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Abstract

Conditional cash transfer programs (CCTs) are a new strategy for reducing poverty that aims to break the cycle of poverty that carries across generations by promoting human capital formation with a direct transfer of cash and services. In the past decades, CCTs have been introduced as an integral component of social protection in many countries in Latin America. Program designs vary significantly across countries and the factors that explain these differences in terms of coverage, beneficiary selection methods, conditionality, and support for beneficiaries' insertion into the labor market remain to be explored. Comparing the cases of Chile, Brazil, and Mexico, I demonstrate that democracy, partisanship, market openness, and economic growth rates are crucial determinants of CCT variation.

Key words: social protection, conditional cash transfers programs(CCTs), poverty, Latin America, Mexico, Brazil, Chile, *Progresa-Oportunidades-Prospera*, *Bolsa Família*, Ethical Family Income, *Chile-Solidario*

Introduction

In Latin America, welfare schemes have been drastically restructured as economic liberalization and political democratization have proceeded over the past three decades. Since the Asian financial crisis adversely affected the economies of many countries in the late 1990s, social risks such as unstable employment and the loss of income generation opportunities have increased. Faced with such life-threatening events, policy makers have paid increasing attention to social protection, seeking to help vulnerable strata of society overcome socioeconomic hardship.[1] In this milieu, many developing countries have begun to restructure their welfare schemes and reconsider the role of social assistance.

Social protection, according to the International Labor Organization's definition, comprises institutions and programs seeking to protect workers and their families from unpredicted events that may threaten their minimum standard of living. It includes social insurance, social assistance, and labor market regulation (Barrientos 2010, 1-2). Financed by contributions co-paid by employers and employees, social insurance provides protection against such risks as aging, unemployment and illness. In contrast, social assistance is financed by taxes and is aimed at reducing poverty.

Latin America is faced with problems of high levels of poverty and income inequality. Great portions of its workers are engaged in jobs in informal sectors. Since they do not have a stable source of income, workers in these sectors tend not to be affiliated with social insurance supported by workers' own contributions. Therefore, the role of social assistance there is especially important. In the 1980s, many countries in Latin America democratized, which increased the demand from the lower strata of society for solutions to the chronic problem of social exclusion. This increased societal pressure has raised the importance of the issue of poverty reduction on the political agenda. Since the 1990s, governments in the region have initiated efforts to restructure social assistance policy in response to this growing demand. In particular, a new

[1] Since 2000, an active debate has revolved around the establishment of a safety net and social protection in response to unpredicted events such as economic crises, on the one hand, and structural problems such as chronic poverty, on the other (Barrientos 2010; Molyneuz 2007).

targeted policy for alleviating poverty, called conditional cash transfers (CCTs), has been introduced in many countries, and has become an integral part of their social assistance policies.

Characteristically, CCTs select program beneficiaries by employing a rigorous, scientific method, and transfer a designated amount of cash and services to them on the condition that they take co-responsibility, which obliges them to send their children to school and take them to regular medical check-ups.[2] In addition, CCTs aim to break the intergenerational cycle of poverty thorough human capital formation by investing in integrated assistance for education, healthcare, and nutrition. Furthermore, CCTs target the transfers exclusively to those in need. This is a cost-effective strategy for alleviating poverty for many developing countries that need to do so under severe budgetary constraints. Mexico, Chile, and Brazil introduced CCTs early. These showed some positive impacts. Consequently, they have become models for CCTs, and their experiences have been disseminated to other countries both within and outside Latin America (Fiszbein and Schady 2009).

Despite the aforementioned common characteristics, actual program designs vary significantly in terms of coverage, beneficiary selection methods, conditionality, and support for beneficiaries' insertion into the labor market. What explains these different CCT configurations in Latin America? Reform of social assistance, especially of CCTs, has been understudied thus far, and little effort has been made to explain the political conditions that have shaped the institutional variations of CCTs. Since the 2000s, in the field of economics in particular, micro-development economics and policy evaluation studies have used experimental methods to make significant advances in measuring the impacts of CCTs on poverty reduction (Adato and Coady 2010). However, there is little systematic political analysis that explains the institutional development of CCTs.[3]

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[2] The typical features of CCTs are explained in details in Adato and Hoddinott (20109, Fiszbein and Schady (2009), Levy (2006), and Skoufias, Davis, and De La Vega (2001).

[3] Garay (2016) is an important exception. She explains how those excluded from the traditional scheme of social protection has been incorporated by non-contributory welfare programs which have evolved in the past decades in Latin America (Garay 2016).

To fill this gap, this study attempts to examine how institutional formation of CCTs has varied and what has determined that variation. The remainder of the paper is organized as follows. The second section presents an overview of ongoing reforms through which CCTs have been introduced in Latin America and demonstrate their institutional variations. The third section draws hypotheses to explain this variation. The fourth section compares the cases of Chile, Brazil, and Mexico, and demonstrates that the degree of democracy, partisanship, economic openness, and economic growth rates determines the variation. The final section concludes.

2. Diffusion of CCTs in Latin America

Poverty and Inequality in Latin America

Table 1 compares levels of poverty, inequality, and coverage of social insurance in Latin America. These figures illustrate the importance of social assistance, which includes CCTs, in the region. The poverty rate refers to the ratio of the population who do not have income sufficient to meet a minimum standard of living. The average rate calculated for the sixteen countries in the mid-2000s was 36.3%, and declined to 28.7% in the early 2010s. This means that despite the recent improvement, over one-third of the population in the region still live in poverty. In terms of gini coefficients which represents the level of income inequality, the average score for the sixteen countries was 0.525 in the mid-2000s and 0.486 in the early 2010s, suggesting that Latin America is characterized by a wide income gap. Furthermore, a significant portion of economically active populations are engaged in jobs in informal sectors: 49.4% in the mid-2000s and 43.3% in the early 2010s. This implies that almost half of the labor force in the region has informal jobs. The average ratio of social insurance coverage is 68.4% in urban formal sectors, but only 19.6% in urban informal ones.[4] These figures suggest that informal workers without a stable source of income have difficulty participating in social insurance schemes that are supported by regularly paid contributions. In fact, the average rate of coverage is 37.4% in the region, meaning that approximately two-thirds of the population is not covered by social insurance. Thus, governments in the region

[4] The figures for social insurance coverage was available only for the period of the mid-2000s.

need to ameliorate social risks facing those unprotected workers through social assistance, instead of social insurance provision.[5]

Neoliberal Economic Reform and CCTs

In early 1980s, an unprecedented financial crisis attacked Latin America. In order to recover from the crisis and restore healthy macro economies, governments in the region launched neoliberal economic reform and structural adjustment policies with the assistance of international financial organizations. hose reforms, which followed the so-called "Washington Consensus," imposed significant social costs , such as reductions in real wages, increased poverty and unemployment, and the expansion of informal sectors. By the end of the 1980s, concern about the adverse societal consequences of neoliberal policy prescriptions had spread around the world. In response to deteriorating standards of living in the region, international financial organizations shifted their focus from macroeconomic recovery to social sector reform, including poverty alleviation (Haggard and Kaufman 2008; Molyneux 1997).[6] In order to effectively reduce poverty under severe budgetary constraints, many countries in Latin America started to introduce CCTs, a new, targeted program that was expected to direct necessary resources to those in need.

Before CCTs, other targeted policies were implemented to reduce poverty.[7] They included geographic targeting and categorical targeting. One characteristic of CCTs is that they have the explicit purpose of breaking the intergenerational cycle of poverty through human capital formation. More specifically, CCTs commonly have the following features (Adato and Hoddinott 2010; Fiszbein and Schady 2009; Levy 2006 Skoufias, Davis, and De La Vega 2001):

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[5] Different coverage of social protection in formal and informal sectors is a legacy of occupation-based, defined-benefits social security systems that were created in and reflected the stratified society during the period of import-substituting industrialization (Mesa-Lago 1978).

[6] This new policy orientation is termed "second generation reform."

[7] Coady, Grosh, and Hoddinott (2004) compare various targeting social programs in terms of the methods of selecting program beneficiaries and effectiveness of each method in achieving policy goals.

(a) Eligible beneficiaries are selected using means testing or proxy means testing and favor the extremely poor.

(b) Cash benefits and services are transferred to households, not to individuals.

(c) CCTs provide benefits to mothers of households that have children. Mothers can keep receiving benefits on the condition that they assume co-responsibility: they send their children to school and take them to regular check-ups in a health clinic.

(d) Human capital is formed by providing assistance that integrates education, healthcare, and nutrition.

(e) Beneficiaries' participation in operating and monitoring of CCTs is encouraged.

(f) External evaluations are conducted to measure the impacts of CCTs on poverty reduction.

In short, CCTs differ from previous poverty alleviation policies in that in addition to the short term goal of increasing the current income of impoverished households by directly transferring goods and services, CCTs make a long-term investment in human capital so that when children grow up, they will be financially independent and have the ability to deal with social risks by themselves. Thus, the role of CCTs is not limited to social assistance. They serve the broader objective of social development (Barrientos 2010).

Varieties of CCTs: Conditionality and Support for Employment

Although CCTs share the characteristics noted earlier, the conditions they set for assuming co-responsibility and human capital formation ((c) and (d) above) vary. There has been debate about whether or not conditions should be imposed when assigning benefits. Advocates argue that receipt of benefits should be conditioned on recipients assuming co-responsibility because that prevents welfare dependency, assuring that transfers will be used to improve children's education, healthcare, and nutrition (Levy 2006). Conversely, opponents claim that imposing conditionality only puts additional burdens on impoverished households, and that there is scarce empirical evidence corroborating that conditioning the receipt of benefits on co-responsibility leads to more effective poverty alleviation (Barrientos 2010, 2011). Such critics do not believe that eligibility should be conditional, rather that the benefits should be provided to needy sectors of society as a social right, assuring them a minimum standard of living (UNRID 2010).

As for human capital formation, some studies indicate it has limited effect on poverty reduction. According to them, CCTs may improve the health and education of children in beneficiary households. But if increased human capital is not linked to greater employment opportunity, it is hard for beneficiaries to climb out of poverty through having a stable source of income (OAS/ECLAC/ILO 2010). In response to such critiques, there has been a movement in recent years toward linking CCTs to support for employment. Reflecting these diverse perspectives on CCTs' emphasis on conditionality and human capital formation, current CCTs vary significantly with regard to their linkage of eligibility and conditionality to co-responsibility, on one hand, and their support of employment on the other.

Table 2 compares twenty-eight CCTs implemented in nineteen countries in Latin America and the Caribbean in terms of their coverage (percentage of the poor population), fiscal burden (percent of GDP), existence of means testing, strictness of conditionality, and strength of support for employment.[8] It shows that most of the CCTs use means testing for beneficiary selection, and that the fiscal burden is relatively light. Strictness of conditionality and strength of employment assistance, however, vary significantly.

The table classifies strictness of conditionality according to the severity of punishment for co-responsibility non-compliance. Following this criterion, out of twenty-eight CCTs, nine are evaluated as "strong," three are "medium," and three are "weak." Data for the remaining thirteen programs are not available. In other words, almost half of the CCTs condition the receipt of benefits on whether the recipients assume co-responsibility, rather than considering benefits to be a social right.

[8] To date, forty-three CCTs have been implemented in nineteen countries in Latin America, including those that have already been completed.

The linkage between CCTs and employment support programs also varies. According to OAS/ECLAC/ILO (2010), employment support programs are categorized into six types, comprising supplementary education, skills training, support for business startups, job searches, direct job creation, and indirect job creation. Table 2 presents how many types of employment support are associated with each CCT. It demonstrates that the linkage between CCTs and employment support is weak, because out of twenty-eight CCTs, twenty-two programs either have incorporated only one employment support program or are not linked to any of the employment programs.

Table 3 shows current CCTs classified into three groups with regard to conditionality and employment support: (a) those with strong linkages between conditionality and eligibility and weak linkages between CCTs and employment support (ten programs, including Mexico's *Progresa-Oportunidades-Prospera*), (b) those with mid-levels of both linkages (*Bolsa Família* of Brazil), and (c) those with weak linkages between conditionality and eligibility but strong links between conditionality and employment support (Ethical Family Income/*Chile-Solidario* of Chile). The next section draws hypotheses to explain this variation.

3. Hypotheses

As mentioned above, there has been little study regarding social assistance reform in general and institutional development of CCTs in particular. Previous studies on welfare states in Latin America have directed their attention to social spending behavior or the reform of public pension, healthcare, and education.[9] These studies have examined how economic factors such as market openness, international capital mobility, and economic development, and political factors such as government partisanship, democracy, and political institutions influence social spending behavior or the likelihood of welfare reform. By referring to their findings, we draw a hypothesis to explain the institutional variations of CCTs in Latin America.

First, democracy is expected to have a positive effect on social spending. More specifically, Segura-Ubiergo (2007) demonstrates that if a country is democratic, it is

[9] Mares and Carnes (2009) summarize recent work on social policies in developing countries.

more likely to increase social spending. Other studies argue that the older the democracy is, the more the country is expected to spend on the social sector, especially on education and health (Haggard and Kaufman 2008; Huber, Mustillo, and Stephens 2008). These political factors are considered to be a crucial determinant of the strictness of conditionality, which is one of the components of CCTs that varies. The transition to democracy is expected to activate movements to establish the social rights of the poor. In other words, as democratization broadens opportunities for political participation, lower-income workers in informal sectors may demand guarantees for a minimum standard of living and exert greater pressure on government for welfare reform (Exkstein and Wickham-Crowley 2003).[10] In addition, office-seeking politicians would be expected to be more responsive to those in the lower strata of society, who constitute a majority of the population, in order to win elections.[11] Thus, the more democratic a country is, and the longer it has been so, the higher the probability will be that eligibility for CCTs is granted as a social right, rather than conditioned on beneficiaries' assumption of co-responsibility. In other words, the linkage between conditionality and CCT eligibility is weaker under a higher level of democracy.

Second, government partisanship may also influence CCTs' differences. Huber, Mustillo, and Stephens (2008) do not find a positive correlation between leftist governments and the degree of income redistribution. However, government partisanship is expected to affect social assistance, particularly, the strictness of conditionality, for the following reason. Social assistance is more redistributive in nature than other types of social protection, because it is financed by taxes. In this sense, leftist governments would be thought to promote social assistance more actively. In particular, since a leftist government is likely to be more supported by the lower strata of society, it may have a greater incentive to provide universal anti-poverty program benefits to them as a social right, rather than conditioning the receipt of those benefits

[10] There is also a skeptical view as to whether democratization activates civil society. The complex relationship between democracy and civil society is extensively discussed in Encarnación (2006).

[11] In order to mobilize political support from the poor, politicians may also manipulate social spending in order to buy votes though clientelist exchanges (Cf. Stokes 2005).

on the assumption of specific co-responsibility. Therefore, if CCTs are introduced under a leftist government, it is more likely that the linkage between conditionality and eligibility will be weak.

Third, economic factors can also affect CCT institutions. In his work on pension reform in Latin America, Madrid (2003) argues that a government with greater market openness may have a greater incentive to privatize public pension systems in order to survive greater international competition. This market openness and a country's rate of economic growth may determine the strength of the linkage between CCTs and employment support. Under economic liberalization, governments intend to make their economies more competitive so that they can survive international competition. In order to achieve this goal, they attempt to invest in human capital in the form of children of impoverished households through CCTs, so that they can participate in the labor market as skilled workers, and thus contribute to economic development in the future. On the basis of this economic reasoning, the more open the market, and the lower the current rate of economic growth, the stronger the linkage between CCTs and employment support is expected to be.

These explanatory variables are operationalized as follows. Democracy is coded in a dichotomous way indicating whether a country is a democracy or not when its CCTs are introduced. For the age of a democracy, we calculated how many years had passed since the transition to democracy when the country introduced CCTs. Government partisanship at the time CCTs were initiated and implemented draws on the results of an elite survey conducted by Alcántara Sáez (2008). The economic variables, market openness and rate of economic growth, are presented for the year each CCT was started, as well as the average from the starting year to 2015. Following previous work (Segura-Ubiergo 2007), market openness is calculated as the ratio of the sum of export and import of goods and services to gross domestic product (GDP).[12] Data on market openness and economic growth rates draw on statistics published by Economic Commission for Latin America and the Caribbean (ECLAC 2016).

[12] Data for GDP are calculated at constant prices of the year 2010.

4. Comparative Analysis of Mexico, Brazil, and Chile

As discussed above, CCTs in Latin America can be classified into three groups with regard to conditionality and employment support. Mexico's *Progresa-Oportunidades-Prospera* is one of ten programs with a strong link between conditionality and eligibility but a weak linkage between conditionality and employment support. Brazil's *Bolsa Família* is representative of programs with medium-strength links in both characteristics, and Chile's Ethical Family Income is a CCT with a weak linkage between conditionality and eligibility but a strong linkage between conditionality and employment support. This section compares these three cases, and examines whether a government being democratic, the length of time it has been a democracy, government partisanship, market openness, and economic growth rates explain the institutional variations of CCTs in these cases.[13] Table 4 summarizes the result of the comparative analysis.

Mexico's Progresa-Oportunidades-Prospera[14]

Under the administration of Ernesto Zedillo of the Institutional Revolutionary Party (*Partido Revolcionario Institutional* or PRI), Mexico initiated *Progresa-Oportunidades-Prospera*. It has constituted an integral part of social assistance policies administered by the Ministry of Social Development, which centralized program operations across the country. The financial crisis at the end of 1994 adversely affected Mexico's society, and its standards of living deteriorated significantly. In response to this heightened social risk, it became imperative for the federal government to alleviate economic hardship under severe budgetary constraints.

[13] To be accurate, this research design entails a problem of indeterminacy, because the number of independent variables exceeds the number of cases. Despite this methodological problem, in order to test the effects of those plausible causes, this study tentatively includes all the independent variables identified in the previous section. However, improving the research design for more accurate causal inference is a remaining question and left for future research.

[14] *Progresa* was named under the Zedillo administration. In 2002, the Fox administration renamed the same program as *Oportunidades*. Since they are the same program, this study calls the program *Progresa-Oportunidades-Prospera.* Then, the PRI regained the presidential office in 2012, and the new administration decided to continue the program under the name of *Prospera*. Information on *Progresa-Oportunidades-Prospera* draws from the website of the Ministry of Social Development, internal documents, and interviews conducted by the author in Mexico City between 2006 and 2011.

In this context, *Progresa-Oportunidades-Prospera* was introduced as a new poverty alleviation measure. It is a typical CCT, characterized by an integrated approach for improving education, healthcare, and nutrition, with emphasis on human capital formation. It imposes co-responsibility on mothers. In particular, it has incorporated an elaborate system of external evaluation, measuring the impact of the program on poverty alleviation both quantitatively and qualitatively (Adato and Coady 2010).

Table 4 shows that *Progresa-Oportunidades-Prospera* is characterized by a strong linkage between eligibility and conditionality. It imposes strict punishments on those who do not comply with their co-responsibility obligations. For instance, even if they are eligible for the program, the administration stops providing benefits to those who fail to fulfill the set conditions. *Progresa-Oportunidades-Prospera* was introduced in 1997, when Mexico was in transition from a one-party dominant system led by the centrist PRI to a multi-party system. After three years, power was transferred by the PRI to the National Action Party (*Partido Acción Nacional*, or PAN), which completed the transition to democracy. Also in 2006, the center-rightist PAN won the presidential race, and the succeeding administration continued *Progresa-Oportunidades-Prospera*. When the PRI regained the presidential office in 2012, the new administration decided to continue and expand the program. Put another way, when the program was launched, Mexico was not yet sufficiently democratic. Its CCT was implemented by a young democracy and centrist or center-rightist government. This political context explains why the Mexican government may be less responsive to poor people’s demands, have a weaker incentive to regard the eligibility of CCT as a social right, and why it would create a strong linkage between eligibility and conditionality.

On the other hand, *Progresa-Oportunidades-Prospera* has a weaker tie to employment support than do the CCTs in Brazil and Chile. Mexico’s government started to strengthen the linkage only recently, after many years since the initiation of the program. This is related to the fact that when *Progresa-Oportunidades-Prospera* was introduced, Mexico had a high rate of economic growth. From 1997 to the present, market openness has been constantly at the middle level: 0.326 for 1997, and averaging 0.527 between 1997 and 2015. In 1997, the rate of economic growth was 6.8%, which was quite high in Latin America. This made the Mexican government optimistic about economic growth, providing it less incentive to link CCT with employment support. As a matter of fact, no component of employment support was included when *Progresa-Oportunidades-Prospera* was initiated in 1997. Since then, however, the rate of economic growth had been lower. The average between 1997 and 2015 was 2.9%, lower than Brazil's and Chile's. Faced with such deteriorating economic performance, the Fox administration (2000-2006) started to strengthen the linkage between *Progresa-Oportunidades-Prospera* and employment support. For instance, in 2003, it added support components for business startups and training for skilled jobs. Furthermore, under the Calderón administration (2006-2012), an effort was made to strengthen *Progresa-Oportunidades-Prospera*' linkage with a job creation program and a micro-credit program. evertheless, overall, the linkage between Mexico's CCT and employment support is still weaker than in Brazil and Chile.

Brazil's Bolsa Família[15]

While Mexico has implemented *Progresa-Oportunidades-Prospera* in a centralized manner, Brazil has a decentralized system of operating *Bolsa Família*. Since the transition to democracy in 1985, local governments, both at the state and municipal levels, have conducted distinctive policies for poverty alleviation. After Ignacio Lula from the Workers' Party (*Partido de Trabalhadores* or PT) assumed office in 2002, he launched *Bolsa Família* in 2004 in order to effectively reduce poverty by integrating different social assistance programs that had been operated separately. In the same year, the Ministry of Social Development was created. Since then, it has been in charge of the administration of *Bolsa Família* (Soares and Satyro 2009). Like Mexico's *Progresa-Oportunidades-Prospera*, *Bolsa Família* provides assistance integrating education and healthcare, and conditions the receipt of benefits on the assumption of co-responsibility. In order to receive benefits, one needs to go to a municipal

[15] Information about Bolsa Família draws from the website of the Ministry of Social Development, internal documents of the Ministry, and interviews conducted by the author in Brasilia in March 2012 and March 2013.

government to register for an integrated social policy information system called "*Cadastro Único*," and then get his or her eligibility authorized. Unlike Mexico, municipal governments play an important role in conducting household surveys that are used to create and maintain the system. Furthermore, it is different from Mexico's CCT in that there is no institutionalized system of external evaluation that assesses the program's impact.

The linkage between eligibility and conditionality is weaker than that in Mexico. More specifically, Brazil's government does not immediately stop providing benefits to those who fail to fulfill their conditions. This weak linkage suggests that *Bolsa Família* is closer to a social right than *Progresa-Oportunidades-Prospera*. In Brazil, in 2004, the leftist government introduced *Bolsa Família*. That year, it had been nineteen years since Brazil restored a civilian regime, meaning that Brazil embarked on a large poverty alleviation project in the midst of a process of democratic consolidation. Furthermore, the leftist government actively promoted *Bolsa Famila*, which covered 84.6% of the poor population in 2009. In Brazil, almost half of the labor force works in informal sectors, and remain outside of the social security program. Thus, there is an urgent call for expanding social assistance. Under the consolidated democracy, in response to such societal demand, the leftist government has implemented *Bolsa Família* to promote social rights among the poor. This may have weakened the link between eligibility and conditionality in the case of Brazil.

On the other hand, the linkage between Brazil's CCT and employment support is stronger than that of Mexico but weaker than that of Chile. This is due to a low degree of market openness and slowing economic growth. The market openness of Brazil was 0.110 in 2004, when *Bolsa Família* was introduced, and averaged 0.198 between 2004 and 2015, which was the lowest among the three countries. This means that Brazil was exposed to less international competitive pressure, and so it had less incentive to link CCT with employment support. In addition, the rate of economic growth was 5.8% in 2004, and averaged 3.0% between 2004 and 2015. This average was the highest among the three countries. However, relative to 2004 when the program started, the rate has dropped year by year, suggesting that Brazil has had a greater incentive to strengthen the linkage between *Bolsa Família* and employment support. Recently, four complementary employment-enhancing programs were incorporated into *Bolsa Família*. However, a study suggests that Brazil's government needs to make further efforts to strengthen this linkage in order to increase job opportunities for program beneficiaries (OAS/ECLAC/ILO 2010).

Chile's Chile-Solidario[16]

Chile achieved its transition to democracy in 1989. From 1989 to 2010, the *Concertación* coalition government, which was composed of leftist and center-leftist parties, ruled the country. Chile, which liberalized its economy early for a Latin American country, saw sound macroeconomic performance. Poverty rates had decreased gradually, but this slowed at the end of 1990s. After Ricardo Lagos assumed office in 2000, the administration introduced *Chile-Solidario* in 2002 in order to further reduce poverty.[17] In 2012, Chile's CCT was restructured from *Chile-Solidario* to Ethical Family Income. However, the structures of these programs are basically the same, and features specific to the new Ethical Family Income are still understudied. Therefore, for the sake of comparison, this section focuses on *Chile-Solidario* instead of the Ethical Family Income.

Chile-Solidario is an integral part of social assistance in Chile. Using a unique indicator of social protection (*ficha de protección social*), it selects eligible beneficiaries. Progresa-Oportunidades-Prospera and Bolsa Família determine specific amounts of benefits according the age and number of children in each household. In contrast, Chile-Solidario provides tailor-made benefits to eligible households, depending on the types of risks confronting them and the level of their needs. The role of social workers is crucial to the operation of the program. They accompany beneficiary households throughout the benefit period, grasp the type of assistance they need, and help them receive benefits and utilize services available to them properly. This personalized

[16] To date, little has been studied about *Chile-Solidario*. The information available from Chile's government website is limited. The description in this section draw on the author's own interviews conducted and internal documents obtained in Santiago de Chile in January 2010.
[17] To be more accurate, it was initiated as *Puente*, which was *Chile-Solidario*'s predecessor.

assistance is called “psychological support (*apoyo psicosocial*).” Households receive these benefits for two years. After that, beneficiaries are assured of three years of “preferential access (*acceso preferencial*)” to cash transfers and other social assistance programs. During this period, beneficiaries are provided various types of employment support such as training to acquire job skills. In sum, *Chile-Solidario* schedules the step-by-step provision of benefits so that after completing five years of assistance, the beneficiaries are able to become skilled and economically independent, and thus have their own source of income.

Chile-Solidario links eligibility and conditionality only weakly. More specifically, when beneficiaries are incorporated into the program, they are asked to agree to the condition that they send their children to school, for instance. However, even if they fail to fulfill the conditionality, the benefits are not cut off. Rather, they are encouraged to make efforts to assume responsibility. Like Brazil, Chile introduced its CCT after democratization. When it began, thirteen years had passed since the transition to democracy. In short, *Chile-Solidario* was introduced and developed by a center-leftist government in a stable democracy. This may explain the weak linkage between conditionality and eligibility, and the stronger features of the program as a social right.

The linkage between *Chile-Solidario* and employment support is strong. This strong link is closely related to the high degree of market openness and low rate of economic growth. Chile’s market openness is the highest of the three countries. In 2002, when *Chile-Solidario* was introduced, it was 0.276 and lower than that of Mexico. However, it averaged 0.600 between 2002 and 2015. This high level of economic openness exposes Chile to international competitive pressure to a greater extent, thereby encouraging the government to actively strengthen the link between its CCT and employment support. The rate of economic growth was 2.2% in 2002, the lowest of the three countries. It averaged 3.9% between 2002 and 2015, which is lower than Brazil’s average. In short, the rate of economic growth has been constantly modest since *Chile-Solidario* was introduced. This also corroborates the notion that Chile’s government may have a clear goal of achieving economic development by investing in employment support and encouraging the beneficiaries to be economically independent.

Conclusion

This study examines factors that explain the institutional variation of CCTs in Latin America. To date, forty-three CCTs have been implemented in nineteen countries in the region. This study shows that current CCTs can be classified into three groups based on conditionality and employment support: (a) those with a strong linkages between conditionality and eligibility but whose weak linkages between the CCTs and employment support (*Progresa-Oportunidades-Prospera*), (b) those with medium levels of both linkages (*Bolsa Família*), and (c) those whose conditionality and eligibility are weakly linked but whose conditionality and employment support are strongly linked (*Chile-Solidario*).

In order to explain this variation, we compared the cases of Mexico's *Progresa-Oportunidades-Prospera*, Brazil's *Bolsa Família*, and Chile's *Chile-Solidario*, and present the following findings. First, if a country has an older, democratic, leftist government there is a higher probability that eligibility for CCTs is granted as a social right, rather than conditioned on beneficiaries' assumption of co-responsibility. Second, more open markets and lower rates of economic growth appear to correlate with stronger linkages between CCTs and employment support. In short, CCTs in Latin America have developed distinctive institutional features amidst ongoing economic and political changes, particularly economic liberalization and political democratization.

These findings draw broader implications. Previous work on welfare states has primarily focused on advanced democracies and reform of social insurance policies. However, the widening income gap and increasing poverty have become global concerns, and greater attention is being paid to the issue of social exclusion. This highlights the role of social assistance, which has been studied less extensively. Thus, further efforts are required to better understand the factors that determine the outcome of social assistance reform, including CCTs. In this light, this study provides important implications to cases beyond Latin America.

Table 1. Poverty, Inequality, and Social Insurance Coverage in Latin America

Country	Year	Poverty Rate[1] (of total population) (%)	Gini	Urban Informal Sector[2] (to EAP) (%)	Social Insurance Coverage (%) National Average	Urban[3] Formal Sector	Urban[2] Informal Sector
Argentina	2006	21.0	0.519	40.1	—	22.3	55.0
	2013	4.7	0.475[4]	37.0[7]	NA		
Bolivia	2004	63.9	0.561	70.9	15.6	44.4	6.0
	2013	39.1	0.491	57.6	NA		
Brazil	2006	33.3	0.604	42.3	49.5	78.7	35.1
	2014	7.0	0.548	37.9	NA		
Chile	2006	13.7	0.522	30.7	66.7	82.6	51.6
	2014	14.4	0.509[5]	29.2[5]	NA		
Costa Rica	2006	19.0	0.482	39.8	65.2	86.4	39.7
	2014	22.4	0.505	37.8	NA		
Ecuador	2006	43.0	0.527	57.8	28.7	59.6	14.9
	2014	22.5	0.447	56.4	NA		
El Salvador	2004	47.5	0.493	54.7	28.9	75.8	8.2
	2014	31.8	0.436	53.6	NA		
Guatemala	2004	54.8	0.585	58.1	17.7	61.2	7.5
	2014	59.3	0.553	57.0	NA		
Honduras	2006	71.5	0.605	43.3	19.8	65.6	5.7
	2014	62.8	0.564[5]	51.4	NA		
Mexico	2006	31.7	0.506	45.7	52.1	78.1	23.4
	2014	53.2	0.491	42.3	NA		
Nicaragua	2005	61.9	0.532	58.4	17.4	58.6	3.2
	2014	29.6	0.478[6]	57.5	NA		
Panama	2007	29.0	0.524	36.5	47.8	85.3	27.6
	2014	25.8	0.519	32.8	NA		
Paraguay	2005	60.5	0.536	61.2	14.1	46.5	4.4
	2014	22.6	0.536	50.6	NA		
Peru	2003	54.7	0.506	63.8	13.7	46.2	4.7
	2014	22.7	0.439	57.2	NA		
Uruguay	2005	18.8	0.456	44.3	—	82.7	40.5
	2014	9.7	0.379	36.8	NA		
Venezuela	2006	30.2	0.447	51.4	60.9	68.6	16.1

	2014	32.1	0.407	49.4[5)]			
Average	2003-2006	36.3	0.525	49.9	37.4	68.4	19.6
	2013-2014	28.7	0.486	43.3	NA		

Source: Author's own elaboration based on ECLAC (2008, 2009, 2016).

Notes: 1) Poverty rates for Argentina and Uruguay are not national figures but represent urban areas; 2) Different indicators of informal sectors are employed in this analysis because time-series data using consistent definition of informal sectors is unavailable. The urban informal sector refers to employers and employees of enterprises hiring less than five workers, domestic service workers, and unskilled workers (including the self-employed) for the years of 2003-6. It means the urban labor market with low productivity sectors for the years of 2013-2014; 3) The urban formal sector includes the public sector, employers hiring more than six employees, professional and skilled workers, and salaried workers; 4) Figure for 2012; 5) Figures for 2013; 6) Figure for 2009; 7) Figure for 2014.

Table 2. CCTs in Latin America and the Caribbean

Country	CCT (initiation year)	Coverage (2015) (% of total population)	Fiscal Burden (2015) (% of GDP)	Means Testing	Conditonality	Employment Support
Argentina	Universal Child Allowance (2009)	8.84%	0.43%[1)]	Yes	Strong	0
	Porteña Citizenship Program (2005)	0.38%	0.02%[1)]	Yes	Strong	0
Bolivia	*Juancito Pinto* (2006)	20.74%	0.19%	Yes	—	0
	Juana Azurduy (2009)	1.73%	0.08%[1)]	Yes	—	0
Brazil	*Bolsa Família* (2004)	27.71%	0.50%	Yes	Medium	4
	Child Labor Eradication Program (1996)	0.43%	0.01%[1)5)]	Yes	—	0
	Bolsa Verde (2011)	0.14%	0.002%[2)]	Yes	—	0
Chile	Ethical Family Income (2012)	1.78%	0.03%	Yes	Weak	5
Colombia	*Familia en Acción* (2001)	56.5%	0.39%	Yes	Strong	2
	Unidos Network (2007)	9.65%	0.03%[1)3)]	Yes	—	0
Costa Rica	*Avancemos* (2006)	3.43%	0.19%	Yes	Strong	1
Dominican Republic	Progress with Solidarity (2012)	31.33%	0.43%	Yes	Strong	0
Ecuador	Human Development Grant (2003)	32.60%	0.65%	Yes	Weak	1
	Zero Malnutrition (2011)	4.14%	0.01%[1)]	Yes	—	0
El Salvador	Solidarity in Rural Communities (2005)	1.91% (2014)	0.24%[1)]	Yes	Strong	2
Guatemala	My Safety Bonus (2012)	13.02%	0.06%	Yes	Medium	0
Haiti	Ti Manman Cheri tou nef (2012)	4.44%	0.10%[2)]	No	—	1
Honduras	Better Life Bonus (2010)	13.02%	0.06%	Yes	Strong	1
Jamaica	Program of Advancement through Health and Education (2002)	14.23%	0.35%[1)]	Yes	Strong	0
Mexico	*Progresa-Oportunidades-Prospera* (1997)	24.11%	0.41%[1)]	Yes	Strong	1
Panama	Opportunities Network (2006)	9.98%	0.07%	Yes	—	1

	Family bonus for purchasing nutrition (2005)[6]	1.18%	0.01%	Yes	—	0
Paraguay	*Tekoporâ* (2005)	10.33%	0.22%	Yes	Weak	0
	Abrazo (2005)	0.11%	0.01%[1) 4)]	Yes	—	2
Peru	*Juntos* (2005)	12.59%	0.18%	Yes	—	0
Trinidad and Tobago	Targeted Conditional Cash Transfer Program (2005)	13.19%	0.18%	Yes	—	3
Uruguay	Family Allowance (2008)	10.95%	0.37%	Yes	Medium	0
	Uruguay Social Card (2006)	10.42%	0.09%[2)]	Yes	—	0

Source: Author's elaboration based on OAS/ECLAC/ILO (2010), Ceccini and Madariaga (2011), and *Base de datos de programas de protección social no contributiva en América Latina y el Caribe* (CEPAL) (http://dds.cepal.org/bpsnc/, accessed on March 13, 2017).

Notes: 1) Estimated figures; 2) Figures for 2014; 3) Figures for 2013; 4) Figures for 2009;

5) Figures for 2008; 6) This program form a part of Opportunities Network.

Table 3. Varieties of CCTs

		Employment Support						
		0	1	2	3	4	5	6
Conditionality	Strong	-Universal Child Allowance -Porteña -Conditional Subsidies for School Attendance -Program of Advancement through Health and Education -Profress with Solidarity	-*Avancemos* - Better Life Bonus -*Progresa-Oportunidades-Prospera*	-*Familia en Acción* -Solidarity in Rural Communities				
	Middle	-My Safety Bonus -Family Allowance				-*Bolsa Família*		
	Weak	-*Tekoporâ*	-Human Development Grant				-Ethical Family Income	

Source: Author’s own elaboration.

Table 4. Comparison of Mexico, Brazil, and Chile

<table>
<tr><th></th><th>Mexico</th><th>Brazil</th><th>Chile</th></tr>
<tr><td>CCT
(year introduced)</td><td>Progresa-Oportunidades-Prospera
(1997)</td><td>Bolsa Família
(2004)</td><td>Chile Solidario
(2002)</td></tr>
<tr><td>Conditionality</td><td>Strong</td><td>Medium</td><td>Weak</td></tr>
<tr><td>Employment Support</td><td>1</td><td>4</td><td>5</td></tr>
<tr><td>Democracy (at time of introduction)</td><td>No</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Age of Democracy
(at CCT introduction)</td><td>Democratized in 2000. 1997 was during the transition to democracy.</td><td>Democratized in 1985, 19 years before the introduction of Bolsa Família.</td><td>Democratized in 1989, 13 years before the introduction of Chile Solidario.</td></tr>
<tr><td>Government Partisanship</td><td>Center (1997-2000)
Center-Right (2000-2012)
Center (2000-2017)</td><td>Left (2004-2016)
Center (2016-)</td><td>Center-Left (2002-2010, 2014-present)
Center-Right (2010-2014)</td></tr>
<tr><td rowspan="2">Market Openness
(at CCT introduction)
(average)</td><td>0.326 (1997)</td><td>0.110 (2004)</td><td>0.276 (2002)</td></tr>
<tr><td>0.527 (1997-2015)</td><td>0.198 (2004-2015)</td><td>0.600 (2002-2015</td></tr>
<tr><td rowspan="2">Economic Growth Rates
(for year of CCT introduction)
(average)</td><td>6.8% (1997)</td><td>5.8% (2004)</td><td>2.2 (2002)</td></tr>
<tr><td>2.9% (1997-2015)</td><td>3.0% (2004-2015)</td><td>3.9% (2002-2015)</td></tr>
</table>

Source: Author’s own elaboration.

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