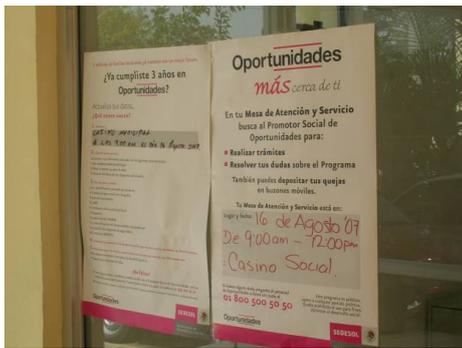


Conditional Cash Transfers: What Implications for Equality and Social Cohesion?

The experience of Oportunidades in Mexico



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**Social Cohesion Practical Experiences
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1 SYNTHETIC INFORMATION REGARDING THE EXPERIENCE

1.1. Name:

OPORTUNIDADES

1.2. Geographical location (country, region, town): Mexico, national

1.3. Sector:

- Education
- Health
- Employment
- Taxation
- Justice
- Others (please specify):

1.4. Date of commencement of experience (mmmm of yy): Oportunidades first started as Progresá in 1997, the name was changed to Oportunidades in March 2002 and extended to urban areas.

1.5. Current situation (mark box as appropriate):

Underway

Finished



1.6. If the experience is underway, indicate the expected finishing date (mmmm of yy):
undefined

1.6. If the experience has finished, indicate the effective finishing date (mmmm of yy):

1.7. Level of the experience: Shared

1.8. Main components of the experience:

- | | |
|--|--|
| <input type="checkbox"/> Development of legislative instruments | <input type="checkbox"/> Development of managerial devices |
| <input checked="" type="checkbox"/> Development of plans or programmes | <input type="checkbox"/> Procedure for provision of services |
| <input type="checkbox"/> Statutes or framework agreements between actors | <input type="checkbox"/> Others (please specify): |
| <input type="checkbox"/> Finance funds or mechanisms | |

1.9. Estimate of the total cost of the experience (in €): In 2004 the budget for Oportunidades was \$25 billion pesos, approximately US\$2.7 billion

1.10. Most Notable effects of the experience in terms of social cohesion:*Access to well-being, through ...*

- Improved access to public services
- Improvements to quality of public services
- Greater equality in access to public services
- Increased territorial solidarity in access to public services

More efficient action by the State and public policies, through...

- Development of legislative or regulatory protection
- Improvement in the functioning of democracy and the rule of law
- A higher level of equal opportunities for excluded groups
- Higher quality public institutions
- Increased solidarity in the taxation system
- Improvement in human security conditions

More active and caring citizen body, through...

- Encouragement of citizen participation
- Increased confidence in the institutions
- Encouragement of feelings of identity and belonging
- Promotion of greater participation by women
- Others (please specify):

1.11. Brief summary of the experience:

Oportunidades was created in 1997 under the name Progresa. It was changed to Oportunidades in 2002 under the new government in Mexico. The objectives of Oportunidades are to increase the human capabilities of poor households in Mexico and break the inter-generational cycle of poverty. It does this through an integrated approach which targets households with children. The programme is based on the concept of “co-responsibilities” and households have to comply with conditions to enrol and regularly send their children to school and attend regular health talks/workshops and health care appointments. If households comply with these conditions, mothers receive a cash transfer every two months which supports household income, they also receive education grants for the children and nutrition supplements, and further income support for the elderly and for household energy expenses.

2 ANALYSIS OF THE EXPERIENCE

2.1 Results obtained: analysis of the efficacy, efficiency, and the impact in terms of social cohesion

2.1.1 Initial situation:

Poverty and inequality in Mexico

Mexico has one of the highest indices of inequality in Latin America. Its population is 103 million people (2005 data) but within this, 49 million people live below the poverty line¹, and 25 million live in extreme poverty². These households are unable to adequately access health and education services, or meet minimum nutrition requirements (Oportunidades/Sedesol 2007a).

Poverty is disproportionately concentrated in rural areas in Mexico. Households living in poverty are likely to have limited access to human capacity development (especially education and health), limited access to infrastructure, low incomes, high vulnerability and low social status (World Bank 2004). Problems of both social exclusion and weak accountability of public institutions to poor groups remain of widespread importance in the country (World Bank 2004).

Although in the last few years Mexico has made important progress and investment in improving human development capacities, specifically in health, nutrition and education, inequality is closely related to poverty and large differences exist both between social groups and between regions within Mexico (World Bank 2004). The position of indigenous groups is of particular importance due to historical patterns of social exclusion and deeper levels of poverty in excluded areas. The 2000 Census showed that 44% of indigenous groups are in the bottom 20% of the overall distribution of income, and 80% in the bottom 50%. Indigenous groups typically suffer higher levels of deprivation in terms of education and health status and access to services (World Bank 2004).

Review of policies and programmes leading to Oportunidades

Since the late 1980s there have been significant changes in the way that the Government of Mexico has addressed poverty and inequality in the country. In 1997 Progresas/Oportunidades was created as a new way of addressing poverty in Mexico. This change included rigorously designing and regularly evaluating a programme which was oriented towards results (health, education and nutrition). Importantly the programme was designed with the vision to be scaled up to national level - Progresas/Oportunidades was designed as a real development tool and as a strategy to break inter-generational poverty. It has taken an integrated and technological approach and purposely avoided politics (authors' interviews, 2007).

Indeed, during the late 1980s and into the 1990s social policy programmes aimed at poverty reduction had been strongly associated with politics, both as a way of attempting to legitimise political regimes and as a route to win votes (Rocha Menocal 2005). In 1989, in the context of structural adjustment and neoliberal restructuring, the newly elected PRI leader, President Salinas de Gortari, created the *Programa Nacional de Solidaridad*³ (Pronasol). Pronasol was designed as a public works programme to address the multiple dimensions of poverty (health,

¹ The poverty line in Mexico is estimated at those who have less than 1,568 pesos income a month (US\$ 144) in urban areas and less than 1,060 pesos income a month (US\$ 96) in rural areas

² Those living in extreme poverty have an income less than 969 pesos a month (US\$ 88) in urban areas and less than 690 pesos a month (US\$ 62.7) in rural areas.

³ National Solidarity Programme

education, nutrition, housing, infrastructure etc.) in both rural and urban areas which were especially impoverished because of market-oriented reforms (ibid.). In particular, it is important to note that Pronasol also represented a move away from universal protection to targeted assistance as the role of the state and public spending decreased due to market-oriented reforms (ibid.).

Furthermore, as Rocha Menocal (2005) discusses, the design of Pronasol presented a new model of social assistance linking state and society. She states:

“the programme ostensibly represented a move away from the corporatist forms of organisation that had traditionally characterised the Mexican political system toward new patterns of interaction that would be ‘pluralist’, ‘democratic’ and ‘autonomous’ in nature” (Rocha Menocal 2005:347)

Whilst the new model was to be implemented through encouraging citizenship involvement and participation in development projects to eliminate paternalism and clientilism, Pronasol is seen to have failed in its attempts to redefine state-society relations, reduce poverty for those most in need and in its attempt to avoid using the programme for political gains.

In 1994 PRI was re-elected with Ernesto Zedillo as President but he faced serious challenges to his political authority. The country also embarked on one of the most severe economic crisis it had ever had with the sudden devaluation of the Mexican peso, and there was much more political competition at state and municipal levels (Rocha Menocal 2005). In this context, President Zedillo thoroughly reformed social welfare provision in the country through “Nuevo Federalismo” (New Federalism) aimed at decentralising power, resources and authority away from the President to strengthen state and municipal government structures (Rodríguez 1998 cited in Rocha Menocal 2005). In particular, “Ramo 33”, or Budget Item 33, was created to decentralise welfare funds. The New Federalism was Zedillo’s attempt to acquire political legitimacy and as a result of pressures from increased electoral competition at the subnational level (Rocha Menocal 2005).

One of the most important changes under the New Federalism was to dismantle Pronasol and to replace it with a new federal programme, the *Programa de Educación, Salud y Alimentación*⁴ (Progresá). Zedillo and his administration emphasised that Progresá, unlike Pronasol, was genuinely apolitical and fully committed to reducing poverty (Rocha Menocal 2005). The aim of Progresá was to help households living in extreme poverty to meet their basic needs in health, education and nutrition to break the cycle of intergenerational poverty. Furthermore, whilst Pronasol emphasised the importance of social capital through community and citizen participation in development projects, Progresá focused much more narrowly on human capital at the family/household level, and particularly on its most vulnerable members: women and children (Rocha Menocal 2005). In addition to moving the focus of poverty reduction programmes to human capital development away from Pronasol’s emphasis on social capital, Progresá initiated two other important systems for its implementation: one was to enforce regular evaluations of the programme, and the second was to implement a centralised targeting system supported by regional systems to redress the urban bias of Pronasol benefits and deliver the programme to the rural poor where poverty was disproportionately concentrated (authors’ interviews, 2007; Oportunidades/Sedesol 2007b).

By the time of the elections in 2000, in which for the first time in 71 years PRI lost the elections, evaluations of Progresá were already showing positive results. President Fox, of PAN, was elected and largely continued with the social welfare spending and poverty alleviation programmes already put in place by the Zedillo administration. In 2002 only the name Progresá was changed - to Oportunidades - and the reach and budget for the programme continued to expand, including into urban areas. Oportunidades continues to be one of the largest poverty alleviation programmes at the federal level in Mexico (Rocha Menocal 2005).

⁴ Programme of Education, Health and Nutrition

2.1.2 Expected results:

The overall objective of Oportunidades is to assist families who live in extreme poverty to improve the human development capacities of family members and increase levels of well-being through improved access to education, health and nutrition. Furthermore, Oportunidades aims to link families with other services and development programmes to improve their socio-economic conditions and quality of life.

The specific objectives of the programme include:

- Improve families' conditions in relation to health, education and nutrition through access to quality services (health, education and nutrition) and income transfers
- Integrate education, health and nutrition so that schooling is not affected by illness or malnutrition, or for the need of child labour
- Contribute to helping children and youth complete basic and secondary education through incremental grants, and giving youth the opportunity to continue towards higher education
- Attend to the health and nutrition of women during the different stages of pregnancy
- Establish the responsibility and the active participation of parents and all the family to improve their education, health and nutrition, and
- Promote parents' participation and involvement in improving the quality of education and health services to benefit the whole community.

The programme is designed to achieve these objectives through the components shown in Box1.

Box 1: Programme components of Oportunidades

Health: a focus on preventative health to strengthen and improve the health of families themselves and the wider community through:

- Preventive medicine: certain age groups receive a basic health care packet (which includes vaccinations, prevention and treatment of illnesses, family planning etc.)
- Community workshops: to teach people how to take care of their health

Nutrition: improve nutrition of family members through:

- Bi-monthly income transfer to improve nutrition
- Nutrition supplements to prevent and address malnutrition for pregnant and lactating women

Education: help enrolment and retention rate in schools through:

- Incremental grants from 3rd year primary to 3rd year high school – in secondary and high school girls receive slightly more than boys
- Bi-monthly income support for school supplies or a school supplies packet

Young people: incentives for young people to finish higher education before they turn 22 through:

- Transfer of money which is accumulated from 3rd year secondary for every year they complete. They then have limited options for what they want to spend or invest this money on/in

Elderly: improve the conditions of life for elderly people living in households receiving Oportunidades benefits through:

- Bi-monthly income transfer for elderly over 70 years

Energy: help in the expenses associated with energy through:

- Bi-monthly income transfer to help cover electricity, gas, candles etc.

Source: *Oportunidades/Sedesol/Sep/Salud 2007*

Overall, the income which is transferred to households represents approximately 25% of the income of beneficiary households (Oportunidades/Sedesol/Sep/Salud 2007). The average family cash transfer is approximately US\$31 per month; there is a minimum limit of US\$15 and maximum of US\$153 (Rodriguez and Jordan 2007).

Furthermore, two important design features of the programme are worth noting here. The first is that Oportunidades is a conditional cash transfer programme: it is designed around “co-responsibilities”. Co-responsibilities are based on the understanding that families are active in their own development, overcoming “assistencialismo” and paternalism. Therefore, in order to receive the income transfer, children must attend school regularly and families must visit the health centres as required. The second important factor is that Oportunidades transfers the income and therefore the responsibility to meet the conditional requirements, to the mother of the family. The aim of this is to strengthen the position of women in the family and the community.

2.1.3 Results attained:

Oportunidades is evaluated by external evaluators every year using a combination of qualitative and quantitative methodologies. A summary of the impact of Oportunidades on education, health and nutrition is described below from evaluations taken between 1997 and 2003 for rural areas, and from urban areas between 2002 and 2004 (Cruz et al. 2006).

Education: Oportunidades increased the enrolment for the transition from primary and secondary school, and higher secondary school, particularly for girls. It also reduced school drop outs, increased school attainment, and encouraged parents to support the continued education of their children and the accomplishment of their school obligations.

Health: Oportunidades has reduced maternal-infant mortality rates, reduced morbidity and incapacity, increased the use of public health services and reduced the use of private services.

Nutrition: Oportunidades reduced the prevalence of anaemia and increased the height and weight of young children. The programme improved the household diet by enabling households to buy animal products and improved children’s nutrition through the nutrition supplement. laborum.

2.1.4 Unexpected effects:

In terms of demographic, economic, social and gender impacts, evaluations of Oportunidades show that the programme has not significantly increased migration, it has not increased violence against women and it has not deteriorated links within the community. Beneficiaries spend their money on essential necessities, their homes and productive activities (Cruz et al. 2006).

See Section 2.1.6 for impacts of Oportunidades on social cohesion.

2.1.5 Resources invested and efficiency:

In 2000 the budget for Progres/Oportunidades was \$10.26 billion pesos, by the end of 2004 the budget had grown to \$25 billion pesos, approximately US\$2.7 billion (Rocha Menocal 2005). The Oportunidades budget is the largest poverty alleviation initiative at the federal level.

Interviews reported that Oportunidades is the most efficient programme run by SEDESOL. For each peso spent in Oportunidades, 3 centavos are spent on administration (authors’ interviews, 2007). The World Bank states that the operational expenses represent less than 6% of the total cost of the Program (Rodriguez and Jordan 2007). The programme efficiently utilises its resources because of its “slim” structure (Oportunidades optimises processes institutionally by relying on links with the Health and Education sectors, and focuses on the demand side, not the supply), effective targeting, and good supervision, management and administration. Furthermore, it also draws on community volunteers to help organise and strengthen the efficient functioning of Oportunidades at the local level..

2.1.6 Repercussions of the experience in terms of social cohesion:

Access to well-being

Probably the most significant impact of Oportunidades on social cohesion is increased access to public services. There is ample evidence that Oportunidades has had a positive effect on the **use of health and education services** by poor households.

In 2003 Parker (cited in Cruz et al 2006: 35) showed that the increase of children's enrolment in secondary schools of Oportunidades beneficiaries compared to non-beneficiaries was approximately 24%. Furthermore the evaluation suggested that once children enrolled in secondary education they remained in secondary schools. Table 1 demonstrates the impacts of Oportunidades on enrolment in rural secondary schools and clearly shows that the impact is higher for girls than it is for boys. Previously education enrolment for girls was less than for boys, so the programme gave more money to girls in an attempt to keep them in school. Qualitative evaluation shows that the increase in girls' enrolment is a result of the increased level of grants which girls receive. Parents reported that they reflected the importance in which the state put on girls' education (through financial incentives) and now invest in their daughters' education. However, the reverse trend - that fewer boys are enrolling in school and are leaving education early to work - is a key concern to Oportunidades. The programme is now discussing design changes in the programme to address this (authors' interviews, 2007).

Table 1: Impact of Oportunidades on education enrolment in rural secondary schools up to 2002-3

| | Impact by percentage Enrolment | Impact in numbers of students |
|--------------|--------------------------------|-------------------------------|
| Total | 24.0 | 193 681 |
| Males | 17.1 | 74 773 |
| Females | 32.2 | 118 908 |
| First | 22.1 | 67 709 |
| Males | 14.2 | 23 694 |
| Females | 31.8 | 44 026 |
| Second | 26.4 | 70 920 |
| Males | 21.1 | 30 780 |
| Females | 32.6 | 40 140 |
| Third | 23.7 | 55 040 |
| Males | 16.3 | 20 310 |
| Females | 32.3 | 34 742 |

Source: Parker 2003 cited in Cruz et al. 2006

Results from evaluations undertaken between 2001 and 2006 also show that there has been an increase in attendance in health care centres, even for participants who live far away from the centres (Cruz et al 2006: 44). Furthermore a decline in seeking curative consultations at the hospital has been attributed to the Programme's success at changing the culture of health care to focus on preventative health (Cruz et al 2006: 44).

Oportunidades targeting criteria focuses on reaching the poorest 25% of the population. The programme has demonstrated effective targeting mechanisms with minimum exclusion rates (Patrinos and Skoufias 2007) indicating that the increased use of health and education services of Oportunidades participants has led to **greater equality in access to public services** for marginalised populations. Furthermore, given the high number of the indigenous population in poverty, the programme disproportionately benefits indigenous peoples (Ramirez 2006 cited in Patrinos and Skoufias 2007). As Patrinos and Skoufias (2007: 19) further report, "as a result, the program has been instrumental in reducing the schooling attainment gap between indigenous and non-indigenous children".

However, it is possible that there are also exclusion rates. Participation in the Oportunidades programme is determined by school and health care attendance, and in areas where there are no schools and/or no health care facilities - notably the most poorest and/or isolated areas - Oportunidades does not work.

Furthermore, there is less evidence on the **quality of services** provided. In actual fact there have been no formal evaluations on the standard of quality of services since the programme started. In 1997 there was an expectation that the quality of education and health services would decrease, and that supply wouldn't be able to match demand (authors' interviews, 2007). Some anecdotal evidence suggests that neither supply nor quality has declined. Even before the programme started public service supply was not the main reason which prevented the poor from using public services (direct and indirect costs of schooling were key factors). However, other evidence suggests that quality and supply *are* important constraints to access and to the potential impacts for both beneficiaries and non-beneficiaries. Oportunidades does not invest funds directly in the services that it works with (apart from supplying the nutrition supplement) so there are no real incentives at the local level for teachers and health providers to work on the programme; Oportunidades relies on the links formed at the policy level between institutions.

Anecdotal evidence suggests that there have been distortions in the supply of health services at the community level as a result of Progres/Oportunidades. The big influx in demand for preventative health care to comply with the co-responsibilities, i.e. not urgent health care problems, drives away non-Oportunidades people in small localities (authors' interviews, 2007).

A report from UNESCO which analyses data from a representative national sample survey of schools and students in Mexico observed that, on average, students who received a Progres/Oportunidades scholarship attended schools of substantially lower quality than their counterparts who did not receive the scholarship (Reimers et al. 2006).

How people perceive the quality of services is particularly important to the long term goals of Oportunidades. Whilst Oportunidades participants will enrol their children in school and attend health care centres to receive the benefits, the question is whether the longer term opportunity cost is worth it for these families. Full participation is not mandatory (for example many families may not send all of their children to school) and for some children, the family may feel the grant does not compensate the opportunity cost of their time (Behrman et al 2004). Focusing benefits on enrolment and attendance rates gives no indication to the potential size of the impacts (Behrman et al 2004). The long term benefits of Oportunidades is still unknown, but school leavers getting better paid jobs will presumably be a crucial anticipated outcome for families' investment in their children's education, and Oportunidades goal for breaking the inter-generational cycle of poverty.

More efficient action by the state and public policies

Oportunidades is trying to **improve the functioning of democracy** through its attempt to depoliticise the programme.

Whilst Pronasol was designed to re-shape state-citizen relations through working with communities and overtly trying to denounce paternalism and clientelism (although it failed), Oportunidades started off by moving away from a focus on community participation and social capital by focusing on the household and re-shaping the state-citizen relation through the language of rights and co-responsibilities to avoid paternalism and clientelism.

As discussed above, previous anti-poverty programmes such as Pronasol had been heavily criticised for their political motivations and there has been an explicit attempt to improve the transparency and accountability of Progres/Oportunidades. Oportunidades developed a campaign which is launched during election periods to make people aware of their political rights and delivers two key messages: the first is against political bias; and the second is to promote citizen rights and rebuke discrimination. Both of these are important factors of the programme given the context of how and when Progres/Oportunidades emerged after Pronasol and the attempt to re-define the citizen and state contract to one which is based on citizenship rather than the patronage which had gone before.

The credibility of the programme's rigorous and regular evaluations has also helped strengthen the programme's legitimacy (Rocha Menocal 2005). Furthermore, no government officials are involved in the delivery of money. At the local level there is a strong push to inform beneficiaries that this programme is outside of politics. For example, beneficiary documents are printed with information saying that no public official can influence citizens with money or resources to promote votes in favour of any political organisation.

Through Oportunidades policies to increase access to services for the poorest households the programme has achieved a **higher level of equal opportunities for excluded groups**. As

demonstrated above, the most marginalised communities - indigenous communities - have increased access to health and education services through Oportunidades. Also, the co-responsibilities in the programme aim to encourage a change of culture in people's attitude and behaviour to accessing public services and opportunities as a citizen of Mexico (authors' interviews, 2007).

More active and caring citizen body

Molyneux (2007) states that Oportunidades is one of few programmes which puts gender awareness at the centre of management and design of the programme. It does this through transferring income to the female head of the household, financially encouraging girls' education, providing health support for pregnant and breastfeeding women and promoting the leadership and citizenship of women beneficiaries, particularly the local volunteers, *promotoras*.

Oportunidades therefore aims to contribute to "changing women's roles", and **promoting greater participation by women** at both the household and community level. As Molyneux (2007) reports:

[S]tipends paid directly to mothers are widely accepted to benefit their households through more equitable redistribution, but in giving women direct control over cash resources, their standing in their communities as well as their leverage *within* the household can be enhanced... Women [felt] that their self-esteem and financial security was enhanced as a result of the stipends (Escobar Latapí and González de la Rocha 2004); they also felt that they acquired more status in their neighbourhoods, with shopkeepers treating them with more respect as they became creditworthy. They appreciated the programme's education and training projects (including health and community leadership) where these were well organized, but they also wanted more access to education and training (Adato et al. 2000; Molyneux interviews 2005 cited in Molyneux 2007: 28)

Furthermore, an IFPRI evaluation in 2000 looked at the impact of Progresa on community relationships and found evidence that women participating in Progresa's activities such as health talks and collecting benefits had developed new forms of social capital (Adato 2000). Oportunidades evaluations show that the programme has increased women's autonomy, especially for the elected *Promotoras* (Cruz et al. 2006).

However, one evaluation noted that while mothers enjoyed some increased autonomy, this did not necessarily translate into empowerment, since the latter depended on more factors than control over a small money income (Molyneux 2007). Further evaluations also find that the programme does not take sufficient account of women's income-generating and other activities and that as a consequence women could be overloaded with competing demands on their time (Latapí and González de la Rocha 2004 and Espinosa 2006 cited in Molyneux 2007). This is particularly true with the voluntary workers who are reported to work on average 30 hours a month on administrative, pastoral and medical responsibilities (Molyneux 2007).

More recently Oportunidades has instigated a change in the co-responsibility design – now the whole family (over 15 years) must attend health workshops, not just the mothers (authors' interviews, 2007). This change emphasizes a shift in responsibility from the mother to the whole household for healthcare, but Molyneux (2007: 30) argues that whilst Oportunidades incorporates gender equality principles, the programme "remains in essence a maternalist programme in that it aims to fortify the responsibilities of motherhood as a way to improve the life chances of children". The programme reaffirms women's position in the household as carers but at the same time doesn't recognise the opportunity cost for women of increased responsibilities, nor does it value women's reproductive role.

There is some reported increase in the **participation of beneficiaries in community activities** but the impacts must be treated with caution. Qualitative evaluations show that in urban areas where Oportunidades operates there has been an increase in the sharing of food, lending money etc. between families. This is said to have improved social relations in the community in comparison to before beneficiaries participated in the programme. Similarly in rural areas, there is a reported increase in participation in community activities which wasn't there before (authors' interviews, 2007).

However, one civil society organisation argues that because Oportunidades focuses on the family/household level rather than the community level as a unit, it cannot ever really address issues of social cohesion because it automatically creates divisions within the community through targeting some members and not others. They go on to say that Oportunidades is not participatory and there are no clear mechanisms developing for social cohesion. At the end of the day it is the fact that Oportunidades *targets* some and not others within a community which leaves it open to criticism about really promoting citizen participation and social cohesion at a local level (authors' interviews, 2007). Indeed, in 2000 Adato found that whilst social capital and solidarity increased *between* beneficiaries in the community, social divisions were created between beneficiaries and non-beneficiaries. The study reported non-beneficiaries' resentment over their exclusion from the programme as well as their lack of understanding of the basis for the differentiation (Adato 2000).

Oportunidades themselves recognise that building social cohesion can be difficult where some community members are beneficiaries and others aren't. They also identify a challenge in communicating the programme to beneficiaries *and* non-beneficiaries. Oportunidades is thus trying to address these problems particularly through the Comités de Promoción Comunitaria (Community Promotion Committees) as part of the social network at the local level, and the community model, "más cerca de ti" ("closer to you"). The committees are made up of elected female "vocales" (leaders) from amongst the female beneficiaries (it is voluntary, and they do not get paid). The aim is to strengthen the fabric of the community and social capital in beneficiary communities through the Committees who work to help achieve the objectives of Oportunidades and improve the development opportunities in the community (Oportunidades 2007c).

2.2 Activities performed, processes and parties involved in the design, approval, and execution of the experience

2.2.1 Discussion, approval, and execution processes of the experience:

In the mid 1990s social policy programmes – food, health and education programmes – were characterised by many problems. Rodriguez and Jordan (2007) find that these programmes had deficiencies in their conceptual design; uncoordinated operation and little transparency; duplication of efforts and excessive bureaucracy; urban/rural imbalance; increasing fiscal resources, mostly through generalised subsidies; little effectiveness; and they lacked evaluation any kind of rigorous evaluation.

Under the New Federalism and evolving social policy in the late 1990s, Progresa/Oportunidades was created as genuinely apolitical programme and fully committed to reducing poverty (Rocha Menocal 2005). The new administration dismantled existing social programmes (e.g. Pronasol) to implement Progresa and founded "Ramo 33" a new way of financing social policy programmes through decentralised mechanisms, moving away from centralised control of resources.

Progresa was developed as a new integrated approach to addressing poverty, a programme which was specifically targeted at the poorest, and which would incorporate rigorous and regular evaluations into the programme design. With the previous problems of poverty reduction programmes, the force behind the new design and implementation of Progresa was a welcome change.

Rodriguez and Jordan (2007) present the following timeline of activities from discussions about Progresa to its implementation:

January 1995: The Ministry of Finance begins to analyse data. Proposals to increase food subsidies for wage negotiations in the economic crisis.

March 1995: first proposal to substitute in-kind for cash transfers linked to health care is presented. In 1995 there is no known experience of a targeted poverty program with a life cycle approach to the simultaneous provision of health care, education and nutrition. The

proposal is to substitute in-kind subsidies (milk and tortilla) for a cash transfer given to mothers conditional on their attendance at health care centres. The main concerns by cabinet are: substituting in kind for cash (intra-household violence and use of transfers for alcohol) and operational capacity of the health centres to enforce conditionality.

October 1995: pilot program begins, reaching 31,300 families in 3 localities. The goal of the pilot was to evaluate the acceptance, impact and cost of changing in kind subsidies for cash transfers linked to health care services

March 1996: decision to launch Progresa is taken.

August 1997: Progresa starts operations in rural areas covering 300,000 families in 6,300 localities. The budget: US\$46 million

January 2001: Increase in education benefits, Progresa starts in urban areas. The coverage is 2.5 million families in 53,152 localities.

May 2005: Oportunidades reaches practically all in extreme poverty. It reaches 5 million families in 82,856 localities.

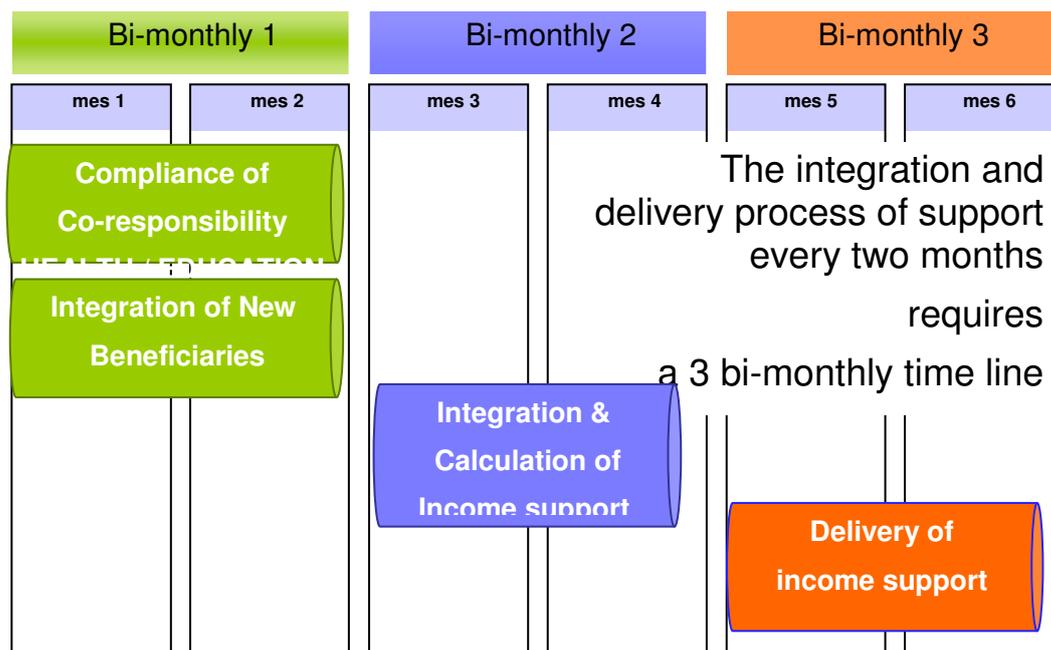
Evaluations played a key part in the acceptability of Progresa and from keeping it out of day to day political interference (Barrientos 2006). In recent years the expansion of social policy spending has been supported, especially for education and poverty reduction programs, which have been consolidated and deepened under the current administration (World Bank 2004).

2.2.2 Technical activities and processes that give shape to the experience:

Oportunidades is a large programme, and administering income and nutritional supplements to 5 million households conditional on households complying with the co-responsibilities requires a high level of administration and systematic organisation. The programme has now established an efficient way of working, so that information is passed back to the national level from the state every two months and income can be distributed to households who fulfil the responsibilities.

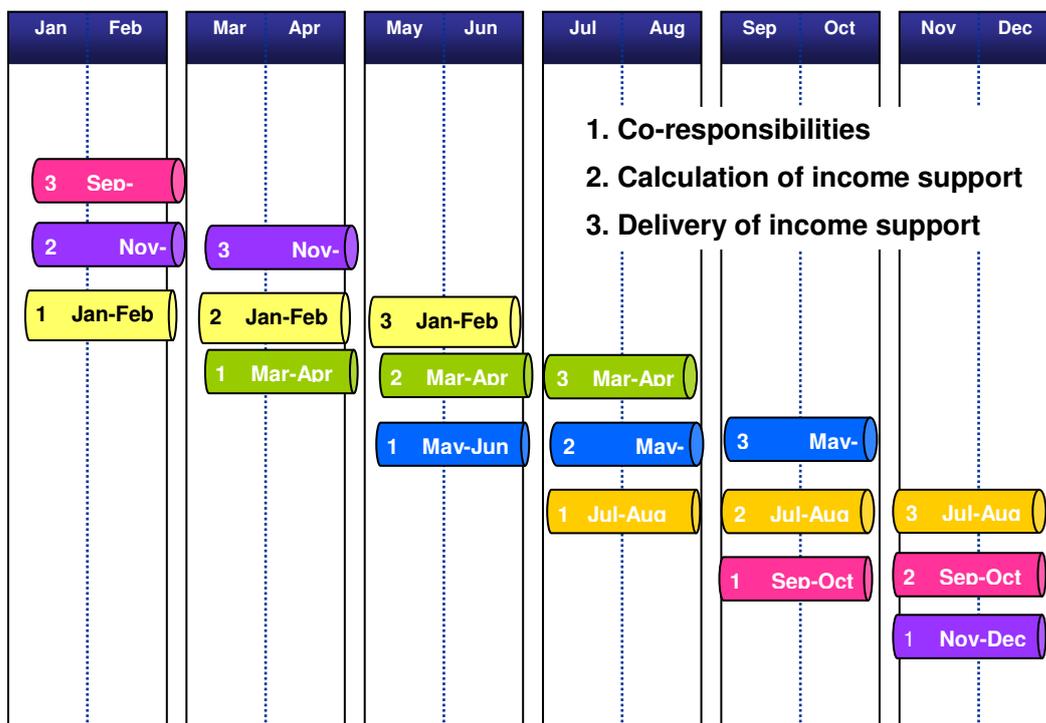
This is achieved through a calendar system called “1-2-3”. The 1-2-3 system works on a two month system whereby: 1: families meet (or do not meet) their co-responsibilities (children attending school, attending health care centres etc.); 2: Oportunidades checks that beneficiaries have fulfilled their requirements through the information collection process; and 3: payments are then made to beneficiaries if they have complied with the conditions. This process requires a 3 bi-monthly timeline. Figure 1 shows the bi-monthly calendar and Figure 2 shows the annual calendar.

Figure 1: Bi-monthly calendar 1-2-3



Source: Oportunidades/Sedesol (no date)

Figure 2: Annual Calendar 1-2-3 Sequence



Source: Oportunidades/Sedesol (no date)

Oportunidades relies on this technical system to deliver the income support in a timely and predictable manner to beneficiaries.

2.2.3 Activities for the evaluation of the experience:

External evaluations are undertaken every year in Mexico, due to requirements in el Presupuesto de Egresos de la Federación and Oportunidades Rules of Operation. At the national level, the Evaluation office helps coordinate external evaluations. The institutions involved include: Instituto Nacional de Salud Pública (INSP), al centro de Investigaciones y Estudios Superiores en Antropología Social Occidente (CIESAS) and a El Colegio de México (Colmex).

INSP mainly undertakes quantitative evaluations, CIESAS mainly undertakes qualitative evaluations and Colmex focuses on gender analyses.

The planning and evaluations department is also responsible for ensuring that the evaluation results are fed back and influence the programme design. See Box 2 for examples.

Box 2: Example of where evaluation has influenced design

Previously it was only mothers who were required to attend health talks. Two changes have now taken place: health “talks” are being changed to more interactive workshops, and it is not only the mother, but all family members over 15, who are now required to attend. This new design was changed because of earlier recommendations (external evaluation 2005) to encourage people to be more involved in the activities and learn more. Furthermore, family members are asked to attend the workshops because the programme is focusing on the life cycle and on the understanding that everyone in the family should be taking care of their own health and it shouldn't just be the mother's responsibility.

Source: authors' interviews, 2007

2.2.4 Transfer of the experience:

Oportunidades was designed as a rural development programme and its application to urban contexts has been difficult. A new model was designed to take Oportunidades into the city and the programme has operated in all urban areas since 2004/5, but reports suggest that it isn't really ready to work in urban areas. One of the key constraints is the amount of time women have: in urban areas because most women work, they have less time to adhere to the conditions.

It has also been difficult to operate in Mexico City because of the political dynamics. This was reported as being a very atypical problem, but highlights the challenges to separate the programme from political influence.

The success of Progres/Oportunidades as a conditional cash transfer programme however, has been well disseminated internationally, and a number of Latin American countries have adopted and adapted the model in their own national contexts.

2.2.5 Main actors and parties involved in the execution of the experience:

Oportunidades is operated by the Secretaria de Desarrollo Social⁵ (SEDESOL).

In 2003 the Social Development Law was approved which institutionalizes social policy in Mexico through a series of bodies to oversee social development policy and implementation, including a board for evaluation, a national commission on social development, an inter-

⁵ Social Development Secretariat

ministerial commission and an advisory committee, that includes members from civil society. It includes a requirement that social development funds not be reduced in real terms in any year (World Bank 2004).

The main actors which Oportunidades works with are SEDESOL, the Ministry of Health, the Ministry of Education, and two private companies which deliver the income.

2.2.6 Alliances established between the actors:

Box 3: Discussion in the Technical Committee Meeting

Oportunidades uses national health indicators for children's weight and height. In Yucatan many of the indigenous children there are smaller than the national average, and Yucatan comes out bottom of the results table. Representatives brought this up in the Technical Committee, and so the Oportunidades representative has taken this problem to the evaluation department in Oportunidades. At the next meeting there will be a report back about how Oportunidades has responded to the queries from the last meeting and how the issue will be addressed.

Source: authors interviews 2007

At the sectoral level, Oportunidades works with both the Ministry of Education and Ministry of Health to try to improve the quantity and quality of services. For example, the present administration has prioritised the 100 poorest municipalities, so Oportunidades, Health and Education meet to see what needs to be done to become members of Oportunidades. Furthermore, Oportunidades plays a role in pressuring the Ministry of Education to budget for the prioritised municipalities.

Oportunidades also acknowledges that health, education and nutrition are not sufficient on their own to enable people to move out of poverty; they need additional programmes. One of the main roles for Oportunidades is to act as a facilitator between these other programmes and the Oportunidades families. There are substantial challenges to this: for example, Oportunidades has recently signed a formal agreement with the National Institute for Adult Education (INEA) because it had an informal relationship with them for some time. Problems emerged when Oportunidades would convince mothers to go adult education classes and they would join, but they would go to classes and INEA wouldn't turn up. INEA themselves had problems with operating because of lack of funds, but now that they have officially joined Oportunidades, they are now subject to internal monitoring, and they have to join to the technical committee. These structures aim to support the functioning of the programme.

Other programmes that Oportunidades links to, or is trying to improve links with include:

- Productive Projects implemented by SEDESOL
- Social Assistance, e.g. welfare for disabled children provided by the state
- Improving housing e.g. firm floor on the house
- Infrastructure

This year Oportunidades is developing a network for additional programme linkages, and they plan to make more linkages at the state, federal and municipal levels, as well as with NGOs and multilateral organisations (authors' interviews 2007).

It is reported that Oportunidades has promoted greater coordination between ministries but has also created some conflict. One of the key challenges is that Oportunidades is very important to SEDESOL but other Ministries don't see it as one of their main programmes. For instance, when the state specifies the budget which comes from each ministry towards Oportunidades, there is general agreement, but halfway through the year the Ministry of Health or Education may decide not to allocate the full amount. Now the budget is protected so this can't happen. SEDESOL is trying to improve how Oportunidades is prioritised in the Ministry of Health and Education. For instance, because Oportunidades works in the poorest areas there are often problems with the quality of schools. SEDESOL actively works to encourage the Ministry of

Education to increase quality. The Ministry of Education is just starting to implement evaluations of the quality of schools which will support this process.

2.3 Context of application of the experience

2.3.1 Back-up policies:

The political and institutional context in Mexico has evolved since the late 1990s to provide an enabling environment for the development and implementation of social development programmes like Oportunidades.

The New Federalism approach introduced in the late 1990s to decentralise power, resources and authority away from the President to strengthen state and municipal government structures has contributed to the success of Oportunidades and to its sustainability. Of particular importance was the introduction of Budget Item 33 which was created to decentralise welfare funds.

Furthermore, Oportunidades is implemented as part of the national CONTIGO framework for poverty reduction and social development. It has been described by international organisations as “a well developed and coherent approach for planning and for assessing poverty as part of official policy” (IFAD 2006). Whilst there are still challenges to implementing the principles of the conceptual framework across government programs (World Bank 2004), the recent introduction of the *Ley de Desarrollo Social* (Social Development Law) is an important step to institutionalise social development strategy and in particular provide more continuity across government administrations (World Bank). The Social Development Law passed in January 2004 aims to ensure citizen participation in development processes, especially at the local level, and also stipulates that governments at all levels must behave in a transparent and accountable manner. It also institutionalises regular evaluations of social development programmes which must be submitted annually to Congress, and now also to the Finance Minister (authors’ interviews 2007).

2.3.2 Institutional capacity:

Mexico has significant institutional capacity for formulating and implementing strategies, policies and programmes in many spheres of economic and social development (IFAD 2006). Conditional cash transfers like Oportunidades require significant institutional capacity in order to be implemented effectively and efficiently, both in terms of staffing (skills and number of staff) as well as technical capacity to monitor compliance to the conditionalities and deliver transfers to 5 million households.

See also sections 2.2.2 and 2.2.5

2.3.3 Technological aspects:

See section 2.2.2

2.3.4 Economic-financial factors:

Over the last few years there has been a large expansion in social spending by the government –especially for education and poverty reduction programs, which have been consolidated and deepened under the current administration (Fox administration) (World Bank 2004). Although growth in social spending since 2000 is seen as especially commendable in light of the stagnation in growth and revenues in this period, public spending on health has declined in the 2000-02 period, despite significant issues in the sector (World Bank 2004).

The largest part of Oportunidades budget comes from the Ministry of Education for schooling. SEDESOL pays for administration, the basic transfer, energy and elderly. The Ministry of Health pay for the health related services.

See 2.1.5 for more details.

2.3.5 Other contextual elements:

N/a.

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Gustavo Merino, Vice Minister of Social and Human Development, SEDESOL

Eric Huertav, Lawyer, REDES AC

2.4.3 Other references:

N/a

3 LESSONS LEARNED FROM THE EXPERIENCE

3.1 Essential successful factors of the experience (elements to be repeated):

Oportunidades' objective is to improve demand for education and health. The success of the programme then almost exclusively relies on the supply of education and health services, without which, Oportunidades would not be able to function. The institutional linkages which Oportunidades has developed with the Ministries of Health and Education, and the provision of public services where Oportunidades operates are vital to the running of the programme.

Oportunidades has shown very positive results against its objectives, such as increased school enrolment and retention, changes in preventative health care behaviours and improved nutrition of beneficiaries. Two important elements of the programme design contribute to the success of the programme outcomes – the regular cash transfer itself and the co-responsibilities. However, it is impossible to attribute the success of the programme to the enforcement of conditions because there has been no comparative analysis to non-conditional cash transfers – but overall, in the Mexican context, both the transfer and the conditions have resulted in a successful programme.

Programme outcomes are also significantly influenced by the amount of time in which mothers spend meeting the co-responsibilities, especially going to the health care centres for the health talks/workshops and appointments.

The success of Oportunidades is also down to its efficient delivery functions. The 1-2-3 calendar system and its technical and human capacity are core to the timely disbursements of income to families who comply with the co-responsibilities. This is absolutely crucial to households being able to manage their household expenditure patterns based on receiving predictable income transfers.

Oportunidades has also used effective targeting mechanisms to minimise leakage and exclusion errors which has been vital for the rapid scaling up of the programme.

Programme evaluations have also been instrumental in the sustainability of the programme politically. Since its inception, Progres/Oportunidades has been able to demonstrate year on year results in education, health and nutrition.

3.2 Errors committed and unresolved difficulties (elements to be avoided):

A number of challenges remain for Oportunidades. One of the most significant challenges is the quality of services provided by the health and education ministries.

Oportunidades has no direct influence over the quality of services provided, although it does try to encourage citizens to demand their rights to quality health and education. Forthcoming evaluations on the quality of services will also serve as mechanisms to identify and improve the quality of service delivery.

Because Oportunidades does not fund health and education ministries directly, they have little direct control over where services are operating. Whilst at an institutional level there are linkages between the ministries, and Oportunidades lobbies the Ministries to provide services in the areas which Oportunidades operates, exclusion errors inevitably exist.

Furthermore there have been problems with expenditure on health and education for Oportunidades: an agreed budget by the state and Ministries of Health and Education is decided at the beginning of the financial year, but often the total of the budget is not actually

disbursed. There has recently been a move to protect the budget against this type of funding gap.

Another significant challenge for Oportunidades is the complexity around women's empowerment. Whilst Oportunidades has been designed to improve women's position in the household and community and to some extent has achieved this, the programme does not recognise the opportunity cost for women in terms of increased household responsibilities, nor does it value women's reproductive role economically. Whilst Oportunidades has been effective in providing an integrated approach between health, education and nutrition, with women at the centre of the link, it has extremely limited linkages with economically productive activities – especially for women.

Part of this problem is also linked to the struggle for Oportunidades to work effectively in urban areas – a challenge which is still largely unresolved. The application to urban areas has been difficult, and one of the main reasons for this is that women's time is less available to comply with the conditions because of work.

3.3 Main contextual elements necessary in order for the experience to be transferable:

The key elements which are necessary in order for Oportunidades to be transferable include strong political commitment to the programme; a high level of institutional capacity, in terms of number and skills of staff; and the supply of accessible health and education services.

3.4 Other general lessons:

N/a.