

Conditional Cash Transfers (CCT's)

What literature says (largely based on experiences in South America with CCT's limited to one or a few subjects)

Conditional cash transfers are transfers of money, in which the person or household receiving the money has to do something in return. What the conditions are and how high the CCT amount is depends on the local situation, the degree of poverty and vulnerability and the possibility to gain access to the required infrastructures with which the CCT is intertwined, like banks, shops, enterprises, schools and hospitals. The worldwide experiences with CCT's have lead to several important conclusions (see also the Annex describing CCT's in more detail):

- CCT programs are in most cases considered to be very successful.
- The support is most successful if combined with conditions and provided in cash (as opposed to 'in-kind' support).
- CCT's are in all cases given to poor and vulnerable individuals and/or households.
- The effectiveness of CCT's depends on what the causes are of the poverty and the level of vulnerability of the target groups. The successful introduction of CCT's asks for a combined approach of monetary support, conditions, guidance and the (commercial) supply of facilities and services needed.
- A good monitoring system is needed to judge the effects and the level of success of CCT's and to mitigate negative effects when necessary.
- CCT's are to be embedded in a larger context and should have the support of the (local) government. The transfers never stand alone, nor are they of a temporary nature. Studies emphasize the importance of the context, the presence of CCT related infrastructure and the importance of community development.
- CCT's are never cost-covering, because they are based on the idea that own initiative, self determination and own responsibility have to be supported and stimulated to deliver successful outcomes. The height of the amount will be determined by, for example, the amount of children in a household, the type of education they receive, the change in behavior expected, the degree of poverty, etc. It is often a percentage of the locally determined poverty level, often 15 to 30% of the household income.
- CCT's can often be used in a flexible way: people can cover different basic needs with it, depending on what they need most. This will increase their defensibility and often substantially decreases the vulnerability of the target group, not only on matters concerning the CCT conditions, but also on other matters.
- CCT's have low transaction costs, since they are embedded in existing structures and are relatively easy to remit, in comparison with transfers of goods and material services. It is because of this embedded nature that the monitoring, evaluations, baselines and research will also become relatively simple.
- CCT's are mainly remitted to households and individuals based on criteria composed by community groups, often consisting of local government, local organizations and/or self-help groups. Local groups are often the best judges of who needs help because of production, labor, trade and transfer limitations.

CCT within the SMART Concept of Connect International

Preselected active Village Action Groups (VAG's) will be informed on the possibility to qualify for CCT's. For this they will have to assess and learn about all the subjects of the CCT contract within their groups, through a standardized program for which their leaders will be trained. Subsequently they will need to prove that they meet the basic criteria for CCT qualification. Of the VAG's that successfully do so, the female household heads will be offered a CCT contract. If they choose to sign it, they will receive a monthly allowance (appr. 5 – 10 euro/month) through a local bank. The contract describes what the conditions are they need to fulfill. These include:

- Be an active member of the Village Action Groups, and taking part in its meetings at least twice a month.
- Ensure that the family has access to nearby and good WASH facilities and uses these in the correct way, including beside a toilet and proper drinking water also such issues as proper kitchen facilities and good hygienic behavior.
- Ensure that all children finish at least primary school and have enough and good food during lunch at school.
- Ensure that all family members are careful with their sexual behavior and that no family member has to provide sexual services out of financial needs while those who wish to use contraceptives have access to them.
- Ensure that new born children in the family receive good ante and postnatal care.
- Ensure that all the family members sleep under good mosquito nets.
- Ensure that all the family members and especially the children receive sufficient, good and divers nutrition.
- Ensure that the house is of sufficient quality and is clean and hygienic.
- If all females of the household above 12 years can read and write the CCT is increased with 1-2 Euro/ month.

Details are worked out per condition and a timetable is included for the period a family has available until the condition should be achieved. Every family will receive a surprise visit at least once a year. During this visit the different aspects of the contract will be observed (as much a possible) by a trained fieldworker or external auditor. The results are entered in a 'family scan'. The family will receive a grade. The consequences and actions of a low grade have been described in the contract. They will range from a chance to improve things within a certain period of time, to a lower monthly CCT, to a, usually temporary, until improvements are realized, exclusion from the CCT program. In case of proven fraud the whole VAG is penalized or even excluded from continuing with the CCT's. Meanwhile each involved VAG continues to be guided and their leaders trained both on aspects concerning the CCT's as well as other aspects.

The CCT's are part of a larger approach that also includes the training and guidance of local companies and local finance institutes to produce low cost solutions for many of the aspects in the CCT contracts, payment of the CCT's to the beneficiaries and provision of low cost micro credits to the beneficiaries specifically concerning the subjects covered by the CCT contracts. We would like to implement a pilot program that covers this 'sandwich model' (CCT's and low cost credits for the beneficiaries at the bottom, training and guidance for local companies and finance institutes at the top) for 30.000 households during 4years divided over 3 countries. Required budget: 15 million euro.