



## *Synthesis*

# CONDITIONAL CASH TRANSFER PROGRAMS

Conditional cash transfer (CCT) programs are the main social programs used by Latin American and Caribbean countries to assist families living in poverty. In addition to supporting consumption, they encourage the accumulation of human capital.

To mark the 20 years since the implementation of CCT programs, the Inter-American Development Bank (IDB) created this toolkit, which is primarily aimed at those who design and operate CCTs, as well as the general public. Here we describe how several countries implement the three main operational stages of a CCT program.

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The present work is a summary of the publication ¿Cómo funciona Red de Oportunidades? The updated material as well as the summaries of the other programs in Latin America and the Caribbean are available for downloading at the [IDB's conditional transfer programs website](http://www.iadb.org/socialprotection).

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## 1/ INTRODUCTION

[Red de Oportunidades](#), Panama's Conditional Cash Transfer Program, was implemented in 2006 with the aim to reduce poverty and foster human development among people living in households in extreme poverty. Cash transfers are conditioned on meeting conditionalities in education and health.

The Ministry of Social Development (MIDES), through the Social Inclusion and Development Directorate, is responsible for implementing the Red de Oportunidades. In 2006, it had a budget of 33 million balboas (approximately US\$33 million), representing 0.6% of Panama's gross domestic product. That same year, 64,438 households (approximately 307,109 individuals) benefited from Red de Oportunidades. Of the beneficiary households, 41% corresponded to indigenous jurisdictions located in rural areas.

## 2/ BENEFICIARIES

### Eligibility

Households eligible for Red de Oportunidades are those living in extreme poverty. At least one member of the household must be of Panamanian nationality and meet one of the following criteria:

- i) Be a child of 0 to 4 years of age
- ii) Be a school-age child
- iii) Be a woman who is pregnant or in a postpartum or breast-feeding period
- iv) Be under 18 years of age and not have finished secondary education
- v) Be 60 to 64 years old
- vi) Be 18 to 64 years old and suffer some form of disability.

In addition, the eligible household must not be actively benefiting from any other social program involving economic transfers run by the Ministry of Social Development.

### Targeting

The targeting process of *Red de Oportunidades* uses two selection mechanisms: (i) selection by geographic area, and (ii) selection by proxy means test (PMT). The first mechanism uses the Poverty Map ([Mapa de Pobreza](#))

developed by the Ministry of Economy and Finance. The second mechanism uses the Individual Social Protection Card.

In those jurisdictions where the Poverty Map shows an incidence of extreme poverty above 70%, the PMT is not used to establish the condition of poverty of the households: all households are considered in extreme poverty and consequently are eligible to participate in the program if they meet the other eligibility criteria.

The PMT is based on socioeconomic and demographic information as well as on information on the household collected through the Individual Social Protection Card. This card is created on paper or electronically via tablets during visits made to potential beneficiary families.

There are two formulas for the PMT: one for rural areas and one for urban areas. Each has its own cut-off points to determine if a household is in extreme poverty. If a potential beneficiary household gets a rating lower than the cut-off point according to the geographic area where the household is located, it is considered in extreme poverty and can participate in the Red de Oportunidades program.

### Enrollment

The beneficiaries can enroll in the program once their eligibility has been established. They first enroll individually and sign the household's commitment letter and agree on the amount of the transfer. The representative of the household is informed with regards to this and the signing of the commitment letter is arranged.

This process identifies the representative of the household who will receive the payment (usually the mother) and gives detailed information regarding the conditionalities that must be fulfilled.

Entry to the program is granted on a tiered and progressive basis. If the number of beneficiaries is greater than the available budget, entry to the program is first granted to those households with greater incidence of extreme poverty and with children 0-5 years old.

### Recertification

Recertification of the conditions of extreme poverty and



the demographic eligibility criteria to participate in the program is carried out every five years, or whenever the Ministry of Social Development deems it necessary, by way of issuance of a new Individual Social Protection Card.

In those jurisdictions where the Poverty Map shows an incidence of extreme poverty above 70%, the condition of extreme poverty is not recertified. Only the demographic eligibility criteria are recertified.

For beneficiaries living in urban areas, it is their responsibility to request a visit to their home in order to apply for the Individual Social Protection Card and through this have their condition of extreme poverty recertified.

The recertification of beneficiaries is also based on a cross-check between the census and databases of social programs and other public and private institutions.

### Exit Criteria

Beneficiaries of Red de Oportunidades can be removed from the program temporarily or permanently.

A temporary removal applies when (i) one or several members of the family fails to meet his/her conditionalities commitments; (ii) the household does not update its records with necessary changes (for instance, new personal data or a new address); or (iii) the household has not collected the cash transfers for two consecutive periods.

A household that has been temporarily suspended can re-enter the program if it can demonstrate that its members are complying with the education and health conditionality requirements, if it updates its record with new information, or if it provides supporting evidence that shows why it did not collect the cash transfer.

Removal is permanent when the household (i) makes a voluntary decision to exit the program; (ii) has provided fraudulent information; or (iii) does not meet the eligibility criteria prior to recertification.

A household that has been removed, temporarily or permanently, can appeal the decision.

## 3/ TRANSFERS

### Benefit Structure

Unlike most conditional cash transfer programs, Red de Oportunidades provides households with a fixed amount unrelated to the number of family members. If the household meets its education and health conditionality requirements, it receives a payment every three months that includes a fixed amount of 50 balboas (about US\$50) per month. This means that the household receives a total of 150 balboas with every quarterly payment. The person receiving the money is preferably the mother, but there are some exceptions where it is the father.

### Payment Mechanisms

Red de Oportunidades uses two payment methods. The decision to use one payment method or the other for a beneficiary depends on the geographic area where the household is located: (i) hard-to-reach areas, and (ii) the rest of the country.

In hard-to-reach areas, which represent 60% of the cases, MIDES makes the payment in cash using three mechanisms:

1. Delivery of envelopes containing cash.
2. The mobile bank of the Banco Nacional de Panamá (BNP).
3. Mobile ATMs corresponding to MIDES that are located in the regional offices of MIDES. At those ATMs, payments are made using the personal identity card of the beneficiary and not through a debit card.

In the rest of the country, the payments are made using the debit card called [Clave Social](#). Beneficiaries using the Clave Social card have a 12-day period to activate the cash transfer. If they do not make any bank transaction during that period, the money goes back to MIDES. Otherwise, the beneficiaries can access the money at their convenience, that is, they do not have to withdraw the whole amount. Beneficiaries can use the ATM of any commercial bank, but withdrawals from ATMs of banks other than the BNP incur an additional transaction fee that MIDES assumes.

At the beginning of every year, Red de Oportunidades publishes its payment schedule ([calendario de pagos](#))

that clarifies the payment mechanisms by geographic area.

## 4/ CONDITIONALITIES

The conditionality compliance records used both for education and health were prone to being manipulated and were not adequate to guarantee accurate information.

For that reason, in 2016 the Ministry of Social Development (MIDES), the Ministry of Education (MEDUCA), and the Ministry of Health (MINSa) signed an interinstitutional cooperation agreement in which they agreed to share information with one another in order to verify that households benefiting from *Red de Oportunidades* comply with the conditionalities in education and health. Thus, MEDUCA gives MIDES access to information regarding the enrollment and attendance of program beneficiaries, and MINSa provides relevant information regarding the verification of compliance with the conditionalities in health. Implementation of these agreements is currently in progress.

In addition, as part of the verification agreement, since the start of 2017 the Ministry of Social Development, through the *Red de Oportunidades* program, has been maintaining updated data on family backgrounds of households benefiting from the program.

### Health

Children ages 0 to 4 years old, pregnant women, women in the postpartum period, adults ages 60 to 64, and persons with fully diagnosed disabilities who live in households benefiting from *Red de Oportunidades* must get health check-ups as required by MINSa.

MINSa requires that children through the age of 4 get growth, development, and immunization check-ups, pregnant women get pre-natal check-ups, women in the postpartum period get postpartum check-ups, and adults ages 60 to 64 and people with disabilities get the respective check-ups that apply to them.

### Education

Households with children ages 4 to 18 years old must ensure that they comply with a minimum school attendance rate of 90%.

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