Infopack

EDITORIAL

SEPTEMBER, 2011

Popular Information Centre

Direct Cash Transfers: Pushing Poor to the Vagary of Market

- Piyush Pant

It seems Indian Government's strings are stoutly attached to the International Financial Institutions like World Bank and International Monetary Fund. So much so that instead of getting free from the weight of World Bank dictated policies, the Indian Planning Commission, whose deputy chairman is ex-World Bank man, went out of the way to request the Bank to prepare a report vouching for replacing the public distribution system by cash transfers. The report titled **"Social Protection for Changing India"** recommends offering households the option of cash transfer while continuing food-based support for specific situations. It held "There is room for much more active engagement with the commercial private sector also, including in areas such as public grain distribution, targeted credit and livelihood interventions for the poor....". It can be easily discovered that the World Bank was roped in to make anti-people task of the Planning Commission easier since World Bank's argument seems an extension of what Planning Commission's deputy chairman Montek Singh Ahluwalia had said. He had recommended the cash transfers which he thinks can curb corruption and plug leakages,though some of his colleagues in Planning Commission differ. Says Abhijit Sen-" The mess in PDS is largely a result of shifting to a targeted PDS from a universal PDS in 1997." There are others who call World Bank's Conditional Cash Transfer programme "Conspirational" Cash Transfers: A cash transfer programme about which the evidence is either suppressed or massaged in a conspiracy to support the case for conditional cash transfers.

Cash transfer programme's entry into the field of social policy is new. Cash transfer is a process by which the State transfers a certain amount of money to a person to help him cross a particular barrier. In its absence the person would suffer typically, an entitlement failure in the sense of not being able to cross that barrier. For instance, if there is a person who falls below the poverty line by a certain amount of money, the government transfers that amount of money to help him cross the poverty line. It is also called Direct cash transfer. Broadly it is of various types such as employment-related cash transfers, universal cash transfers, and means-tested cash transfers. Employment-related cash transfers relate to the period of employment such as contributory benefits in a government job. Universal cash transfer means flat transfer to all, irrespective of income. Old-age pension and widow pension fall in this category. Means-tested cash transfer examines the eligibility for providing benefit, based on a standard of eligibility related to subsistence needs. It is a targeted cash transfer, not a conditional cash transfer. Says agrarian economist Prof. R. Ramakumar-" From policy documents of the government, it looks like the Indian scheme will fall under the means-tested classification."

Direct cash transfers are based on the assumption that cash will enable people to purchase a service as opposed to the government providing it directly. However, it is pointed out by the critics that a Direct cash transfer programme is not an effective substitute for the indirect subsidy programmes that are currently in place for food, fertilizers and fuel. According to Prof. Ramakumar- Direct cash transfers are indicative of the neo-liberal turn that social policies have taken. Says economist Prof. Jean Drez - "A wholesale transition from the Public Distribution System to cash transfers in rural India would, in my opinion, be misguided and at the very least premature."

Mooted in the Government's Economic Survey for 2010-11 and announced in the union Budget 2011-12, this Direct cash transfer scheme is to be implemented gradually and experimentally. The states of Bihar and Delhi have already started implementing it in parts. But the proposed scheme by the Union government has received more brickbats than bouquets. The opposition for the scheme is on many counts. First is that cash transfer requires precise identification of the poor, while India is struggling to get it right. Like the current model, it may leave a substantial number of poor out of the benefits. One of the most significant problems with the PDS currently is that of identification errors. The 61st round of the National Sample Survey shows only 39 per cent of the BPL families have ration cards, while 17 per cent of the families in the rich group do so. Says Mihir Shah (a member of the planning commission)-"Policy makers want to wash their hands off failures. How will cash transfer help if you still have a flawed list of the poor?" Adds economist Jayati Ghosh-"The government seems to be under the delusion that a technological fix (such as a Unique Identity number provided to all residents) will somehow eliminate all the potential problems of targeting. But determining who is actually poor and which farmers deserve the cash subsidy are socio-economic decisions that are affected by a complex set of political and social forces as well as power relations. Technology simply cannot address those, they require very different responses."

Second vital point of criticism is what ensures that the amount of the transfer will be sufficient to fully compensate for any price increases in the newly deregulated markets of these goods?

But the best judgement can be of those to whom the scheme is supposed to cater. Two empirical studies conducted recently, one of them by noted economists Jean Dreze and Reetika Khera and the other by Delhi-based Rozi Roti Adhikar Abhiyan, tell us that the poor people indeed prefer food grains over cash transfer directly in their bank accounts.

This issue of **INFOPACK** throws light on various facets of **Direct Cash Transfer Scheme**.

Conditional Cash Transfers (CCTS) Reducing Present and Future Poverty A World Bank Policy Research Report (47603)

By:

Ariel Fiszbein and Norbert Schady With Francisco H.G.Ferreira, Margaret Grosh, Niall Keleher, Pedro Olinto, and Emmanuel Skoufias.

Published by:

The World Bank, Washington, DC.

Bird's Eye View

Besides the **Overview**, this 361-page document is divided into six chapters.

Chapter I -- refers to "Introduction"; Chapter II -- deals with the "Economic Rationale for Conditional Cash Transfers"; Chapter III - refers to "Design and Implementation Features of CCT Programmes";

Chapter IV - talks about the "Impact of CCTs on Consumption of Poverty and Employment";

Chapter V - discusses "the Impact of CCT Programmes on the Accumulation of Human Capital";

Chapter VI - refers to "CCTs Policy and Design Options".

The Document also contains Appendix A , Appendix B, and notes.

This World Bank document says that Conditional Cash Transfers (CCTs) are programmes that transfer cash, generally to poor households, on the condition that those households make pre-specified investments in the human capital of their children. Health and nutrition conditions generally require periodic checkups, growth monitoring and vaccinations for children less than five years of age; prenatal care for mothers and attendance by mothers at periodic health information talks. Education conditions usually include school enrolment, attendance on 80-85 percent of school days, and occasionally some measure of performance. Most CCT programmes transfer the cash to the mother of the household or to the student in some circumstances.

The document further says that countries have been adopting or considering adoption of CCT programmes at a prodigious rate. Virtually every country in Latin America has such a programme. Elsewhere, there are large-scale programmes in Bangladesh, Indonesia and Turkey, and pilot programmes in Cambodia, Malawi, Morocco, Pakistan and South Africa, and also recently, it has spread in developed countries like New York City and Washington, DC.

In some countries, CCTs have become the largest social assistance programme, covering millions of households, as is the case in Brazil and Mexico.

CCTs have been hailed as a way of reducing inequality, especially in the very unequal countries in Latin America; helping households break-out of a vicious cycle whereby poverty is transmitted from one generation to another and helping countries meet the Millennium Development Goals.

The document also points out that there is good evidence that CCTs have improved the lives of poor people, have raised consumption levels, and have reduced poverty. It further says that CCTs need to be complemented with other interventions, such as workfare or employment programme and social pensions as this programmes alone cannot fulfil all of the needs of a comprehensive social protection system.

However, the document refers to an article in the Institute of Development Studies Bulletin which calls CCTs as "superfluous, pernicious, atrocious and abominable" arguing that they represent an impractical way to improve the use of social services (particularly in low-income countries) and are immoral because they may deprive the neediest people of the assistance they deserve.

But the document further says that the CCTs have led poor households to make more use of health and education services, a key objective for which they were designed. Nevertheless, the evidence on improvements in final outcomes in health and education is more mixed. Thus CCTs have increased the likelihood that households will take their children for preventive health checkups, but that has not always led to better child nutritional status; school enrolment rates have increased substantially among programme beneficiaries, but there is little evidence of improvements in learning outcomes. These findings suggest that to maximize their potential effects on the accumulation of human capital, CCTs should be combined with other programmes to improve the quality of the supply of health and education services, and should provide other supporting services. They also suggest the need to experiment with conditions that focus on outcomes rather than on the use of services alone.

The CCT Wave

The document says that interest in and the scope of CCT programmes have grown enormously in the last ten years. For example, Mexico's PROGRESA, which will be referred as 'Oportunidades', started with approximately 300,000 beneficiary households in 1997, but now covers five million households. Brazil started with municipal Bolsa Escola programmes in Brasilia. Today the federal Bolsa Familia programme serves eleven million families. In Colombia, the programme's initial goal was 400,000 households, but it had expanded to cover 15 million beneficiary households by 2007.

It also says that CCT vary a great deal in scope. Some programmes are nationwide, others serve a regional or narrow target population, and yet others are small-scale pilot efforts.

The role of CCT programmes in social policy varies from place to place as a consequence of differences in both programme design and the context in which they operate. In terms of absolute coverage, they range from eleven million families to 215,000 households to pilot programmes with a few thousand families. In terms of relative coverage, they range from approximately 40% of the population to about 20% to 1%. In terms of budget, the costs range from about 50% of Gross Domestic Product (GDP) in such countries as Brazil, Ecuador, and Mexico to 0.08% of GDP.

The document points out that Mexico's Oportunidades is one of the iconic cases. The programme started early, its evolution has been carried out thoughtfully, and it has been successful. Brazil also is exemplary in its use of CCTs. It started early and evolved enormously, and the current programme is similar to Mexico's programme in coverage and importance.

Chile Solidario works in a different way. The programme is targeted only to extremely poor people, about 5% of Chile's population. It differs notably from the classic CCT design by customizing conditions.

Another branch of the CCT programme family focuses on education in low-income countries. The programmes usually cover a more narrow segment of education - some only Secondary (Bangladesh's Female Secondary School Assistance programme, Cambodia's Japan Fund for Poverty Reduction, and Cambodia Education Sector Support project), some only Primary (Bolivia and Kenya and proposal in Nigeria and Tanzania), and occasionally both (Indonesia's Jarring Pengamanan Sosial programme). The genesis of this programme is rather varied. In Bangladesh, the programme was part of a strategy to close the then significant gender gap in education. In Indonesia - to prevent students from dropping out due to East Asian financial crisis the JPC programme was instituted. In Kenya and Tanzania, the programmes are geared especially to coping with the crisis of orphans and vulnerable children, a crisis that has burgeoned in the wake of HIV/AIDS.

The document further says that CCT programmes require the same systems as other transfer programmes: at minimum, (1) a means to establish the eligibility of clients and enrol them in the programme, and (2) a mechanism to pay their benefits. Strong monitoring and evaluation systems also are desirable. CCTs further require a mean to monitor compliance with conditions and to coordinate among the several institutions involved in operating the programme. In general CCT programmes have handled these systems rather well and, in some cases, they have been leaders in modernizing social assistance practice.

Early success with the basic model are prompting countries to address second and third rounds of challenges, including the following: Should the emphasis on expanding the supply of services be complemented with efforts to improve the quality of those services? Should the range or definition of conditions be changed, for example, to reward performance instead of, or in addition to, mere service use? What can be done to ensure that youth who are aging out of the school support provided by the programme can get jobs or further training? What should be the balance between targeting younger and older children? In some countries, CCT programmes themselves are addressing these challenges through adjustments to their basic design; in other cases, they are catalyzing changes in other programmes.

The Arguments for CCTS

Under this sub-title, the document points out that although market-driven economic growth is likely to be the main driver of poverty reduction in most countries, markets cannot do it alone. Public policy plays a central role in providing the institutional foundations within which markets operate, in providing public goods, and correcting market failures. It says that CCTs make payments to poor households on the condition that those households invest in the human capital of their children in certain prespecified ways.

It further says that there are two broad sets of arguments for attaching conditions to cash transfers. The first set applies if private investment in children's human capital is thought to be too low in two different senses. First, it can be below even the private optimal level for the individual children in question if household decision maker holds persistently misguided beliefs about either the nature of the process of investments in child education and health or the subsequent returns to these investments. For instance, parents may believe that earnings respond to education less elastically than they actually do. In practice, there is some evidence of this from developing countries. Among 15-25 year-olds in Mexico, the expected returns to schooling are substantially lower than the realized returns, especially among children of fathers with low education levels. In the Dominican Republic, eighth grade students estimate the rate of return to secondary school to be only one quarter to one third of the rate derived from an income survey.

The second set applies if political economy conditions show little support for redistribution unless it is seen to be conditioned on " good behaviour by the deserving poor".

The document further points out that parents also may discount the future more heavily than they should, perhaps especially with regard to the returns on investments in their children. A slightly different but equally plausible version of this problem is a conflict of interest between the parents themselves as opposed to, or in addition to, one between parents and children. Mothers' objectives may be more closely aligned with those of her daughters. In many countries in South Asia, girls' schooling lags well behind that of boys, even though the returns to female education - both in wages, and in terms of child health - are at least as large as those for males. Low levels of investment in girls' schooling may be rational from the viewpoint of parents who are thinking of their own welfare (either because girls are more costly in terms of dowries or because boys are more likely to take care of their parents than are girls who move to their husbands' homes upon marriage), but they are evidence of a socially inefficient outcome. CCTs that compel parents to send their daughters to school are one way to address inefficient and inequitable gender disparities.

The second sense in which private investments in children's health and education can be "too low" is that the private optimal level may be below the social level. This situation could occur if there are positive externalities from education and health across households. In the case of education, externalities might arise if there are increasing returns to skilled labour in production, at the aggregate level, or if education lowers crime. How large these externalities are and whether (conditioned) cash transfers are the most effective to correct for them, however, remains to be determined.

The political economy family of arguments centres around the notion that targeting tends to weaken the support for redistribution because it reduces the number of beneficiaries relative to the number of those who are taxed to finance the programme.

Moreover, the fact that conditions are focused on building the human capital of children (rather than simply supporting parents) adds to CCTs' political acceptability as an instrument to promote opportunities; after all it is hard to blame children for being poor. In that sense, using public resources to support the human capital development of poor children makes CCT a poverty reduction programme rather than a social assistance one. Making payments to mothers also resonates with well-accepted beliefs that women will tend to put funds to better use than men will.

In sum, the document says that when there is a strong rationale to redistribute, a CCT can be justified under two broad sets of conditions : first, when private investment in human capital among the poor is sub-optimal from a social point of view and, second, when conditions are necessary for political economy reasons. This framework can be extended by identifying critical questions that can guide the decision whether to have a CCT programme.

Impact of CCTs on Education and Health Outcome

While talking about the impact of CCTs, the document points out that in countries after countries, the CCTs have led to significant and, in some cases, substantial increases in the use of services. School enrolment rates have increased among programme beneficiaries, especially among those who had low enrolment rates at the beginning. These impacts are found in the middle-income countries where CCT programmes were first implemented (for example, Mexico); in lower-income countries in Latin America (for example, Honduras, and Nicaragua); and low-income countries in other regions (for example, Bangladesh, Cambodia and Pakistan). The CCT programmes also have had a positive effect on the use of preventive health services. These programmes have contributed to substantial reduction in pre-existing disparities in access to education and health. In Bangladesh, Pakistan and Turkey, CCTs have helped to increase the enrolment rates among girls. In Cambodia, JFPR programme eliminated sharp socio-economic gradients in enrolment among eligible households. And in Nicaragua, the CCT impact on both school enrolment and growth monitoring was largest among extremely poor households.

The document further states that although there is clear evidence that CCTs have increased the use of education and health services, evidence on the impact of CCTs on "final" outcomes in education and health is more mixed.

Turning to education outcomes, it says that adults with more exposure to the Oportunidades programme in Mexico have completed more years of schooling than have those with less exposure. A number of evaluations have concluded that the higher enrolment levels have not resulted in better performance on achievement tests. This pattern of programme effects - increases in enrolment, without more learning - is not particular to CCTs. Nevertheless, the results are sobering because they suggest that the potential for CCTs to improve learning on their own may be limited.

There are various reasons why CCTs may have had only modest effect on 'final' outcomes in education and health. One possibility is that some important constraints at the households level are not addressed by CCTs as currently designed: these constraints could include poor parenting practices, inadequate information, or other inputs into the production of education and health. Another possibility is that the quality of services is so low, perhaps especially for the poor, that increased use alone does not yield large benefits.

Defining the Target Population

Under this sub-title, the document says that a CCT should be designed to target poor households that underinvested in the human capital of their children. In practice, selecting the target population for a CCT first implies defining the criteria for eligibility based on poverty. Defining the second criteria for targeting is more complicated. In general, when households have qualified based on poverty criteria, CCT programmes continue to make transfer as long as those households have children of the right ages and send them to school and/or take them to a health centre.

There may be trade-offs between redistributive and human capital goals resulting from alternative approaches. In a setting in which a large share of the poor population experiences significant and similar human capital gaps, trade-offs are likely to be small. On the other hand, when human capital gaps are highly concentrated on a relatively small portion of the poor, designing CCT to maximize impact on human capital accumulation may limit its ability to act as a redistributive mechanism.

Selecting the Appropriate Conditions and the Size of the Transfer

The document says that evidence from variety of sources suggests that the impact of CCT programmes on service use cannot be explained by the cash component of the programme alone. The conditions are thus important at least in terms of increasing levels of schools enrolment and the use of preventive health care.

Thus the first step in selecting the right conditions is a review of the evidence on links between service use and desired outcomes.

Conditioning the cash transfer on the achievement of outcomes themselves in another possibility, particularly when links between such behaviours as service use and outcomes are unknown or complex, but outcomes are judged to be mostly within beneficiaries control. But the question arises, how to set the appropriate transfer amount? The document says that larger transfer generally have produced bigger improvements in consumption (or income) poverty - a result that seems reasonable. But in terms of enrolment in Cambodia, the marginal return to transfers appears to diminish very quickly. However, the appropriate transfer amount for a CCT is likely to depend on the relative weight to the programme's redistribution and human capital goals, and is likely to vary across outcomes and settings.

Entry and Exit Rules

The document says that the design of an effective programme also requires careful consideration of rules of entry and exit. This is necessary to avoid confusion among prospective beneficiaries and to minimize the potential for manipulation and abuse. Entry and Exit rules also are impartial because they can have unintended incentive effects, particularly related to labour force participation. To date, CCTs have used a proxy means rather that an income threshold to target benefits, and so the correspondence between programme eligibility and labour supply is weaker than in many welfare programmes in developed countries.

Complementary Interventions

The document further points out that in many countries, the delivery of education and health services is dysfunctional. Poor infrastructure, absenteeism, and lack of adequate supplies are not unusual problems in schools and health centres. Achieving the human capital goals of CCT programmes will require adaptation of the supply of services, which will require governments or other actors to provide services.

CCTs in the Context of Social Protection Policies

The document, under this sub-title, says that CCT programmes are just one option within which the arsenal of social protection programmes that can be used to redistribute income to poor households. But they cannot be the right instrument for all poor households, for example, they cannot serve elderly poor, childless households, or households whose children are outside the age range covered by the CCT. In the case of elderly poor, the potential labour supply disincentives from cash transfers are likely to be low, and justification for further investments in human capital is questionable. As a result, social (non-contributive) pensions often are the preferred instrument used by both developed and developing countries to provide assistance to elderly poor people.

It further says that a CCT is unlikely to be the best instrument for social risk management. CCTs have been used to help cushion the negative impact of various types of crisis on the poor. But their focus on long-term investments in human capital and their reliance on administrative targeting mean that CCT programmes generally are not the best instrument to deal with transient poverty.

Conclusion

The document concludes that CCT programmes often are described in both extremely positive and negative terms. The review of the authors confirms that there is solid evidence of their positive impacts in reducing short-term poverty and increasing the use of education and health services. CCTs also have had positive institutional externalities - most probably through their emphasis on monitoring and evaluation, whereby they have helped strengthen a result culture within the public sector, at least within social policies. At the same time, authors' reviews avoid transforming the obvious virtues of CCTs into a blind advocacy campaign in support of them.

Conditional Cash Transfer Programmes: An Effective Tool for Poverty Alleviation?

By:

Hyun H. Son, an Economist in the Economic Analysis and Operation Support Division at ADB

Published by:

Asian Development Bank (ADB)

July 2008

Bird's Eye View

Under Introduction, this 12-page brief document says that a strategy of inclusive growth is fast evolving as a key agenda of emerging markets and many developing countries, with the end in view of achieving a significant reduction in poverty. Inclusive growth is anchored on three pillars, all of which aim to disperse the benefits of economic growth. First, economic opportunities can be created by generating full and productive employment. Second, access to economic opportunities can be broadened by providing mechanisms for capability enhancement. Third, Minimum well-being can be ensured by providing social protection. Safety nets are at the core of this pillar, which can be channelled to address the welfare of the vulnerable and needy. Towards this end, cash transfers - both conditional and unconditional - are among the important safety net programmes that have so far been implemented. This document focuses on conditional cash transfers that have attractive features of addressing both extreme poverty and low human capital.

The document further says that CCT programmes are increasingly perceived as effective tool for poverty alleviation. These programmes have been highly successful in Latin American countries. However, it says that there is no guarantee that the success of CCT programmes in some countries can be replicated in other countries. Nevertheless, they provide an important example that can yield an array of good practices from which other countries can learn. It says that experiences highlight a number of issues that other countries need to explore in assessing the feasibility of a CCT programme. The issues are: (i) a country needs to assess the current level of specific human capital outcomes and identify key constraints to low outcomes in human capital; (ii) cash transfers without conditionality will not be sufficient to increase human capital outcomes significantly; (iii) monitoring of operations and rigorous evaluation are critical to ensure effectiveness and success of the programme; and (iv) good governance and political support at high levels for the programme play an important role in implementing a CCT programme.

While talking about the **Conditional Cash Transfers**, the document says that simply handing over cash to poor families will not be sufficient to tackle poverty in the long run. Hence, the idea is to transfer cash to the poor "on condition" that the poor will commit to empower themselves and help bring future generations of poor families out of poverty.

It further says that there are several key characteristics of CCT programmes. First, CCT programmes are targeted to poor or extremely poor households and have a positive gender bias, since the cash benefits are usually addressed to the female head of the recipient households. Second, some programmes such as Progresa in Mexico (now called Oportunidades) include a nutrition component that provides cash transfers and nutrition supplements to children, and to pregnant and lactating women. Third, cash transfers vary with the number of children, and size of these benefits changes with the children's age and gender. Fourth, to encourage greater school attendance for girls, higher transfers are paid for girls than boys. Fifth, transfer amounts are greater for children at the secondary school age group than those at the primary age group because adolescent children are expected to have higher opportunity costs of attending school, particularly for poor families.

The main requirement of CCT programmes is that recipients commit to undertaking certain behavioural changes in return for the transfers, such as enrolling children in school and maintaining adequate attendance levels, getting prenatal and postnatal health care treatments, and encouraging young children to undergo growth monitoring, immunization, and periodic checkups.

The document also points out why the success of CCT programmes in some countries is no guarantee that they can be reproduced in others with the same performance. For instance, in many developing countries, children, particularly in rural areas, face supply-related problems, i.e. there are not enough schools, classrooms, or teachers to offer adequate education to those who need or want them. Thus, in low-income countries with limited social service infrastructure, CCT programmes should integrate demand-side with supply-side issues in order to avoid policy inconsistency and resource wastage.

Under the heading, **Is Conditionality Necessary?**, the document points out that one stream of arguments supporting conditionality is that when the programme's goal is to raise the utilization by poor children of available education and health services, there is justification for imposing conditions on household behaviour, and the gains from the conditionality may be overweighted by the administrative costs of monitoring such conditions. Corollary to this argument, conditionality can be a means to achieve socially optimal levels of investments in human capital. When households make decisions about children's schooling, they tend to overlook the social benefits derived from educating children, particularly girls. As such, there is underinvestment in human capital by private households, which could be increased by conditionality.

The other stream opposes the idea of conditionality based on the cost of administrative requirements, and prerequisites on adequate access to education and health services. Another concern often raised comes from the view that CCT can be perceived as demeaning because the government impose conditions on the poor people irrespective of their preferences.

The foregoing arguments provide much scope for future research to find out a more cost-effective approach to implementing the CCT.

How Costly are CCT Programmes?

While talking about the costs, the document says that despite the wide-ranging popularity of CCT programmes, they are commonly perceived as too costly. In this context, it will be useful to assess the costs of these programmes in relation to other government programmes that provide greater benefits to the non-poor. A typical example would be fuel subsidies. In general, these subsidies are highly regressive and are often more costly than CCT programmes. For instance, Indonesia and Egypt spent 5% of their Gross Domestic Product (GDP) in 2005 and 8% of GDP in 2004 on energy subsidies. Another example is the bailouts of insolvent contributory pension funds. In Brazil, the government spends 3.7% of GDP to cover the deficit in the main federal pension programmes, which deliver more than 50% of their benefits to the richest 20% of the population. On the other hand, Brazil's Bolsa Familia, covering the poorest 20% of the population, cost about 0.4% of GDP in 2007, which is only one tenth of the federal pension programmes.

The document further says that during the initial period of implementation, CCT programmes can be quite expensive to administer. Much of the budget is spent on undertaking targeting and monitoring the recipients' actions. However, administrative costs will spread over the implementation of the programmes, and their ratio to total transfers will fall rapidly over the years.

To illustrate the magnitude of administrative costs, experiences by Progresa and Bolsa Escola could be useful. In Mexico, during the first year of implementation of the Progresa in 1997, the cost of targeting represented 65% of the total cost of the programme, followed by monitoring at 8%, and actual delivery of transfers at 8% of the total. By 2000, the major component was the actual transfers (41%), followed by monitoring of conditionality (24%), then targeting costs (down to 11%).

In terms of administration, the Bolsa Escola programme in Brazil has proven to be the most cost-effective. It operates under a system that achieves low costs of making transfer payments to the beneficiaries. More specifically, the mother of each beneficiary is given an electronic cash card and an account at a large federal bank. Monthly payments are made through electronic transfers between this account and the national treasury. This approach substantially reduces the transportation and time costs incurred by the programme beneficiaries.

Impacts of CCT Programmes: What Do Evaluations Say?

Under this heading, the document points out that rigorous evaluations show that many, but not all, CCT programmes have a positive effect on education and health outcomes. Favourable education outcomes were drawn mostly from experience of Progresa in Mexico as evaluated by the International Food and Policy Research Institute. The evaluation showed that there was a significant increase in the enrolment of boys and girls, particularly latter. The programme also increased enrolment in secondary schools by 6 and 9 percentage points for boys and girls, respectively. For girls, who often dropped out before secondary school, the transition rate to secondary school rose by 15 percentage points. However, such programmes had relatively little impact on school attendance rate, on school achievement, or in attracting dropouts to schools. For countries where pre-programmes enrolment rates are extremely low, the impact of CCT programmes on enrolment rates is expected to be greater. On the other hand, CCT programmes in Bangladesh and Nicaragua significantly raised primary school enrolment by 9 and 13 percentage points, respectively. Both these countries had a large proportion of children who were not enrolled in primary school.

The document further says that conditional cash transfer programmes have also had significant impacts on health and nutrition for both adults and children. Children receiving Progresa had a 12% lower incidence of illness, and adults reported a 19% decrease in sick or disability. In Honduras, utilization of health services among young children increased by 15-21 percentage points, however, no positive nutritional impacts were observed.

The document points out that conditional cash transfer programmes have a strong gender focus. CCT programmes in Mexico and Nicaragua have also found positive impacts on attitudes towards educating girls in general. Studies in eastern Turkey suggested that socio-cultural biases against schooling for girls played a bigger role than cash incentives. Furthermore, CCT programmes have contributed to increasing women's status within the household because the programme is directed to the female head of the recipient households.

Conclusions

In the conclusion, the document says that for countries considering interventions through CCT programmes, a few recommendations emerge from this brief. First, conditionality plays an imperative role in CCT programmes. Cash transfer, by itself, will not suffice to increase school attendance significantly, which means that conditionality would have to be introduced, and possibly also, the quality of schooling improved when administering any cash transfer programmes aimed at a sustained reduction in poverty. Second, it is also imperative to ensure ongoing monitoring of operations and rigorous evaluation of effectiveness of CCT programmes. Third, good governance is an important component of a CCT programme. Fourth, political support at high levels for the programme is one of the main issues to be considered in implementing a CCT programme. Such political supports are critical as a CCT programme requires coordination across different sectors in the government, particularly education, health, and social welfare.

In addition, policymakers face many challenges and trade-offs in designing effective social programmes such as a CCT. On the one hand, the emphasis on targeting and conditionality helps maximize the programme's impact and effectiveness. However, targeting and monitoring can increase the cost per beneficiary, which reduces the programme's efficiency, on the other hand, designing a programme with a weak or non-existent targeting strategy not only reduces the cost per beneficiary but also leads to leakages to the non-poor, driving down its impact and effectiveness.

Finally, to ensure success, complementing CCT programmes with other components of social policy may prove meritorious.

Introducing Conditional Cash Transfers in India: A Proposal for Five CCTs

By:

Planning Commission (Development Policy Division), Government of India

Bird's Eye View

This 20-page document makes the case for converting some of the massive subsidies and significant expenditure on directly targeted poverty reduction programmes into Conditional Cash Transfers (CCTs). It proposes that the central government moves rapidly, on a pilot basis, for introducing a minimum income guarantee; a conditional cash transfer in the form of maternity benefits for pregnant and lactating mothers; for youth to encourage them to undertake training under the Skill Development Mission, to replace the supplementary nutrition element for pregnant and lactating mothers and 0-3 years children currently under Integrated Child Development Services (ICDS); and a CCT to enable BPL households to access Public Distribution System (PDS), rice, wheat and kerosene. All the five CCTs it proposes would be primarily targeted at the BPL population. It also notes the fact that while the identification of the poor has so far been beset with errors of exclusion and inclusion, those can be mostly resolved through a revised methodology. It also addresses the minimum institutional and administrative requirements to ensure that CCTs actually reach the poor instead of meeting the fate of usual directly targeted poverty reduction programmes.

The document points out that it is very well-known that a significant proportion of the subsidies either do not reach the targeted population or do not reach the poor. In this paper, attempt is made to address the question: How can the same financial allocation by the Central Government be actually made to reach the targeted population through CCTs.

Why We Need CCTs

The document says that India has had a long history of directly targeted poverty reduction programmes, but hardly any programmes that provide direct cash assistance to the needy in India.

The need for social assistance is underlined by the fact that the vast majority (92%) of our workforce is in the unorganised sector, characterised by low income and also a high variance in that income. However, our workforce in the unorganised sector has no social insurance and has very little social assistance (in cash or in kind). Despite a large number of evidently ineffective and ad-hoc poverty-reduction programmes, India is very unusual in this respect among emerging market economies. Most emerging market economies have had a few decades experience of running CCTs for the poor. Many of the Latin American economies (Brazil, Mexico and Guatemala) have had long standing CCTs, and within the last two years, two South East Asian countries (Indonesia and Philippines) have also initiated a CCT. South Africa, another middle income country, has, in fact, relied almost exclusively upon CCTs to help the poor, with very little dependence upon publicly funded wage-employment programmes. By contrast, India has had a very long history of public-employment or Food-for-Work programme as an instrument for alleviating the poverty. For the last three years India has had the largest wage-employment guarantee any where in the world (NREGA). Yet there are few CCTs of the central government, even though the state governments do have some CCTs.

The document points out that given the well-known inefficiencies in the delivery system and the implementation of directly targeted poverty reduction programmes in India, there is a strong case for the introduction of CCTs.

Three Minimum Requirements for CCTs to Work

The document points out that the experience in India with identifying the poor correctly has been abysmal, in both rural and urban areas. In all the three Censuses of the rural population in the last two decades (1992, 1997 and 2002) there is evidence of large scale exclusion and inclusion errors.

Those who are poor are not included among the beneficiaries while at the same time a large proportion of those who are beneficiaries happen to be non-poor. Therefore, in the later half of 2009, the Ministry of Rural Development, Government of India, will initiate, with the state government, a census of the rural population based on a totally new methodology.

The document further says that the main advantage of this new methodology is that it relies upon directly verifiable observable, simple and transparent criteria for ranking the poor. Using transparent criteria, it first would clearly exclude the non-poor; second, it would similarly use directly verifiable criteria to automatically include in the BPL list those who are extremely poor. For the rest of the population it will use multiple non-money-metric criteria to rank the population who are neither excluded or automatically included. This leaves it up to the Central and State Governments to determine what cut off will be employed by them for determining the size of the BPL, in a given State, depending on the availability of fiscal resources.

Second, a successful CCT system would require the introduction of a biometric identification system. The beginnings have already been made in this regard by creation of a Unique Identification System (UDI) for the entire population. This would require that every adult gets his/her biometrics registered in a database and this is used to identify the recipients of cash.

Third, a CCT system for poor beneficiaries in a country presupposes that bank or post office accounts are almost universally available for the un-banked population of the country. The un-banked population of the country accounts for over half the nation's population. So it is critical that corresponding banking surveys expand rapidly before a functional CCT system can be put in place. Thanks to NREGA, increasingly payment of all wages in states is to be made directly through post office or bank accounts. In fact, it has been said that some four crores bank or post office accounts have been opened, largely for the poor sections. This can provide a sound foundation for further expanding coverage of bank and post office accounts among potential beneficiaries of a CCT system. This implies that without a system of bank correspondents, a system of CCT is unlikely to be successful.

Advantages of CCTs

The document here points out that there are many arguments in favour of direct cash transfer. First, it is supposed to relieve the financial constraints faced by the poor. Second, it can reduce the growing immunity in public administration which has been characterised by either ineffective delivery of poverty alleviation programmes or widespread corruption or both. Third, it could potentially expand the choices before the poor in choosing services and thus eliminating paternalism.

The fifth advantage of cash transfers over other types of programmes is that awareness about such entitlements amongst the poor is likely to be much higher than of anti-poverty programmes. Given this awareness the poor are likely to also mobilize to ensure that actual payments are delivered.

The most important advantage of CCTs is that it reduces the number of transactions between the government-funder of a programme and the end-beneficiary. The fewer the transactions in the delivery of services, the lower the possibility of leakage of funds and the lower the administrative **costs.**

What Does the International Experience on CCTs Teach Us?

The document states that since 1990, when CCTs took off, Latin America has been seen as the home of CCTs. The most well-known is the Brazil's Familia. The Bolsa Familia now reaches 11.1 million families and provides two different types of benefits: (1) A basic transfer, completely unconditional and given to extremely poor families; and (b) a transfer that varies according to the child members in a family up to the age of 17. It is relevant for our purposes, that like Bolsa Familia, we are also recommending a basic transfer to all BPL households including extremely poor households.

The document further says that much has been written in the Brazilian press about potential disincentives to work and dependence on the cash transfer. Very similar concerns have been raised in India repeatedly, that cash transfer would merely create dependence among the working poor. However, in Brazil, the evaluation results indicate that the programme has had no negative impact on the labour market. On the contrary, in general, its beneficiaries have a higher rate of participation in the labour market than non-beneficiaries.

Another issue that arises is that the mere existence of conditionality has led to the exclusion of some localities from programmes because of the inadequate supply of health and education services. Indeed this is a real issue in the context of India, since there are still many rural areas where the absence of Primary Health Centres (PHCs) and Sub Centres causes exclusion and the consequent reliance by the poor upon ill-trained and ill-equipped private providers. But the Latin American discourse has changed and the term "co-responsibility" has been adopted instead of conditionality. This change seeks to emphasize that Government has the responsibility to guarantee adequate supply of education and health services so that the beneficiary families can comply with the programme requirements.

The cost of the programmes has been another matter of concern. India already has a large number of directly targeted poverty reduction programmes. It may be appropriate for India to begin slowly testing the CCTs in pilot districts, before beginning to scale up to a national level programmes of CCT.

The document points out that another issue of academic debate in respect of CCTs has been their impact. There is evidence that raises concerns about the quality of the schooling that beneficiary children are receiving. In Mexico, beneficiary students have not got better test scores than the non-beneficiaries. Similarly, in Brazil, beneficiary students are almost four percentage points more likely than non-beneficiaries to fail at schools. This point is of particular relevance for India given our very high drop-out rates from both our primary as well as middle level of schooling. What this international experience suggests is that there is no alternative to investing in the school quality, in addition to any CCTs for education that might be considered.

With regards to child health and nutrition, the results have not been so clear cut. The findings suggest that health co-responsibility (conditionalities) might be more difficult to enforce than educational ones for two reasons: first, in poor areas services, supply constraints is greater in health than in education. The physical and human resources required making health centres work normally pose challenges than those required by schools. Second, households in poorer communities are more reluctant to change their attitude towards health care than towards school attendance.

Five Types of CCTs Should be Initiated

CCT 1: A Minimum Income Guarantee

The document says that relieving the cash constraints of the poor is a critical way forward in the light of the high dependence of the poor upon non-institutional sources of borrowing money in both rural and urban areas. This would be equivalent to the introduction of a large scale programme to ensure a universal minimum guarantee of income, which partly takes the form of Conditional Cash Transfers.

It further says that the share of non-institutional borrowing in total rural borrowing from all sources rose after the beginning of 1991 from 32% to 39% by 2002. The contraction of commercial bank branches in rural areas as well as the collapse of Primary Agricultural Cooperative Societies and Cooperative credit Banks and of Regional Rural Banks contributed to this process.

Small and marginal farmer households, which accounted for 80% of indebted farmer households, absorbed 51% of the total outstanding credit from institutional agencies. What is significant is that the dependency of marginal and small farmers was more on non-institutional agencies, half of the debt of small and marginal farmers was from non-institutional agencies. In fact, 84% of farmer households in India hold only up to 2.00hect. of land; their incidence of indebtedness is as high as 46%, and as much as 50% of their debt is from non-institutional sources.

It is for this set of reasons that there is a strong case for the introduction of a large scale programme to ensure universal minimum income of guarantee, which partly takes the form of Conditional Cash Transfer (CCT).

The document points out that what is being proposed here is in line with the fact that the poor, in order to earn their livelihood, usually rely on a diversified portfolio of subsistence activities. The proposal in the following paras will be directed exclusively at the BPL (Below Poverty Lone) households. Each BPL household will be assisted to open a saving bank account in which they can deposit savings from National Rural Employment Guarantee (NREG) wages and other government receipts like Old Pension, Widow Pension and Disability Pension as well as private remittances from their family members, who have migrated. Banks will be expected to do this under their commitment to financial inclusion. Banks will be supported to the tune of, say Rs. 20 per account, for this purpose.

The savings in these accounts of BPL households will be augmented through a cash transfer. This transfer will be for a period of one year to five years depending on how poor they are. For instance, the BPL survey in 2009 will enable the government to come up with the rank of each household starting from the extremely poor to the less poor and the Above Poverty Line (APL).

This scheme is slightly similar to the proposal in a brief note by Prahalad Banerjee and Rajan (March, 2009). Prahalad el-al proposed a minimum guarantee scheme that will be designed to compensate the poor their losses due to the abolition of fertiliser, fuel and food subsidies amounting to more than Rs. one lakh crore every year.

We believe that Prahalad et al are overly sanguine about the possibility of ensuring self-targeting through this mechanism of demonstrating physical presence once a month. Unlike what they think this requirement of physical presence would perhaps deter not more than 10% to 15% of the total population. Secondly, in this paper, we certainly are not recommending a CCT which reaches out to as much as 75% of the total population (Unlike Prahalad et-al). This would be impractical first because the cash transfer would be spread thinly across a large share of the population. Alternatively, if the CCT is adequately funded its fiscal costs to the Government would very soon become unbearable. Even more importantly, their is no conditionality attached to their cash transfer proposal, except to present oneself physically at the collection point once a month.

What We Are Proposing?

The document says that what is being proposed, instead, is a CCT which is directed at the BPL. It further says that identifying the poor should be possible by using the ranking of the poor to initiate the process of the CCT. Those automatically counted among the BPL (designated as primitive tribal groups, single women who have been deserted, households with disabled persons i.e. breadwinner, homeless labourers, and households in which any member is a bonded labourer) will need to receive cash transfer for a minimum of five years, to enable them not only to overcome their indebtedness but also to build up a minimum level of savings. Those BPL households closest to those automatically included in the BPL category, in terms of ranking, may need to be given a CCT for a minimum of three years. The rest of the BPL population may similarly need to be supported with a CCT. Poor households need consumption credit to tide over days without wage income or when there is a health or family contingency and there are no savings, that is when the poor goes to the moneylenders. Each BPL family will get a monthly cash transfer of RS. 500 electronically swept into their account using the National Electronic Financial Inclusion System. The BPL account holders can withdraw only upto 50% of the cash transfer at any time. They can use the money to, e.g. repay old loans taken from moneylenders or to buy medicines for a sick family member or to pay school fees or to support any of the diversified portfolio of subsistence activities.

In addition, this bank account will receive further supplementation from the following Government sources:

- NREGA (National Rural Employment Guarantee Act) wages for unskilled work; up to 100 days per person per year;
- NOAPS (National Old Age Pension Scheme) remittance of Rs. 200 for each person over 65 years, supplemented in 11 states by the state Governments by Rs. 200 per month;
- A widow of disabled person pension, as announced in November, 2008;
- IAY (Indira Awas Yojana), rural housing subsidy of Rs. 35,000 (although a one-off subsidy, this could be combined for an expanded rural housing programme, as suggested in a recent National Council of Applied Economic Research study and the Congress Manifesto);
- SGSY (Swarnjayanti Gram Swarozgar Yojana)-based Micro Credit for Self Help Group (under a significantly reform SGSY).

In addition, this cash transfer will be supplemented by the CCTs proposed in this paper.

CCT 2: Conditional Maternity Entitlement

The document here says that the objective of the Conditional Maternity Entitlement are as follows:

- To ensure wage compensation for pregnant and nursing mothers in the high burden malnutrition districts in the Eurasian Group (EAG) states so that they are able to rest adequately during the course of their pregnancy and after the delivery.
- To ensure that the inflow of additional income to the household is used for supplementing the nutritional needs of pregnant and lactating mothers.
- To incentivise the Absolute Neutrophil Count (ANC) and Pladelet Neutrophil Complenes (PNC) follow-up check-up and referral.
- To promote counselling for breast feeding and complementary feeding.
- To ultimately make a dent on the high levels of prevalence of anaemia amongst pregnant and nursing women as well as high burden of maternal mortality.

The document further says that every pregnant and nursing mother in the high burden districts of EAG states residing in rural areas, will be entitled to a conditional cash transfer of Rs. 4500 for the first two children. The transfer of the funds will be made directly into a bank/post office account in the woman's name with the following periodicity:

a) Rs. 500 per month for the three months preceding the pregnancy.

b) Rs. 1000 per month for three months after the delivery.

The cash transfer will be made subject to the following conditionalities:

- The pregnant/nursing women is registered at the nearest ICDS (Integrated Child Development Scheme) Centre.
- The pregnant/nursing woman visits the ICDS Centre at least twice in three months preceding the delivery for a ANC check-up.
- The pregnant/nursing woman receives breastfeeding counselling from the AWW (Anganwadi Worker).
- The pregnant/nursing woman goes for at least one PNC check-up at the ICDS Centre.

CCT 3: Converting the Supplementary Nutrition Component (SNP) of Integrated Child Development Scheme (ICDS) to Cash Transfer

The document says that a serious worry is that ICDS programme has been in existence since 1975, without much serious reform having taken place. In fact its most infamous characteristic remains to this day that the 0-3 year old children are not its focus, with the result that the one programme intended to address the most serious problem of mal-nutrition in the world has not been tackled. Child mal-nutrition rates have barely declined from 54% of all 0-6 year old children in 1992-93 to 46% in 2005-6. Yet, the Planning Commission has increased the allocation for ICDS from roughly Rs. 10,000 crores in the 10th Five Year Plan to RS. 42,000 crores in the 11th Five Year Plan, on account of the Supreme Court Judgment that the ICDS, which until 2005 only covered 40 million of the 160 million children in the 0-6 year age groups, should be universalized within the next 2 to 3 years.

The risk is that despite its universalization and four-fold increase in financial allocation between the 10th and 11th Five Year Plan period, the programme may still not be able to deliver the reduction in the mal-nutrition and the preparedness of pre-schoolers for primary schools. Therefore, it may be advisable to consider the re-structuring of ICDS in the following manner:

1. Four of the six services provided under ICDS, which are related to the health sector should be the primary responsibility, not for the ICDS Angwanbadi workers, but of the Auxiliary/Nurse Mid-Wife (ANM) and the Accredited Social Health Activists (ASHA). The health sector should take primarily responsibility for delivering health related services for pregnant and lactating mothers and 0-6 year old children. For this to work, the ASHA will need to be compensated better, and not merely given incentives.
2. The pre-school education component must receive high priority within the universalized ICDS. Pre-school education requires this emphasis because drop-out cases in Class-I are extremely high and this is largely explained by the fact that at least 1/3rd of the children entering primary Class-I are the offspring of functionally illiterate parents. (The Ministry of Human Resource Development and Sarva Shiksha Abhiyan have turned down the Rs. 2000 crores assigned to MHRD by the Planning Commission for introducing one year of pre-school education in every primary school).
3. Supplementary Nutrition Component (SNP): Given that pre-school education component of ICDS should acquire salience within Anganwadi, the Anganwadi will continue to focus on 3-6 years old children as it has always done. It is a requirement of the Supreme Court Judgment that 3-6 year old children should receive a hot cooked meal in the Anganwadi, hence a proposal is there that this component must continue as a part of ICDS. However, the other sub-components of SNP - Take Home Ration for pregnant and lactating mothers and 3-36 months of old children - should be converted into cash transfer.

Financing the cash transfer: A total financial allocation by the Central Government for SNP as a whole in 2008-09 was Rs. 2000 crores, which is likely to rise to approximately Rs. 4000 crores in the year 2009-10. The central Government's allocation for SNP accounts for only 50% of the total spent annually under the head, since the remaining 50% must be spent by the State Governments. In other words, the total financial allocation for SNP in the financial year 2009-10 from all sources is likely to amount to RS. 8000 crores in the financial year 2009-10.

It is being proposed that later sub-component, the 2/3rd of the total SNP allocations of Rs. 8000 crores, i.e. Rs. 5376 crores, would be available for direct cash transfer. The proposal made is that the pregnant mothers would be counselled by health services providers to consume an appropriate diet that is rich in protein-energy content, and also appropriate weaning foods for their 0-36 month old children.

CCT 4: CCT to replace Food Subsidy under Public Distribution System (PDS)

The document, in this context, says that instead of allocating cereals and sugar under PDS to BPL and AAY (Antyodaya Anna Yojana) households, it should be possible to convert the food subsidy in cash to the same households. The subsidy would remain the same, but the subsidy would be delivered not in kind but in cash. As in the case of other CCTs proposed in this paper, the cash subsidy for purchasing food would require the transfer of money directly to bank/ post office accounts of the BPL/AAY households.

It further says that such a scheme of cash subsidy could work particularly well in the 11 states (MP, UP, Chhattisgarh, West Bengal, Uttarakhand, Tamil Nadu, Orissa, Gujarat, Karnataka and Kerala, and also Andaman and Nicober Islands) that have been undertaking decentralized procurement of food grains from within the states and then distributing them to the BPL population. However, even in these states the total requirement of TPDS cannot be made from within state procurement (except in Orissa and Chhattisgarh, which are now even supplying neighbouring states with grains). Therefore, the system of MSP-based (Minimum Support Price) procurement from Punjab and Haryana, would continue and those procured grains will have to be transported to the food-deficit states.

But then the question remains: where does the cash subsidy in lieu of the grain subsidy fit into this complicated scenario? The proposal made is that it would be appropriate to initiate a cash subsidy only in cities, to begin with in Delhi. This is because the availability of private sector shops which could supply the grains is not a problem in cities, which it may well be in the rural areas in the northern and eastern states of India. In the rural areas, there are not enough private shops that may be able to meet the purchased grain requirements of BPL families. What may be the new in this scenario is that within States, FCIs (Food Corporation of India) may be permitted to auction the grains to private shopkeepers, at least in cities, in order for these CCTs to work.

However, the document further says that starting such a cash subsidy does not mean that the reform of TPDS (Targeted Public Distribution System) can be avoided. In fact, here is a brief list of the reforms to PDS that will be required, regardless of whether the food subsidy is converted into a cash subsidy or not. Some of the reforms required (in rural areas in particular) are as follows:

- In rural areas, the entire network of PDS shops could be de-privatised. Private Fair Price Shop dealer should be removed (as the Chhattisgarh Government has done) and all the FPSs could be handed over to SHGs, Panchayat, PACS, MACS, LAMPS, other cooperative societies or other public bodies.
- The public bodies which take over the shops should get a working capital grant as well as increased commission amounts.
- Government of India should revise the norms for storage, transportation, shrinkage loss and make them more realistic so that state government do not bear an extra burden on account of the PDS which is a central scheme.
- The Central Government should further encourage the Decentralised Procurement Scheme so that most states are able to utilize this facility and increase local procurement. The steps needed by the Central Government are as follows:
  a) RBI currently gives state credit for procurement at an exorbitant interest rate of 12.35%. This is a major disincentive for the states and the interest rate at which funds are made available to the states should be halved.
  b) GoI must ensure the timely payment of the dues of the states which procure food grains for the central pool.
  c) The Tariff Commission should immediately conduct test milling for both par-boiled rice and fine rice and revise milling rates that is being provided to FCI and the State Corporations for the milling charges. These milling norms have not been revised for many years now and have therefore further incentivised leakages by millers.

CCT 5: Cash Transfer for Youth for Skill Development

Under this point, the document states that one of the strategies of the skill development mission is to move away from a system of funding training institute to funding the candidate. The Eleventh Five Year Plan Document states that institutional funding could be limited to an upfront capital grant. Recurring, funding requirement could be met by an appropriate disbursement to the Institute at the end of the successful certification. Meanwhile, the CCT can be used to fund candidates from SC/ST/OBC/Minorities/BPL, in two parts:

- A monthly stipend to be paid to each trainee; and
- Fee subsidization at the end of the programme to be given to the Institute after placement.

The document further says that once such a CCT was to be offered to youth on the completion of eight years of elementary education at the age of 15, it can increase the demand for skill development and Vocational Education and Training (VET). Capacity is only 3.1 million which needs to be taken to 15 million. This will be sufficient to meet the annual workforce accretion. For building up the skill base of our relatively young population, both Central / State Governments would need to expand existing public sector VET infrastructure, with the aim of shifting this infrastructure to private management over the next 2-3 years.

Where Will the Resources Come from for New CCTs?

1. The funds for the CCT intended to encourage youth to acquire new skills should be funded from allocations for the Skill Development Mission
2. The maternity benefit has already received an allocation of Rs. 9000 crore in the Eleventh Five Year Plan.
3. The CCT in lieu of supplementary nutrition, currently part of ICDS, is already provided for in the funding for the ICDS and is therefore fully funded.
4. The TPDS grain subsidy is to be converted into CCT and is obviously fully funded under the TPDS programme.
5. It is the first CCT that will require new funding. The cost of the CCT-1 could be estimated as follows.

Currently there are 60 million households in the country. It has been proposed that the BPL population should be divided into four quartiles, of 15 million each. If each household is entitled to Rs. 500 per month, the annual cost for each quartile would come to Rs. 750 crore, adding up to a total just Rs. 3,000 crore per annum in the first two years. This is on the assumption that the bottom quartile will receive cash entitlement for five years, the next quartile above it will receive it for four years, the third quartile for three years and the topmost quartile, which is closest to the poverty line, would receive it only for two years. In other words, by the end of five year, this amount of Rs. 3000 crore would decline to only 750 crore. Also if both the LPG (Liquid Petroleum Gas) and kerosene subsidy were rationalized, it would be possible to comfortably fund this CCT and still leave Rs. 5,500 crore per annum as balance at least.

Rationalising Fuel Subsidy for LPG and Kerosene

The document points out that currently, all households, regardless of whether they are Below Poverty Line or Above Poverty Line, are entitled to receive LPG for cooking. Given that LPG is highly subsidized there is no real justification for APL families getting a subsidy. At the current international oil price of $60 per barrel the estimated subsidy burden for the Central Government would amount to Rs. 7,725 crores (on the basis of a total consumption of 844 million cylinders of 14.6 kg. each in the year 2007-08). Had the oil price remained at the rate of $140-150 per barrel, as it was in 2008, for the same level of consumption as in 2007-08, the estimated total subsidy for the Central Government would jump to Rs. 15,523 crores.

The document further says that based on Dr. Surya Sethi's data, it has been estimated that if the subsidy on LPG was restricted to BPL households, an average household, consisting of five persons, will require six LPG cylinders per annum. The Planning Commission estimates that there are 220 million BPL persons in rural areas in 2004-05 and 81 million BPL persons in urban areas. If each BPL household was entitled to six cylinders per annum, the total requirement of BPL households for LPG cylinders would be 361 million / 400 million (by rounding off) cylinders per annum. At the current international price of oil i.e. $60 per barrel the cost to the Central Government of subsidy for supplying every BPL family in India would amount to only Rs. 3,650 crores. This has to be contrasted to the subsidy which is currently being given, to the tune of Rs. 7,725 crores, and this is the case primarily because the subsidy is given to all families, regardless of whether they are BPL, or APL.

In other words, if all APL households were to be paying a market price for LPG cylinders, without regard to whether it is for households or commercial use, and also if the BPL entitlement was restricted to six cylinders per annum at the subsidized price, it is possible to make a significant saving for the Central Exchequer on an annual basis.

Reducing the Kerosene Subsidy

The document points out that it is similarly possible to systematically reduce the even more bloated subsidy Bill encumbering the Central Government's treasury in regard to kerosene. At the current market price of oil $60 per barrel the subsidy on kerosene per litre amounts to Rs. 12.27 (as opposed to Rs. 38 per litre when the oil price was $140 to 150 per barrel). At the consumption level of 2007-08 of 11,400 million litres the estimated subsidy currently would amount to Rs. 13,987 crores in a year.

The document further says that the total kerosene supply for BPL households for lighting and cooking would amount to only 7,585 litres as opposed to consumption in 2007-08 of 11,400 litres. This would keep the subsidy down to Rs. 9,305 crores as opposed to the current estimated subsidy of Rs. 13, 987 crores, a large proportion of which does not reach the poor for two reasons: one, exclusion and inclusion of errors in the BPL List, and two, diversion of kerosene intended for PDS shops for purposes other than supply to BPL households through fair price shops.

A Case for Reframing the Cash Transfer Debate in India

By:

Sudha Narayanan

Published in

Economic and Political Weekly

May 21, 2011

Bird's Eye View

Introduction

Cash transfers are now suggested by many for addressing the problems that plague India's anti-poverty programmes. This 7-page article argues instead for evidence-based policy and informed public debate to clarify the place, prospects and problems of cash transfers in India. By drawing on key empirical findings from academic and grey literature across the world an attempt is made to draw attention to three aspects of cash transfers - design, implementation and impact. The article examines which instruments function the best and for what goals, what the broader context is in which these interventions are embedded, and what the difficulties associated with their implementation are.

The article further states that canvas of empirical evidence suggests that cash transfers are not appropriate for many goals and their efficiency is highly context-dependent. Importantly, there is little empirical justification for wholehearted endorsement of cash transfers as substitutes for State provision of services and commodities in the area of food, nutrition, health and education. Indeed, the remarkable success of cash transfers in these areas has come when they have been used in tandem with extensive in-kind provision by the State, as demand-side interventions to incentivize households. Unconditional cash transfers, such as old age pensions appear to have positive effects overall. Where transfers in the form of vouchers appear feasible, for example, with fertilisers, they inherit the formidable implementation challenges of other forms of subsidies, often undermining their cost effectiveness.

The Concept of Cash Transfer and its Various Forms

Under this head the article says that cash transfers describe a class of instruments through which beneficiaries are endowed with purchasing power to acquire specific goods rather than the goods themselves. Specifically, they differ from in-kind transfers where State agencies are directly involved in distribution and sale of a particular commodity or service, usually at less than market price.

The article further says that cash transfers can take different forms. They can be unconditional or conditional. An unconditional cash transfer to beneficiaries entails no restriction on use, there are no strings attached and beneficiaries are free to decide how they wish to spend it. Conditional cash transfers can stipulate that households make pre-specified investments in the human capital of their children, be employed in public works, use specific health care facilities, and so on.

It is useful to note that in-kind transfers too can be unconditional or conditional. For example, distribution of food packets or seeds during humanitarian crises in crisis-affected areas, where as conditional in-kind transfers include mid-day meals in schools, food for education and food for work schemes.

There could also be overlapping categories that are described as " cash-assisted kind" transfers implying a transfer of cash or purchasing power, but one that restricts its use to the purchase of pre-specified commodities or services. For example, in India, some state governments such as Tamil Nadu give free bicycles to girls who complete a particular grade in school (an in-kind transfer). More recently, the Bihar Government began providing cash to families to buy the bicycle themselves (a "cash-assisted kind" transfer. Similar to these "cash-assisted kind" transfers are vouchers, coupons or stamps. These are officially authenticated instruments that can be used to purchase fixed quantities of a designate commodity (commodity-based vouchers) or a particular commodity for a fixed amount represented by the voucher (value-based vouchers) from a restricted place or from approved vendors.

The article further points out that the cash transfers are recognised to be cost effective since they have lower transaction costs and avoid the problem of having to ship, store, transport and distribute commodities. It also allows the beneficiaries freedom to direct the benefit to particular household needs. Cash is also deemed to have multiplier effects that stimulate the economy and in the context of agriculture inputs, for example, can support the development of input markets. However, the article also says that these very merits can turn into problems in many contexts. The fungibility of cash implies that beneficiaries might use it in ways that undermine particular goals of the transfer, which resource-constrained governments can ill afford. Also, even as cash can promote local market development, it can also contribute to localised inflation, where markets function poorly to start with. Cash might provoke more household conflict regarding expenditure priorities.

Further, observers suggest cash transfers can also endanger corruption, be prone to elite capture and be held hostage by nepotism. To avoid these, sophisticated tracking and monitoring systems are required, which increase the costs of administering cash transfers. These collectively suggest that the empirical basis for one form of social assistance or another is both goal and context-dependent.

A Review of Empirical Evidence

This section reviews empirical evidence, in the light of the above, first addressing interventions in the social sector, including food and nutrition, health and education and agricultural inputs.

Food and Nutrition, Health and Education

The article under this section points out that there is now fairly consistent evidence internationally to show that in the context of food and nutrition, in-kind transfers not only work but also in many cases do better than cash transfers. Households do not appear to compensate away from food when there is in-kind provision of food. For example, on school days, the caloric intake of children is higher by 80% of the caloric value of the feeding programme relative to non-school days in the Philippines (Jacoby 2002). In a comparative perspective, that is, food versus cash, Ninno and Dorosh (2003) find that in Bangladesh the marginal propensity to consume (MPC) out of wheat transfers in-kind is significantly higher than MPC out of cash transfers. It was also found that while food and cash incentives both contribute to a comparable increase in enrolment, cash did not increase family's food consumption whereas take-home rations did.

The article further says that conditional in-kind transfers such as mid-day meals in government schools in India are example of successful in-kind schemes that are known to have had a positive impact on calorie intake, enrolment, attendance and even cognitive skills (Afridi 2010; Dreze and Kingdom 2001; Jayaraman 2008; Singh 2008).It is difficult to think of a cash transfer scheme that matches this in terms of the combined effects on school attendance, food security, cognitive skills, health, employment to run the programme. Food for Education (FFE), Ravallion and Wodon (1999) show that an extra 100 kilograms of rice increased probability of enrolment for boys and girls by 0.15.

"Cash-assisted kind" transfers such as food stamps also do better than cash transfers. Barrett (2002) points out that every study on the US Food Stamp Programme finds that food stamps increase household nutrient availability at two to ten times the rate of a like value of cash income. Converting food stamps into cash transfers would reduce food spending by 18 to 28 cents per dollar of food stamp benefit (Franker, Martini and Ohls 1995).

Under inflationary conditions, in-kind transfers or inflation-indexed stamps are superior to cash transfers. For example, Sri Lanka's experience suggests that un-indexed food stamps left the poor with lower consumption of food than with the traditional subsidies. Under inflationary conditions, in-kind transfers or commodity vouchers denominated in quantity offer beneficiaries the best protection.

The article also says that in the context of health interventions, there are several situations where in-kind transfers are most appropriate. For example, providing insecticide-treated bed nets decreased the incidence of malaria in Western Kenya where equivalent cash transfers would have been spent on clothing and food and school-based de-worming programmes in the same country has a huge impact on attendance.

When markets are weak and cash transfers offer protection against inflation, the cost of transfers increase substantially, undermining any cost advantage that cash transfers have. In general, cash only makes sense where markets are deep and function effectively. Where they do not, there is a danger that injection of cash leaves beneficiaries worse off, owing to lack of access to food and also because of local inflationary pressures, as in Ethiopia (Kebek 2006; Gelan 2006).

Where do Unconditional Cash Transfers Work?

Under this section, the article points out that unconditional cash transfers have been typically, but not always, intended as safety net interventions (for elderly, for instance).

For example, pensions in Namibia and South Africa (Old Age Pension, OAP) have contributed to a reduction in poverty in the short run and enabled beneficiaries cope with the HIV/AIDS epidemic, and have also enabled human capital investments, in grandchildren (Case and Deaton 1998; Samson et al 2004). Evidence on old-age pensions in India also suggests that they offer considerable scope for poverty reduction and do reach the vulnerable aged (Dutta et al 2010; Farrington et al 2006).

In general, unconditional cash transfers work well for social security pensions. In most other cases where there are specific goals such as promoting micronutrient intake, unconditional cash transfers only make sense if the beneficiaries are sure to make the "right choice" but do not have the means to do it. Often unconditional cash transfers have been accompanied by education programmes, sensitising beneficiaries to the intent of the transfer, so that these are channelized in desirable ways. Even in these cases, unconditional transfers that are restricted or targeted imply the possibility of misidentification and of excluding those who might need it most.

Conditional Cash Transfers in Context

While talking about the Conditional Cash Transfers (CCTs), the article states that while unconditional cash transfers do have positive spillovers, in many circumstances conditionality is critical for achieving specific goals. For example, when there are positive externalities associated with a household decision, the household's optimal investment might result in underinvestment relative to the societal optimal. CCTs serve to reconcile the two. There is some evidence that without conditionalities an equivalent amount of cash would not yield the same result (as Bourguignon et al 2002 argue for Brazil's Bolsa Escola, or child allowance).

Evaluations suggest that CCTs in Latin America have had remarkable success on very many counts, most notably on school enrolment and retention. This is true also of the Female Stipend Programme in Bangladesh where each additional year of participation in the programme leads to an increase in girls' enrolment by 8%, and of Cambodia's Girls' Scholarship programme.

While Mexico's (child and women welfare programme) and Nicaragua's Red de proteccion Social (RPS, social protection programme) are associated with significant improvements in child height, PRAF (family allowance programme) in Honduras and Bolsa Alimentacao (nutrition allowance) in Brazil have essentially no effects on pre-school nutritional status. Generally, CCT programmes have significantly improved child anthropometry but have had very little impact on micronutrient status. Improvements in iron status are observed in Mexico but these are not found in Honduras or Nicaragua (Hoddinott and Bassett 2008).

Many CCTs are meant primarily to incentivise use of health services in Bangladesh, Indonesia, Nepal, Sri Lanka, Malawi, and in Latin America. The evidence is thin, but several well-designed studies for Mexico, Colombia, Nicaragua and Malawi strongly suggest that they do increase use of preventive services, but it is not always clear if they have led to improvements in health outcomes or whether their effects are generalisable across settings (Lim et al 2010).

The article further says that the evidence on CCTs indicates increased service utilisation (that is, school enrolment and healthcare use), but mixed impacts on final outcomes, such as test scores, illness prevalence and nutritional status (Bassett 2008). This is an important aspect. Even as the Latin American experience makes a strong case for CCTs elsewhere, it is critical to understand the larger context of their success.

First, CCTs have typically complemented state provision. Indeed, the successful CCTs in Latin America have often mandated conditionalities that involve use of state-provided health and nutrition services.

The success of CCTs is a verdict not so much on cash transfers as a stand alone intervention but as a complementary input and it should be recognised as such (Bassett 2008). It is not coincidental, either, that Progressa in Mexico and Bolsa Familia in Brazil were rolled out in communities that had adequate access to services and would hence make the fulfilment of conditionalities feasible. Relatedly, if the success of CCTs is predicated on the availability of services in the first place, their replicability and scalability to include marginal settings is questionable. This is especially critical for health (Lagarde et al 2009).There is a risk that the neediest household may not be able to participate if compliance is too costly, for example, if transportation costs are too high, schools and clinics are too far away, or opportunities costs of labour too great (Bassett 2008). Indeed with many CCTs, low participation and poor uptake have been problems, as with Nepal's National Incentive Programme to Promote Safe Delivery (Powell-Jackson et al 2009) and India's Janani Suransha Yojana (JSY, Lim et al 2010). This is important not only for CCTs but also for "cash assisted in-kind transfer", which assumes availability of the commodity or service that constitutes the condition, and might even restrict the positive spillover impacts from unconditional transfers such as pensions.

Targeting and identification of beneficiaries for CCTs are significant problems and there might be a trade-off between increasing efficiency and the redistributive impact of such transfers (Das el at 2005). In India, for instance, an assessment of the JSY, a CCT to promote institutional deliveries, suggests that it did have a significant effect on in-facility births, reduced prenatal deaths by about four and neonatal deaths by 2-4 per 1000. Yet, the poorest and the least educated women were less likely to benefit from the programme. Extra conditions on who can get money are often based on income (Bosa Escola, Brazil), landownership and employment (FFE, Bangladesh).

The article also points out that market segmentation is often proposed as a way to achieve both equity and efficiency so that the non-poor self-select out of the programme. This would entail conditions such as attendance in government schools or visits to government health centres, where the non-poor would presumably opt for better quality service in the private sector. However, if the quality of government services is poor or there is no access to higher-level services, households that comply with programme conditionalities may end up being worse off. There is also some evidence that cash transfers are associated with diminishing marginal returns (Filmer and Schady 2009, for instance, for enrolment impact in Cambodia). Not only is the transfer size is critical, there might also be limits to its ability to influence household behaviour.

Finally, although there is less evidence of this aspect, applying conditionalities can be an expensive process vulnerable to manipulation.

Agricultural Inputs: Fertilisers and Seeds

Under this section, the article points out that experiments involving transfers for agricultural inputs have been fewers and invariably involved distribution of fertiliser or seed vouchers to "target" farmers. Most of these examples are from sub-Saharan Africa, where these "smart subsidies" were established in a context of high fertiliser and food prices and where the parastatal control of input distribution that had prevailed in the 1970s and 1980s had been dismantled to allow private sector participation in input markets. The best-known examples are from Malawi, experimenting with seed and fertiliser vouchers from 2005 to 2007, and Ghana (2007-08, 2008-09). Both programmes were designed initially to be temporary. Several other countries such as Nigeria (2009), Zambia (2009), Tanzania (2008), Mozambique (2002) and Kenya now have their own fertiliser voucher programmes.

In general, it has never been entirely clear if the traditional forms of input subsidies in Africa led to increased fertiliser use. In some countries, the five-year average before and after subsidy removal and devaluation resulted in sharp reductions of 25% to 40% in fertiliser use (Cameroon, Ghana, Nigeria, Senegal and Tanzania), whereas in other countries fertiliser use actually increased 14% to 500% (Benin, Madagascar, Mali and Togo) (Minot and Benson 2009).

As Minot and Benson point out, fertiliser voucher schemes are not appropriate or cost-effective in all situations and it is important to clarify the conditions under which these make sense. Little is known on whether the benefit-cost ratios justify voucher programmes and whether they are fiscally sustainable. An evaluation of the Malawi's Agriculture Infrastructure Support Project (AISP), for instance, estimated that the benefits in terms of additional maize production were between 76% and 136% of the costs, leaving it ambiguous whether the programme can be justified on efficiency grounds (Dorward et al 2008). The value of these fertiliser transfers to beneficiaries is typically highly heterogeneous across farmers, varying with soil quality and plot characteristics, often with a regressive impact so that better-off farmers benefit more than worse-off farmers do, since the former tend to have better plots, more skill and access to complementary inputs. Marenya and Barrett show that the benefit-cost ratio is commonly less than one when fertiliser coupons, free distribution or heavily discounted starter packs are directed only to the poor. Marenya and Barrett emphasise that complementary improvements in the biophysical conditions that affect demand for fertiliser are critical to achieve the goals of transfers in cash or in kind. Mlawi's experience also suggests that when fertiliser prices rose, the costs of the programme rose beyond expectations, since voucher value had to be increased to protect the quantity of fertiliser entitlement. So the supposed cost effectiveness of these "smart subsidies" came into serious question.

While talking about **Design and Targeting**, the article says that getting the design and targeting it right appear to be the greatest challenges. The difficulty of targeting or the interference of political processes in the distribution of vouchers implies ambiguity with respect to the equity implications of these vouchers. In most of the voucher programmes, identification of beneficiaries either was a challenge or arbitrary. In Malawi, an evaluation of the distribution of vouchers, which relied on community-based targeting using poverty criteria, found that the beneficiaries were no poorer on average than non-beneficiaries (Minot and Benson 2009). Similar difficulties are apparent with seed vouchers as well. Banful (2010) finds that the distribution of vouchers in Ghana was politicised with ruling party picking regions to bolster political support rather than based on poverty, population size or agro-ecological characteristics.

The article further says that there is also documented evidence of leakage (Mangisoni el at 2007 for Malawi, Mozambique and Zambia). A secondary market for vouchers invariably developed. While this undermined the goal of making fertiliser available at affordable rates to small holders because the vouchers were traded away to possible non-beneficiaries, this was not necessarily a problem in itself viewed from the perspective of welfare consequences. In other cases, farmers were known to use fertiliser vouchers to purchase other items from input dealers such as weedicides and so on, leading to a diversion of benefits away from the intended use.

The African experience with vouchers shows that there is immense scope for fraud. Private dealers were able to print fake coupons. In Malawi, an organised crime-corruption nexus evolved around coupon fraud that included workers at coupon printers, authorities at various levels, and government officials. While these issues can be solved to some extent with technologically sophisticated security features, the issue of coupon distribution is still amenable to political manipulation.

Although in principle voucher systems ought to be less likely to have delays than in-kind distribution, this has been an important issue in Ghana and Malawi. In Mali too implementation problems meant that suppliers were not paid for more than a year after fertiliser sales to farmers against vouchers systems. It was also found that poor quality fertiliser and fake brands were more likely to be passed on to voucher programme participants than others.

Concluding Remarks

In the conclusion, it has been pointed out by the writer that this article reviewed select empirical evidence from across the world on different kinds of transfers. There is broad agreement that relative efficacy of cash transfers, in whatever form, is highly context dependent. In-kind transfers make sense for large class of food and health related interventions. There also appears scope to use " cash-assisted kind" transfers for agricultural inputs, such as fertilisers, in the form of vouchers. However, it is evident that these inherit the problems of targeting and corruption associated with traditional forms of subsidisation. Tackling these would be crucial if they are to both achieve their goals and remain cost-effective.

The strongest case for cash transfers appears to be for social protection of the elderly or as supplementary income to support children. The clearest evidence of benefits from cash transfers pertains to the field of education and access to health services, especially when these are associated with conditionalities. Most of these remarkable successes have been in contexts where there is extensive public provisioning of services, so that CCTs have been designed as demand-side incentives for human capital investment, complementing supply-side, public provisioning of services. Brazil's Bolsa Familia, for instance, was explicitly linked to a right-based Zero Hunger Programme, which included expansion of school meal programmes, people's hotels, food pantries and workers' meals programmes, among others. It would be erroneous to use the success of CCTs in such contexts to make a case for cash transfers replacing existing supply-side initiatives in India. If anything, experience elsewhere in the world offers cautionary tales that advance the case for treating cash transfers as part of a menu of options, if at all, and as complementary demand-side interventions, and nothing beyond.

PDS with Cash Payment or Food Coupons:

Why it won't work in India?

By:

A.V.B. Menon

Bird's Eyeview

The 3-page paper gives the following points regarding non-feasibility of various cash transfers in India. The points are:

1. There have been suggestions from various quarters that in view of the improper functioning of, and leakages in, the PD System, the heavy carrying and administrative costs involved without commensurate benefits to the targeted groups, the PDS may be replaced by a system of Direct Cash transfer under which a fixed amount of cash will be given to the eligible families to enable them to buy food rations in the open market. Or, alternately, according to the entitlement of the family, from designated shops in the open market as is the case in USA and some other countries.
2. Both the above alternatives will not work in India as in many cases, especially among the lower and weaker sections of people who need food security the most, Cash will not be invariably utilized for buying rations. Instead, in many instances, the money granted will be frittered away in buying liquor, etc. leaving the family in the lurch. Even Food Coupons, if given, may be sold by the recipients to others for some consideration again leaving the family in dire straits.
3. The proposed system also raises a number of crucial issues of how and whether, if at all, the Government could overcome them - critical as they are to its successful implementation. These are discussed below.
4. **Direct cash transfer:** If cash is paid, how will it be ensured that cash will be used only for the purpose for which it is given and not diverted or misused by the family or any of its members? This is particularly relevant in the case of BPL families who need the PDS most and in whose case

the scope for, and possibility of, misuse/diversion of cash is given more. It is well- known fact that among many PDS families, especially in the BPL/Low Income Groups in both Urban and Rural areas, one or more members are given to vices like drinking, gambling, wayward spending, etc. and there is every likelihood that any cash doled out to them for buying rations will be misused putting the family into jeopardy.

5. If any such misuse takes place, the family will be hit hard. There is no way the Administration can prevent this possibility unless it is decided to credit the Cash directly to a designated shop from where the Beneficiary families will procure the items every month as per their entitlement.
6. **System of food coupons (FCs):** If FC is issued, what is the guarantee that the Coupon will not be sold to third party who may procure items on another family's card. If, Coupons are issued mentioning Family Card Number, and production of Coupon and the Family Card at the time of procurement of items is insisted upon, such transfer/sale of Coupons can be checked to a large extent as transfer and misuse of Card may not be easy.
7. **Frequency of issue of cash payment (CP) or food coupons (FC):** Will Cash be paid or FC issued once a year to families covered under the scheme? Once-a-year issue will reduce the clerical and administrative work involved.
8. The **amount of Cash payment** or the **type of FC** issued will vary according to the entitlements of the family.
9. **Sourcing the items:** Will the beneficiaries be able to source their requirements with Cash Payment or Food Coupons from any of the Neighbouring Grocery stores (NGS) or Supermarkets (SMs)? Or specified stores - specified for each block/set of Family Card Holders (FCHs)?
10. **Stocking the items:** Ensuring that shops stock adequate quantities of items covered under PDS and do not turn away families on the plea of non-availability of items will be a difficult task. This will be a critical question especially in Urban centres - towns and cities - with multiple shops as the shops would be spread out and monitoring them will be difficult. The task will be further complicated if beneficiaries are not attached to designated shops but are free to procure from any shop.
11. Also, unless the no. of families that will source their requirements is known, NGS or SMs will not be in a position to cater properly to all the customers who may approach these stores month after month, and many of the families may be turned away on the plea of non-availability of items, a problem existing in the present system.
12. **Quality of items:** Another important question is whether the PDS Card-holders will be supplied normal variety of rice, wheat, etc. at subsidized PDS rates or a different variety as is now being supplied through Fair Price Shops? If it is the former, Government will have to make good difference between the price of the item and the price paid by PDS beneficiaries to the Stores which will involve complex accounting processes. And if it is the latter, Government will have to ensure steady supply of the PDS variety of items to all concerned stores which will involve complex logistical and inventory problems.
13. **Settlement of dues & accounting:** Settlement of dues/claims by the shops will also be a complex process if FCs are issued. It will be even more difficult if beneficiaries can procure items from any of the stores, and not a designated shop. Accounting and settlement of dues to shops may be easier in mofussil/rural areas where there are just one or two shops from where beneficiaries will procure their monthly rations, but will be a complex matter in towns and cities with multiplicity of shops authorised as sources of supply of PDS items.
14. **Conclusion:** The main merit in the proposed scheme of CP / FC will be the abolition of the vast chain of ill-equipped and ill-managed Fair Price Shops across the country, which is the bane of most of the last-mile delivery problems under the present system, resulting also in savings of remuneration / commission paid to these shops. It will free the system and the PDS beneficiaries from the stranglehold of these shopkeepers, middlemen and smugglers who were playing havoc with system.
15. But, as already stated, neither the system of Cash Payment nor the Food Coupons will work in Indian conditions, for reasons discussed above. It will rather lead to a serious breakdown of the system, which will make it even worse than the present system. And, what is more, it will lead to large-scale complaints from the beneficiaries which will be impossible to redress owing to the widespread network involved in the system.
16. Taking into consideration the various factors discussed above, and in view of the complexities and drawbacks involved in the proposal to give Cash or Food Coupons, it would be prudent to adopt the proposal discussed in the Main Paper, which would be in the nature of strengthening the existing system by modifying it so as to plug the various loopholes in it. This, of course, calls for radical steps / changes requiring also the active participation of all stakeholders - the Government, Private Sector, Civil Society and Citizenry at large.

Targeting Approaches to Cash Transfers: Comparisons across Cambodia, India and Ethiopia

By:

John Farrington, Kay Sharp and Disa Sjoblom

June 2007

Bird's Eye View

This 14-page document provides a conceptual review of targeting in relation to poverty-focused interventions, together with empirical evidence from case studies in Cambodia, Ethiopia and India. It says that cash transfers are a new phenomenon in most of the contexts considered, and so the evidence draws on a combination of cash in-kind transfers. However, care has been taken to select contexts which offer some potential learning for cash transfer initiatives.

The conceptual review suggests that experience can usefully be reviewed against five criteria:

1. Types of poverty criteria and responsibility for identifying the poor: in all three countries, a range of criteria had been developed and was being applied. Community involvement in identifying the poor was stronger in Ethiopia and Cambodia than in India. Community involvement is seen as a way of increasing the accuracy of targeting and of reducing costs, but little consideration seems to have been given to the costs incurred by community members.

2. Standardisation versus adaptability: Provisions are made for local adaptation in Ethiopia and excessive standardisation is recognised as problematic elsewhere, but the balance between local adaptation and standardisation will vary from one setting to another and is difficult to achieve. This may be partly attributable to lack of awareness among those at local level mandated to identify the poor of how much freedom they have to interpret central guidelines (in Ethiopia) and/or the rigidity of centrally-defined provisions (as in India).

3. Self-targeting: was found to be important in all three countries, but does not automatically work well. The India evidence, in particular, suggests that close attention is needed to the detail of programme design to make targeting well, in particular to ways of ensuring that the scope for rent-seeking is minimised, and exclusion minimised. In Ethiopia, the effectiveness of self-targeting wage rates is found to be limited in the absence of a well-functioning labour market.

4. Susceptibility to errors and distortions: There is evidence from Ethiopia of errors of exclusion caused by overall lack of funds and a knock-on effect into dilution of individual amounts paid. Some exclusion is also caused by political pressure to graduate people quickly through the programme. Funding "caps" (e.g. with old-age pension) in India caused similar exclusion, but not dilution. India is characterised by high and chronic levels of diversion of funds, both through rent-seeking within the bureaucracy, and as a result of political manoeuvring.

5. Conclusion and Scope for Improvement: Targeting arrangements in Cambodia appear too complex to be sustainable: large amounts of data have to be collected and interpreted to build up the criteria for assessing poverty, and the current proposal is that re-assessments should take place every year. Possibly, here, and more likely also in Ethiopia, political pressures to show that the poor are "graduating from particular programmes may be leading to excessive frequency of re-targeting. In India, serious consideration needs to be given to questions of whether the BPL procedure remains valid - it would be politically difficult to dismantle it, yet doubts are growing over its continuing usefulness. Errors of inclusion and exclusion abound, but it is the axis of complex inclusion criteria, weak understanding by semi-literate people of whether they are entitle to specific benefits, the large number of schemes, the central role of the bureaucracy in making payments and weak monitoring of their performance - particularly weak safeguards against corruption - that needs to be broken if the performance of targeted poverty reduction programmes is to be enhanced. In Ethiopia, the key requirements are for systematic monitoring of targeting outcomes, and for improved systems for appeals and complaints.

More broadly, the criteria for identification of the poor need to distinguish how far the household can be economically active, and what types and levels of productive assets it possesses. The creation of common interest groups with cash transfer support for investment purposes may be relevant to those already owing or having access to productive resources, and, for instance, the World bank-supported District Poverty Initiatives Project in Madhya Pradesh, India, has experimented with these. But those having few productive resources, "cash for work" schemes, supplemented by strategies to improve the bargaining capacity of unskilled labourers through skill upgrading, skill verification and initiation of a labour company may be more appropriate. A third category - those unable to engage fully with the productive economy - will be reliant on social welfare transfers, in cash or kind, or in some combination.

Under the title **Targeting: An Overview**, the document says that the decision to transfer public resources to the poor is a prior part of the overall policy context against which targeting must be viewed. Against this context, targeting is characterised by three stages. The stages are:

- A set of policy decisions which is to be supported through transfer programmes;
- The process of identifying those people, and keeping such lists up-to-date, and
- The design and implementation of mechanisms to ensure that support is provided to those intended, with minimal errors of inclusion and exclusion.

A fourth stage, of increasing concern to those mandated with monitoring the performance of transfer programmes, but as yet receiving little attention in practice, is that of ensuring that targeting criteria are simple enough, and information about them presented in a sufficiently accessible way, for even those intended beneficiaries with limited literacy to understand their entitlements. The ability to voice their requirements and to press for their voices to be heard is a natural follow-up from these conditions, but depends on the wider ways in which particular societies function and so lies outside the mandate of the present report.

The Costs and benefits of Targeting

The document says that for a given objective, such as maximising the reduction in poverty or improvement in social welfare more generally, successful targeting provides a means of raising efficiency by increasing the benefits flowing to the poor from a fixed budget. However, there are costs to acquiring information about potential target groups, and such information is rarely perfect. These costs can be classified as follows:

Administrative costs: The costs of gathering information, analysing it and applying it in time to be operationally useful, are likely to increase with the degree of precision required.

Private costs: Households also incur private costs involved in taking up transfers. For instance, public works programmes incur an opportunity cost in terms of forgone income opportunities and energy expenditure. Travelling and/or queuing to collect benefits can involve both opportunity costs and cash outlays, as can also the need to obtain certification such as identity cards, or proof of residency or of disability. Keeping children in school also involves private costs.

Incentive costs: Also known as indirect costs, these result where eligibility criteria may induce households to change their behaviour in an attempt to qualify. For example, a programme open only to those below minimum income may cause some households to reduce the amount of work they do, and thus their earned incomes. Transfers that guarantee a minimum income may change incentives in these ways.

Social costs: these may arise when the targeting of poor households involved publicly identifying households as poor, which may carry a social stigma.

The Effectiveness of Targeting

The document, under this title, points out that a World Bank study (Coady et al, 2004) makes five observations based on the 122 interventions surveyed:

- Targeting can work: The median programme from those observed provides approximately 25% more resources to the poor than would random allocations. The best programmes were able to concentrate a high level of resources on poor individuals and households.
- But it does not always: In approximately 25% of cases targeting was regressive, implying that a random allocation of resources would have provided a greater share of benefits to the poor.
- There is no single method that is clearly preferable: in the sample, 80% of the variability in targeting

performance was due to differences within targeting methods and only 20% was due to differences across methods, implying wide variation in the appropriateness and/or quality of implementation of individual methods.

- Different mechanisms tended to generate different qualities of outcome, but this was only a weak correlation: Interventions that use means testing, geographic targeting, and self-selection based on a work requirement are all associated with an increased share of benefits going to the bottom two quintiles relative to targeting that uses self-selection based on consumption. But this ranking does not imply a blanket preference for some methods over others: it does not, for instance, consider cost or feasibility constraints.
- Implementation strongly influences outcomes: Performance in targeting improved with country income levels, the extent to which governments are held accountable for their actions, and the degree of inequality. Unobserved factors, however, explained much of the differences in targeting success. Significant potential therefore, remains for improvements in the design and implementation of targeting methods.

Issues arising from the overview

Under this topic, the document says that from the World Bank overview of 2004 summarised above, as well as from several other sources (e.g. Nayak et al, 2002, Farrington et al, 2003), a number of issues potentially relevant to the design of new cash transfer programmes can be identified. These include:

i) Errors of inclusion and exclusion can be reduced but not entirely eliminated by the collection of additional data on potential beneficiaries and through more detailed criteria for inclusion or exclusion. The classification of beneficiaries can be done on the basis of survey data (as generally in India) or by community-based wealth ranking (as in Ethiopia) or by some combination of these, depending on local circumstances. There are number of caveats:

   - First, even a simple classification (as in India) of above or below a national poverty line is built on large amounts of survey data and so is expensive to construct. But it is also fraught with difficulty, including widespread pressure by middle income households to have themselves classified as below the poverty line in order to qualify for benefits.
   - Second, the aim of making criteria "universal" may be flawed, especially where geographical differences are great or eligibility criteria for one type of programme (e.g. supporting access to education for teenage girls) will be very different from others (such as access to mother and child clinics).
   - Third, to shift the burden of classification onto the community through e.g. community-based wealth ranking has the attraction of reducing costs, but exposes the process to elite capture, and places costs on those charged with making the ranking - not merely costs of time and effort, but also of potential conflict with any who feel that they have been classified to their disadvantage.
   - Fourth, classifications can quickly become out-dated as, for instance, new cohorts become benefits; the elderly reaching the age criterion for social pensions etc, or as people move in and out of poverty.

ii) The importance of overlaying several sets of targeting criteria thus arises partly for reasons of geographical and socio-economic difference which can only be accommodated by a broad range of eligibility. One watershed decision here is whether to rely on some form of official means testing as a criterion. To do so has the potential to increase the accuracy of targeting but also greatly increase the costs and complexity of administration. There are three broad alternatives to official means testing:

   - One is to rely on "automatic" inclusion or exclusion criteria such as age or civil status. After periods of means testing in some industrialised countries (such as Britain) there has been some shift back towards automatic criteria.
   - A second is to rely on self-selection. Self-selection can work well, but faces a number of difficulties including the costs of identifying, designing and managing useful public works, of ensuring that registers are not falsified, that due payment is made and so on. More fundamentally, the approach reaches only those households having surplus labour, and does not work well where labour markets are rigid or thin.
   - A third is to rely more on informal approaches to mean-testing, for instance via community-based wealth-ranking, as outlined above.

iii) The fundamental importance of how any given targeting method is implemented. This issue is in two broad parts: first is the question of how data are collected and applied to allow assessment of whether poor households or individuals meet agreed criteria for inclusion. The second, much wider, issue is how resources are delivered to those included. The second issue, in turn, has three components: first, the channel of implementation (cash transfers can be paid via programme staff themselves, via the wider public administration, via local government bodies, or via post office or bank accounts); second, the type of agency making the payment, which can be public sector, private commercial or private voluntary; and third, issues of quality control, including not merely of how an individual targeting method is delivered, but also how mechanisms are put in place of accountability and of supporting intended beneficiaries in recognising and claiming their rights.

iv) What combinations of eligibility criteria and delivery mechanisms which minimise the scope for local-level rent-seeking by petty bureaucrats? These are likely to be simple and robust, and easily understood by beneficiaries.

v) In a rights-based vein, transparency of the eligibility criteria and of the decision-making process is important: even non-literate beneficiaries should be able to understand these, so that they can demand their entitlements if necessary, and so keep government responsive and accountable. In the case of NREGA in India, for instance, the eligibility criteria are very clear, but it is the process of getting a job card etc that is limiting access to entitlement, as is low general awareness about the programme.

Targeting: Lessons from the Cambodia, Ethiopia and India case studies

The document says that with the above issues in mind, brief case studies of targeting, drawing on author's experience and on secondary materials, were conducted in these three countries. The main lessons derived from these are presented below under five headings: Types of criteria and implementation; Self-targeting; Standardisation versus local adaptation of criteria; Susceptibility to errors and distortions; and scope for improvement.

Types of criteria and implementation

The document points out that India's criteria and implementation modalities are well-established and, at best, amenable to only marginal change. By contrast, those in Cambodia are still in a pilot phase. In Ethiopia, they evolve from a set of criteria based on food security to those with a broader socio-economic base.

In **Ethiopia**, targeting proceeds through several sequences. These are:

Geographical: 262 chronically food-insecure districts were pre-selected during the design of the programme, based primarily on previous years' food and needs. Targeted districts are then responsible for allocating Productive safety Net Programme (PSNP) resources among the sub-districts and villages within their areas. No national rules are set on how the intra-district targeting should be done, but fieldwork during 2006 found that some districts had simply included all sub-districts, while others had selected target areas on the basis of indicators including population size; previous food aid receipts; natural resources; recent harvest estimates.

Administrative/community targeting: the selection of beneficiary households within villages is the final and most complex level of targeting. A broad definition of chronically food insecure households is given in the national guidelines, but the details of how to identify this group are largely left to local decision-makers. Local decision-makers are required to identify the poorest households in their community according to socio-economic criteria broadly indicated in the Programme Implementation Manual (PIM) but open to local elaboration. These criteria implicitly recognize that chronic food insecurity is closely linked to household poverty.

Lastly, the document points out that targeted households are divided into two groups. The majority are required to contribute labour to public works in exchange for the safety net transfers. However, eligible households who are unable to work are entitled to free or "direct" support.

In all of the above, targeting responsibilities are shared between local government and community bodies, with government maintaining oversight at all levels.

India is characterised by a large number of poverty focused programmes, many of them established and funded by central government. Since 1992 the Government of India has used the Below Poverty Line (BPL) census as a principal means of targeting its poverty alleviation schemes to the poor. Households identified as BPL are entitled to benefits such as free or subsidised electricity, subsidised toilets, subsidised rations, preference under national housing scheme (Indira Awas), subsidised loans under the National Self-employment Scheme(SGSY) and free insurance coverage. Inclusion in the BPL list is therefore potentially of great significance for households, and this explains the pressure from middle and higher income households to have themselves included on the list.

Three times during the last decade the Government of India has changed the way in which poverty is measured, with the objective of improving criteria and thus targeting - in 1992 the BPL census had focused on income, in 1997 it was based on expenditure, and the latest census relied on an aggregate scoring of 13 indicators. Serious questions have been raised about the way BPL households are being identified for every census and there is widespread agreement that the latest approach is not an improvement on earlier ones.

The document says that based on the bias and problems with establishing who are the poor and non-poor, questions are being raised about the overall effectiveness of the BPL census as a way of targeting the poor (Hirway, 2003). Sundaram (2003) poses a fundamental question: do we actually need a BPL census and, if so, for what, and does the current census based on 13 indicators give us the information required for purposive targeting of the poor? Sundaram argues that many of the national poverty programmes are based on provision of public goods which should be for everyone - sanitation, education, health. To deliver these programmes effectively it becomes important to understand the geographical concentrations of the population that needs targeting - this information is already available in the population census of 2001 and does not require a BPL census. For the national self employment programme - Swaranjayanti Gram Swarojgar Yojana (SGSY) - where the objective is to raise income of households, the census is in practice of no use with regard to implementation or monitoring as income does not form a part of 13 indicators. The largest poverty alleviation initiative, NREGA, is not related to BPL but based on self-targeting and thus open to all who are interested. For implementation of schemes such as the Antyodaya Anna Yojana in which food grains are supplied at much-reduced prices for the poorest of the poor, identification on the basis of food security would be crucial. However, as the BPL list is made up of an aggregate score it has little value in terms of identifying food insecure households. In sum, the BPL census has limited relevance for implementation of poverty reduction programmes and its utility at large needs to be questioned (Sundaram, 2003).

The document while referring to Cambodia says that social transfers in Cambodia are in their infancy. The most relevant **Cambodia** government budgetary provision in relation to social protection is with an allocation of $38 million in 2003. i.e. some ten percent of government's current expenditure. However, its provisions are targeted mainly on the formal sector, especially civil servants and their families, but also over 450,000 relatives of former soldiers, including families of disabled former soldiers and policemen. Pensions and allowances average around $1 per person per day.

Self-targeting

The document under this heading says that as elsewhere, the assumption underlying self-targeting in **Ethiopia** is, given that the government provided is unskilled physical labour at a very low payment rate, then 'only those who really need it' will be willing to work. In parts of Ethiopia this assumption may be challenged because overall job opportunities are low, and better-off households tend to have more labour.

The PSNP payment rate is fixed nationally. But there remains strong demand for work even though the payment is below market wages. This is attributed mainly to the scarcity of paid employment. Two important non-wage factors also inclined potential beneficiaries to prefer public works to other employment, despite the lower daily rate: the reliability of PSNP employment, and the location of work-sites within walking distance of their homes. These factors may weaken the self-targeting effect of the PSNP daily rate. Nevertheless, the 2006 study found that the work requirement and low pay did have a limited self-targeting effect by discouraging a minority of applicants with better income-earning opportunities from seeking inclusion through the community targeting system.

In **India**, an increasing number of employment generation programmes initiated by the Government of India are intended to be based on self-targeting. NEGRA is currently the largest self-targeting programme in India open to all rural poor who are willing to undertake manual labour work in their village. Although there are promising examples emerging such as Dungarpur district in Rajasthan where most poor have job cards and people are getting employment due to a very proactive district administration (Sivakumar, 2006), the 'open to all' policy is far from working well in practice across the country. Social status, social networks, nepotism, religion and politics have all found their way into influencing access to the scheme and local elites are manipulating the implementation of NREGA in much the same way as the do with other government initiatives (Allen and Pellissery, 2006).

The document further says that the registration for access to work is done by elected representatives at village level (Gram Panchayat. Refusals, delays and request for bribes are common, with informal fees of between Rs.5 and Rs.50 being charged for an application form (Allen & Pellissery, 2006). Instances of discrimination with regard to caste, age and gender in general have also been observed. There is evidence from the field suggesting that single-women headed households as well as physically challenged individuals are being denied registration (Sood, 2006).

It further says that problems include "disappearance" of job-cards, delays in the distribution of job-cards, and poorly accessible information, so that the less literate and more marginalised (such as tribal) are unable to know or demand their rights. (AID, 2006; Sood, 2006). This is consistent with the argument that the poor need to be empowered to demand their rights for any form of targeting to be effective (Hirway, 2003).

Susceptibility to errors and distortions

The document says that **Ethiopia** has the reputation of being one of the least corrupt countries in Africa, but any targeting system which relies partly on the subjective judgement of local decision-makers creates opportunities for bias or misuse. In Ethiopia, the most frequently reported problem is pressure on task force members to include their friends and family in the beneficiary list (Sharp et al. 2006:19).

Political uses of the targeting system have also been alleged, particularly linked to the campaign for the 2005 national legislative elections. It was reported that opposition supporters in some places had been excluded from the safety net, and that ruling party members had made misleading promises about inclusion and resource levels. However, such incidents appeared to be specific to local power struggles in some areas, rather than any systematic use of the targeting system for political ends (Sharp et al. 2006).

The PSNP PIM recommends that the list of proposed beneficiaries should be "displace in public for at least a week, in order for it to be commented upon and endorsed by the general meeting of the village residents". However, since 70% of the rural Ethiopians are illiterate, the names of potential beneficiaries are read out in community meetings. In reality, the transparency of the process and the degree of community involvement differ greatly from place to place, being influenced by:

- High staff turnover and capacity constraints in local government;
- Inadequate appeals processes, in which those hearing appeals are associated with those designing and implementing the project; and
- Little or no record-keeping of complaints and appeals.

In **India**, corruption is rife and is most readily felt by the rural poor in the form of rent-seeking among petty officials and local elected representatives. This is evident in many ways, including the charging of informal fees for providing application forms, for reviewing forms and for approvals, and the charging of "commission" on benefits received. In addition, there are major diversions of funds for political purposes. Political manipulation includes the redirecting of resources to reward those who have given political support, to tempt floating voters, and withdrawal of resources from those who have voted for competitors.

Conclusions and scope for improvement

In the conclusion the document refers to individual countries. It says that in **India**, the principal requirements are for:

- A rationalization of schemes, which drastically reduces their number from over 200 at present, to a number which can more easily be managed by local administrators and elected representatives;
- This may imply broader categorizations of the poor; it will certainly require simplification of criteria and procedures for their identification;
- A new emphasis on simplicity and accessibility in the specification of eligibility criteria and terms of conditions, with a particular emphasis on making this information accessible to semi and non-literate beneficiaries so as to enhance the prospects of their knowing what they are entitled to and being able to make claims;
- An emphasis on robustness of delivery mechanisms in order to reduce the dangers of both political misdirection of funds and rent-seeking by petty officials.

In **Cambodia**, the requirement is for less resource-intensive ways of making initial poverty assessments. Discussions with key informants, either by outsiders directly or as part of a community-based process, may be useful in identifying poor households by category, including for instance those with large numbers of dependents, those where adults can no longer be economically active, those without adequate access to productive resources, and so on. The problem may arise in establishing criteria - so this needs to be carefully done. Similarly, the frequency of re-assessment could usefully be reduced every year to once every second year. Community-based involvement in identifying the poor needs to be monitored to ensure that costs borne by community members - financial and others - are not excessive.

In **Ethiopia**, the key requirements are for systematic monitoring of targeting outcomes, and for improved systems for appeals and complaints. Without better independent monitoring it is very difficult to assess how well the targeting system is working, given the locally determined and relative nature of the targeting criteria used by community decision-makers. Improvements in the appeals process are needed to increase the transparency and accountability of the community targeting system. This would require a separation between the bodies who make targeting decisions and those who hear complaints about those decisions, and clear directives on reporting and documenting appeals and their outcomes.

In a wider vein, targeting needs to be considered in relation to degree and type of economic activity. As a minimum, the criteria for identification of the poor need to distinguish how far the household can be economically active, and what types and levels of productive assets it possesses. The creation of common interest groups with cash transfer support for investment purposes may be relevant to those already owning or having access to productive resources, and, for instance, the World bank-supported District Poverty Initiative project in Madhya Pradesh, India, has experimented with these. But for those having few productive resources, employment generation schemes, supplemented by strategies to improve the bargaining capacity of unskilled labourers through skill verification and initiation of a labour company may be more appropriate. A third category - those unable to engage fully with the productive economy - will be reliant on social welfare transfers, in cash or kind, or in some combination.

Cross-cutting issues: Cutting across the three categories above are a three questions which require further investigation:

First, for those living in remote locations, and/or having still fairly unsophisticated production systems, are existing local delivery systems adequate to allow cash transfers to be institutionalised? In other words, can cash transfers serve as a platform of regular "business" to allow the strengthening of post offices, banks etc and to support the engagement of poor people with them, and so possibly help to promote the provision of wider financial services?

Second, is there any validity in the argument that to provide transfers to the economically productive in their own place of residence - such as via employment guarantee schemes - is a damagingly static approach when growth and poverty reduction might both be better served by encouraging the poor to find work in areas of high economic growth and, in doing so, to learn new skills?

Third, the design and implementation of selection criteria can have a powerful influence on the feasibility of engagement by the poor, either at a practical level of complaints procedures once lists of those eligible have been prepared, or at the broader level of "voice" - i.e. of helping the poor to identify and claim their entitlements. The poor tend to be underrepresented in public meetings, and, even if they do attend, generally lack the confidence to speak (Sjoblom and Khatana, 2006). In both cases, simple, transparent and robust criteria are likely to facilitate engagement by the poor, and sophisticated and complex procedures to be an impediment.

Infopack

Popular Information Centre

peaceact@bol.net.in

peaceact@vsnl.com

Phone & Fax:
(011) 2685 8940
(011) 2696 8121

If Undelivered, please return to:

Infopack

A-124/6 (2nd Floor), Katwaria Sarai, New Delhi 110 016

Telefax : 26968121 & 26858940 # E-mail : peaceact@bol.net.in & peaceact@vsnl.com