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***Selected Poster/Paper prepared for presentation at the Agricultural & Applied Economics Association's 2017 AAEA Annual Meeting, Chicago, Illinois, July 30-August 1, 2017***

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# Household's Preferences for Attributes of Conditional Cash Transfer Programs: A Choice Experiment in Ghana

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## Background

Conditional cash transfer (CCT) programs increasingly are being adopted as a component of poverty reduction strategies in developing countries. Empirical evidence, especially from Latin America, supports CCT programs as a pragmatic and cost-effective way to reduce income inequality and insecurity (Hanlon et al. 2010; Coetzee, 2013).

However, debate remains over the relevance of some key elements of CCT program design related to *conditionality* (obligations beneficiaries should have in return for grant receipt) and *targeting* (who should benefit and where programs should be implemented) (de Brauw & Hoddinott, 2011).

Also, evidence of CCT programming and successes in African contexts is still underexplored in spite of considerable interest within the international community to expand CCT programs in Africa. The study therefore examines the preferences of households in a CCT pilot community in Ghana regarding key CCT program elements.

## Research Objectives

- Examine stakeholders' preferences for CCT program elements
  - What set of conditions, if any, would be most acceptable?
  - Who should be targeted to benefit?
  - Which geographic areas should program focus?
  - How should beneficiaries receive their grant?
- Apply stated choice technique to social protection policy in a developing country context

## Data Collection

The paper relies on data from a in-person household survey administered to a random sample of households (6 rural communities and 12 townships in the suburban setting) in the Kintampo Municipal district, one of the few districts where the Ghanaian CCT program was piloted.

The multi-sectional survey was designed following survey best practices (Kaplowitz et al. 2004) involving iterative pretesting and incorporated feedback from key informants. It contained several questions including a choice experiment component eliciting preferences for key CCT program elements. See example choice task in Figure 1

## Data Analysis

Respondents preferences are estimated using a random parameters logit model, which accounts for preference heterogeneity of individuals by allowing specified parameters in the model to be randomly distributed (Train 2009). We ran separate models for the rural and suburban settings and explored differences in preferences across settings. The estimation focused on the main effects of the program attribute levels on the probability of selecting a particular CCT program alternative.

For each of the random parameters in our model, we estimate the mean and standard deviation, which characterize the probability distribution. Assuming the parameter coefficients are normally distributed, we estimate the model with a full covariance matrix that allows all of the random parameters to be correlated. When the standard deviation on the normally distributed random variables are statistically significant, we computed the share of respondents who derive positive or negative utility in the presence of these CCT program attributes.

## Key Findings and Conclusions

The results revealed that CCT programs that target individuals with limited or no productive capacity appear more socially desirable and may elicit greater support from the public. Results provide weaker indications for geographical targeting of CCT programming, as respondents were generally indifferent between programs targeting the poorest areas and programs spread across all geographical areas.

Making CCT grant receipt conditional on investing in human capital and/or performing communal labor appears socially desirable and significantly preferred to unconditional cash transfer. However, the social desirability of conditions alone should not drive a policy decision to impose conditions on CCT beneficiaries. Rather, such social desirability should be combined with a thorough assessment of administrative costs and local institutional capacity to support such conditions.

The study results revealed a preference for bank deposit relative to the current system of direct cash payments or relative to the use of mobile money. Considering that people's access to the banking system is location-dependent and the heterogeneity among respondents' preferences, this finding may not be conclusive of a programmatic switch to use banks to disburse grants to beneficiaries. Nevertheless, it may be indicative of challenges that households experience or perceive to be associated with direct cash payment, the existing mode of payment in the study area. Hence, policymakers should consider exploring alternative payment options that are beneficiary-friendly, facilitate regular grant receipt, and suit their local context

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	Program A	Program B	Current Program
<b>Who is eligible for support?</b>			
 Elderly in need	✓		✓
 Persons with disability		✓	✓
 Orphans and vulnerable children		✓	✓
 Working poor		✓	
<b>Which place?</b>	 Poorest districts only	 All districts	 Poorest districts only
<b>What do recipients have to do?</b>	 Nothing	 Do communal labor	 Send children to school
<b>Payment method</b>	 Bank deposit	 Mobile money	 Cash payments
<b>Annual cost to your household</b>	Gh¢8	Gh¢12	Gh¢10
<b>#1. Which program is best?</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>#2. Which program is second best?</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Figure 1. Sample Choice Task