International Policy Centre for Inclusive Growth

The International Policy Centre for Inclusive Growth is jointly supported by the Poverty Practice, Bureau for Development Policy, UNDP and the Government of Brazil.

One pager No. 168

August, 2012

What is Happening with El Salvador's CCT Programmes?

Fábio Veras Soares,
International Policy Centre for Inclusive Growth

El Salvador's *Red Solidaria* was designed in 2005 as a Conditional Cash Transfer (CCT) programme with the traditional objectives of short-term poverty alleviation and incentives for investment in human capital. In addition to the CCT component, it had two other components: one related to improving the supply of social services and infrastructure, and another related to increasing the productivity and diversification of the income sources of poor families (Britto, 2007).

Red Solidaria was implemented in rural areas of the 100 poorest municipalities (out of 262) according to a poverty map. These municipalities were classified into four groups: 1) very high extreme poverty; 2) high extreme poverty; 3) moderate extreme poverty; 4) low extreme poverty. This classification was used to phase municipalities into the programme between 2005 and 2009 using a 'marginality index' that ranked them within each group. Moreover, households in very high extreme poverty municipalities (32 of the 100) that had the demographic profile of the target beneficiaries—pregnant women and children up to 18 years old who have not completed 6th grade—would all be invited to register for the programme regardless of their poverty status as measured by the proxy means approach adopted by the programme for potential beneficiaries in the other 68 municipalities. Local non-governmental organisations (NGOs) that were hired to support and follow up beneficiary families monitored the conditionalities and provided lifelong training sessions.

The new left-wing government that took office in mid-2009 brought a much more universalistic approach that led to some changes in the design of *Red Solidaria* as well as an attempt to insert it into a broader social protection system. With regard to the latter, the Executive Decree of 9th October 2009 enacted the *Comunidades Solidarias* programme as the component of the universal social protection system responsible for its non-contributory dimension. *Red Solidaria* was renamed as *Comunidades Solidarias Rurales* (CSR), and *Comunidades Solidarias Urbanas* was created with the aim of covering 412 informal urban settlement areas in 25 municipalities. It has similar components to CSR, adapted to an urban context, and is due to be implemented gradually according to budget availability and the planning state of each component and intervention (STP, 2012).

Among the changes in the design implemented by the new government, it is worth mentioning: 1) the inclusion of another programme component, 'territorial management', which aims to strengthen local government through technical assistance as well as to support local committees to promote their participation in the implementation and oversight of the programme; and 2) the introduction of an old age pension which has led to an increase into its budget. People older than 70 years living in the 100 municipalities of *Red Solidaria* are eligible for the 'universal basic pension'. The beneficiary would receive US$50 per month, whereas the CSR beneficiary family would receive a maximum of US$20.

At the end of July 2012, the Technical Secretariat of the Presidency of the Republic (STP) and the Social Investment Fund for Local Development (FISDL) promoted an international workshop to discuss the redesign of CSR. This redesign will be facilitated by the new poverty map that is being finalised, and by the introduction of the Single Registry of Beneficiaries (RUP).

During the workshop it was pointed out that despite the universal and rights-based approach adopted by the current government, some important steps could be taken to improve the programme design and implementation as well as to strengthen its horizontal equity.

For instance, it has been suggested that the value of the transfer should be revised according to past inflation and the cost of opportunity of the activities related to the programme's focus on human capital. Moreover, the budget for the social pension should not be accounted as part of the CCT programme so that it does not give the false impression that the programme has been growing.

The programme should be expanded to all eligible members of the population regardless of the poverty incidence of a particular municipality (horizontal equity). The programme could also take advantage of the implementation of the RUP to reassess the eligibility status of all current beneficiaries of the programme and insert a dynamic approach to the selection of beneficiaries. Note that neither new families nor new members of beneficiary families have been incorporated into the programme. As a result, from a maximum of 111,777 beneficiary families, the programme had only 84,818 beneficiary families in January 2012 and soon will not have any children below the age of five.

With regard to the implementation of the RUP, it is important to involve different actors and institutions to cut down costs and widen access to this registration process. Of course, all should follow the same protocol. A similar approach could be adopted with regard to monitoring the conditionalities and supporting families, given the relatively high administrative costs of the NGOs. In the health sector, this is clearer because of the adoption of a preventive health care service that includes an information system that could potentially be cross-referenced with the database of beneficiaries.

Such changes are in line with the government's universalistic approach and should be facilitated by recent changes in the health and education sectors.

References:

Britto, T. (2007). 'The Challenges of El Salvador's Conditional Cash Transfer Programme, Red Solidaria', *Country Study No. 9*. Brasília, IPC-IG.

STP (2012) "Documento Base Comunidades Solidarias". Unidad del Sistema de Protección Social Universal, Secretaria Técnica de la Presidencia. San Salvador.

International Policy Centre for Inclusive Growth (IPC - IG)
Poverty Practice, Bureau for Development Policy, UNDP
Esplanada dos Ministérios, Bloco O, 7º andar
70052-900 Brasilia, DF - Brazil

E-mail: ipc@ipc-undp.org ▪ URL: www.ipc-undp.org
Telephone: +55 61 2105 5000