 pp 38-52.

Winkler, D., 'Educating the poor in Latin America and the Caribbean: Examples of Compensatory Education' in Reimers, F., (2003) *Unequal Schools, Unequal Chances: The Challenges to Equal Opportunity in the Americas*, Cambridge: David Rockefeller Center Series on Latin American Studies.

⁶ en.wikipedia.org/wiki/Bolsa_Familia

⁷ http://www.economist.com/world/la/displaystory.cfm?story_id=10650663 accessed on 21 March 2008.

⁸ Although it has been more successful in influencing the former than the latter (de Janvry et al, 2006).

⁹ <http://siteresources.worldbank.org/INTANNREP2K6/Resources/2838485-1158333614345/AR06Section2RPlac.pdf> accessed on 27 April 2008.

¹⁰ Ibid.

¹¹ <http://siteresources.worldbank.org/INTANNREP2K6/Resources/2838485-1158333614345/AR06Section2RPlac.pdf> accessed on 27 April 2008.

¹³ One commentator on his article points out that micro-lending could feasibly replace the scheme altogether as a more sustainable project.

¹⁴ The plight of indigenous girls, compared to other school-goers is examined in the section on social issues.

¹⁵ Although Patrinos (2002) does point to the success of the Bangladeshi programme where only 54% of schooling costs were covered (Patrinos 2002: 15).

¹⁶ Graph from Lewis and Lockheed (2006).

¹⁷ All scholars agree that Ecuador expanded primary education in the years prior to the implementation of quality-enhancing reforms implemented in the 1990s however, it is also recognized that the economic crisis impacted the number of children in school. The objective of 'quality enhancement reforms' as called by Grindle (2004: 5) intended 'to address the problem of poor management and inefficient use of resources by increasing accountability and reallocating responsibilities of performance.' The biggest problems in the Latin American countries were related to low efficiency with regards to managing public spending in the educational sector, low learning quality, and inequality in the education sector

(Vaillant, 2005). For further information of education reform in Latin America see Corrales (1999), Gajardo (1999), Kaufman et al (2005), Puryear (1997), Schifelbein (1995).¹⁸ There was an extensive debate at the time, between the Minister of Education and the director of a quality-enhancing program, over whether to focus governmental attention on a program that addresses school access or on a quality-enhancing program. This debate was considered to be a personal matter between these two public servants (Grindle, 2004).

- ¹⁹ According to Winkler (2004) there are three main mechanisms to target beneficiaries of compensatory education programs, one is the geographic targeting mechanism used in selecting beneficiaries in programs such as Bolsa Escola/ now Bolsa Familia and Progres a /Oportunidades. The second is group characteristic mechanism used in social programs to benefit marginalized groups, such as indigenous groups or girls: the Guatemalan social program, Eduque a La Nina, is an example of this kind of mechanism. The third mechanism is self targeting, used in the Ecuadorian social program Bono Solidario.
- ²⁰ Rawlings (2004: 11) mentions that Governments tend to implement cash transfer as a way of gaining political support by providing social assistance to the poor in the shape of cash transfer programs. This 'political measure', as qualified by Rawlings, bypasses the necessary but time-consuming effort of reforming the entire social sector reform.
- ²¹ Interviewing elite decision-makers might be considered one of the most suitable methods because of its characteristics such as getting in-depth insights of the interpretation of reality (Aberbach, et al 2002; Berry, 2001). Likewise, elite interviews can enable the researcher to collect information and would be especially important where there is lack of published information, the information found is incomplete or there is a lack of secondary sources (Author unknown, 2002). For further information of elite interviews method see Aberbach, et al 2002; Berry, 2001, Grant (2001), Keating (2006), and Ostrander (1995).