More from The Economist My Subscription Subscribe Log in or register The **Economist** World politics Business & finance | Economics | Science & technology | Culture Print edition Multimedia **Anti-poverty programmes** Comment (44) Timekeeper reading list

Give the poor money

Conditional-cash transfers are good. They could be even better

children go to school.



Like 570

Tweet

Advertisement

Reprints & permissions

Print



CELIA ORBOC, a cake-seller in the Philippines, spent her little stipend on a wooden shack, giving her five children a roof over their heads for the first time. In Kyrgyzstan Sharmant Oktomanova spent hers buying flour to feed six children. In Haiti President René Préval praises a dairy co-operative that gives mothers milk and yogurt when their

These are examples of the world's favourite new anti-poverty device, the conditional cash-transfer programme (CCT) in poor and middle-income countries. These schemes give stipends and food to the poorest if they meet certain conditions, such as that their children attend school, or their babies are vaccinated. Ten years ago there were a handful of such programmes and most were small. Now they are on every continent-even New York City has one—and they benefit millions.

The programmes have spread because they work. They cut poverty. They improve income distribution. And they do so cheaply. All this has been a pleasant surprise: when they were introduced or expanded, critics feared they would either make the poor dependent on hand-outs or cost far too much. In fact, they are cheap (Brazil's, the biggest, costs 0.5% of GDP). And they show income transfers can work nationally: in the past, middle-income countries usually left income-transfer programmes to local

Follow The Economist

Latest updates »



Watch the throne: South Africa's president survives his toughest...

Middle East and Africa | 3 hours 14 mins ago



Film as educational tool: Starting a conversation about intimate partner... Prospero | 3 hours 43 mins ago



Football transfers: Why Neymar is different Game theory | Aug 9th, 13:29

governments-if they bothered at all.

CCTs work because they are rules-based and relatively uncorrupt. Though the stipends are usually a pittance, they make a difference to the poorest because they are reliable unlike the rest of the poor's income. CCTs also help the next generation. By requiring children to have lessons and health checks, the programmes should make children better educated and healthier than their parents. Schemes in Bangladesh, Cambodia and Pakistan have all got more girls into education. That is good in itself and good for getting jobs.

But CCTs are not magic bullets. Even Brazil's, one of the best as well as the biggest, works less well in urban areas than rural ones (see article). Others have an even greater rural bias. They work worse in cities because the problems of poverty are different there.

In rural areas poverty leads to a lack of the basics: food, water, primary schools, simple health care. CCTs are good at providing those because, however small the stipend, it gives children an incentive to go to school and encourages markets to develop in the goods and services that were lacking before. In cities, by contrast, the problems of poverty are compounded by violence, drugs, family breakdown and child labour. These require different interventions: in law and order, in programmes to stop domestic abuse, and so on. And they require more than the state to step in: commerce and churches are just as important. Such problems will become greater in future because the largest concentrations of poverty are no longer in the backward rural areas but in the anarchic megalopolises of developing countries, like Lagos and Mumbai.

A good start

Governments tend to treat CCTs as a panacea. They imagine that, if they don't have one, all they need to do is introduce it; if they do, they have sorted out the problems of social protection. A few have woken up to their limitations, and are thinking about the next generation of programmes, which might require children who are about to leave school to go for vocational training in exchange for continuing to receive the stipend, or encouraging cities to add an urban top-up to the nationwide scheme, perhaps paid for by the municipal authority. The more that follow, the better. CCTs are a good start. But they are only a start.

http://www.economist.com/node/16693323#print

Like 570

Share



Want more? Subscribe to The Economist and get the week's most

View all comments (44)

In this section

The rising power of the Chinese worker

Give the poor money

Don't go back

Capped

More stress ahead

Reprints

Related items

Brazil's Bolsa Família: How to get children out of jobs and into school

Jul 29th 2010



Ten years on: Where might the next crisis come from?

Buttonwood's notebook | Aug 9th, 11:10



The Economist explains: Why India and China are facing off over a remote... The Economist explains | Aug 9th, 10:18



If at first you don't secede: The Faroe Islands may get their own...

Europe | Aug 8th, 18:30



Life in the slow lane: Why an eight-hour bus ride from Los Angeles to San... Gulliver | Aug 8th, 15:09

More latest updates »

Most commented



It could happen How to avoid nuclear war with North Korea

- 2 The punishment continues: America's new economic sanctions may hurt Russia's recovery
- Sex and sensibility: A Google employee inflames a debate about sexism and free speech
- American politics: Republicans in Congress should be braver
- Don't mention the war: Two Chinese tourists are arrested for making a Hitler salute in Germany

Advertisement

Products and events

Test your EQ

relevant news and analysis.

Take our weekly news quiz to stay on top of the headlines

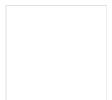
Want more from The Economist?

Visit The Economist e-store and you'll find a range of carefully selected products for business and pleasure, Economist books and diaries, and much more

Advertisement

Classified ads













The Economist

Contact us

Help

My account

Subscribe

Print edition

Digital editions

Events

Jobs.Economist.com

Timekeeper saved articles

Sections

Culture

United States
Britain
Europe
China
Asia
Americas
Middle East & Africa
International
Business & finance
Economics
Markets & data
Science & technology
Special reports

Debate and discussion
The Economist debates
Letters to the editor
The Economist Quiz

Multimedia library

Blogs

Bagehot's notebook
Buttonwood's notebook
Democracy in America
Erasmus
Free exchange
Game theory
Graphic detail
Gulliver
Prospero
The Economist explains

Research and insights

Topics
Economics A-Z
Style guide
The World in 2016
Which MBA?
MBA Services
The Economist GMAT Tutor
The Economist GRE Tutor

The Economist GRE Tutor Executive Education Navigator Reprints and permissions

The Economist Group »

The Economist Intelligence Unit
The Economist Intelligence Unit Store
The Economist Corporate Network
Ideas People Media
1843 Magazine
Roll Call
CQ
EuroFinance
The Economist Store
Editorial Staff

Modern Slavery Statement

View complete site index »

Contact us Help About us Advertise with us Careers Site index

Copyright © The Economist Newspaper Limited 2017. All rights reserved. Modern Slavery Statement Accessibility Privacy policy Cookies info Terms of use