

Conditional Cash Transfers and future poverty reduction

A case study on the Argentinean *Asignación Universal por Hijo para Protección Social*

Transferências de Renda Condicionadas e perspectivas futuras de redução da pobreza

Um estudo de caso sobre a Dotação Universal Argentina Por filho para Protección social

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Abstract

The article questions the assumption of Conditional Cash Transfer programmes that conditional school attendance – attendance depending on payments – will decrease future poverty. In fact, part of the literature conveys that school attendance should not be the main focus of policies. In the same line of thought, we argue that the priority is not students being at school, but improving the quality of education. Findings from a qualitative fieldwork study on the Argentinean CCT Programme *Asignación Universal por Hijo para Protección Social* are used to reflect upon this issue. Teachers' views on the ability of education to help their students out of poverty underline the need of other types of investment, more related to enhancing quality in the Argentinean educational system.

Keywords: Conditional Cash Transfers, *Asignación Universal por Hijo*, school attendance, quality of education, poverty reduction

Resumo

O artigo discute a suposição de que os programas de transferência condicionadas de renda - que impõem a condicionalidade da frequência escolar para que sejam feitos os pagamentos – irão reduzir a pobreza no futuro. De fato, parte da literatura considera que a frequência à escola não deveria ser o foco principal das políticas. Na mesma perspectiva, argumentamos que a prioridade não é a presença do estudante na escola, mas melhorar a qualidade da educação. Os resultados da pesquisa qualitativa realizada no Programa CCT *Asignación Universal por Hijo para Protección Social* (Dotação Universal por Filho para Proteção Social) na Argentina são utilizados para refletir sobre esta questão. As percepções dos professores sobre a capacidade da educação ajudar seus alunos a sair da linha de pobreza mostram a necessidade de outros tipos de investimento, mais vinculados à melhoria da qualidade do sistema educacional argentino.

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Palavras-chave: Transferências Condicionadas de Renda, Dotação Universal por Filho, frequência escolar, qualidade da educação, redução da pobreza

1. Conditional Cash Transfer programmes and the specific case of Argentina

An influential initiative on how to best reduce poverty in the developing world has emerged globally since the mid 1990s. Originating in Mexico and Brazil, the idea to pay cash transfers to the poor on the condition that they commit to certain obligations has resulted in some of the largest social aid programmes in recent times, covering millions of families worldwide. The programmes have received broad support internationally from economists and from the World Bank (FISZBEIN; SCHADY, 2009; RAVALLION, 2003).

Nancy Birdsall, of the Center for Global Development, describes these programmes as an intervention that is “as close as you can come to a magic bullet in development” (*apud* DUGGER, 2004).

The rationale of the Conditional Cash Transfer programmes is that by making the cash transfer conditional the receivers will take advantage of social services which they otherwise would not, such as healthcare and education. In this way, two separate but connected goals will be reached. Firstly, to relieve **immediate** poverty by giving poor families cash transfers. Secondly, to reduce **future** poverty by making the families invest in Human Capital, which means in education and healthcare (FISZBEIN; SCHADY, 2009). The norm is that the state will pay a monthly transfer to the family if the children of school age attend school, or participate in a health programme if the children are below school age.

The evaluations carried out of CCT programmes show that in some countries the programmes have had not only a significant impact on poverty reduction, but also on recipients’ habits, such as the augmented spending on food and the inclination to acquire higher quality foods with more nutrients (FISZBEIN; SCHADY, 2009). Evaluations also suggest that CCTs can provide effective incentives for investing in Human Capital among the poor (MACOURS et al., 2011).

The first of November 2009 the Argentinean government started implementation of decree 1602/09, which introduced *Asignación Universal por Hijo para Protección Social* (AUH), the most important social welfare programme the country has seen in recent history. It is estimated that a total of 3.5 million children benefit from the programme (AAPS, 2010). The programme is an expense counting

for 0.58 percent of gross domestic product in Argentina. In comparison the figure for *Bolsa Família* in Brazil is 0.37 percent and *Oportunidades* in Mexico 0.31 percent (Agis et al., 2010). The objectives of the AUH programme are to reduce present poverty by giving the cash transfers to families, reduce future poverty by investing in Human Capital, and to promote social inclusion by enrolling out-of-school children into public schools (CALABRIA et al., 2010).

AUH is aimed at households who are unemployed, workers in the informal sector, or domestic service workers earning less than the minimum wage, with children of less than 18 years of age. The amount paid is ARS 460 per child, per month, up to a maximum of 5 children (Equipo de Economía, 2013). As a matter of fact, 80 percent of the amount is paid *unconditionally* every month from entering the programme, and the remaining 20 percent is saved in a bank account which can be accessed at the end of the year if demonstrated that the child has attended school and followed vaccination plan (ANSES, 2012). For these reasons AUH has also been called a “Semi conditional Cash Transfer” (BERTRANOU; MAURIZIO, 2012).

AUH aims to replace the earlier social plans, described above, which have been scattered and focusing on different groups. A family that has earlier been part of another programme can change to AUH, and many have done so already because of the higher cash transfer (BERTRANOU; MAURIZIO, 2012).

Most recent evaluations of the AUH connect the programme with a drop in poverty from 26 percent to 22.6 percent, and indigence from 7.5 percent to 3.4 percent, countrywide in 2010 (CUFRÉ, 2013). However, regarding education data suggest that there has been a small impact on enrolment and attendance both in primary and secondary education after AUH (WORLD BANK DATABANK, 2014). In the next chapter it will be discussed whether a focus on increased school attendance will effectively improve the social context of AUH recipients, drawing on a theoretical critique of the rationale that equals increased school attendance with reducing future poverty.

2. School attendance to reduce future poverty

That expanding education is an important factor in reducing global poverty is beyond any doubt. Combined efforts to do so have had large impact on providing school access for children in developing countries all over the world the past twenty years. A good example is given by the global movement Education for All – EFA

administered by UNESCO. The EFA movement has worked to make sure that there is an educational offer for children worldwide. CCT programmes do not address this problem, instead they seek to stimulate demand for education and make people take advantage of the offer that already exists.

In the rationale behind the CCT model there is also an assumption that investment in Human Capital through school attendance will, in addition to the educational outcomes such as learning, contribute to reduce future poverty among the beneficiaries (FISZBEIN; SCHADY, 2009). This assumption should be seen in relation to the theoretical framework for understanding development referred to as Human Capital Theory, which has a dominant role in international development. The idea that there is a link between education and economic growth, and that education can be seen as a profitable investment, dates back to Adam Smith in the 18th century, but was further elaborated in the 1960s (PSACHAROPOULOS; PATRINOS, 2004). Human Capital Theory (HCT) was developed by a group of economists referred to as the “Chicago school of economics”, with contributions from Becker (1964), Mincer (1984) and Schultz (1971) among others. The basic ideas are that the total amount of skills, knowledge and abilities of a person should be seen as a form of capital, namely Human Capital. Thus, education is naturally seen as an important investment.

It is evident, when one compares the level of education with the level of income between different segments of the population, that education plays an important role in economic wellbeing. Hundreds of analyses on investment in Human Capital from all over the world, carried out over the past 50 years, demonstrate this relationship (HANUSHEK; WOSSMANN, 2007).

In this line of thought, schooling in itself was seen as a constant value and educational investment was measured in years of schooling. Both in the literature and in policies, the amount of years of schooling is still often seen as the best investment in Human Capital (BRETON, 2011). In recent years, with the advances of Education for All, the literature on education and economic development has increasingly questioned whether more schooling can necessarily be associated with higher earnings, given the fact that research does not confirm this assumption. Based on this, Hanushek and Wossmann (2007) suggest looking at cognitive skills as a better measurement. This would open up for a new element in the equation,

namely the quality of education, when determining the relationship between education and economic wellbeing².

In spite of these new concerns in the literature, the rationale of CCTs seems to maintain the view that more years of schooling equals better economical situation, without taking into account the nature and standard of this education.

The quality of education has been, and is, part of policy debate virtually all over the world. In developed countries improving the quality of education in one way or another is the main issue of educational policies, but quality improvements is increasingly part of the debate also in International Development.

Now, if we look at the situation in Argentina, the school enrolment rate has historically been high, both in primary and secondary education. In primary school the net enrolment rate has been above 99 percent and the gross enrolment rate above 100 percent for the past 20 years. In secondary the gross enrolment rate has gradually increased from 75 percent in 1997, to 91.9 percent in 2011 (WORLD BANK DATABANK, 2014).

It is difficult to conclude regarding AUH's impact on these figures, because official data are limited especially concerning attendance, and what has been released until now only measure up until 2011.

What can be seen from the available data is that the enrolment and attendance in primary school have not been positively affected by the AUH. In fact, not only have enrolment rates gone down in primary school since AUH was introduced, but also dropout rates have gone up (WORLD BANK DATABANK, 2014). Some have pointed out that a different situation has been registered in secondary school where enrolment rate have improved after the AUH, but looking more closely at the data this trend can be observed also before the AUH (WORLD BANK DATABANK, 2014)³. Therefore, it is difficult to conclude that the increase is a direct consequence of AUH.

The case study presented in the next chapter will provide useful insights from educational professionals to discuss these results, and will move forward to consider the quality of Argentinean schools and what is perceived as necessary to enhance it.

² Giving a satisfactory description of what is included in the term "quality of education" is beyond the intention of this article and the definition depends greatly on who you ask, but elements which are widely considered to affect quality are: environments, resources and facilities, content, trained teachers, and teaching approaches/methodology (UNICEF, 2000).

³ We must recognize that there are areas in the country that have seen bigger changes, but as AUH is a national programme it should also be evaluated as one.

3. Case study: AUH in schools of Buenos Aires

The article is based on qualitative research from a case study in Buenos Aires, Argentina.

The study took place during December 2011, January and February 2012. Semi-structured interviews were conducted with 15 public school teachers who work in 10 different schools in Buenos Aires. Five of the schools involved are situated in the city center, *Ciudad Autónoma de Buenos Aires*, and five are situated in the *Provincia de Buenos Aires*, or metropolitan region. All of the 15 teachers work in primary school, and 7 of them also teach in secondary school. The sample was selected partly through a contact with the Universidad de Buenos Aires (UBA), and partly through “snowball sampling” which means that more contacts were gained through the existing contacts (GOODMAN, 1961). The criterion for selection was that teachers have students in their class whose parents receive the AUH.

The collected data show teachers who describe a socio-educational context with many challenges. School was described to be of low quality and teachers were doubtful as to the extent mere school attendance might reduce future poverty among their students. In the following, main findings are presented in two categories: (1) immediate impacts of AUH on school enrolment and attendance; (2) future impacts of AUH on poverty reduction. In both cases, teachers mainly point out the different limitations that characterize the AUH programme and its potential.

1. Limited impact of AUH on school enrolment and attendance

Almost all the teachers said that the schools where they work have a large percentage of students who are beneficiaries from AUH, as the schools are situated in areas where there is high unemployment and poverty. Nevertheless, the majority did not know the exact number as the related paperwork is done by the school administration. Moreover, they did not seem to recognize a major impact of the programme on both school enrolment and attendance.

School enrolment as a theoretical result

When asked about impacts on the schools by the AUH programme, most of the teachers related this to school enrolment, which at first sight would appear as an encouraging finding. Considering the answers, however, it seems that when they

name increased enrolment as a positive result of AUH, it is the *theoretical increase* in the country as a whole they refer to, rather than their own experience or an increase in their class and school. In fact, only two teachers could say with any certainty that they have new or returning students in their class after the AUH started. Another teacher said that in her school students have been leaving the school during the last five years. They mainly justify the scarce amount of new enrolments with the fact that students previously received other social plans – unconditional social plans – and they attended school out of their own initiative.

Attendance as an uncertain result

Only two of the interviewed teachers had noticed better attendance in their classes after the implementation of the AUH. Besides, a point often mentioned by the teachers was that the monitoring of attendance in class was not being carried out properly, which they considered as a weakness in the programme.

I know they have to comply, and they have to go to school, but often they appear in the records but not in the classroom. And there are children that are recorded; both in the kindergarten and in the primary, they are inscribed but missing. They do not come. Do not have regular attendance.

In fact, the AUH programme would lose part of its potential without proper monitoring of school attendance. If the cash transfer is paid to families without the children actually attending school, the AUH might as well have been a more traditional variant of social security. Which even questions its conditionality.

2. Limited potential of AUH to reduce future poverty

The teachers who were positive towards the programme mainly saw the cash transfer to be an immediate financial aid rather than a sustainable solution. From the interviews it became clear that most of the teachers did not place much hope in the potentials of the schools where they work to contribute to poverty reduction in Argentina. This followed from their observations related to the current state of the schools, the social context of the AUH recipients and to what extent school can do something to better this. Two teachers explained how they don't think school can offer anything to improve the situation for their students:

It doesn't provide solutions, it gives patches. They are patches. If the parents don't have jobs, if these families aren't properly constituted... School does what it can, and honestly the school cannot offer too much either.

They are in school, but under what conditions? What does school offer them? I ask about that. What does school offer them? Because what I have noticed is that school offers them more and more of the same. The schools in the villas especially. Where, without doubt, the population which has the assignment is... So many schools ... I say this with great sorrow ... is an extension of the villa. So, the kids are the school, but what for?

The majority of the teachers described the quality of their schools as very low. When commenting on school environment and infrastructure one teacher explained:

The school falls to pieces. I worked many years here, 15 blocks away, which is the beginning of the villa⁴, one of the largest villas...“Asentamientos”...A much violated area. And the school is constructed on land originally covered by the river, the stream, or whatever, and it is disgusting, all contaminated. We wanted to, we did indeed make a school garden there, but had to make it in boxes because the land was contaminated. And every time it rains, it floods the school. There are no sewers so all the human waste comes up and you're walking around in it. It is terrible.

Apart from describing low standards of schools most of the teachers interviewed also draw links between problems in the social context and problems in school, such as aggression and violence, or students' learning difficulties. In other words, they describe how schools have to attend to social issues, or even basic needs, before education. “That's also a problem; when schools become welfarist: When students only attend so that they may eat, or to do this at school. And school doesn't propose new learning. It doesn't add anything”.

The social issues clearly have an impact on teachers' difficulties of working in these schools, which becomes a challenge when trying to offer their students a meaningful education.

You have to be working all the time for there to be dialogue. So that problems are solved by talking. But hey, it's like pretty chaotic. There are very few schools where it is quiet, which achieve a quiet climate... To participate and to chat. But again, because the teacher is overwhelmed, because the kids arrive mad from home with a thousand problems, and because the school does not have the sufficient condition to help them ... it's like that. It is turning into a collective madness.

⁴ The term “villa” in Argentina refers to shantytown.

All this also impacts how teachers perceive their own practices. They denounced the situation, showing their frustration because of their own teaching being unsatisfactory compared to what they would have liked:

And this way, certain practices are naturalized, you see? How are we going to teach kids who come to this school to think? No, there's no way. It's just copy, and copy, and copy...do you understand?

If you think, a boy who lives in extreme poverty, what does it help him to conjugate the simple past tense of the indicative fifty times?

Finally, they point out that the social problems described have to be solved in a different manner than AUH:

What they are addressing with this is that the children go to school. Nothing more. That the students aren't out of school, but its lacking ... that is, there is a lack of investment in education.

If there were public policies that developed education in a way so that education would really be the social ascent ... the possibility of finding a new job, the possibility of improving the quality of life, AUH would be good, in this sense. Now, as there are no public policies related to this, I think it is ... is to put a patch on a cancer.

An improvement in quality of Education was seen in connection with political decisions and investment in education, and education was seen as the state's responsibility.

To sum up, AUH immediate result in enhancing school enrolment and attendance appears to be limited, as in the teachers' observations and experience the programme did not need to improve children enrolment, nor had an impact on attendance. In this last case, because of a general lack of attention from school administration to monitor their presence. Moreover, teachers underline that not only immediate results are scarce but that also future results are doubtful, as schools are lacking infrastructure, and social conditions create often the basis for difficult learning environments. In other words, quality does not appear to be part of the picture, and in this way – as a teacher said – AUH is like “to put a patch on a cancer”.

Conclusions

In countries where a large part of the children from low income families are not attending school the conditionality of CCT programmes might serve a purpose in the sense that it pressures families to send their children to school. Nobody would

argue against the claim that it is better – also in economic terms – for children to attend school than not, but without considering the quality of education it is uncertain whether schooling in itself can help breaking the cycle of poverty. Besides this, as we have seen, the situation in Argentina is different. The country's historically high enrolment and attendance rates pose a serious critique to the CCT rationale. Meaning that, if children from low income families have attended school before the AUH was implemented, and the cycle of poverty remains nonetheless, it is clearly too simple to equate school attendance with future poverty reduction as the CCT model does. In terms of Human Capital theory, one might say that the Argentinean poor have invested in human capital and remained poor.

The case study presents an insight into a socio-educational context where most of the students are beneficiaries of the AUH programme: schools which without exaggerating must be described as lacking in quality. Teachers who work in this context do not place much hope in the programme's potentials to reduce future poverty through school attendance. Rather they describe a situation where schools have to focus on dealing with social issues such as lack of alimentation, aggression and violence. And there is little space for learning due to both shortcomings in infrastructure and problems connected with poverty. But not only this: they have also witnessed little impact on enrolment and attendance, and some pose questions to whether school routines of registering attendance are in fact carried out correctly. Considering the discussion on whether school attendance, as an investment in Human Capital, can automatically be equated with future poverty reduction, the context described illustrates an example in which it is hard to see this equation make sense.

If education is to have an impact on future poverty in the environment described it is not enough to require school attendance from the AUH beneficiaries. This leads us to conclude that if the Argentinean authorities are serious about linking education to poverty reduction, investments need to be made to improve educational quality. Further research is needed to investigate the real potential of the CCT model, in order to support policies that aim at reducing future poverty, not only through education but through an education of quality.

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