

Conditional Cash Transfers (CCT's) have a large promise for developing countries. *'This is going to be the new hype for development aid in the coming 10 to 20 years'*, says Tom de Veer, director of Foundation Connect International. *'And we are just starting to see its potential'*. Information therefore that each oneself respecting professional should know about!

First of all, please find attached documentation.

I recommend to first read the article, then the short (one page) folder, then the below text and for the most enthusiastic persons, they can also read the research folder afterwards.

This is some homework, not a crying lout one-liner without content. But is worth reading through it as it will change the future of developing countries. If we can make it happen. For that we need the support every professional person and organization in the business. Let's do this together!

The attached article is focuses on education related CCT's in Mexico and Brazil. What we have in mind for Africa is what we call *'broad range CCT's'*, for which the CCT contracts will cover multiple subjects. There are many questions that still need to be filled in and we are confident that if we set up a sort of think tank for it with highly experienced people in it we will be able to draw up a CCT program with a good enough strategy to make it a huge success. We will also collaborate intensively with the people working in the CCT programs in Mexico and Brazil, building on their experiences and expertise.

We live in unease for a couple of years already with the work we (where I mean ourselves but also development work in general) are doing while on the other hand we many good initiatives and a lot of people trying their very best to make them a success, which often also happens. So why the unease? It is about *déjà vu's*: we are long enough in business to see programs coming up that were there 20 years ago as well. Of course there is progress and things that did not succeed then do often so by now. But Africa still remains poor as it always was and remains unable to structurally get out of the poverty trap. There is progress, but it is slow. Too slow.

The question is do we accept that the large majority of poor people remains poor, really poor, for say another 30, 40, 50 years or even longer? How humane is that? And with that comes the problem of unprecedented population growth and increase of environmental problems which is really starting to affect our planet now. What will happen if we are unable to stop it? Is what we see happening in the Horn of Africa today a first signal? The Horn has become drier and drier in the last 30 years, to an extent that it has become virtually inhabitable. This and other problems of magnitudes we will not be able to cope with, will spread out over Africa and other poor countries, in the coming decades. We think that CCT's in combination with other efforts can in a highly cost effective way help to overcome a number of the problems, most important of all, assist large numbers of very poor people, within a couple of years to climb up the development ladder with one step and in the same time reduce their birth rates significantly.

We therefore say:

It 's not a golden, not even a silver or bronze bullet; it is a strong bullet nevertheless.

It needs to be aimed properly though!

Connect International has reached in the last 5 years almost 1 million of the poorest people on earth with a combined community development and low cost water and sanitation program. We have been able, at a cost of 0,6 euro per beneficiary per year, to reduce basic diseases such as malaria, diarrhea, and lung diseases with 15 to 20% while reducing malnutrition and child mortality with over 10%. However, we have not received further funding so we cannot continue to train and quality control the local companies we capacitated to produce rope pumps and hand drilled boreholes,

latrine slabs etc. We cannot continue to give guidance to the thousands of Village Action Groups we capacitated for self awareness raising and self action. The result will, as with so many other initiatives in Africa, slowly come to a halt and start to deteriorate, go downhill in the coming years, until probably little is left over of what we accomplished through our dedicated local partner organizations with so many efforts. Another main problem was that people had too little purchase power to be able to purchase enough products from all the trained companies to keep them in business. The market for their products is there, it's huge even, only the clients do not have sufficient money.

This could be solved partly by low cost credits (a lot of the things people need are slow turnover consumer goods and for those goods the high interest rates from 'normal' micro credits are often unaffordable for people). Low cost credits are subsidized credits that can be established for instance by providing finance institutes the initial capital they need for the credits for free plus having local NGO's to capacitate community self help groups and select the ones that qualify for such credits so the risks are reduced and thus the interest rates can go down. Also risk funds can be created for credit institutes to cover the 'non-repayments' due to which again the interest rates can be reduced. However, even with revolving funds in place and with different types of subsidized credits we have seen that the developments speed up somewhat but progress remains slow in general. It is not enough to bring people structurally above the poverty line and out of the poverty trap.

This is where Conditional Cash Transfers come in. Not replacing any of the above or for instance any of the other work many good development projects do, but adding to it, coming on top of it all. It lays a financial basis at the Bottom of the Pyramid, suddenly bringing more cash access to these people and stimulating them to become active investors in their own development. With CCT's they can also qualify more easily for credits from banks as it gives banks a level of security knowing that people have a steady flow of income. It places people in the drivers seat and lets them choose for instance whether they want to pay more for a water point (and then either with a rope pump or a more fancy, but much more expensive, Afridev pump) or choose for a much cheaper solution such as a water filter (and then whether they want to go for a cheap one, such as the Tulip water filter as we promote, or a more expensive one). In other words, it puts people in a normal economic position and not in the position of someone having to choose from subsidized products (or worse, having only the option for one subsidized product, because an NGO happens to have funding to subsidize that one product) and gives them the lead in their own development.

The CCT conditions stimulate people to do what is good for them and stimulate them to reduce keep their family size limited, first of all because it is a condition in their CCT contract that they become careful with sexual behaviors and provide all the necessary childcare to new born children, but also because CCT's will be a kind of insurance for people as CCT's continue also when they are old, thus making the need for a large family smaller. We had numerous discussions with women in Africa in recent years and they all, independently from each other, told us they do NOT want large families. They only have large families for reasons such as pressures (from society, e.g. status for those who have large families, and subsequently pressures from their husbands to have a large family), lack of access to contraceptives, and the need of children for their old age, but not because they want many children. Additionally, CCT's will stimulate women to learn how to read and write and will give them more (economic) powers and influence in their households and their communities (as they are the ones receiving the CCT's) which are proven ingredients for reduction of child births. We are confident that if CCT's are introduced properly this will lead very quickly to reduced family sizes in the reached target groups.

As said earlier, the bullet has to be aimed properly though. Our studies of CCT's in South America (see attached research file) show that important lessons have been learnt in this respect. CCT's are

effective only if the cash transfers are conditional and if there is sufficient training and guidance of the people receiving the CCT's which coincides well with our structure of Village Action Groups and also farmers clubs, where we can secure such training and guidance. We also have sufficient knowledge and capacity to train large numbers of NGO's to do so in other areas. In other words, this system is replicable, quickly and at large scale if cash is available.

Another issue is that people should be able to buy the things they are committed to through the contracts. They can only send their children to school if there is a school. They can only contract a hand drilling company for making a borehole if there is such a company. They can only use contraceptives if they have access to them. Etc. Hence the need for a wider approach which is integrated and for instance also covers the aspects of what others do, such as training and guidance of small farmers, credits to farmers for improved agricultural systems, training and guidance of local companies, shopkeepers etc to have availability of facilities and services regarding the things people have committed themselves to in their CCT contracts, etc.

What we hope for is to establish a movement of professionals and professional organizations that come to an understanding that we need to hurry up, that it is urgent to implement quicker solutions now and not over the coming fifteen, twenty, forty years or so. As it is inhumane to let people suffer and it will affect our planet further (of course realizing that so many other actions in this respect are needed in the developed world, but as professionals for underdeveloped countries we focus on our target group, which consists of poor people living in developing countries, and for whom and with whom we can make a difference). The time for nice and good projects is over. It is simply not enough, not quick enough. We have to raise the alarms, ring the bells. And we can. We are sure of that. But we have to come up with solutions that make people enthusiastic, here and there, and that bring the required results quickly and in a proper way. Therefore we have to come to terms among ourselves, professionals in aid for developing countries, not divide, but unite ourselves in the development of an overall strategic approach that can be implemented quickly, successfully and at a large scale.

Ideally we would like to start with a CCT pilot, not in one district or one province of a developing country, but in a whole country. That would be ideal because then you can afford to put enough professionals in the process to develop and introduce things properly (as it requires a large number of structures and investments), obtain results at a large enough scale to be sure of the 'attribution' issue (have the results been caused by the CCT program or by other factors?) and set up all the required systems and structures in a real professional way. You can then for instance set up an independent professional national audit organization (as was done for instance in Brazil and Mexico) to monitor and evaluate the results and ensure that families are controlled (one of the other requirements as came out of the experiences in South America).

To get donors to fund a CCT program of this scale needs a lobby of a multitude of organizations. We are not sure though whether this is currently realistic given the rather disappointing lack in the feeling of urgency regarding poverty and the state our planet is in, still persisting worldwide.

Therefore an alternative could be to search with a limited number of organizations for funding to start a pilot, for instance in three countries and in each country in several selected districts.

Given all the above our question is whether you and your organization are interested first of all to join the club of persons and organizations motivated to do something with this all and develop a think tank which works out ideas and plans in this direction and that also searches for funding sources and other support required. Then in a later stage of course we will have to make the plans more tangible and work towards a realistic program plan and get it on its feet!