Conditionality in cash transfers: UNICEF's approach

KEY MESSAGES

- Evidence from rigorous evaluations show benefits of both conditional and unconditional transfers. Evidence on the added value of conditions is inconclusive.
- In practice, the policy choice of conditionality vs unconditionality is often not as stark as the debate implies.
- UNICEF does not actively promote the use of conditions in its support to governments developing or reforming cash transfer programmes.
- UNICEF's application of this approach is context specific and is led by national priorities.

The issue of conditionality has generated substantial debate in cash transfer policy and design. This brief summarizes the debate, practice and evidence around conditional and unconditional cash transfers, before outlining UNICEF's approach.

THE DEBATE

The case for [1]

Arguments that support conditionality are both conceptual and political. On the one hand, it is argued that conditionality can help overcome situations where households don't have a full understanding of the benefits of services, such as the returns to education. Closely related, conditionality may also address a situation where those responsible for key decisions in households lack information or interest in investments that policymakers consider key for a country's economic and human development. As such, it is argued that conditionalities may reinforce and/or induce positive behavior, such as sending girls to school to overcome existing gender dynamics and traditional norms.

From a political economy perspective, it may be easier to gain political support from policy makers, taxpayers and sometimes communities themselves if transfers are linked with specific responsibilities. Advocates also point out that many conditions are often consistent with existing legal obligations, for instance children's school enrollment, and therefore are not imposing additional burdens.

The case against [2]

There are also a number of arguments against conditionality. It is argued from a human rights perspective, individuals have a right to social protection that is not conditional on their performance of

What are conditional and unconditional cash transfers?

Conditional cash transfers are transfers given to beneficiaries conditional on specific actions such as sending children to school or making regular health visits, and unconditional transfers are those that are given to beneficiaries without any specific requirements beyond eligibility.

Conditionality is also sometimes referred to as co-responsibilities, particularly in Latin America. Conditionality is not the same thing as eligibility or enrolment criteria, such as poverty-related criteria or possession of identification documents.

certain actions and that conditionality undermines principles of human dignity, equity and non-discrimination. A related concern is that conditionalities may further marginalize or penalize those most vulnerable to poverty and deprivation, as they also may be those least likely to be able to comply with conditions due to distance, disability, discrimination, or language barriers. Conditionalities can unintentionally create perverse incentives and opportunities for abuse of power by certain groups, particularly by those responsible for monitoring and enforcing conditions, further exacerbating power inequalities.

Conditionalities can also decrease poor households' ability to choose the most appropriate investments while assuming that they are not capable of wise choices, and as such sector-specific conditionalities can run the risk of undermining the multi-sectoral and mutually reinforcing impacts of cash transfers. They also assume that individual or household behaviour is a key obstacle; but the key obstacles may be simply economic, or broader social barriers (such as discrimination in accessing services) that need to be addressed by other types of programmes, services or design features.

From an operational standpoint, conditionalities carry a higher financial and administrative burden due to the monitoring of compliance, and their effective implementation depends on the existence of human capacity and supply of quality services at national and sub-national level.

THE PRACTICE: EXPERIENCE IN IMPLEMENTING CONDITIONALITIES

Differing approaches to conditionality

There is substantial regional variation in the prevalence of conditional versus unconditional transfers, with a majority conditional transfers in Latin America; largely unconditional in Africa, Eastern Europe, and Central Asia; and a mix in South and East Asia and the Middle East.

In practice, the policy choice of conditional vs unconditional is not always as stark as implied in the debate. Implementation of conditionality and unconditionality varies substantially across countries and programmes. There are differences in a number of dimensions: what sectors and types of action the transfers are conditional on; the degree of sanctions (if any) for noncompliance;[3] the portion of the transfer affected where sanctions are enforced; the extent of accompanying information and training sessions; and the extent to which there is a simultaneous focus on strengthening the supply of services.

Conditional cash transfer programmes also differ in whether the conditionality is used primarily as an enforcement mechanism or a mechanism for flagging where families need additional support. The concept of co-responsibilities emphasizes the obligations not only of programme participants, but also of the state and service providers. In Brazil for example, 'the conditions fundamentally are viewed as encouraging beneficiaries to take up and exercise their right to free education and free health care, so noncompliance is taken to be a manifestation of some kind of obstacle that the family cannot overcome to access the service rather than an unwillingness to comply'.[4]

A number of unconditional programmes also include other measures to support specific outcomes, including communication about the purpose of the programme, accompanying training or information, and direct linkages with other services or programmes, such as health insurance, birth registration or nutrition education.

Practical considerations in implementation

Implementation of conditionalities requires a number of practical considerations. Particularly where conditions are enforced, monitoring can be a complex task which requires substantial data, administrative and human capacity, and coordination within and external to the programme.[5] Although it can be difficult to disentangle the costs of implementing conditionalities from other administrative costs, in a review of Latin American programmes, Handa and Davis (2006) estimate conditionality to be about 20 per cent of administrative costs (net of transfers).

In some contexts, there have been challenges in implementing conditionalities. For example the Kenya OVC Cash Transfer Programme trialed both conditional and unconditional transfers, in an attempt to evaluate impacts between the two. However, the experiment did not work for a number of reasons, including weak understanding among programme participants about whether the transfer was conditional and what those conditions were. Further some programme managers refused to implement the conditionalities as they saw them impossible for participants to comply with (due to supply side constraints) and therefore unfair.[6] In Mexico's Progresa programme (subsequently Oportunidades, and now Prospera) in the initial years, transfers were regularly delayed by several months while compliance was being verified.[7]

THE EVIDENCE: IMPACTS OF UNCONDITIONAL AND CONDITIONAL TRANSFERS

Evidence from rigorous impact evaluations shows that both conditional and unconditional transfers have positive impacts on a range of outcomes: poverty reduction; food consumption and dietary diversity; school enrolment, attendance and completion; health care use and reduction in morbidity; sense of well-being and self- esteem; and household economic activity and productive investment. While the specific impacts and their magnitude vary across countries due to differences in design, implementation and context, the evidence shows that both conditional and unconditional transfers can achieve impacts of similar magnitude.[8]

The particular role and attribution to conditionality in achieving these outcomes remains unclear. Three recent reviews which compare the impacts of unconditional and conditional cash transfers on nutrition, health, and education outcomes respectively find no statistically significant differences between the two types[9]. Although there have been a handful of studies directly trying to measure the impact of conditionalities within the same programme, these either do not find significant differences or the conclusions point in different directions (across studies, or across different outcomes in the same study).[10]

There is some evidence available on unintended consequences of conditionality on exacerbating social exclusion and worsening of outcomes for specific groups, although this issue has received relatively limited research attention.[11]

UNICEF'S APPROACH

UNICEF's approach to conditionality is based on a number of considerations: UNICEF's Human Rights Based approach, on the ground experience working with both conditional and unconditional transfers, UNICEF's overall approach and principles as outlined in the Social Protection Strategic Framework, and an examination of the available evidence.

A key principle of UNICEF's work on social protection is support to nationally-owned and –led systems. UNICEF works to support governments that are implementing both unconditional and conditional cash transfer programmes as prioritized by national stakeholders.

At the same time, in our work assisting governments to develop new social protection programmes or reform existing ones, UNICEF does not actively promote the use of conditionality in its technical assistance, in light of human rights and operational concerns and insufficient evidence of the added value of conditionalities. UNICEF's application of this approach is context-specific, taking into consideration national priorities and political economy, and the social and economic vulnerabilities of children and their families.

To address non-income related barriers and constraints to realizing children's rights, UNICEF promotes and supports:

- Analysis of social and economic barriers to desired programme objectives including multi-dimensional child poverty, and their inter-relationship, in order to identify appropriate responses.
- Clear, accessible communication of programme objectives and operations, and programme participants' rights to participants, communities and the general public.
- Strengthening linkages between cash transfers and social services, and the required supply response.
- Design and implementation of accompanying training and information, for example on nutritional information or early childhood development.
- Addressing structural and institutional discrimination, and working with communities to shift social norms and particular groups to overcome discrimination and exclusion.
- The expansion of quality services for health, education, nutrition, water and sanitation, HIV and child protection to reach the most disadvantaged populations
- Strengthening provision of social support services, including referrals to other social services and programmes.

Where UNICEF is working with governments considering or implementing conditional cash transfers, UNICEF works with partners to:

- Consider the option of "soft conditions', with an emphasis on messaging related to the objective of the transfer programme and non-removal of the benefit or other punitive action, if a beneficiary is not able to comply with the condition.

- Ensuring that sector-specific conditionalities do not undermine the cash transfers' potential broad-based benefits for children and their families.
- Assess the administrative, financial and social feasibility of implementation.
- Diagnose, and strengthen if necessary, the necessary supply of services – health, education, etc.
- Monitor and address issues of exclusion and marginalization.
- Monitoring and evaluation of impacts and programme operational issues.

Conditionality in humanitarian contexts

The question of conditions is often raised in the design of humanitarian cash based programming, and requires specific attention. Although UNICEF does seek to identify where these humanitarian cash programmes can and should be linked to national programmes and systems, they may also be implemented in parallel for a variety of reasons, including national systems being too weak/non-existent or are not extended to a specific group, such as refugees. Unconditional transfers are the preferred option in humanitarian contexts,[12] due to a number of additional, specific considerations:

- Serious concerns regarding the feasibility and length of time required to set up a system to monitor conditions.
- Households are often receiving cash transfers to cover their daily basic needs over a short time period, making conditions unrealistic and possibly counter-productive.
- Risks of putting additional pressures on and slowing recovery of supply of services which often have often also been affected by the crisis/shock.
- In high threat environments, physical access to reliably monitor compliance is often an issue.
- There is a strong rationale in terms of human dignity, a Human Rights Based approach and humanitarian principles to provide cash unconditionally to individuals that are already highly affected by a conflict, crisis, natural disaster, etc.

Humanitarian cash transfers can offer an entry point to expose beneficiaries to key messages, such as on hygiene, vaccination, school attendance, early recovery, although caution needs to be take not to take away from the primary objective of the programme.

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