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**PROGRESA:
An Integrated
Approach to Poverty
Alleviation in Mexico**

By:
Leigh Gantner

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Edited by:

Per Pinstrup-Andersen (globalfoodsystem@cornell.edu) and Fuzhi Cheng
Cornell University

In collaboration with:

Søren E. Frandsen, FOI, University of Copenhagen
Arie Kuyvenhoven, Wageningen University
Joachim von Braun, International Food Policy Research Institute

Executive Summary

In 1997 the government of Mexico implemented PROGRESA (Programa de Educación, Salud, y Alimentación), an integrated approach to poverty alleviation through the development of human capital. PROGRESA was one part of a larger poverty alleviation strategy, and its role was to lay the groundwork for a healthy, well-educated population who could successfully contribute to Mexico's economic development and break the intergenerational cycle of poverty. The program offered conditional cash transfers to the rural poor in exchange for sending their children to school and for regular attendance at health clinics and *pláticas* (small group sessions focusing on health and nutrition education). The conditional cash transfers replaced many earlier programs focused on poverty alleviation through the delivery of food subsidies and other in-kind transfers, which for political and logistical reasons often did not reach the rural poor in great numbers and were largely regarded as inefficient. The conditional cash transfers were demand-driven interventions that sought to remove many of the practical barriers and opportunity costs rural families faced in attending health clinics and sending their children to school (for example, children were often taken out of school to earn income for the family). The program sought to work with program beneficiaries and enable them to take responsibility for their own family's welfare.

Overall, the program was found to be quite successful in improving conditions of the poor. Owing to an emphasis on evaluation from the program's inception, the program design and data collection strategies have allowed for extensive documentation of these successes. For instance, attendance in secondary school has increased by more than 20 percent for girls and 10 percent for boys in beneficiary households. PROGRESA children had a 12 percent lower incidence of illness than non-PROGRESA children. PROGRESA increased the number of prenatal visits in the first trimester of pregnancy by 8 percent. Food expenditures in PROGRESA households were 13 percent higher than in non-PROGRESA households, with PROGRESA households consuming higher-quality foods and more calories. PROGRESA children aged 12–36 months were on average one centimeter

longer than non-PROGRESA children of similar ages.

PROGRESA was not, however, without its challenges and disappointments. Although school attendance improved, school performance lagged behind. Concerns were raised about the increased workloads of teachers and health professionals, as well as rural women, who bore many new responsibilities in the program. The new organization of PROGRESA (requiring the collaboration of several agencies) also raised new political and organizational challenges at the national and state level, and PROGRESA (now called Oportunidades) faces the ongoing challenge of maintaining program consistency and sustainability until all program objectives are met during continually changing political times.

The government of a developing country would like to initiate a poverty alleviation program similar to PROGRESA. What suggestions to improve the program would you make?

Background

In 1997 the government of Mexico implemented PROGRESA (Programa de Educación, Salud, y Alimentación), an integrated approach to poverty alleviation through the development of human capital. PROGRESA was demonstrated to be a successful human development program and has consequently become a template for other poverty alleviation strategies in Central and South American countries. PROGRESA adopted an unusual approach that may have been key to its success. It integrated three essential components of human development—education, health, and nutrition—while enabling Mexico's poorest citizens to take responsibility for their own health and education decisions. PROGRESA was also notable for the attention it paid to evaluation, without which the successes of the program would clearly have been much more difficult to show, particularly in changing political times. In 2000, as the political administration in Mexico changed, PROGRESA transitioned into the Oportunidades Program, which continued many of the successful elements

of PROGRESA while integrating some suggested improvements.

PROGRESA began under the administration of President Ernesto Zedillo in 1997, partly in response to the significant economic downturn in late 1994 that threatened Mexico's poorest citizens most acutely. The administration and key poverty experts recognized the need to rethink and reorganize earlier poverty alleviation programs—most notably food subsidy programs, which largely served as income transfer programs—to protect Mexican citizens from future shocks and propel the poorest citizens into more secure economic circumstances (Levy 2006). Designed to replace many earlier subsidy and poverty programs, PROGRESA encouraged several ministries within the Mexican government to work together (that is, to work horizontally) to implement this complex and integrated program. At its launch, the program served 300,000 families in 6,344 localities in 12 states with a budget of US\$5.8 million (Levy 2006). The program was gradually phased in over several years, targeting the poorest people in marginalized areas first (a population with historically low service access). About half of the initially targeted localities received the program the first year, with similarly poor localities receiving the program in the following years. This staged implementation occurred for practical logistical reasons, but also allowed researchers to evaluate the program's impact by comparing program and nonprogram areas. Today the Oportunidades Program serves both the rural and urban poor—nearly 25 percent of the Mexican population—and is the largest poverty alleviation program in Mexico (Levy 2006).

Why PROGRESA?

PROGRESA was originally conceived to correct some of the problems seen in other Mexican poverty and food insecurity alleviation programs, while taking a more comprehensive approach to human capital development. The following points outline what made PROGRESA different from some earlier Mexican social programs, and most important, how these design features contributed to some of its successes and challenges.

First, PROGRESA made considerable effort to target the poorest households within impoverished communities. Poor communities were identified using a marginality index derived from census data;

then community-wide surveys were conducted within these communities to identify the poorest households to be targeted by the program. These families were those most likely to benefit from services. In contrast, other social programs, like subsidies for tortillas, experienced considerable leakage to nonpoor households. This leakage undermined the success of other programs by thinly spreading benefits among disadvantaged households while greatly raising government costs (Skoufias 2005). The process used to identify poor households in PROGRESA also made the program less susceptible to political influence and abuse, which in the past had undermined poverty alleviation programs by directing benefits to favored political zones or households and not necessarily to where they were most needed (Skoufias 2005).

Second, PROGRESA minimized many of the market distortion effects of earlier subsidy programs. Food subsidy programs in the past functioned largely as income transfer programs, with beneficiaries receiving either free or reduced-price food. In the years since those subsidy programs were initiated, food subsidies were shown to be an inefficient mechanism for transferring income. Poor families can only consume so much food, and so the impact of the program is automatically limited. Many food subsidies reached wealthier families, whereas many poor rural families were unable to benefit from the programs because of the logistical difficulty of transporting and storing food over long distances to isolated locations. Food subsidies also distort the market prices of food, creating inefficiencies in food production and consumption.

Third, PROGRESA had lower national administrative costs than many other social programs. Evaluations by IFPRI showed that for every 100 pesos spent on PROGRESA, 8.2 pesos were spent on program and administration costs. In contrast, food subsidy programs in place before PROGRESA, like LINCOSA (milk subsidy) and TORTIBONO (tortilla subsidy), had program costs of 40 and 14 pesos respectively (Skoufias 2005). One reason PROGRESA was able to achieve this efficiency was its large scale: it was able to spread fixed overhead costs among many beneficiaries. PROGRESA also made use of cash transfers (instead of food donations or subsidies), which helped keep transportation and storage costs low. The integration of PROGRESA into existing educational and health care systems also kept costs low. PROGRESA

provided few supply-side enhancements to these systems, instead focusing its resources on transfer incentives to program beneficiaries (Levy 2006). Consequently, it could be argued that PROGRESA created some new costs within the integrated health care and educational systems, as well as at the household level, that are not fully accounted for in cost analyses. These topics will be discussed further in the section "Policy Issues."

Fourth, the multisectoral focus of PROGRESA recognized the integrated nature of education, health, and nutrition. Improving people's educational achievement is essential to improving the economic potential of households and of the country as a whole. Yet improving access to education is not sufficient to achieve improved educational status among children and young adults. Children who are sick, hungry, or malnourished face considerable barriers to learning, some of which are easily reversible with appropriate access to health care and adequate food. Indeed, poor health care and inadequate access to nutritious food also prevents adults from achieving their full economic potential (for example, anemia has been shown to decrease the work potential of women in Mexico; Haas and Brownlie 2001), with rippling consequences for the household and economic development.

Treating health care and food access issues independently misses the crucial interdependence of these factors for human development. Research has clearly demonstrated that being malnourished greatly increases an individual's susceptibility to sickness, can exacerbate the effects of that sickness, and can increase the risk of long-term morbidity and mortality (Pelletier and Frongillo 2003). Likewise, sickness can create malnutrition by reducing an individual's ability to work or to grow or buy food. The relationship of sickness and malnutrition is a downward spiral of suffering, hunger, and poverty that can have intergenerational effects when adults become too sick to work and children grow up without adequate access to food, education, and health care.

Fifth, PROGRESA worked to negate the opportunity cost many poor families faced in choosing to send their children to school rather than into the workforce. Poor families often rely on the wage labor of their children, even if they recognize the importance of education and wish to send their children to school. PROGRESA provides educa-

tional transfers to households whose child achieves at least an 85 percent attendance rate at school, with even higher transfers for older children (of secondary-school age) who are more likely to drop out to join the workforce (Skoufias 2005).

Sixth, PROGRESA worked to address several issues of inequality that hindered human development in the past. Cultural biases against girls' attending secondary school and the financial benefits families accrue from the marriage of their young teenage daughters have hindered girls' educational achievements. To encourage families to send girls to school, PROGRESA provided girls with a higher transfer for attending secondary school than similarly aged boys. Also, by design, food and educational transfers were given to women heads-of-households with the reasonable belief that women were more likely to spend the transfers on improvements for their family. Program designers also believed this arrangement would empower women with more control in overall household decisions (Skoufias 2005). Although this does seem to have been the case, PROGRESA also created new duties and time-consuming tasks for women, which will be addressed further in "Policy Issues."

Components of the Program

PROGRESA had two major components: (1) education promotion and (2) health and nutrition improvements.

The objectives of the educational component were to improve the school enrollment, attendance, and educational performance of children in targeted households. To achieve these objectives, PROGRESA applied four mechanisms:

1. a system of educational grants;
2. monetary support for acquisition of school materials;
3. strengthening of the supply and quality of educational services; and
4. cultivation of parental responsibility for and appreciation of the advantages stemming from their children's education (Skoufias 2005).

The educational grants were used to encourage parents to send their children to school, with higher transfers for secondary-school students and

for girls. These cash transfers were given to mothers every two months provided their child had achieved an 85 percent attendance rate. Frequent failure to meet the attendance requirement caused a permanent loss of benefits. Schools kept records of attendance and sent them to the central PROGRESA office, which awarded the benefits. Mothers were required to go to designated locations within their community to receive the educational transfer, possibly incurring significant time and transportation costs. To prevent any fertility consequences of the program, educational transfers were only provided to children over seven years of age. Additionally, to prevent dependence on the program by participating families, the total monthly transfer (including educational grants and food transfers for health care visits) was capped. The amount of the educational transfer was adjusted every six months to maintain the real cash value of the benefit.

Households also received an allowance for school supplies. If the child attended one of the many public schools, these supplies were provided directly to the school. In other cases the families received an allowance directly.

PROGRESA provided fewer resources for strengthening the quality and supply of educational services than it did educational grants. Overall, PROGRESA was designed to be a demand-side intervention that reduced barriers to receiving an education among poor families rather than a supply-side intervention that would increase the availability of educational resources.

The second component of PROGRESA sought to improve the health and nutritional status of all household members, with special emphasis on maternal and child health. The primary approach was preventive health care to enable households to recognize and ward off common causes of illness and thus decrease their incidence. To achieve this end, PROGRESA provided the following services and supplies:

1. a basic package of primary health care services;
2. nutrition and health education;
3. improved supply of health services, including continuing education for doctors and nurses;

4. nutrition supplements for pregnant and lactating women and young children; and
5. cash transfers for the purchase of food (Skoufias 2005).

All household members were expected to attend a regular schedule of health clinic appointments, focused on primary care. In exchange for maintaining this schedule of visits, families received a grant for the purchase of food once every two months. Pregnant and lactating women and their young children up to the age of two years were seen most regularly—every one to three months, depending on the stage of gestation or the age of the child. Other adults and non-childbearing women were scheduled to be seen once a year. Although technically the failure of even one family member to attend one of these visits jeopardized the household's opportunity to receive the food grant, some liberty to reschedule less critical appointments was allowed (Skoufias 2005).

In addition to complying with required primary health care visits, members of beneficiary households were also expected to attend regular nutrition and health care classes called *pláticas*. Because mothers were the primary caretakers, these classes were directed toward them, but all community members were invited to attend. The goal was to create a community atmosphere of preventive care that reinforced household and clinical efforts. Classes covered 25 different topics ranging from nutrition and family planning to immunization and hygiene. Participants were taught, for example, how to recognize the signs of illness, how to reduce health risks, and how to follow procedures given during their primary care visits (Skoufias 2005). The clinic maintained attendance records at health clinic visits and *pláticas* to qualify households for the food grant.

Another major part of the health and nutrition component of PROGRESA was nutritional monitoring. Pregnant and lactating women, infants, and children up to the age of five years were closely monitored for signs of malnutrition. When identified, these individuals were given nutritional supplements. Limited resources were also available to improve the quality of care in health clinics, but as with education, PROGRESA directed more resources to reducing barriers to receiving good health than to increasing the supply of that care (Skoufias 2005).

Evaluation

From the beginning PROGRESA was designed for rigorous evaluation. The logistical challenges of rolling out a large program like PROGRESA required that the program be implemented in stages, with certain regions receiving the program initially and other regions following suit in a couple of years. This approach created a natural opportunity for an experimental design: regions receiving the program could be compared with similar regions (in terms of socioeconomic indicators, population demographics, and other factors) as yet without the program. In addition, data were collected on households before and after they enrolled in the program. Overall, data were collected from a variety of sources, including extensive in-house interviews with program beneficiaries, interviews with teachers and health professionals, observation of program components in action, and focus groups with beneficiaries.

After two years of program implementation, the International Food Policy Research Institute (IFPRI) evaluated the program and found that overall PROGRESA had made progress in achieving its goals. Specifically, PROGRESA increased enrollment in secondary schools, with the biggest impact among girls (enrollment increased 10 percent for boys and more than 20 percent for girls) (Skoufias 2005). Although enrollment in Mexico is typically high in primary school, it declines sharply after the sixth grade. Consequently, increased enrollment in secondary school was estimated to increase the average school attainment by 0.42 to 0.90 years for boys and 0.73 years of school for girls (Behrman et al. 2004). The program also increased clinic visits and improved some measures of nutritional status among infants and children. Women's visits to health clinics during their first trimester increased by 8 percent, and this increase was demonstrated to improve the health of infants and pregnant women. Young children (ages 12–36 months) in PROGRESA were on average one centimeter longer than young children in non-PROGRESA localities. Young children (ages one to five years) in PROGRESA were also 12 percent less likely to get sick. Some of these improvements could have been due to improved nutritional intake in PROGRESA households. Median food expenditures were 13 percent higher in PROGRESA households (including higher intakes of fruits, vegetables, meats, and other animal foods), and median caloric intake increased by 10.6 percent, with PROGRESA

households reporting that they were eating better. Overall, these improvements were expected to significantly increase the overall productivity of young children when they reached adulthood. Adults participating in PROGRESA also reported improvements in ability to work and fewer days of sickness (Skoufias 2005).

The evaluation of the first few years of PROGRESA also revealed several areas in need of improvement, some of which were addressed later in Oportunidades. For instance, although PROGRESA improved school enrollment, it had less impact on school performance and regular school attendance. Oportunidades attempted to address this aspect of the program through measures like linking the successful completion of a grade with bonuses. PROGRESA was also shown to have a much greater impact on secondary school enrollment than primary school enrollment (which was already quite high), so Oportunidades shifted resources from encouraging primary school attendance to promoting secondary school attendance and eventually provided resources to encourage high school attendance (Levy 2006).

Policy Issues

Ensuring Receipt of Benefits by Targeted Population

While the idea of targeting poverty alleviation programs to those who could most benefit was not new, the success of PROGRESA in generally reaching the designated population set the program apart from most other poverty alleviation programs in Mexico at that time. Poverty alleviation programs in the past failed to reach many rural localities, where the majority of the poor lived, for logistical and political reasons. For instance, food subsidy programs required adequate rural infrastructure to store and transport food over long distances, resources often lacking in remote locations where many poor households lived. Consequently, many programs disproportionately benefited easy-to-reach urban dwellers, who made up a smaller percentage of the poor (Levy 2006). The poor in rural areas were also less likely to organize, owing to their isolation and dispersion, making them less politically potent.

Because PROGRESA offered cash transfers (with the exception of nutritional supplements for

women and young children), the program required fewer physical and administrative resources to distribute benefits, making it more adaptable to the rural landscape. But most important, from the program's inception PROGRESA administrators effectively positioned the program to make it less susceptible to political influence and manipulation, forces that in the past had steered benefits from other programs to urban and less-poor populations. Although a full accounting of the steps taken are beyond the scope of this case (see Levy 2006 for more information), a few points in this regard should be discussed. First, in developing PROGRESA, Mexico relied heavily on expertise from researchers and other professionals in poverty alleviation and human development, helping to decouple program design from more vested political interests to some extent. For instance, many food subsidy programs had been criticized for doing more to aid well-off agricultural producers (who used the program as a profitable marketing strategy) than to improve the well-being of poor beneficiaries.

Second, PROGRESA adopted transparency and accountability in all program activities. Thus, all program activities, including program targeting and enrollment, were open to viewing and scrutiny. Outside institutions took advantage of the availability of these data to evaluate program effectiveness and fairness. The appearance of a "clean" program helped convince Congress and dueling political parties that PROGRESA was not unfairly benefiting one party over another, and thus most politicians could support PROGRESA without incurring political risk.

Third, the centralized nature of the program created fewer intercessors between the national government and program beneficiaries—benefits proceeded from the central ministry to program beneficiaries passing through only a few administrative hands. In the past, less centralized programs were more susceptible to political manipulation and corruption as program benefits were used to further local political ends (Levy 2006).

Setting the Right Conditions

PROGRESA was designed to encourage behaviors deemed appropriate and instrumental for human capital development in Mexico, by conditioning cash transfers on compliance with school

attendance and health clinic visit requirements. For conditioning to work, however, program administrators must ensure that programs are structured to encourage the intended behavior change while minimizing unintended, and potentially damaging, behaviors. Achieving successful conditioning requires detailed information about the culture and dynamics of the population to be targeted. For instance, PROGRESA conditioned cash transfers on school attendance but not school performance. Consequently, evaluations revealed that some students were showing up to school but not succeeding academically, ultimately minimizing the program's effectiveness.

Program administrators must also be sure they are offering incentives at the right level. For instance, if households are not offered a high enough cash incentive to take their children out of the workforce and send them to school, conditioning cash transfers on school attendance is likely to fail. On the other hand, too high a cash transfer for school attendance may discourage adult household members from working, create dependency, or have inadvertent effects on fertility. Thus, maximum monthly household cash transfers (including the cash transfer for school attendance, school supplies, and health clinic attendance) were capped at a level judged to prevent these unintended effects.

Cash Transfers, In-Kind Transfers, or Food Subsidies?

PROGRESA departed from many other poverty and hunger alleviation programs at the time by offering beneficiaries cash instead of food or food subsidies. Food from subsidy and transfer programs can be consumed directly by beneficiaries or sold in the open market, but this food is generally regarded as a poor mode of hunger and poverty reduction for reasons already discussed. Cash transfers, on the other hand, increase the amount of money in the hands of community members and stimulate demand for food (and possibly other needed goods), with positive multiplier effects for rural economies. Cash transfers also have, however, potential drawbacks. If the supply of food in local rural economies is inelastic, increased demand could cause food prices to rise, negating any benefit of increased household income. Evaluations of PROGRESA, however, showed that this inflationary effect on food prices did not occur (Hoddinott et al. 2000). Additionally, concerns were raised that

“free money” would be squandered on “men’s vices” like alcohol and cigarettes. Overall, however, evaluations showed that on average 72 percent of the transfer was spent on food, with the rest of the cash going to other needed household items like clothing or home improvements (Hoddinott et al. 2000).

Additional Indirect Program Costs

Other indirect program costs include the cost to medical clinics and schools to serve increased numbers of program beneficiaries, many of whom may require more than the average amount of resources owing to their ill health and lack of earlier education. This increased demand could affect service quality or lead to service rationing. Staff members also incur a time cost, which was not reimbursed, when keeping track of program attendance. Program beneficiaries, particularly women, incur costs from their participation in the program. Getting to cash transfer distribution points and health clinics costs beneficiaries time and money. Some women face increased work at home because their children are at school and not performing household chores. Some concerns have also been raised about whether transferring cash benefits to women in exchange for their “being better mothers” reinforces normative gender roles (Luccisano 2006). What effect does this have on family dynamics? And should mothers be the only household members burdened with these additional responsibilities?

Inter-Ministry Collaboration and Conflict

The implementation of PROGRESA relied heavily on existing educational and medical resources. Generally, the ability of these resources to grow arose from the political pressure placed on the appropriate national ministries to shift their resources and attention to PROGRESA. Coordination and cooperation among these ministries and agencies was not, and is still not, without its complications and conflicts. The Mexican government continues to struggle with designing the appropriate incentives and structure to encourage greater horizontal linkages among agencies (Levy 2006).

An additional source of conflict among government agencies arose from PROGRESA’s funding mandate, which stated that PROGRESA was to

replace many of the old poverty alleviation programs, while continuing social welfare programs were to shift many of their resources to promote PROGRESA’s objectives. Not surprisingly, bureaucrats working for other social welfare programs wanted to protect and expand their agencies’ programs and resources. Politicians looking to garner public notice also had incentives to add new social welfare programs to PROGRESA or to siphon resources to entirely new initiatives. These new programs could draw resources away from PROGRESA, jeopardizing its ability to meet medium- and long-term objectives (Levy 2006).

To Evaluate or Not to Evaluate?

As already stated, evaluation played a critical role in PROGRESA’s development and continuation through changing political times. From the beginning, PROGRESA made evaluation a major component of the program design and roll-out and dedicated the needed resources. Although evaluation costs money, a well-planned and ongoing program evaluation can discover problems in program implementation, adjust program design to better meet program objectives, and in the case of successful programs, ensure funders that programs are worth continuing.

Stakeholders

Poor Rural Families

Poor rural families are the primary beneficiaries of PROGRESA and as such have the most to gain from the program. Nonetheless, as discussed, the program imposes costs on beneficiaries. Women in particular incur significant time and transportation costs to meet the conditions of the program. Yet evaluations of beneficiary perceptions of the program generally have shown positive feelings toward the program (Levy 2006). Evaluations of PROGRESA clearly show that poor rural children are benefiting from the programs, specifically in terms of school attendance, growth, and receipt of timely health care.

Urban Families

Urban families, regardless of their income, were not beneficiaries of PROGRESA, although the later Oportunidades program does include poor urban families. Poor urban families have traditionally been

the beneficiaries of most other Mexican poverty alleviation programs for political and logistical reasons. Was it fair to target the PROGRESA program to the rural and not to the urban poor?

Teachers and Administrators in Rural Schools

Teachers and administrators working at schools in targeted areas reported increased attendance, likely increasing their workload without concomitant increases in resources. Some students attending school for the first time were cognitively behind their peers, requiring additional time and attention from their teachers and thereby reducing the already limited amount of time teachers can spend with students (Behrman et al. 2000; Escobar and González de la Rocha 2000). Teachers and administrators were also charged with keeping track of school attendance, a task that was reportedly not always carried out accurately or completely (Luccisano 2006).

Health Care Professionals in Rural Clinics

Like teachers, health care professionals could have experienced increased caseloads as a result of PROGRESA and faced increased time costs associated with keeping track of program participation, including participation in pláticas. Improving the quality of health care supplied by these providers continues to be a goal of Mexican poverty alleviation programs.

Staff and Advocates of Other Poverty Alleviation Programs

PROGRESA was designed from the outset to replace many earlier poverty alleviation programs. As discussed, this design caused some tension among existing agencies, which were now compelled to work in collaborative relationships not previously encouraged. Institutional turf issues and a history of vertical management in program ministries made the transition to PROGRESA-style programming an ongoing challenge. Oportunidades, as a continuation of PROGRESA, has become the largest poverty alleviation program in Mexico, consequently attracting much attention as other politicians and program planners try to carve out space for their own “new” poverty alleviation program.

Policy Options

Whom to Target?

From the start, PROGRESA invested intellectual and financial resources in targeting program activities to the poorest households within the poorest rural localities. Although it seems commonsensical to target limited program resources, targeting does require resources that could otherwise be spent on direct program services. Theoretically, targeting is a good use of program resources when the benefits of targeting exceed the costs of not doing so. In the case of PROGRESA, an IFPRI analysis from the first two years of the program found that targeting resulted in an efficient use of program resources and that the targeting formula generally identified those most in need (that is, was a sensitive indicator), while excluding those least likely to benefit (that is, was a specific indicator). A few areas for improvement in the targeting system were identified and corrected in later rounds of the program (Behrman et al. 1999).

Targeting is also susceptible to political pressures, regardless of the size of the benefit-cost ratio. On the one hand, politicians may wish to curry favor by offering a program to all their constituents regardless of need. On the other hand, politicians concerned about an image of government waste may want to demonstrate effective government targeting of social programs. Targeting may also create local political and social disruptions between those who are included in the program and those who are not. For instance, might local non-beneficiaries resent their neighbor’s inclusion in the program?

How to Set Conditions?

Like targeting, ensuring the compliance of beneficiaries with PROGRESA program conditions required program administrators, schools, and clinics to expend resources that could have been otherwise spent. Additionally, for program beneficiaries, complying with program conditions required time and money (such as for transportation and school clothes)—resources that may have been spent in other, potentially more beneficial, ways had the conditions not been in place. Some have also criticized the use of conditionality in the PROGRESA program for preventing the neediest families from gaining the educational and health

benefits because their overwhelming life conditions prevented them from meeting program requirements (Luccisano 2006). Nonetheless, analysis by IFPRI demonstrated not only that conditioning the receipt of program benefits encouraged program beneficiaries to engage in positive behaviors (that is, send children to school and seek out preventive care), but also that these changes are likely to lead to significant long-term increases in household earning potential and ultimately in Mexican economic development (Skoufias 2005).

Program planners must be careful, however, about how the conditions are set. For instance, PROGRESA's conditional cash transfers encouraged children to attend school until the beginning of high school, but then attendance markedly dropped. What are the benefits of encouraging these additional years of education? Would conditions encouraging high school attendance influence other areas of economic and family life? For example, would the loss of high school students in the workforce decrease immediate economic production? Would older students delay the start of families? Would the kind of conditions offered to encourage high school attendance need to be changed? For example, would larger cash transfers be required, and would additional support for school or transportation costs be necessary? As discussed earlier, PROGRESA also appeared to encourage school attendance but did not emphasize school performance. What incentives could be offered to families to ensure that students maximize educational opportunities?

Focus on Demand-Side or Supply-Side Activities

Successful school performance is contingent on high-quality schools, supplies, and teachers. Incentives to encourage exemplary school performance will falter if schools in program areas are underfunded or offer poor-quality education. Similarly, what mechanisms are in place to ensure that the highest-quality health care is, and will continue to be, provided? A tension exists between providing the right balance of demand- and supply-side interventions in complex poverty alleviation programs. Evaluation of the early years of PROGRESA showed that the educational and health care systems were reasonably able to absorb this new demand. As Mexico's poverty alleviation programs expand, however, and as new information about the

quality of programming is made available, new decisions must be made about the balance between demand- and supply-side interventions.

Program Sustainability

The objectives of PROGRESA will be realized over the medium and long term as children enrolled in the health and education programs mature, enter the workforce, and start their own families. Children who enter the program for the first time in elementary school have at least a decade of program participation ahead of them before any assessment of full program impact on economic productivity can be conducted, and it will be several decades before the long-term impact of program participation on intergenerational poverty can be determined. Unfortunately, many social programs are cut prematurely because of changes in national leadership, economic crises, and other events.

To improve program sustainability, several strategies can be considered. Strong champions for a program within the government, particularly champions at high levels of political leadership, can help sustain a program over the short and medium term, ensuring that a program receives the accolades, attention, and resources it needs. But what happens when these champions are no longer in leadership positions? Some have suggested shifting PROGRESA from a program funded year by year to an entitlement program guaranteed by law, with the condition that the program will be phased out as it is no longer needed. The appearance of political neutrality may also improve a social program's sustainability during changes in national leadership.

Program Consistency

As time goes by, PROGRESA's adherence to its program objectives can become muddled as new political leaders put pressure on PROGRESA to take up new initiatives or as new poverty alleviation initiatives are created outside of PROGRESA. PROGRESA is already an ambitious program, and asking it to do more, particularly with the same level of resources, risks doing nothing well. In addition, adding new incentives and benefits, either within or outside the PROGRESA program, in an unthoughtful way risks upsetting the careful balance of initiatives designed to enable residents to improve their lives without making them dependent

on the government for ongoing assistance. At the same time PROGRESA needs to maintain some flexibility to improve program implementation as a result of operational evaluation and changing community needs. Policy planners for PROGRESA face the challenge of pursuing strategies that continue to incur a neutral or favorable stance with politicians while ensuring that the program meets its long-term goal of human capital development.

Poverty Alleviation Is More Than One Program

PROGRESA was only one prong in a three-pronged approach to poverty alleviation in Mexico. PROGRESA's role was to build the human capital of the rural poor population by ensuring a healthy, well-educated workforce. Income generation programs (such as job creation and credit programs) were to make use of this human capital by finding productive outlets for the poor to pull themselves out of poverty. Finally, rural infrastructure development programs were to build the physical resources necessary for economic development. Although PROGRESA clearly made progress, its success in eliminating poverty is contingent on Mexico's continuing to fund and support the other elements of the poverty alleviation strategy. Some researchers have criticized PROGRESA for essentially creating better-educated citizens who are unable to find jobs to propel them out of poverty because of the low level of job creation and lack of employment opportunities in Mexico (Luccisano 2006). Any policy options considered for PROGRESA should consider the connection of those policies to other programs needed to move Mexican households out of poverty.

Assignment

The government of a developing country would like to initiate a poverty alleviation program similar to PROGRESA. What suggestions would you make to improve the program?

Additional Reading

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