



Thanks to their rigorous impact evaluations, clear proof of Latin American CCTs' effectiveness ensured the model was exported around the world.

LEARNING FROM CCT EVALUATIONS

SUMMARY

Latin American CCT programmes pioneered the use of rigorous impact evaluation methodologies to assess social development programmes. These evaluations have been useful for ensuring continued political support for the interventions and for helping policymakers improve CCTs to achieve even greater impact. This Brief reviews evaluation objectives, key steps to consider in designing and implementing a rigorous CCT evaluation, and describes how evaluations have been used in the region. The Latin American story of CCT evaluations may be useful for both practitioners and policymakers as they consider how to plan and implement evaluations of their own CCTs.



THE CHALLENGE OF RIGOROUS EVALUATION

In the face of budget constraints, policymakers deciding between different social programmes need proof of which programmes are effective; this is especially true for CCTs, which tend to be expensive interventions. Rigorous impact evaluations help not only by proving a programme's impact, but also by providing information to help programme managers fine-tune CCT implementation over time to make it even more effective.

However, designing and implementing a rigorous CCT impact evaluation is challenging, both technically and logistically, especially in countries with weak data collection systems and scarce specialised expertise. Politicians are hesitant to allow beneficiaries to be randomly selected in the face of pressure to provide CCT benefits to all.

The Latin American experience shows how these constraints can be successfully overcome, and demonstrates how evaluations, despite their costs, should be considered a worthy investment given the many ways CCT evaluations have been put to use.

KEY LESSONS LEARNED

CCT evaluations provide critical information for policymakers, forcing them to maintain effective programmes even through changes in political administrations, and identifying design and implementation changes needed to improve impact.

Despite being politically and technically demanding, implementing randomised or experimental methodologies to evaluate social programmes is possible.

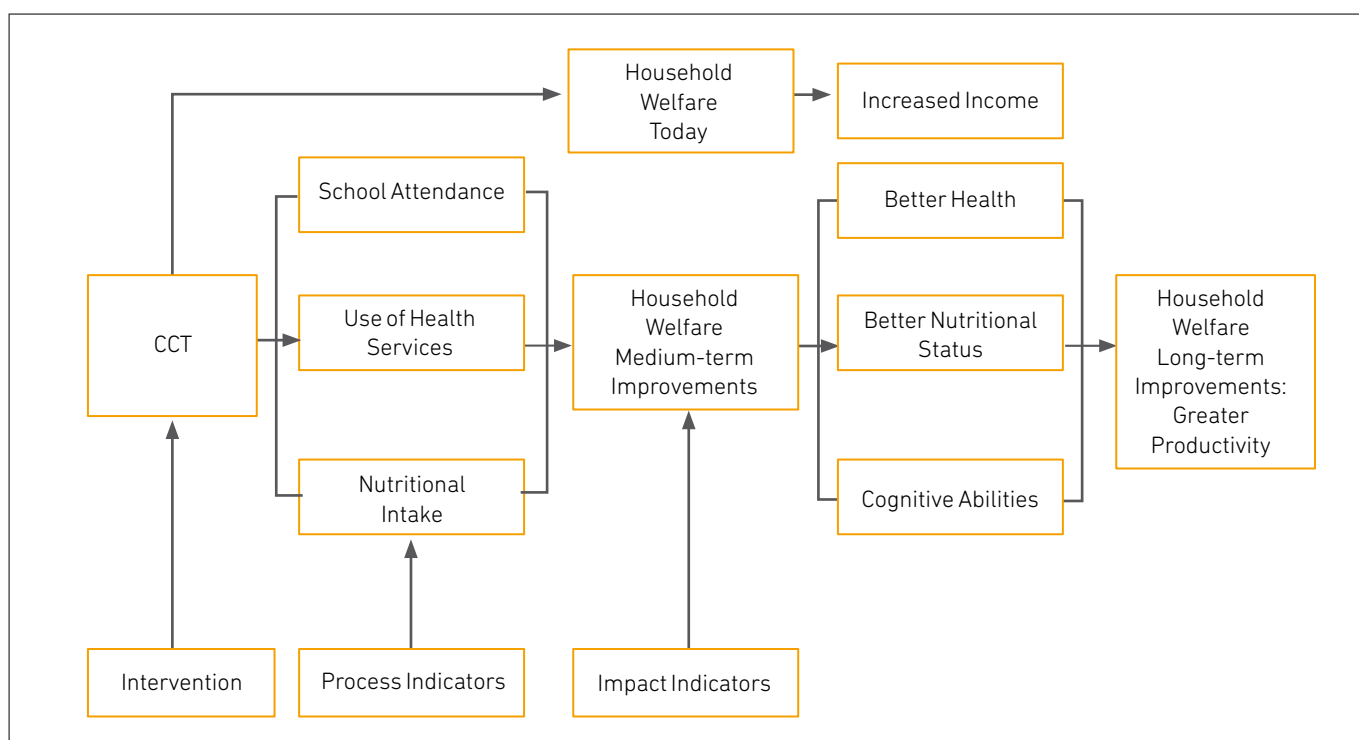
GUIDELINES FOR A SUCCESSFUL EVALUATION

This section describes two key steps in designing and implementing a CCT evaluation: selecting the specific processes and impacts to be evaluated and the methodology to be used.

What Will the Evaluation Assess?

The first step in developing a CCT evaluation is to understand how the programme works. The evaluator needs knowledge

about the programme’s objectives, beneficiaries and the mechanisms used to achieve its goals. A complete conceptual framework, such as a logframe, that identifies the causal pathways through which the CCT achieves impacts must be available so the results generated by the evaluation can be properly interpreted. The following diagram illustrates the pathways through which a programme that conditions cash transfers on children’s school attendance and on the use of health and nutrition services may impact the current and future welfare of a household.



Own Elaboration.

Figure 1 - Causal Pathways: CCT Programme Outcomes and Impacts

Once the conceptual framework that links the CCT to its potential outcomes is established, evaluators must define what aspects of the programme they will evaluate. Evaluations can measure both process indicators – which assess the activities of the intervention such as school attendance or use of health services – as well as impact indicators, such as improved health or cognitive abilities.

Many impact evaluations only assess the impact of the CCT intervention as a whole, using a ‘black box’ approach in which researchers are not concerned with the process

through which the CCT achieved results. However, the disadvantage of this type of evaluation is that it cannot identify ways to improve the programme. For example, if process indicators show that beneficiaries have increased their use of health services, but impact indicators show there were no improvements in final health outcomes, the explanation is likely that the quality of the health services was low; with this kind of assessment, the programme manager will know that final impact can be improved through further investment in improving health service quality.



Latin America's CCT evaluations that disaggregated the population enabled policymakers to identify differential impacts, for example, between men and women or between different age groups, and make adjustments if necessary. For instance, if the impact on girls' school attendance is less than that of boys, the programme may want to provide additional incentives for girls to attend. The evaluation of Brazil's *PETI* programme, which focused on reducing child labour, measured the CCT's effects on different age groups, which was critical to fine-tune the focus of the programme.¹

Finally, some CCT evaluations have chosen to look for other impacts outside of the typical focus on health and education indicators, to identify both additional programme benefits, as well as unintended impacts on variables such as fertility, consumption or labour market participation. For example, there was concern that providing higher benefits to households with more children would actually have the unintended negative effect of encouraging families to have more children. A study analysing CCT effects on fertility in Mexico, Nicaragua and Honduras, however, found the CCTs to have no fertility-related impact, as long as the transfer did not vary by the number of pre-school children. It did find modest effects when the transfer increased with each newborn child, as in Honduras. Mexico's *Oportunidades*, though, showed no impact on fertility because the transfer varied by the number of older, school-aged children, not younger children.²

What Methodology Should Be Used?

The key question in designing the evaluation methodology is how to adequately compare people who did and did not receive CCT transfers. Impact evaluations have to generate data to estimate this counterfactual, meaning: what would have happened to beneficiaries in the absence of the intervention? To do so, they have to compare the final outcomes of two groups: those receiving the intervention – the treatment group – and those not receiving it – the control group.

However, these two groups must be comparable, meaning they are the same in every way except for not receiving CCT benefits. Selecting comparable groups is not a simple task. Latin American countries have used both experimental and quasi-experimental designs to generate comparable groups.

Experimental design randomly assigns eligible participants into either the control or treatment group at the onset of the programme (see text box on the following page). In addition to being the most rigorous method, another important virtue of this approach is that it does not require complex statistical models, rather only a simple comparison of the mean outcomes of the two groups. This also makes it easier to communicate results to policymakers and stakeholders.

Quasi-experimental methods do not use random assignment of participants, and so must use other methods to select comparable treatment and control groups. For example, they may exploit natural variation in beneficiary participation, such as gradual implementation across localities or over time. The evaluation of Colombia's *Familias en Acción* (Families in Action), in which implementation was staggered overtime, used a comparison between families which were already receiving the CCT, and those which were eligible but for whom implementation had not begun. Propensity score matching, another quasi-experimental option, matches beneficiaries to non-beneficiaries in all observable features relevant to participation or outcomes, or a combination of both, in order to identify programme effects.

Quasi-experimental methods are used when random assignment is not possible. This may be due to political reasons, such as fear of backlash from non-selected groups, or because access to the service provided by the programme is considered a right for all citizens. A question of ethics may also arise as some individuals or families must be arbitrarily excluded from the programme, even if it is for the benefit of better understanding the programme.

¹ Yap, Y., Sedlacek, G., Orazem, P. 2002. [Limiting Child Labor Through Behavior-Based Income Transfers: An Experimental Evaluation of the PETI Program in Rural Brazil](#). World Bank. Washington, DC.

² Stecklov, G., Winters, P., Todd, J., Regali, F. 2006. [Demographic Externalities from Poverty Programs in Developing Countries: Experimental Evidence from Latin America](#). Working Paper N°2006-1. American University, Washington, DC.



Random Assignment: The Gold Standard for Evaluation

In some Latin American countries, policymakers successfully persuaded political leaders that randomly assigning eligible households between a treatment group that would receive the programme, and a 'control' group that would not benefit, was a fairer option than political hand-picking, considering budget constraints and uncertain outcomes.¹

This kind of practice, known as random assignment, is typically done via lottery. If the sample used is large enough, then the only difference between the two groups is that one benefitted from the CCT and the other did not. Thus, the differences in outcomes between the two groups can be interpreted as the programme effect. The data obtained via random assignment provides the most rigorous counterfactual, which is why it is considered as the gold standard for evaluation.²

This method was first used to evaluate Mexico's CCT programmes. Eligible communities participated in a lottery, in which half of them were selected to immediately participate in the programme, while the other half would become CCT beneficiaries two years later. Comparing the two groups – who were otherwise basically identical other than receiving the CCT – provided the programme with invaluable information.

Following the Mexican experience, a number of programmes in other countries launched randomised evaluations, including Ecuador, Honduras and Nicaragua. The case of Honduras, however, shows some of the difficulties of randomised designs. The potential beneficiaries were randomly assigned to four different groups: (1) municipalities in which households would receive the CCT; (2) municipalities in which there would only be an intervention to improve health services; (3) municipalities that would receive both interventions; and (4) a control group that would receive neither.

The evaluation as designed, however, did not work in practice. In the end, the health intervention was not implemented. And because of the relatively small number of households involved, there were some important baseline differences, which endangered the robustness of results.

¹ The International Initiative for Impact Evaluation. 2010. *Impact Evaluation 01: Conditional Cash Transfer Programmes: A Magic Bullet to Improve People's Health and Education*. Global Development Network, New Delhi.

² Fiszbein, A., Schady, N. 2009. *Conditional Cash Transfers: Reducing Present and Future Poverty*. World Bank, Washington, DC

WORTH THE INVESTMENT? THE MANY USES OF CCT EVALUATIONS

To initiate, maintain or discontinue a social policy is a political decision. Politicians naturally tend to downplay the policies of previous administrations. However, evaluation evidence can play a crucial role in forcing politicians to accept sound programmes, even when they are a legacy of prior governments.

A case in point is, again, Mexico. During the 2000 Presidential campaign, the candidate who ultimately won had criticised the CCT, promising to close the programme and reallocate the resources to better use. However, not long after he won, the CCT's evaluation results became public, demonstrating the clear impact of the programme. Instead of ending it, he kept the programme, though changed its name from *Progresas* to *Oportunidades*, and implemented the improvements

suggested by the research evidence. The evaluation also motivated the Mexican government to establish a law requiring all public programmes to have periodic evaluations.

Evaluations can be used not only to generate political support for keeping successful programmes, but also to provide concrete details for fine-tuning CCTs to increase their impact. In Mexico, the impact evaluation helped the programme to improve its effectiveness, as a series of adjustments were made:

- Extending the education component to include not only primary but also secondary school
- Improving the community health training campaign's methodology and content
- Incorporating iron supplements in children's regular growth check-ups



CONTEXTUAL FACTORS

ENABLING SUCCESSFUL LATIN AMERICAN CCT EVALUATION



Several contextual and underlying factors underpin Latin America's successful use of CCT impact evaluations.

Identifying adequate technical expertise is critical to ensure the quality of the evaluation results. For example, Mexico's CCT evaluation was assigned to internationally and nationally recognised academics and research institutions. In Colombia's *Familias en Acción*, the combination of a local research institute with a reputable international think tank proved quite successful.

It is also important that the programme management really believes in the usefulness of research evidence. Putting a programme under the spotlight of researchers is complex for programme managers, who are often trapped between political and technical goals. Their backing is essential because evaluations take time and require strict adherence to a research protocol. Changes in the CCT's implementation may jeopardise or even put an end to the evaluation effort, as suggested in the example of Honduras described above.

Successful evaluation efforts need to consider specific characteristics of programme beneficiaries in order to

understand why programmes may or may not work. In Latin America, evaluators' local knowledge has proved to be important. For example, knowledge on seasonal aspects of local economies, including child labour, is useful when organising data collection efforts. Local knowledge is also critical when interpreting evaluation results. Knowledge of Mexico's educational system allowed researchers to understand that girls' lower high school attendance relative to boys was partly due to boys' higher rate of grade repetition, rather than the early drop-out of girls; this helped them identify a programme improvement by increasing the focus on boys at the junior secondary level.

Finally, having good quality data is of course key. Good information is needed throughout the evaluation process: at the design stage in order to arrive at a feasible study design, at implementation in order to make data collection cost-efficient, and, finally, in interpreting results in order to come up with meaningful explanations for the data obtained and sound recommendations for programme improvement.

LESSONS LEARNED

1 CCT programmes have been one of the most rapidly expanding innovations in social policy across the world. It is difficult to imagine that this expansion could have occurred in the absence of research data revealing CCTs' effectiveness.

2 Evaluation research has been crucial to understanding why and how CCT programs are effective.

The Latin American experience shows how evaluation evidence can be used to make adjustments that improve the chances of effective interventions. To do so, CCT evaluations should not only focus on the aggregate result, but also on process indicators.

3 The evaluation is also important to provide the programme with

strong political support. Good evidence is fundamental for policymakers to make the right decisions about maintaining or ending programmes.

4 The evaluation needs to be planned and designed along with the intervention itself. Maintaining the implementation plan is critical to the robustness of the final results.

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