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How Effective are the Non-monetary Components of **CCT Programs**?

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Conditional cash transfer (CCT) programmes have been under close scrutiny with regard to their impacts on intermediate outcomes such as increase in school attendance, improved nutrition, higher immunization rates and attendance to at pre- and postnatal care and health checks for children. But it is still unclear how much of each impact is triggered by the extra cash (income effect), and how much is triggered by change in attitudes/behaviour because of the awareness and/or enforcement of conditionalities and, in some cases, such as Tekoporã in Paraguay, visits from social workers.

If impacts on outcomes of interest are mostly explained by a looser budget constraint, then other CCT components could represent an additional and unnecessary cost to a cash transfer programme. It is important to bear in mind that these other components might not directly contribute to the impact, but they might be essential for the implementation of the programme. If monetary transfers are not enough to induce desired changes in preferences, then non-cash components would be relevant for the impact. In that case, the cash transfer would basically serve to encourage families to comply with the conditionalities and to engage in complementary programmes.

The objective of the non-monetary components is to raise awareness of the importance of good nutrition, healthcare and hygiene habits for child development and overall well-being, changing possible prejudices or scepticism among beneficiary families. Similarly, the school-attendance conditionality might change the perception that investments in education have modest future returns. Often, parents of limited education do not value schooling. It is important to emphasise that greater human capital—schooling, training, entrepreneurship—might promote pathways out of poverty. If parents are offered incentives to keep their children in school by means of cash transfers, those parents might notice later that their children have better opportunities for a better standard of life.

In the case of *Tekoporã*, monthly visits by social workers aim to help families comply with conditionalities and to "coach" them on several matters, such as obtaining identification cards, budget planning, cultivation of vegetable gardens, health and hygiene information an so on. The conditionalities have not been verified in the pilot phase, though they had been communicated extensively to the beneficiaries during registration and through the visits of the social workers.

Non-cash components can generate broader changes at the community level, the so-called externalities, because of the learning processes triggered by social interaction between beneficiaries and non-beneficiaries. Externalities may also be caused by the extra income within the community, which is likely to influence local prices and stimulate transfers and loans between beneficiary and non-beneficiary households. Understanding the existence and nature of externalities is important in explaining the black-box of the standard impact evaluations results, and in informing policymakers on the adequacy of CCT design in terms of coverage and unintended effects.

Teixeira et al. (2011) assess the impact of the pilot phase of *Tekoporã* on the demand for health and education. The existence of externality effects is tested and the overall impact is decomposed between the contribution of the cash transfer and the change in preferences caused by the programme, using the methodology put forward by Ribas et al. (2011). Teixeira et al. also assess whether awareness of the conditionalities and visits from social workers generate any extra effect on the desired outcomes: school attendance and an increase in the number of visits to health centres.

The results show that the programme has improved childrens' attendance at schools and health centres. They also show that (i) there are no externality effects either for education or health outcomes; and (ii) the main contributor to the observed impact is the change in preferences, rather than the income itself. This latter result suggests that if, on one hand, relaxing the budget constraint alone is key to improve family consumption (Ribas et al., 2010), on the other hand, changes in preferences are crucial to improving the family's demand for healthcare and education. As with the inexistence of externality effects, these results are at odds with recent papers on *Progresa* (Mexico's CCT programme), which found positive impacts on education outcomes for non-beneficiaries (for a summary, see Lehmann, 2010).

However, heterogeneity analysis of awareness of the conditionalities and the visits of social workers shows no differential impacts for education or health outcomes. This suggests that, in the pilot phase, with no conditionality enforcement in place, the role of conditionalities and social-worker visits did not directly contribute to school and healthcare attendance. The message about the programmes requirements has led to a change in families' behaviour, but the tools responsible for that change were not the awareness of the conditionalities or the visits of the social workers.

Given the costs of the social-workers component for the programmes that adopt them, and given the findings reported above, it is advisable that more research be conducted on the contribution of different components, so as to secure a clearer idea of what is essential to guarantee the programme's positive impacts. The importance of these components to implementation should also be assessed.

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