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## CCT Programs: Are the Costs of Non-cash Components Necessary to Achieve the Desired Outcomes? The Case of *Tekoporã* in Paraguay

By Clarissa Teixeira, Fabio Veras Soares, Elydia Sylvia and Guilherme Hirata

*PEP Brazilian researchers study the impact of a conditional cash transfer program (Tekoporã) in terms of health and education outcomes for children in Paraguay*

Conditional cash transfer (CCT) programs have been under close scrutiny with regard to their impacts on intermediate outcomes such as increase in school attendance, improved nutrition, higher immunization rates, attendance to pre- and postnatal care and health services for children. But there is still little evidence as to the relative importance of the cash transfers per se, versus that of the changes in behaviors resulting from the awareness and/or enforcement of conditionalities, in triggering the said impacts.

### CCT programs' non-monetary components

In the case of CCT programs such as *Tekoporã in Paraguay*, the objective of non-monetary components is to raise awareness of the importance of good nutrition, education, healthcare and hygiene habits for child development and overall well-being, changing possible prejudices or skepticism among beneficiary families. For example, as less educated parents tend to underestimate the value of schooling, the school-attendance conditionality might change the perception that investments in education have modest future returns. If parents are offered incentives to keep their children in school by means of cash transfers, those parents might later notice the resulting improvement in their children's opportunities.

However, if most of a program's impact on the outcomes of interest is found to be explained by the release in families' budget constraints, then other non-cash components (conditionality) could represent an additional and unnecessary cost to a cash transfer program. On the other hand, if these other components may not directly contribute to the program's impact, they yet may be essential for its implementation. If monetary transfers are not enough to induce desired changes in families' preferences in terms of consumption, then non-cash components would be contributive to, and thus relevant for the achievement of the program's objectives.

In the case of *Tekoporã*, monthly visits by social workers were implemented in order to help families comply with conditionalities and to "coach" them in the undertaking of several related initiatives - such as obtaining identification cards, budget planning, development of better nutrition, health and hygiene habits, etc..

### The externality effect

Because of the learning processes triggered by social interaction between beneficiaries and non-beneficiaries, non-cash components of a social program can generate broader changes at the community level; what is called the externality effect. Externalities may also be caused by the presence of 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 results from standard impact evaluations, to inform program implementers as to the adequacy of a CCT program's design in terms of coverage and un/intended effects.

For more information on the relative impact of externality effects in the case of *Tekoporã* outcomes, see the related [PEP policy brief number 89](#).



This study aimed to assess the impact of the pilot phase of *Tekoporã* on the demand for health and education. Using a recently developed methodology, the researchers tested for the existence of externality effects, and managed to decompose the overall impact into the contribution of the cash transfer itself (income effect) and the changes in preferences caused by the program.

Furthermore, the researchers sought to evaluate whether the visits by social workers and awareness of the conditionalities generate any supplementary effect on the desired outcomes - i.e. an increase in school attendance and in the number of visits to health centers.

### Findings and recommendations

The results show that the pilot program has been successful in improving children's attendance, in both schools and health centers. They also show that: (i) there are no externality effects for either education or health outcomes; (ii) the main contributor to the observed impact is the change in preferences induced by the program, rather than the income itself.

This suggests that, if relaxing the budget constraint alone is key to increase family consumption, changes in preferences induced by the nature of the program are crucial to improving the family's demand for healthcare and education.

However, the impact analyses of the visits of social workers and of the (beneficiaries') awareness of the program's conditionalities show no differential impacts for education or health outcomes. These latter results suggest that, at least in the pilot phase (i.e. with no conditionality enforcement yet in place) the role of conditionalities and social-worker visits did not directly contribute to the increase in school and healthcare attendance. The message associated with the program's requirements has led to a change in families' behaviors, but that change was not caused or influenced by the awareness of the program's conditionalities or the family support visits by social workers.

Given the costs of implementation of such components, and light of these findings, the researchers strongly advise that further examination of the relative contribution of each of the program's components be conducted, so as to clearly assess what is essential to secure the desired outcomes, prior to scaling up.