Evidence-based Policymaking? Revisiting the "Known," the Assumed and the Promoted in New Social Policy Development Policy

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Evidence-based Policymaking? Revisiting the "Known," the Assumed and the Promoted in New Social Development Policy*

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Abstract: Supported by a virtual plethora of impact evaluations, conditional cash transfers (CCTs) have been widely promoted for their ability to simultaneously pursue short-term poverty alleviation through income support and long-term poverty reduction through human capital investments. In particular, their claim to fame lies in their perceived capacity to enable a break in intergenerational transmission of poverty. This study presents an inquiry into such capacities. First, it filters that which is "known" from that which remains assumed through a synthesis of systematic reviews. The inquiry corroborates existing research and finds that evidence concerning CCTs' impact pertains almost exclusively to short-term effects from a handful of localized cases, providing scarce information on the programs' alleged long-term capabilities. That is, existing evidence lacks any demonstrated effects on

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long-term poverty reduction and human capital enhancement—the two overriding goals of the programs. More importantly, it contributes to existing research and problematizes CCTs' promoted long-term impact by further qualifying the "known" and by analyzing the empirical foundations of the programs' implicit assumptions. Findings of largely untested theoretical assumptions pertaining to the human capital–social mobility nexus further challenge the basis for CCTs' promoted capacity to enable a break in intergenerational transmission of poverty. These findings are deemed particularly relevant to developing countries in Africa and Asia and their efforts to adequately incorporate CCTs into poverty reduction strategies and policies.

Keywords: Social policy, Poverty, Development, Conditional cash transfers, Impact evaluations, Latin America

A social assistance innovation, conditional cash transfers (CCTs) regularly provide poor households with cash transfers conditional upon beneficiaries' sending their children to school and health examinations. Instantly hailed by the Inter-American Development Bank (IDB) and the World Bank as a success story, CCTs have virtually swept Latin America and the Caribbean. Bursting on the regional scene already a legend after a massive circulation of positive results of the first programs in Brazil and Mexico, CCTs have come to play a significant role in Latin American social policy development. Currently, 18 countries run CCT-programs that cover some 19 percent of the region's total population.

CCTs have been widely promoted for their ability to simultaneously pursue the twin objectives of short-term poverty alleviation through income support (i.e. cash transfers), and long-term poverty reduction through human capital investments (i.e. conditional behavioral changes). In particular, their claim to fame lies in their perceived capacity to enable a break in intergenerational transmission of poverty at a very low cost (e.g. Fajth & Vinay 2010; Fiszbein & Schady

2009; IDB 2011; UNDP 2010; World Bank 2009). Such accolades have prompted the CCTs into becoming an emerging "global" social policy that has subsequently been "best-transferred" to more than 20 countries in other world regions, with numerous additional programs currently in pilot phases. Yet, in spite of constituting one of the most promoted development programs, CCTs' alleged capabilities concerning long-term poverty reduction remain enigmatic, wrapped in numerous layers of theoretical assumptions and "taken-for-granted" expectations.

This study has three principal aims: to revisit CCTs' evaluated impact in order to filter that which is "known" from that which remains assumed about CCTs' alleged capabilities, to further qualify and set boundaries for that which is "known," and to analyze the plausibility of CCTs' promoted long-term capabilities. CCTs are here argued to be particularly well suited for this type of analysis due to mutual reinforcements between the programs and evidence-based policymaking whereby randomized and quasi-experimental impact methods have provided credibility to CCTs' alleged capabilities and proponents of these methods have drawn significantly from CCT evaluations (Sandberg 2015). These inquiries have implications beyond the case of CCTs as they emanate from concerns with the current "evidence frenzy" in the field of development. While the virtual onslaught of localized evaluations on particular program or policy parameters no doubt produces important information and brings increased rigor to development research, it nevertheless feeds two heuristic biases with potentially serious implications. First, the elevated number of evaluations may provide false impressions that a program or policy under study has been thoroughly evaluated even if most evaluations cover a limited number of parameters. Second, the cumulative effect may lead us into mistakenly equating constant bombardment of positive evaluation results with a conclusive positive impact regardless of both the limited accumulated knowledge and the fact that most emanate from the same data sources.

The paper is structured as follows. The first section presents an

analysis of existing evidence through a synthesis of systematic reviews of impact evaluations. In order to further establish that which is actually "known" about CCTs' impact, the following sections problematize existing knowledge gaps through an analysis of International Initiative for Impact Evaluation's (3ie) Register of Impact Evaluation Published Studies (RIEPS) database and an assessment of evaluation methodologies. The fourth section shifts the focus to program design issues as it inquires into the plausibility of CCTs' underlying assumptions by drawing on principal findings in recently conducted field work and research findings in related fields. The paper concludes with an ending discussion.

Review of Existing Impact Evidence

CCTs are among the most evaluated programs in development and an exhaustive review of each existing report and study goes well beyond the scope of this study. However, an inquiry based primarily on systematic reviews of existing evidence and a set of comprehensive analyses, followed by a problematization of CCT evidence suffices in order to draw some general conclusions about existing knowledge of CCTs' impact. Systematic reviews of existing impact evaluations alleviate information overload while presenting syntheses of all existing evidence, hence minimizing the problem of selective reporting (White & Waddington 2012).[1] There are essentially two categories of evaluation designs, where experimental or randomized control trials (RCTs) randomly assign individuals for the treatment and control groups whereas quasi-experimental designs use other methods such as statistical matching to select non-beneficiaries with similar observable characteristics as beneficiaries.[2]

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[1] It should be noted that systematic reviews of evidence from impact evaluations are used here for the sole purpose of assessing the state of existing research and identify knowledge gaps, not in order to calculate average effects in search of globally generalizable solutions.

The synthesis presented here is based on systematic reviews by the World Bank's Independent Evaluation Group (IEG) (2010; 2011) for general reviews, Kabeer et al. (2012) for economic impact, Krishnaratne et al. (2013) for education, Gaarder et al. (2010) health and nutritional impact, and Glassman et al. (2013) and Ranganathan and Lagarde (2012) for health impact. These have been complemented by comprehensive analyses by Fiszbein and Schady (2009), Draibe and Riesco (2009), and Cecchini and Madariaga (2011) that include, but move beyond, reviews of existing evidence to also analyze CCTs in broader social protection terms.

Poverty

Using estimates for poverty reduction (headcount index)[3] and poverty alleviation (poverty gap)[4] for four large and national

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[2] Quasi-experimental techniques used in CCT impact evaluations include Regression Discontinuity Design (RDD), Difference-in-Difference (DID), and Propensity Score Matching (PSM). Regression Discontinuity Design (RDD) is a quasi-experimental impact evaluation method applicable in cases where the population of interest can be ranked according to a continuous eligibility index and a defined cut-off score, such as poverty index where program eligibility has a clear cut-off line. In essence, ineligible households close to the cut-off line are used as comparison groups to estimate the counterfactual. Difference-in-difference is a method that compares changes in outcomes over time between the treatment group and the comparison group. It requires the existence of baseline data. In essence, the method estimates the counterfactual by combining before-and-after comparisons and comparisons between the groups. Propensity score matching (PSM) is a variant of so called matching methods that "use large data sets and heavy statistical techniques to construct the best possible artificial comparison group for a given treatment group" (Gertler et al. 2011: 107).

[3] The headcount index refers to the number of people below the poverty line.

CCT-programs (Brazil, Mexico, Ecuador and Jamaica), Fiszbein and Schady (2009) demonstrate significant short-term poverty effects in terms of reducing severity and poverty gaps, with only moderate impact on poverty headcount. For instance, based on national household surveys between 2004 and 2006, *Oportunidades* reduced the Mexican poverty gap by 19.3 percent while reducing poverty headcount by 7.6 percent, *Bolsa Familia* was found to have reduced the Brazilian poverty gap by 8.06 percent and the poverty headcount by 2.14 percent, and *Bono de Desarrollo Humano* in Ecuador reduced the poverty gap by 13.6 percent and the poverty headcount by 8.07 percent.

Cecchini and Madariaga (2011) find that CCTs have substantial impact on family incomes in the short term, although they vary from country to country. Citing ECLAC (2010), they find that CCTs represent on average some 10.3 percent of per capita income in receiving households. However, there is a difference due to differences in transfer amounts. For instance, the lowest transfer amounts represent on average some 12 percent of indigence and seven percent of poverty lines in rural areas, and 11 and five percent respectively in urban areas. In contrast, the highest transfer amounts average some 35 percent of absolute poverty and 20 percent of poverty lines in rural areas, and 29 percent and 15 percent respectively in urban areas. That is, CCTs generally do not surpass one third of the income of the indigent, but transfers in *Bolsa Familia* in Brazil, *Oportunidades* in Mexico, and *Avancemos* in Costa Rica actually surpass the indigents' income deficits.

The IEG's (2011) review finds evidence that CCTs have had a short-term impact on income, consumption and poverty. They further find that transfers have led to increased household spending on food, education and health care. Kabeer et al. (2012: 43) concludes that there is strong and consistent evidence of increased overall consumption among beneficiaries in seven countries (Brazil, Colombia, Chile, Honduras,

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4 The poverty gap measures the average distance between the consumption of poor people and the poverty line.

Mexico, Nicaragua, and Uruguay). Based on existing evaluations in five countries (Brazil, Colombia, Mexico, Nicaragua, and Paraguay), Cecchini and Madariaga (2011) find that households have increased their consumption. An early evaluation in 2000 of Mexico's *Progresa* (forerunner to *Oportunidades*) imply an average 15 percent in increased consumption among beneficiary households, compared to a two percent increase among non-beneficiaries. Likewise, evaluations in 2007, 2008 and 2009 all indicate that *Bolsa Familia* in Brazil had increased consumption among beneficiary households, particularly of food. Similarly, an evaluation in Colombia finds that *Familias en Acción* has produced a 15 percent increase in food consumption among beneficiaries. However, in terms of food consumption, the authors find contrasting results in Honduras in 2003 and Ecuador in 2008 where no significant results on an increase could be found (Cecchini & Madariaga: 142-143). They conclude that CCTs impact on poverty gaps and severity of poverty by bringing beneficiaries closer to poverty lines, but they do not necessarily move them out of poverty.

Inequality

Estimates of CCTs' impact on short-term inequality indicate that they have had significant but moderate effects on inequality, as measured by the Gini index. For example, in a comparative study of CCTs' in Brazil, Mexico and Chile between 1995 and 2005, Soares et al. (2007) find that *Progresa/Oportunidades* was responsible for about 25 percent of the 2.7 point drop in the Gini index; *Bolsa Escola/Bolsa Familia* in Brazil for 21 percent of a 2.7 point drop, and Chile *Solidario* for 15 percent of a 0.1 drop. Other analyses of *Bolsa Escola's/Bolsa Familia's* impact on short-term inequality are summarized in Soares (2012) who concludes that all existing studies share the general conclusion that the program contributed significantly to inequality reduction but was far from constituting the driving factor. The estimated impact-size fluctuates from 12 percent of drop in inequality between 2001 and 2005 to some 31

percent of inequality decrease between 2002 and 2004. In contrast, *ex ante* simulations on the impact of *AFAM* on inequality in Uruguay found only marginal effects—a one point decrease in the Gini index (Amarante et al. 2009) and a 0.02 decrease in the Theil index (Amarante et al. 2011). In a recent study by Lustig et al. (2013), CCTs are found to be highly progressive in absolute terms in five out of six countries under study (Argentina, Bolivia, Brazil, Mexico, Peru, and Uruguay).[5]

Education

In terms of educational attainment, Fiszbein and Schady (2009) find that all seven evaluated programs (in Chile, Colombia, Ecuador, Honduras, Jamaica, Mexico, and Nicaragua) have had positive effects on school enrolment and attendance. The size of the effect varies, ranging from 0.5 percentage points in Jamaica to 10.3 percentage points in Ecuador. For instance, they draw from Attanasio et al. (2006) who find that Colombia's *Familia en Acción* produced a 5.6 percentage point increase in school enrolment for youth aged 14−17, while Schady and Araujo (2008) estimate Ecuador's *Bono de Desarrollo Humano* to have increased school enrolment by 10.3 percentage points among children aged 6−17.

In their review of educational impact from some 23 CCT evaluations, Krishnaratne et al. (2013) find strong evidence that CCTs increase enrolment, citing Honduras and Mexico as prime examples. Cecchini and Madariaga (2011) find CCTs to have positive effects on school attendance and school enrolment, where in some cases such as *Oportunidades* gender gaps in secondary schools have practically disappeared and school desertion has decreased in some geographical areas. They find that *PATH* in Jamaica has increased attendance by 0.5 days per month on average for children aged 6−17, in Dominican

[5] As pointed out in the study, Bolivia's relatively lower score is due to the fact that all children in primary and secondary public education are eligible.

Republic attendance among 14−16 year olds enrolled in the CCT-program increased some 14 percentage points, and in enrolment in Paraguay increased some 2.5 and attendance between five and eight percentage points. The IEG's (2011) evaluation shows that CCTs have had positive and significant effects on school enrolment, attendance and progression. Kabeer et al. (2012) conclude that impact evaluations present strong and consistent evidence on increased school attendance among beneficiaries.

In contrast, there is no conclusive evidence of long-term effects on education (i.e. completion of schooling and learning). Findings from Nicaragua's RPS program imply that short-term program effects in schooling for boys were maintained into early adulthood (Barham, Macours, & Maluccio 2013a). Yet, there are few evaluations to draw from concerning final outcomes such as years of completed schooling and actual learning. While Fiszbein and Schady (2009) indicate modest improvements in cognitive development among very young children, CCTs were found to have no discernible effect on learning outcomes for children in school age. Draibe and Riesco (2009) also conclude that significant impact only exists for the compliance of conditionality, i.e. increased utilization of educational services and such effects are only significant for countries and beneficiaries with previously low utilization of these services, with limited effects on those who registered high pre-intervention utilization rates.

Health

Ranganathan and Lagarde (2012) systematically review evidence on health from impact evaluations on eight Latin American countries (Brazil, Chile, Colombia, Honduras, Jamaica, Mexico, Nicaragua, and Panama). They find that CCTs significantly increased utilization of health services in all eight programs, except for Brazil where no data on uptake of health services was available, and in Panama where there was no impact on health care visits. For instance, in Mexico, beneficiaries of

Oportunidades made twice as many visits to health clinics than non-beneficiaries. *Familias en Acción* in Colombia increased health care visits for children under four. In terms of immunization coverage, they find more mixed results in the four studies that included this parameter. In Mexico, there were positive effects for children under 12 months both in terms of tuberculosis and measles vaccinations. In Honduras, *PRAF* increased the coverage of diphtheria-pertussis-tetanus (DPT) vaccines, and in Colombia *Familias en Acción* increased the probability of compliance with scheduled DPT vaccinations. Finally, there was a positive impact on polio vaccinations among children that live far from health clinics. However, the positive findings above do not apply for certain age groups in Mexico, Honduras, and Colombia where there was no evidence of increased immunization.

Glassman et al. (2013) review six CCT-programs in Latin America (El Salvador, Guatemala, Honduras, Mexico, Nicaragua, and Uruguay) on which impact evaluations on maternal and newborn health outcomes have been conducted. Their review concludes that CCTs increase maternal and newborn service utilization such as prenatal monitoring and skilled attendance at birth. The programs may also have an impact on the incidence of low birth weight, but more studies are needed to report conclusive evidence. Four programs report positive and significant impact on average number of antenatal visits (Mexico: 8.1 percent increase; Guatemala: 11 percent increase; Uruguay: 14.4 percent increase; and Honduras: 18.7 percent increase), while El Salvador showed no significant effects. Two studies evaluated CCTs' impact on incidence of low birth weight, and both in Mexico and Uruguay there were small but significant decline.

Fiszbein and Schady (2009) find mixed results in evaluations of CCTs' effects on health visits, both in terms of visits to health centers for growth and development monitoring and for immunization. For instance, positive effects are found in Colombia's *Familias en Acción* and Honduras' *PRAF* program, while no significant effects on health visits were found in Chile's *Solidario*, Ecuador's *Bono de Desarrollo Humano*,

and Mexico's *Oportunidades*. The IEG (2011) finds CCTs to have positive and significant effects on health service utilization and growth monitoring. In reviewing existing evidence of health impact in seven Latin American countries, Gaarder et al. (2010) find unambiguous evidence that CCTs increase utilization of key health services. However, coverage of basic interventions (e.g. immunization) once beneficiaries arrive at health centers is bleaker. They argue that this mixed picture in terms of health outcomes suggests that incentivized utilization of poor quality services is unlikely to produce desired effects.

Recent findings indicate that CCT-interventions in nutrition and health during children's first 1,000 days can have long-lasting positive effects on cognitive development (Barham, Macours & Maluccio 2013b). Yet, systematic reviews find no conclusive evidence in terms of long-term effects on health. Furthermore, Glassman et al. (2013) find that while CCT-programs have improved utilization of maternal services, final maternal and newborn health outcomes depend on contextual factors, such as enhanced supply of health services. They further find that contextual factors such as poor infrastructure, poor quality of care and societal and gender norms may constitute barriers to successful outcomes. Similarly, Ranganathan and Lagarde (2012) conclude in their study that there are several unanswered questions pertaining to CCTs' impact on health, in spite of positive evidence on a number of health indicators.

Further Qualification of the "Known": Some Caveats[6]

6 This section is largely based on an analysis of 3ie's RIEPS and key points highlighted in the current debate on randomized social experiments. RIEPS covers published studies from over 45 databases, search engines, journal collections, and websites. Studies included in RIEPS must address the counterfactual—what would happen to the beneficiary population in the absence of the program—using a variety of impact evaluation methods. The information was retrieved from http://www.3ieimpact.org/en/evidence/impact-evaluations/ on January 8, 2014.

It is rather surprising that the excitement about CCT impact in fact rests on a limited number of cases. Analysis of studies in 3ie's RIEPS reveals that a total of 40 rigorous impact evaluations have been conducted on CCT-programs active in Latin America. Of those 40, some 26 have evaluated *Progresa/Oportunidades* in Mexico; seven in Colombia; two in Paraguay and Ecuador, respectively; and one in Brazil, Honduras, and El Salvador, respectively. Hence, "rigorous" impact evaluations have been undertaken in only seven of a total of 18 countries running CCT-programs. Among these, Mexico is clearly overrepresented with some 53 percent of total number of evaluations. A set of methodological limitations further qualifies existing evidence. These are discussed next.

It is important to note that a rigorous analysis of the use of RCT and quasi-experimental evaluation techniques in development research is beyond the scope of this article and this has been done quite eloquently elsewhere (e.g. Banerjee & Duflo 2011; Duflo & Kremer 2003; Heckman & Smith 1995; Bardhan 2005; Kanbur 2005; Ravallion 2008; Rodrik 2008; Deaton 2009). Rather, the section highlights those methodological aspects deemed to have direct bearing on the establishment of actual knowledge pertaining to CCT-impact. Hence, criticism put forth here is not about the methods per se—they constitute most useful evaluation techniques—but rather about the way in which results are being interpreted and used as generalizable findings, extrapolated from localized settings to different contexts without sufficient consideration of external validity, as well as extrapolated into the future by predicting long-term outcomes that were not part of actual evaluations.

Average effects only

RCTs and quasi-experimental evaluations estimate only average effects and hence provide limited political economy information of interest to policymakers, such as distribution of effects (Deaton 2010). A

significant limitation of RCTs is the counterfactual problem, which makes it impossible to estimate the impact on each individual. Instead, the estimate must be of the average impact on one group compared to another (Duflo & Kremer 2003). This is problematic since distributional effects of social policies are of essence and experiments could demonstrate average positive effects in spite of the fact that the vast majority of beneficiaries are negatively affected while a few have very large positive effects.

Insufficient data and disentangling dilemmas

All evaluations rely on national household surveys for data, so it is troubling that overall there is a lack of questions on CCTs in these surveys. Surveys in seven out of 17 countries with active CCT-programs lack any questions on social programs, and among those that do, there is a scarcity of questions beyond mere description on program participation or not. An analysis of seven of the total of 10 household surveys that do entail questions on social programs reveals that the vast majority pertain only to descriptive data such as whether anyone in the household participates in a CCT-program or not. For instance, in Chile, the CASEN 2011 contained four questions on participation or not in different sub-programs of *Chile Solidario*. In the Ecuadorian ECV survey, conducted in 2006, there are three questions pertaining to "receipt or not" and "how often have you received benefits" in the *Bono de Desarrollo Humano* program. In Peru's ENAHO 2011, there is but one specific question on whether any member of the household is a beneficiary of the *Juntos* program. In Uruguay, the ECH 2011 includes three questions on *AFAM* pertaining only to whether any family member has received *AFAM* benefits, how many members are enrolled and how often do you receive it; and in Honduras questions on *PRAF* and *Bono 10.000* pertain only to amount received, the frequency of such payments, and how many members share the cash transfer. The exception is Jamaica, where the JCLS 2009 contains additional questions on households' interaction with

PATH authorities and whether and why any compliance requirements have been missed.

Partly due to this lack of sufficient data, it becomes rather difficult to disentangle CCTs' effects on poverty and inequality since the region has gone through a pronounced economic growth period with low unemployment rates, substantially increased minimum wages, and comparatively high prices on commodities (ECLAC 2010). Most of the reduction in poverty and inequality has recently been found to be the result of rising labor incomes and reduced return on education with a resulting decline in the earnings gap between skilled and low-skilled workers (Levy & Schady 2013; Lopez-Calva & Lustig 2010). Furthermore, it becomes inherently difficult to single out CCTs' effects in the presence of other reforms. For instance, primary education became free of charge for all children in Guatemala at the time of the launch of the country's MIFAPRO program, making it difficult to disentangle the effects of the program from those caused by the supply-side reform (Sandberg & Tally 2015). Similarly, a recent report by CGD (2013) finds that Brazilian CCTs were implemented alongside reforms in school funding, longer school days, increased teacher pay and bonuses, redesigned curricula and increased mandatory schooling to 11 years.

Questionable external validity

Of particular interest to the connection between evidence and diffusion of CCTs across developing contexts is the issue of the former's external validity, i.e. the extent to which evaluation findings are generalizable beyond their localized boundaries.

A review of systematic evidence and methodological limitations in the methods used in CCT impact evaluations indicates that evidence of short-term average effects in localized contexts lack external validity. Homogenous impact seems questionable even within single evaluation studies as demonstrated by Attanasio et al. (2003) who found heterogeneous effects in the seven Mexican states in which *Progresa* was

initially launched and concluded that effects found in one group were poor predictors of effects in other groups. Even Duflo et al. (2006), researchers at the MIT Poverty Action Lab who have largely driven the randomized experiment movement admit that evaluation methods have problems with external validity and generalizability is only possible under specific assumptions. Banerjee (2005) argues that the only way to build trust in evaluation-results using experimental and quasi-experimental methods is to replicate them in different contexts. Similarly, Duflo and Kremer (2003) suggest combining replicated evaluations in different contexts with theory on "why" a program works.[7]

However, there is yet to appear a study that provides a comprehensive and plausible explanation as to why results in other Latin American contexts should be consistent with those found in Mexico's *Progresa* program. For such findings to be generalizable, without analysis of underlying causal mechanisms and contextual factors, one would need to make the fantastic assumption that there is an adequate supply of health and educational services in all contexts, as well as institutional and administrative capacity, and beneficiaries in, say urban Bogota, respond in identical ways to CCTs as do those in rural Mexico. CCTs' different features and focus areas, together with the fact that Latin American countries contain highly different contexts are likely to produce different results, and the likelihood of heterogeneous effects is arguably even greater once CCTs move across different world regions.

The Unknown: Long-Term Impact on Poverty Reduction

In essence, CCTs' rationale and alleged capacities to simultaneously reduce poverty and enable children to break intergenerational transmission of poverty through enhancing human

[7] There is however a caveat to such an approach beyond questions of feasibility: if the theory is not tested, randomized evaluations will in effect be subject to the same assumption-based decision-making which it criticizes in the first place.

capital rests on a straightforward causal pathway, summarized as follows: The programs incentivize increased utilization of educational and health services through CCTs (intervention), which causes increased attendance in schools and health examinations (immediate effects). These in turn produce learning and good health (intermediate outcomes) that ultimately lead to exit from poverty (final outcome). Yet, based on existing evidence on CCTs' impact synthesized above, that which is known regarding CCTs' impact pertains exclusively to short-term immediate effects. In fact, long-term impact, or the plausibility of assumed impact on intermediate and final outcomes, remains unknown. The only causality that is empirically founded is the beginning path between intervention and immediate effects—that CCTs have positive average effects on short-term poverty alleviation, consumption, and increased utilization of educational and health services—the rest remains a black box. This is partly due to the fact that it is simply too early to evaluate CCTs' long-term impact since the first cohorts have only recently exited the programs. However, it is also a result of knowledge gaps concerning causal pathways and mechanisms, and a lack of tests of program theory.

Incomplete problem diagnosis and lack of tests of program theory

While evaluations should be preceded by analyses of the underlying rationale for why the program is needed and why it is expected to have an impact, CCTs have in fact not been preceded by *ex ante* analyses to determine that insufficient human capital investments among the poor are primarily a demand-driven problem. Program theory implicitly assumes that the poor fail to send their children to school and health examinations because they lack economic means to do so. Yet, in spite of more than a decade of CCT-benefits, more than half of Latin American adolescents drop out of secondary education and only some 34 percent of those who stay in school acquire skills necessary for a productive life.[8] Hence, it may be wise to revisit the initial problem

diagnoses and test whether CCTs are in fact the most optimal intervention in a region *where you are just as likely being poor because you are poorly educated as you are being poorly educated because you are poor*. This is particularly the case in view of data from the most recent household surveys showing that students' main reason for dropping out of secondary school in Latin America is not "lack of economic means," but rather because of "lack of quality education" and "lack of interest."[9]

Similarly, it is problematic that there have been only a few impact evaluations measuring CCTs' cost-effectiveness (e.g. Caldés, Coady & Maluccio 2006) and alternative policy options such as supply-side interventions have rarely been analyzed. Finally, while any effectiveness of CCTs depend chiefly on the capacity, coverage and quality of educational and health services, too little attention has been paid to problems with quality of CCTs' underlying services (Adato & Hoddinott 2010). Thus, following the logic of the vast promotion of CCTs' impact on long-term poverty reduction one must make the implicit assumption that existing services are indeed of adequate quality. This is, however, highly problematic since numerous studies point to supply-side deficiencies in educational services to be the root of Latin America's educational and human capital problems (e.g. ECLAC 2010; IDB 2007; Reimers et al. 2006; UNDP 2010).

Unspecified causal pathways and mechanisms

The foundation of any impact evaluation is the causal pathway that

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8 IDB Web-site at: http://www.iadb.org/en/topics/education/student-learning-is-still-unequal,8306.html, accessed on October 29, 2013.

9 IDB Web-site at: http://www.iadb.org/en/topics/education/infographics-why-do-students-drop-out-of-school,7290.html, accessed on September 22, 2013.

outlines the expected effects of an intervention and analyzes assumptions and conditions necessary for the pathway to hold (Gaarder et al. 2010; Gertler et al. 2011). Yet, existing CCT-evidence pertains to the "what," saying surprisingly little about the "why" and "how" of found causal mechanisms. For instance, the IEG (2011) concludes that very few of recent reviews of impact evaluations have problematized effects beyond immediate outcomes. In their systematic synthesis and methodological mapping of impact evaluations on CCTs, Kabeer et al. (2012) conclude evidence on CCTs' economic impact remain scarce. They attribute this scarcity to the fact that there has been very little attention to causal pathways in the evaluations, mainly due to the fact that they are almost exclusively econometric and based on datasets that were not designed to explore causality. Deaton (2010) calls for a shift in development evaluation from an almost exclusive focus on *whether* and intervention works to one that focuses on investigating generalizable mechanisms that could explain why they work or do not work. This seems to be applicable to the case of CCT-evaluations.

Thus, while initial health benefits that improve child growth in critical periods of early cognitive development and benefits that increase school enrolment no doubt improve chances for breaking intergenerational transmission of poverty (Barham, Macours & Maluccio 2013), CCT-research has so far failed to account for a number of contingencies along the assumed causal pathway from intervention to poverty exits. An initial assessment of such contingencies and the plausibility of underlying assumptions are discussed next.

The Assumed: A Dubious Human Capital–Social Mobility Nexus

This final section moves beyond existing evidence and impact evaluations to CCTs' program designs in order to analyze the plausibility of the assumptions that underlie CCTs' promoted long-term capacities.

As demonstrated above, CCTs' presumed capacity to enable a break in intergenerational transmission of poverty is not based on

empirical evidence. Rather, it constitutes an analytical statement largely based on incomplete deductive reasoning: educational enrolment is equated with educational outcomes, which in turn is assumed to automatically enable social mobility. This presumed causality chain seems to be founded on an invalid de-coupling of structural and contextual factors empirically found to impact on the correlation. The underlying logic is flawed in that it ignores the multidimensionality and complexity of poverty, educational outcomes, and social mobility. Particularly in Latin America, this trajectory is riddled with structural inequalities, basic capabilities constraints, and supply-side deficiencies (UNDP 2010), making such taking for granted of structural and supply-side efficiencies rather invalid. Specifically, the assumed causal chain ignores those determining factors *before* school (pre-school development, household capabilities, and social milieu), *in* school (educational structures, quality, and relevance), and *after* leaving school (chances for entry into and mobility in labor markets) on which human capital outcomes and social mobility ultimately depend. In a recent study on the CCT-program *Asignaciones Familiares* (AFAM) in Uruguay, these factors are found to be mutually reinforced in cumulative causation processes of residential segregation, educational segmentation, and labor market segmentation, i.e. processes that reproduce chronic poverty and social exclusion (Sandberg 2012). The study further finds that CCT-programs fail to address these processes and therefore raises serious doubt regarding the programs' capacities to break the intergenerational transmission of poverty.

Questionable assumption #1: Educational attainment automatically translates into outcomes

The logical leap from educational attainment to educational outcomes contains two implicit assumptions regarding educational attainment. First, that it translates into educational outcomes irrespective of pre-school factors and social contexts. This approach is refuted by a

considerable body of empirical research proving the crucial impact of pre-school factors on human capital outcomes and social mobility (e.g. Heckman 2008; Azevedo &and Bouillon 2009; Berlinski et al. 2007; ECLAC 2010; Engle et al. 2007; Esping-Andersen 2007; Grantham-McGregor 2007; Knudsen et al. 2006; Walker et al. 2007; UNDP 2010). These studies emphasize intergenerational transmission of disadvantage and unequivocally dismiss the possibility of mere school attendance to neutralize disadvantaged social inheritance, family capabilities constraints, deficient early childhood development (ECD), and lack of pre-school education. They all find early childhood and socio-cultural pre-school factors to greatly impact educational outcomes and demonstrate large neurobiological, nutritional, psychological, social, cognitive, and economic payoffs of early childhood interventions.

Furthermore, Esping-Andersen (2007) argues that there is a growing consensus that the most critical aspects of social inheritance are formed within family walls. From a social policy perspective, he emphasizes empirical findings proving education systems and later policy interventions to be inherently ineffective in remedying disadvantageous social inheritance. Similarly, Currie (2001) argues that equalizing initial endowments through ECD programs are more effective in reducing inequalities than are interventions later in life. In a cross-disciplinary study of research in economics, development psychology, and neurobiology, Knudsen et al. (2006) identify a striking convergence on ECD's uniquely powerful influence on development of cognitive, social, and neurobiological skills. Based on the overwhelming empirical evidence they recommend investments in the environments of disadvantageous children. Finally, most sociologists' views on social mobility converge in the presumption that an individual's educational and labor market outcomes are primarily determined by both social inheritance and milieu, and educational experiences. Furthermore, individual mobility chances are also determined by factors that determine the structural opportunities for social mobility. In contrast to existing research, CCTs' narrow focus on educational attainment

implicitly assumes that children and youth develop in a vacuum, irrespective of, and uninfluenced by, their familial and social milieu. One consequence of the program's failure to take into account these determining factors is their reported limited effectiveness on ECD (Azevedo & Bouillon 2009).

Questionable assumption #2: Educational expansion provides equity in opportunities

CCTs' causal pathway assumes that increased access to and enhanced quantity of education will provide equity in opportunities. This assumption is refuted by numerous studies pointing to the fallacy of a one-dimensional focus on quantitative enhancement while ignoring pre-school development, supply-side deficiencies, and structural inequalities that impact quality of learning and educational outcomes (e.g. Gignoux 2009; Hanushek & Woesmann 2007; Lucas 2001; Torche 2005; UNDP 2010). Numerous studies on CCTs raise concerns regarding their minimal impact on education quality and learning, questioning the programs' impact on educational outcomes (e.g. Bouillon & Tejerina 2007; Johannsen et al. 2009; Morley and Coady 2003; Reimers et al. 2006). New theories of effectively maintained inequality and persistent inequality refute the "quantified equity in opportunity" approach (Lucas 2001; Torche 2005). They argue that while asymmetries in quantitative education no doubt contribute to inequalities in human capital development, these inequalities persist through qualitative differences, caused by social backgrounds and segmented education systems, even at levels of universal access. That is, asymmetries in educational quality undermine efforts towards equity in opportunities solely through educational expansion.

Empirical evidence supports the above contentions. In Latin America, increased enrolment has not improved educational performance and learning (UNDP 2010), and Gignoux (2009) finds limited intergenerational educational mobility associated with

educational expansion. ECLAC (2010) concludes that the social and cultural disadvantages of poor children are in effect compounded by access to low-quality education. Similarly, continuous efforts in developed countries to equalize opportunities in education through universal access have largely failed (Esping-Andersen 2007), and national studies on inequality in opportunities show that measured effects of social inheritance on educational attainment have remained constant during decades in spite of educational expansion (Torche 2005). Thus, while CCTs partly reduce social exclusion through increased access to educational opportunities, educational expansion without addressing other determinant factors of educational outcomes results in unfavorable inclusion (Sen 2000), which fails to remedy capability deprivation.

Questionable assumption #3: More educated beneficiaries break chronic poverty

Another major de-coupling of determining factors in the human capital-social mobility correlation is that of labor market insertion. A major critical assumption in the CCT-narrative is that a break with chronic poverty will take place because the more educated beneficiaries will obtain productive employment. Paradoxically, CCTs have generally lacked any direct or indirect link to labor markets, labor market policies and social security systems, thereby ignoring rather than solving the informalization dilemma which undermines social mobility in most developing contexts. In contrast, social mobility models commonly used by sociologists are based on the notion that labor market outcomes constitute the effect, while educational outcomes are but underlying causes.

It seems an invalid exercise to promote social mobility without considering labor market characteristics and employment outcomes, arguably the primary means of income generation. The simplification behind equating educational outcomes with social mobility results in a

failure to accurately address major obstacles to social mobility. Existing research on transitions from education systems to labor markets in developing contexts emphasize segmented labor markets with the majority of the poor stuck in informal employment, increased demand for low-skilled labor, and slow job growth even during growth spells (e.g. Ghose et al. 2008; UNRISD 2010). This is particularly the case in most Latin American countries (ECLAC 2010), making this missing link between CCTs and labor markets all the more problematic. Seemingly applicable to other CCTs in Latin America, Levy's (2008) assessment of *Oportunidades*' capacity to enable social mobility presents a rather bleak picture. Intergenerational transmission of poverty will be broken only if future poor workers earn higher incomes than current workers. Yet most CCT-graduates are unlikely to find formal employment with social security coverage and few firms are willing to train them to raise their productivity. Similarly, Hanlon et al. (2010: 134−136) argue that incentivizing children and adolescents into overcrowded classrooms does not produce "better-educated adults with jobs." They further conclude that the opportunities facing program graduates depend on job creation strategies, quality and labor-market relevance of obtained education, and assistance in job seeking.

There are surprisingly few assessments on CCTs' impact on labor market insertion of graduated beneficiaries. Instead, most studies evaluate the programs' distortionary effects on labor markets and focus on potential negative effects on participation by the parents. While little research has been conducted on employment trajectories among CCT-graduates, Cecchini and Madariaga (2011) point to existing studies in Chile, Brazil, and Mexico that indicate that beneficiaries have so far failed to secure formal employments and have instead entered informal employment. According to a study from 2009, some 83.3 percent of beneficiary households in Chile's *Solidario* program failed to achieve at least one household member holding regular employment with a stable salary, and women confronted the greatest obstacles to formal employment. Soares and Leichsenring (2010) find that *Bolsa Familia's*

graduates who do manage to secure employment remain employed for less than 11 months. González de la Rocha (2008) concludes that the vast majority of beneficiaries in *Oportunidades* end up in the informal sector. Similar conclusions are drawn by Rodríguez-Oreggia and Freije (2012), who find very little evidence of *Oportunidades*' impact on beneficiary cohort's employment, wages and inter-generational occupational mobility in the Rural Households Evaluation Survey panel data.

Thus, labor market insertion—arguably the most important parameter pertaining to long-term poverty reduction—remains largely a black box. This is particularly problematic in a region where the informal economy accounts for approximately 64 percent of non-agricultural employment (Birdsall et al. 2013). In essence, employment trajectories of graduated CCT-beneficiaries will depend on a set of factors that the programs do not address. This set of factors ranges from early childhood development (ECD), quality and relevance of learning in the educational systems (e.g. Fiszbein & Schady 2009), labor market characteristics such as employment growth and increased employment rates, educational rate of return and absorption of skilled labor into the labor force (e.g. Bourguignon et al. 2002; Britto 2005), and future labor market structures (i.e. formal vs. informal employment). On the informality dilemma and CCTs, some 11 years after the launch of *Progresa* its chief architect Santiago Levy (2008: 76) argues that "the fundamental determinant of poor workers' ability to generate 'higher earned income tomorrow' is the income that they earn in the labor market," and he concludes that "without more productive jobs, poor workers will need Progresa-type transfers permanently."

Conclusion

Contemporary development research and practice are experiencing a virtual plethora of impact evaluations in the wake of evidence-based policymaking. This trend has arguably been most discernible within new social policies and poverty reduction interventions, such as CCTs.

Concerned with filtering evidence from mere assumptions, this inquiry into existing impact evaluations finds that evidence concerning CCTs' impact pertains almost exclusively to short-term effects from a handful of localized cases, providing little or no information on the programs' alleged long-term capabilities. Furthermore, this study finds that CCTs' alleged capacity to enable a break in intergenerational transmission of poverty is based on questionable assumptions pertaining to the human capital–social mobility nexus, where the resulting causality chain is invalid as it de-couples key structural and contextual factors on which the historical correlation depends. In essence, the program theory underlying the promotion of CCTs' impact on long-term poverty reduction through human capital investments ignores determining factors before, during and after school on which social mobility ultimately depends. Consequently, CCTs fail to address cumulative causation processes (i.e. residential segregation, educational segmentation, and labor market segmentation) that reproduce chronic poverty and social exclusion. These findings challenge CCTs' promoted long-term impact.

Should empirical analyses of particular CCT-programs' long-term impact yield similar results, policymakers in developing countries may be well advised to realign the objectives, applications and expectations of the programs to more accurately reflect their actual capacities. CCTs no doubt occupy an important policy role in developing contexts with exclusionary and regressive social welfare policies and prevalent informal labor. For the first time in Latin American history, a social assistance program has emerged which provides minimum social protection to those historically excluded. This is by any standard a significant accomplishment no doubt with major socio-political and development implications. The fundamental issue rather concerns the specific role and responsibilities assigned to CCTs in particular, and to targeted social assistance in general.

To date, impact evaluations have largely failed to capture the inherent complexity and multidimensionality of poverty reduction and human capital development while existing evidence has been

indiscriminately extrapolated across time and space. These shortcomings owe mainly to the misuse of results from impact evaluations that have been applied to a narrow set of parameters. It therefore becomes imperative for future social development research to disentangle theoretical assumptions from empirical foundations and to complement RCT and quasi-experimental evaluations with contextualization of poverty-reduction interventions in terms of socio-economic structures and processes in order to separate causes from symptoms.

These issues become even more important as an increasing number of developing countries focus their limited social spending on these programs, possibly crowding out policies and interventions aimed at correcting structural inequalities and segmentation processes that reproduce chronic poverty and social exclusion. While there is little doubt that CCTs perform an important role in short-term income support, the analysis presented above concurs with recommendations put forth by Adato and Hoddinott (2010) that developing countries intent on launching CCT-programs should first pay attention to a set of important design and implementation issues. First, developing countries should undertake a thorough diagnosis of prevailing human capital deficits and constraints, which may or may not be primarily demand-driven. Closely related to this is the need to also ascertain that the programs are being met by adequate supply of health and educational services—the success of CCTs ultimately rests on adequate quality of underlying supply of these services. Recent findings by Maluccio, Murphy, and Regalia (2010) are promising in that they show initial supply deficits and constraints could be overcome when identified in the early planning stage and addressed in the implementation stages. Third, the analysis presented above suggests that developing countries should map out the causal pathway of the interventions in their particular contexts and identify mechanisms through which the expected impact will be realized. Depending on the problem diagnoses and causal pathways, developing countries may find it more beneficial to implement or enhance supply-side interventions. This point has also been highlighted recently by Levy and Schady (2013)

who argue that many of the challenges facing CCT-beneficiaries would be more efficiently addressed by policies that improve the quality of services and the functioning of labor markets. Finally, health and education deficits may need to be addressed through a combination of supply and demand-side interventions. These different scenarios require countries to undertake cost-benefit analyses of CCT-programs vis-á-vis other public policy interventions while ensuring that CCT-programs integrate well with other social development policies and programs.

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