



## *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 Juntos?  
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 cash transfer programs website](#).

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## 1/ INTRODUCTION

The [National Direct Support Program for the Poorest - Juntos](#) is a conditional cash transfer program for Peruvian families living in poverty. The goals of Juntos are to contribute to generating human capital and to interrupt the intergenerational transmission of poverty.

The program provides monetary incentives to households with at least one program target member: pregnant women, or children/adolescents up until they complete their secondary education or reach age 19 (whichever comes first). The goal is to help these target members access and use health and education services. Except for a few exceptional cases, eligible households must fall within the [socioeconomic classification of poverty and extreme poverty](#) and must reside in a district where the incidence of poverty is higher than 40 %.

Juntos started operations in 2005 in Vinchos and Chuschi, two districts of the Ayacucho region affected by political violence. The conditional cash transfer program grew rapidly throughout the country, and by the end of 2016 it had 772,120 affiliated households in 1,290 districts, representing almost 7 out of every 10 districts in Peru.

The conditional cash transfer program has been under the authority of the [Ministry of Development and Social Inclusion \(MIDIS\)](#) since 2012 and is currently a budgeted program within the results-based methodology promoted by the Ministry of Economy and Finance. The program budget for 2016 was US\$308 million, which constitutes 26.1 % of the total budget of MIDIS and 0.16 % of Peru's gross domestic product (GDP).

## 2/ BENEFICIARIES

### Eligibility

The target population of Juntos is households that are living in conditions of poverty or extreme poverty according to the program's socioeconomic classification, that have resided in a targeted intervention district for at least six months, and that have at least one program target member in the household. The latter group refers to:

- i) Pregnant women
- ii) Children and/or adolescents up until they finish

secondary education or reach 19 years of age (whichever comes first).

### Targeting

Juntos uses two sequential targeting criteria:

i) **Geographic targeting.** Selects the districts and populated areas where the program will intervene, which are areas where the poverty rate is equal to or higher than 40 % according to the [current poverty map developed by the National Institute for Statistics and Information Technology](#). Since 2015, targeting has also allowed for selecting indigenous villages in the Amazon region, even when they are located in districts with a poverty rate lower than 40 %. In addition, Juntos benefits can be extended to areas affected by certain exceptional situations such as natural disasters or emergencies.

ii) **Targeting by households.** This process uses the [Household Targeting Systems \(SISFOH\)](#) to identify households that are located in districts that meet the aforementioned geographic characteristics and that are living in poverty or extreme poverty according to the socioeconomic classification.

The SISFOH is the mechanism used to target and select the beneficiaries of Juntos and other national-level social and subsidy programs. This system is managed by MIDIS through the Bureau for the Management of Beneficiaries (DGGU) and the Targeted Operations Bureau, local city and provincial registration units, and state social programs and subsidies.

The DGGU is responsible for establishing SISFOH's guidelines, methodologies, criteria, rules, and procedures, while operational processes are handled by the Targeted Operations Bureau, which is responsible, among other things, for generating and maintaining the General Household Census, determining the socioeconomic status of potential beneficiaries, and coordinating the work of the local enrollment units that process applications from the socioeconomic classification and prepare the [Individual Socioeconomic Card \(FSU\)](#).

Enrollment is done by request or on a selective basis. In the first case, the Individual Socioeconomic Card is used for households asking to enroll for the first time. On the other hand, for the selective registration process the

Individual Socioeconomic Card is applied to a group of prioritized households.

The SISFOH determines the condition of poverty or extreme poverty of the households according to the socioeconomic classification used to measure household welfare. The socioeconomic classification is valid for three years. In order to obtain the classification, citizens must go to the nearest municipal office in their district and fill out the necessary form (Table 1).

The rules of the MIDIS facilitate entry into the program by indigenous households located in the Amazon region by providing for differential treatment through the use of the socioeconomic classification of extreme poverty for households included in the Ministry of Culture’s official database of indigenous villages.

**Enrollment**

Once a potential household is identified, the administrator of the Territorial Unit must confirm that the household has at least one program target member living there and clearly identify where the household needs to fulfill the health and education requirements.

To promote the transparency and legitimacy of the program intervention, there is a Communal Validation Council comprised of 30 households from one or several neighboring communities that validates the information received from households.

The results obtained are entered into what is called the Conditional Transfer Information System (SITC), and the final archives will be kept by the Territorial Unit. The archives contain (i) the affiliation form, (ii) Commitment Agreement, (iii) Sworn Affidavit, (iv) copy of the cardholder’s national identify card (DNI) or National Identification and Civil Status Register Office (RENIEC) card, (v) record of affiliation, and (vi) additional documentation relevant to the case.

The households that satisfactorily complete the enrollment process receive, with the first payment, a Juntos Program Household Affiliation Certificate. The household cardholder can be the father or the mother (generally the mother) or an accredited adult.

**Recertification**

The affiliated household must inform Juntos of any change in status of the household, the cardholder, or the program target member.

Updating the registry of affiliated households can be done through large-scale data comparison using institutional databases such as those of the SISFOH, RENIEC, Ministry of Health, and Ministry of Education. It can also be done through the use of field or office information by way of campaigns to maintain household rolls and through household visits.

Table 1: Variables Used to Determine the Socioeconomic Classification

Public services	Water, electricity
Household	Roof, walls, floors
	Fuel for cooking
	Urban area, rural area
Children under 1 year of age	TV, washing machine, sound system, blender, computer, Internet, mobile phone
Children under 5 years of age	None, initial, primary, secondary or higher
Persons of child-bearing age	Self-employed, laborer, employee, unemployed, student, or retired



### **Exit Criteria**

To date, Juntos does not have an exit strategy, but guidelines have been defined that allow for the development of such a strategy. The proposal is designed to gradually and progressively reduce the conditional cash transfer to households that satisfy exit conditions. This exit must take place in no more than five years. After that period, a recertification of the households' socioeconomic condition is carried out to determine whether or not the household needs to definitively exit the program.

## **3/ TRANSFERS**

### **Structure of the Transfers**

Households affiliated with Juntos receive a cash transfer of US\$30.50 for every month that they meet the conditions. The payment is made every two months – that is, the household receives US\$61 if it meets the conditions during the two months, or half that amount if it meets the conditions for only one out of the two months. The amount is fixed for all families in any of the geographic areas and the amount does not differ according to the number of program target members in the household.

In addition to the aforementioned payment to the households that meet the conditions, Juntos also offers two other types of allowances or cash transfers: the affiliation allowance, granted just once at the time of completion of the affiliation process; and the exceptional allowance, which is paid to the affiliated household exceptionally in addition to the payment for meeting the conditions.

### **Payment Mechanisms**

The Banco de la Nación is the public banking institution that delivers the payments at the national level. Its network offers the largest banking coverage in the country and has a presence in areas where private commercial banks do not offer services.

The process of delivering the monetary incentives begins with a request for the updated list of Banco de la Nación payment points capable of servicing the users in the payment period (including agencies, ATMs,

correspondent agents, money transfer companies, and others). This information is shared with the Territorial Unit in order to establish the schedule and specific requirements, which can include more payment points, the transfer of a certain group of beneficiaries to another payment point, or any modification of modalities.

Once approved, the programming of the operational phase of the payment operation is communicated to the beneficiaries, while local governments ensure that the beneficiaries receive the information and provide support for the logistics of the operations and security of the payment.

Bank agencies and/or ATMs are the modalities most used by families affiliated with Juntos to access their allowances. The Banco de la Nación opens a bank account for the household cardholder at the time of enrollment in the program and provides the account holder with a debit card.

The cash transfers are freely available through any agency or ATM, and Juntos does not demand any fee for their use. Moreover, the bank account is exempt from any maintenance fees or other administrative fees and allows for all types of financial transactions.

For their part, the money transfer companies provide the service of delivering the transfers to families located in areas where there is no banking coverage, or where families would have to travel long distances to access the nearest payment point. The program identifies these families in order to offer this payment modality, which is used mainly in the Amazon and border areas.

Correspondent agents use a point of sale system (POS) authorized by the Banco de la Nación for some rural businesses or municipalities that have the necessary resources to make the payments to families located in their areas.

Finally, Traveling Platforms for Social Action (PIAS) are riverboats managed by the Peruvian Navy that support families in indigenous communities. These boats travel the Amazonian rivers.

The program's Territorial Units supervise and accompany the payment process. The local administrators make sure that the process is carried out properly and report any incidents, in the event that they occur, by using the cash transfer information system (SITC) application on their tablets. During the operational phase of the payment, the local administrators conduct information and awareness activities on topics related to financial inclusion, which are programmed by each Territorial Unit and communicated to the central offices in order to carry out respective registrations.

The Affiliation and Liquidation Operations Unit (UOAL) controls and evaluates the payment process, through which it revises and reconciles the payments, and ensures the consistency of the services provided by the Banco de la Nación in terms of quality of service and compliance with schedules.

Once the payment process is complete, the paying entity sends to the program detailed information about the payments to the accounts of the household cardholders as well as regarding payments that are not processed. Similarly, the paying entity will be asked for information about the status of the accounts (active, closed, monitored, paralyzed, blocked, etc.) with the aim of evaluating their capacity to receive payments and to update the Cash Transfer Information System database.

## 4/ CONDITIONALITIES

The allowance is paid when the target members of the household satisfy the conditions relative to health and education services provided in accordance with the established norms and protocols of the respective sectors. Juntos coordinates the activity with the regional governments in order to ensure that these services are

provided. At the same time, these sectors coordinate their activity with the headquarters of the conditional cash transfer program.

Juntos has three methods for collecting information: (i) An interoperability mechanism, (ii) A Cash Transfer Information System (SITC) digital format via cell phones or tablets; and (iii) Filling out printed forms. The interoperability method is a strategy implemented by Juntos using information technology to verify that the conditions are satisfied based on data collected from the Ministry of Education and the Ministry of Health. The two other alternatives are used when the interoperability mechanism does not provide sufficient information about the services used by the affiliated households.

### Health

Health conditionalities must be satisfied by pregnant women and by infants up to the age of three; and up to the age of five if there are no education services offered in the area.

This means that pregnant women must go on a timely basis to the health center for pre-birth check-ups in accordance with the norms and protocols established for the area. Infants must be taken to the health center by their parents or by their caregivers for growth and development check-ups in accordance with the norms and protocols established for the area. Priority is given to newly born babies and to infants younger than 36 months old (Table 2).

### Education

The target member must be enrolled and must remain in the educational system, whether at the initial, primary, or secondary level. This condition is verified with the attendance record and allows for a maximum of three absences per month. However, the member's enrollment and evaluation results are verified once a year if the student does not have an attendance record.

Table 2: Frequency of health visits according to target member

Conditionality	Age	Type of Verification
Pre-birth check-up	A pre-birth check-up every month from the day the pregnancy is identified	Attendance
	1 to 11 months old	11 check-ups, one every month
Growth and development controls	12 to 23 months old	6 bimonthly check-ups (at 12, 14, 16, 18, 20, and 22 months)
	24 to 59 months old	12 check-ups - four per year (at 24, 27, 30, 33, 36, 39, 42, 45, 48, 51, 54, and 57 months)

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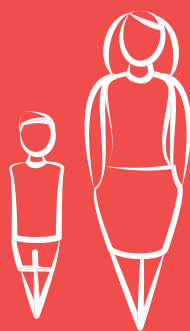
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