SNAPSHOT OF PROGRESA/OPORTUNIDADES

Progresa/Oportunidades is a conditional cash transfer programme administered by the Federal Government of Mexico. Under this initiative, direct cash payments are provided to eligible poor and vulnerable households, who send their children to primary and secondary schools, and whose mothers and children receive regular preventive care at local health clinics. In addition, eligible households receive grants to improve food consumption and nutritional supplements for young children and pregnant and lactating mothers. The service delivery agents, such as health institutions, receive funding to ensure continuity of basic social services to the poor. Currently, Oportunidades reaches to over 5.8 million families, or 20 percent of the total population. In poorest regions such as Chiapas and Oaxaca, over 58 percent of the population is covered by Oportunidades.

Key Successes among households covered by the initiative include:

- Consumption, mostly food intake, has increased by 22 percent.
- Proportion of malnourished children decreased by 17.2 percent.
- Enrolment in secondary school increased by 11 percent among girls, and 7.5 percent among boys.
- Regular health visits have increased by 30–60 percent among young children under 5.
- Disease incidence has decreased by 12 percent among children 0–2 years of age.
- Prenatal care visits increased by 8 percent among first-trimester pregnant women, and more than 50 percent of women use contraceptive methods.

SCALING UP SUCCESS

The initiative has been acknowledged for its cost effectiveness, the adequate targeting of beneficiaries, and its ability to sustain its integrity as a rigorously institutionalized anti-poverty scheme. The key enablers for such scaled up success are strong political commitment that survived election cycles, fostering of strong national-local linkages between the federal policy makers and implementers on the ground, and introduction of sound monitoring and fiscal management systems, among others. The monitoring system of Progresa/Oportunidades and the strong promotion of a human development approach are recognized as the main innovations of this initiative. The legacy of Progresa/Oportunidades has yielded important lessons to the world, demonstrating that the overall development impact is higher when redistribution schemes are coupled with interventions aimed at improving human capital of the poor. The experience of Progresa/Oportunidades has informed similar programmes in Asia, Africa and Latin America and the Caribbean, while it also continues to benefit from other ongoing large scale initiatives such as Brazil's Bolsa Famila and India's National Rural Employment Guarantee scheme.
Scaling up local development innovations is key to achieving sustainable and equitable development, especially when these innovations are driven by national and local governments and actors. In order to best support countries to scale up proven local successes and achieve transformational changes, the UNDP Poverty Practice of the Bureau for Development Policy (BDP) works to build a solid knowledge base and to uncover systematically the enabling environment and drivers for scaling up. In this context, together with the Special Unit for South-South Cooperation we have jointly initiated a series of case studies of “scaled up” development cases. Learning from these country cases, we aim to identify key policy, institutional and political enablers and drivers for a successful scaling up process, and to inspire development partners to transform innovations into sustainable development results.

These cases demonstrate how countries, ranging from middle income countries (such as China, Costa Rica and Mexico) to low income and least developed countries (such as Mongolia and Nepal), were able to drive these processes. Their success, built on leadership and vision, was mainly relying on their own resources and human capacities. Each country story showcases a different development challenge and response—the Mexico story describes the national cash transfer scheme to address inequalities and vulnerabilities, and the China case showcases an agricultural extension programme that spurred rural entrepreneurship. The Costa Rica study addresses an employment creation effort through biodiversity preservation and eco-tourism, and the Nepal story describes the national initiative to supply small scale energy to support rural employment and basic services delivery during and in the aftermath of conflict. Finally, the Mongolia case outlines the successful transformation of Mongolia’s XacBank from a non-bank financial institution to a commercial bank, and its ascendance as a leader in providing innovative and socially responsible services to Mongolian citizens.

Each story identifies key principles, approaches, elements and methodologies that could ultimately contribute to answering the question, how is it possible to scale up a pilot/seed initiative to achieve larger and sustainable development impact? It describes the process of scaling up, capturing the key milestones in the evolution of the scaling up, and distilling the main drivers for success such as the political vision and commitment, internal and external ‘catalysts,’ and political, financial and policy enablers, as well as institutional arrangements and human capacities. The findings of the case studies will be further utilized in the UNDP guidance note on scaling up local development innovations for poverty reduction, as well as the ongoing UNDP efforts of strengthening an integrated approach for local development.

Every country case presented in the series also demonstrates how each innovation has spurred, or bears the potential to spur, a sound South-South collaboration and learning platform, and in some cases, South-North knowledge exchange. A South-South capacity and knowledge exchange initiative will follow the wide dissemination of the case studies during the upcoming South-South Expo.

The partnership expresses its sincere gratitude to the UNDP Special Unit for South-South Cooperation (SU-SSC) and Mr. Yiping Zhou, Director of SU-SSC, for their strong support to this initiative. Without their vision and commitment, this work would not have materialized. We also gratefully acknowledge country offices that have facilitated this work, peer reviewers who helped improve the quality of the case studies, and authors of each country case. Their contributions are acknowledged in each case study. Lastly, in addition to facilitating this initiative, UNDP Poverty Group colleagues have also compiled and edited all the case studies.
Summary: Scaling up of Progresa/Oportunidades as a Development Tool

In 2008, the New York Times reported how localities in Mexico have completely transformed themselves over the past decade. The article referred to how a deceptively simple government programme was rewriting social protection strategies throughout Latin America and around the world. This was only one of several media references and academic reports that have extensively documented and provided both anecdotal and analytic evidence of a social programme led by Mexico’s Federal Government.

In the mid 1990s the Mexican Government started the design and implementation of an innovative and new approach to reducing poverty. Its sustained and extended impact has been acknowledged and recognized extensively by media, academia and development partners including the World Bank and the United Nations Development Programme (UNDP). The Conditional Cash Transfers (CCTs) scheme and the integrated approach including complementary investments on the service delivery structure featured under Oportunidades (previously known as the Programa Nacional de Educacion, Salud y Alimentacion – Progresa) has clearly marked a milestone in the design and implementation of social protection strategies.

Progresa/Oportunidades has been recognized for its effectiveness in reducing poverty and inequalities, increasing enrolment and school attendance, as well as vaccination rates, and access and usage of family planning methods. It has also been acknowledged for its cost effectiveness, the adequate targeting of beneficiaries, and its ability to sustain its integrity as a rigorously institutionalized anti-poverty scheme. At the same time, it is important to note that many critics have highlighted the limitations and challenges of Progresa/Oportunidades in promoting a sustainable and comprehensive approach to pro-poor inclusive growth, or creating decent employment opportunities.

While a plethora of analyses have been conducted on the effectiveness of Progresa/Oportunidades as a development tool, this case study looks at key enablers and innovations of the scaling up process behind this initiative, which may be of use to development practitioners and policy makers attempting to scale social protection schemes at a large scale. The key enablers are strong political commitment that survived election cycles, fostering of strong national-local linkages between the federal policy makers and implementers on the ground, and introduction of sound monitoring and fiscal management systems, among others. The monitoring system of Progresa/Oportunidades and the strong promotion of a human development approach are well recognized as the main innovation of this initiative.

History and Early Stages

Mexico: Early 1990s and the “Tequila” crisis

Mexico’s economy has traditionally been dependent on the economic dynamics of the United States not only in terms of exports, but also in the capital and labour exchange. The dependence on the U.S. economy became more institutionalized through the North American Free Trade Agreement (NAFTA) that entered into force in 1994. This treaty aggravated a trend of inequality that has historically affected Mexico: a richer, more industrialized and significantly more developed northern Mexico (Baja California, Nuevo Leon), and a rural, indigenous and less developed southern Mexico (Chiapas, Oaxaca). Not surprisingly, Mexico’s entry into NAFTA coincided with the ‘Zapatista’ insurrection in Chiapas (one of the poorest states and with a significant share of indigenous population).

By the early 1990s the Mexican economy had started substantial privatization processes, especially in the banking sector. As a result of a lax regulation, credit expanded over 20 percent per year between 1991 and 1994. In 1994, a few months after Ernesto Zedillo stepped into office as President, the Mexican peso crashed. In light of this predicament, public health spending dropped from 3.8 percent to 3.4 percent of Gross Domestic Product (GDP) in a single year. Poverty levels increased from 13.54 percent in 1994 to 19.13 percent in 1998. By 1996, poverty was affecting over five million Mexican families. The crisis also widened the income distribution inequality placing Mexico among the top countries which has high rates of income inequalities.

Moreover, in 1991, President Carlos Salinas de Gortari eliminated the constitutional right of Ejidos by replacing their constitutional

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mandate with a privatization scheme. The Ejidos were a traditional communal land tenure system practiced primarily by the indigenous populations in Mexico. After the Spanish crown abolished the Ejidos, they were reinstituted during the 1930s as was promised in the 1917 constitution. However, their elimination in 1991 further exacerbated the rural poor’s vulnerability prior to NAFTA and the widespread economic liberalization (Vargas-Hernández, 2005:226–230).

In that context, inefficiencies and uneven achievements of some of the larger public funded programmes, especially those that subsidized food prices, were chronic. Several in-kind subsidies were mainly received by non-poor populations and often were assigned following a partisan membership pattern. In education, although all segments of the population were receiving the benefits of public investments, the poorest and marginalized populations were definitely lagging behind; gender gaps tended to get wider over time. Small municipalities where rural and indigenous populations live always topped the poverty rankings across Mexico’s geography.

Not until 1996, efforts to combat poverty, especially food subsidies, were managed by more than ten different ministries and federal agencies running uncoordinated programmes, most of which were concentrated in urban areas, leaving the poorest populations living in localities of fewer than 1,000 people virtually uncovered. Delivering in-kind subsidies for the marginalized population was not efficient at scale, and was not attractive in political terms, either.

Initial stages (1996): A pilot and policy discussions based on evidence

In order to address ongoing challenges that grew immensely during the ‘Tequila Crisis’ of the early 1990s, a pilot programme started in October 1995 to test the two main objections that were raised by the Mexican Cabinet against the direct transfers of cash to the poorest households: (a) the propensity of harmful consumption (alcohol, etc) and vices as a result of the cash transfers, and (b) the claim that cash to women will lead to an increase in household violence. Early in 1996, the testing included the grants being made conditional to the target population attending healthcare centres. The pilot phase was designed and implemented without a formal announcement, and this prevented federal agencies from intervening with the results. At the same time, the pilot allowed for a rigorous randomized control trial to clearly track the results.

The pilot was implemented in Campeche, involving 31,000 households and was evaluated by the Instituto Tecnológico Autónomo de México. The evaluation indicated that the federal government should consider adjusting, improving and expanding the programme. The main suggestion before moving forward was that the government agencies involved in the existing programme did not have incentives to operate an integrated large-scale initiative. The evaluation’s final report also pointed out the importance of gathering more credible data. Learning from the pilot project and having the time to adapt the programme accordingly were instrumental in solving many operational issues. As a result of the pilot, it was also decided that the entity with sufficient oversight power to effectively coordinate the various participants in the programme should be a new agency that would be given the legal powers to accomplish the task. All these factors contributed to the elaboration of a more solid proposal, resulting in the official launch of a scaled up programme by the federal government.

Progresa’s Programme Design (1997–2001)

The actual implementation of Progresa as a federal programme started officially on August 1997. Compared to the pilot phase, Progresa’s first stage incorporated a geographical expansion and a beneficiary population that was nearly ten times larger. Also, the transfer modalities were simplified through removal of any possible intermediation, and a conditionality of taking nutrition supplements and education attendance was added for receiving the cash transfers (see box 1).

Understanding and clearly mapping the incidence of poverty was essential for the overall success of the approach. Therefore, a critical element in the programme was ensuring proper targeting and setting up clear criteria for determining the eligibility.

The initial phase covered 300,000 families in rural areas. Recognizing the multi-dimensional aspects of poverty, the objectives of the programme included education, health and nutrition interventions (see box 1).

Conceptually, it was a top-down programme in which all relevant decisions were centrally made. The model of operation deliberately reduced the number of intermediaries between the federal government and the households, which in principle made the programme more effective and efficient.

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Key features of Progresa/Oportunidades (2001–2007)

The year 2000 brought one of the most important political changes in Mexico’s recent history. For the first time in over six decades, the Institutional Revolutionary Party (PRI) did not win the presidency. A new political force, Vicente Fox of the Partido Alianza Nacional (PAN), was elected President. By that time, the scandals of corruption and nepotism involving the PRI were widely reported in the Mexican media.

Box 1. Main Features of Progresa/Oportunidades*

The basic operation of the programme are the following:

The federal administrative unit determines eligibility after applying the point system to individual household surveys. Once beneficiaries have been incorporated in the programme, they must register family members with the health clinic and the school to which they are assigned. Local health and school officials periodically record a household’s attendance at clinics and schools, the requirement for which depends on the age and gender of each member. This information is sent every two months to the administrative units. The unit then calculates the payment, which is based on the number of participating children, gender, age of children or youth in school, and the reported attendance of each child at school and of mothers at health clinics. The payment is sent to a payment centre, where mothers collect the money and then dispose of it as desired. This procedure is repeated bimonthly; however, the enrolment information with clinics and schools must be updated each year.

**Education:** Grants are provided to families who send their children to primary and secondary schools. Grant amounts increase as children reach higher grades.

**Health:** Progresa provides basic health care for all members of the family, with a particular emphasis on preventive health care. This service is provided by government public health institutions, which receive financial transfers from the federal government but are managed by state and local governments.

**Nutrition:** Eligible households receive a fixed monetary transfer for improved food consumption as well as nutritional supplements for children aged between four months and four years, as well as for pregnant and lactating women.


Under these circumstances, the reaction of the new government would have been to completely distance itself from any activities of the former administration. However, the newly elected government decided to continue the Progresa programme. According to the available data and the results of the 2000 evaluation of Progresa by the International Food Policy Research Institute (IFPRI), “after only three years, poor Mexican children living in the rural areas where Progresa operates have increased their school enrolment, have more balanced diets, are receiving more medical attention, and are learning that the future can be very different from the past.”

Despite criticisms that the Progresa did not adequately address poverty in Mexico, the IFPRI evaluations did provide many useful insights, such as the positive results on school enrolment and nutrition, as well as recommendations on improving and expanding the programme.

On the supply-side the evaluation determined that the government should invest more in the quality of education since the programme did not positively impact the results of students’ test scores.

By 2000, when the transition took place, Progresa was benefiting 2.6 million families. Before 2001, the programme had mostly been implemented in rural villages with populations under 2,500. The decisions to continue the programme and expand its scope to larger populations were based on strict impact evaluations following the recommendations of the IFPRI.

The programme was subsequently renamed to Oportunidades which benefited an additional 750,000 families by 2001. Certain sub-targeting mechanisms for specific populations were devised, the most important of which was “Jovenes con Oportunidades”

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7 One such critic, Julio Bolvinik, contends that the ploy of Progresa is merely to inject capital into communites but not promote pro-poor development through structural change. He asserts: “if you inject MX$20,000,000 into the poorest neighborhoods and communities it is evident that there will be positive results.” See Bolvinik, Julio, ‘Políticas Focalizadas de Combate a la Pobreza en México. El Progresa Oportunidades;’ (in La Pobreza en México y el Mundo, Gobierno de Tamaulipas, 2005), p. 329. Also, see Ramos, Jorge (2011) ‘Asistencialista aún, la política social: expertos,’ El Universal, Mexico, www.nyurl.com/btmnw38

8 The study concluded that children will have on average 0.7 more years of school as a result of participating in Progresa. See Emmanuel Skoufias and Bonnie McClafferty (2001), ‘Is Progresa Working? Summary of the Results of an Evaluation by IFPRI,’ Food Consumption and Nutrition Division Discussion Paper, International Food Policy Research Institute, Washington D.C., 57.
By August 2006, Oportunidades was covering nearly all the population groups living in extreme poverty. Over five million households throughout Mexico were receiving direct support through Oportunidades. It is worth mentioning that strict targeting of eligible families continued during the expansion of the programme, as reflected in the data of the actual coverage by region. Understanding and mapping poverty was critical not only for the launching phase, but also for the programme’s expansion.

Table 1 indicates that the percentage of families enrolled in Oportunidades is highest in regions with the lowest human development indices.

Although the incentive-based poverty reduction programme Progresa was launched, tested and evaluated on its first phase before the launch of the Millennium Development Goals (MDGs) in 2000, the internationally agreed targets provided a useful framework under which Progresa’s main results can be analyzed. The Human Capital accumulation strategy of Progresa/Oportunidades has proven effective in impacting several indicators across the MDGs spectrum.

Box 2. Progresa/Oportunidades and its impact on the MDGs

MDG 1. Poverty Reduction

• Exposure to the programme implies a higher likelihood of owning productive assets and engaging in microenterprise activities.
• Average consumption expenditure increased by almost 15 percent between March 1998 and November 1999. 72 percent of the increase was spent on food.
• Per capita food consumption rose 10.6 percent (13.5 percent in poorer families).
• Consumption of fruits and vegetables increased by 16 percent. Food items of animal origin increased by 30 percent.
• Caloric intake of programme households rose by 8 percent.
• Households that have been in the programme for more than five years showed a permanent increase in food consumption of 22 percent, (17 percent for those in the programme for more than three years).
• Proportion of chronic malnourished children 2 and under decreased by 17.2 percent. (12.6 percent decrease for children aged 3 to 5 years)

MDG 2. Education

• Children are better prepared to enter school and have improved educational achievements.
• Enrolment in primary schools increased between 0.74 to 1.07 percentage points for boys and between 0.96 and 1.45 percentage points for girls.
• Enrolment in secondary school increased 11 percent for girls and 7.5 percent for boys.
• Besides the impact on enrolment, the main achievements in the education sector are related to the reduction in the rates of desertion and reprove.

MDG 3. Gender Equality

• The programme has been built on a positive gender bias structure, not only because the transfers are assigned directly to the mothers, but also because of the establishment of a premium on the grants for female students (MDG 2).

MDG 4. Child health

• Children are healthier and have better motor development.
• Health visits for checking children nutritional status increased in the range between 30 percent to 60 percent (0- to 2-year-olds) and 25 to 45 percent (3- to 5-year-olds).
• 6 percent increase in the share of children (0- to 2-year-olds) with permanent vigilance of their height and weight.
• 12 percent decrease in diseases (0- to 2-year-olds), 11 percent decrease (3- to 5-year-olds).
• Demand for health services in the areas covered by the programme is 67 percent higher than in areas where Progresa did not operate.
• Children covered by the programme have a 25.3 percent lower morbidity rate

MDG 5: Maternal health

• 8 percent increase in the number of first-time prenatal care visits among first-trimester pregnant women.
• Women attending regular check-ups during pregnancy increased from 84.1 percent to 88.9 percent.
• Share of women that reported never using contraceptive planning methods decreased from 49 percent to 44.7 percent.

Source: Skoufias and Washburn (2000); Gertler, Martinez and Rubio (2005); Gertler and Fernald (2004); Barham (2005); Gertler (2000); Gutierrez (2004).
The process of data gathering that the federal government set in place for the pilot phase and the subsequent implementation of the programme, as well as the emphasis on developing rigorous monitoring and evaluation practices were key mechanisms for estimating the impact of the programme. Although several other programmes have followed similar schemes, Oportunidades is the first documented experience of CCTs that were integrated under a strategy pursuing integral outcomes on health, education and nutrition standards. However, while this initiative may have had some positive impact in boosting economic activities in rural areas, it mainly served to smooth the consumption of the poor.

Although a detailed causal analysis on the overall macrolevel impact of Progresa extends the scope of this study, the initiative made efforts to respond to the increasing levels of poverty due the economic crises and structural poverty challenges.9

At the same time, it is important to note that despite decreases in the population living in extreme poverty, the recent trend has indicated an increase in absolute poverty. Many factors, both political and institutional, account for the increase in absolute poverty. Some critics in Mexico suggest that the structural poverty issues, such as access to land and other assets by the poor, have not been tackled by the Government, thus rendering the Oportunidades less effective in sustainably tackling poverty.10

Besides the impressive results in terms of estimated impacts, it is also important to bear in mind that “Progresa is the great success story of scaling up something after you had determined it was successful,”11 so a first experimental pilot was launched and evaluated before moving the programme to a larger scale. From 1997 to 2005, Progresa/Oportunidades grew rapidly, expanding in line with the geographical distribution of poverty. The initial expansion strategy gave preference to rural areas and, within those rural areas, to more highly marginalized communities.12 Currently, over five million families (22 percent of the total population) are directly benefiting from Oportunidades, indicating that besides the lessons from a development perspective, it is worth extracting key scaling up drivers and enablers from this experience.

### Key Drivers of Success in Scaling Up

#### Data, monitoring and evaluation

Since its inception, the designers and implementers of the Progresa/Oportunidades have been aware of the importance of monitoring and evaluation systems, especially mechanisms through which the final impact could be identified and measured. The solid results respond to three key factors of the evaluation stage: (a) randomized control trials;13 (b) multiple observations of the same set of families before and after the interventions; and

<table>
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<th>Federal Entity</th>
<th>Human Development Index (HDI)</th>
<th>Household Incorporated 2009</th>
<th>Beneficiaries to total state population (%)</th>
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</table>

Source: www.oportunidades.gob.mx/Portal/work/sites/Web/resources/ArchivoContent/622/Oportunidades_un_programa_de_resultados_2010.pdf


10 Ramos, Jorge ‘Asistencialista aún, la política social: expertos;’ El Universal, Mexico,2011


13 Randomized evaluations are thought to present a simple form of unambiguous evidence that is more likely to influence policy than other evidence connected with empirical development. Here, the great success story is Progresa in Mexico, which was scaled up and continued under two different administrations in part because of the positive results of randomized evaluations. See Jessica Cohen and William Easterly, eds. What Works in Development? Thinking Big and Thinking Small. Brookings Institution Press, 2009.
(c) rigorous analysis of the results in order to avoid false claims. This emphasis, which was placed on identifying the baselines even before the piloting phase, as well as the periodic monitoring and follow ups, set proper incentives for independent researchers and academic institutions in identifying both the causal linkages and the estimated quantitative and qualitative impacts.

Mexico was a pioneer in the use of sound methodologies to evaluate performance and impact of social policies since 1997. These monitoring and evaluation mechanisms led to the emergence of an implicit partnership with local and international academia, as well as with international organizations interested in analyzing the data. Debates and interactions among different stakeholders including public institutions, academia researchers, and practitioners helped improve the programme over the years.

**Vision and effective financial management: Crisis as opportunity**

When the Tequila crisis struck Mexico in 1994, it triggered the design of the *Progresa* programme, which in the opinion of some resulted in the establishment of the first effective safety net for the country’s poor. The crisis demanded policy interventions to overcome rising poverty. It is important then to consider the political environment under which the decision to run and operate a large scale CCT programme materialized. It was the vision, will and leadership of the then President supplemented by a dedicated team of specialists who shared his conviction to create a programme that could tackle the rising poverty in the country.

The crisis provided the Mexican Government with an opportunity to examine, analyze, and prioritize its public spending. It also opened a window for the government to evaluate the efficiency of its public spending on poverty reduction initiatives. Given the very tight budgetary conditions prevailing at that time, a new programme would have been feasible only if it did not put additional pressure on the federal budget.

By the end of 1997, *Progresa* accounted for less than 20 percent of the total budget, making it cost efficient compared to the price subsidy schemes to maize and tortilla. Furthermore, the programme’s limited budget requirement (under 0.5 percent of GDP) made it a viable fiscal expenditure. Unless the programme’s planned scale was feasible from a budgetary point of view, it would have been just one more in a long list of many small-scale programmes implemented in Mexico in the past. During the programme’s first four years, there was negative net pressure on the federal budget.

A critical element for the expansion of the programme was the favourable reviews it received from the Inter-American Development Bank (IDB) and other sources. In addition to the technical expertise that has been provided since 1996, the programme expansion also benefitted from substantial loans that IDB provided to the federal Government in 2001 and 2005.

**Graph 1. Poverty Rate and Beneficiaries of *Progresa/Oportunidades*, 1992–2010**


Progresa’s design also turned a budget constraint into an advantage: it established randomly selected ‘control’ and ‘target’ groups in order to yield lessons on targeting.

“The administrative costs employed in getting transfers to poor households appear to be small relative to the costs incurred in previous programmes and for targeted programmes in other countries. According to the programme cost analysis, for every 100 pesos allocated to the programme, 8.9 are absorbed by administration costs.”15 Overall, the period between 1994 to 2005 witnessed a gradual shift in resources from generalized to targeted subsidies while budget funding remained almost constant. This translated into a redistribution of subsidies directly to the poor rather than the non-poor.

Coordination federal approach: Scaling up does not happen in isolation

At the inception of Progresa/Oportunidades it was clear that the CCT programme needed to be coordinated with ongoing similar initiatives. The need to avoid redundancy demanded actions across federal agencies and municipal governments. Progresa/Oportunidades is a centrally run and centrally funded programme. The administrative unit in charge of the programme is a federal agency that gathers all the relevant data, applies the point system, determines eligibility, issues payments to households, contracts for external evaluations and coordinates service delivery with other federal ministries and agencies. Even though it is a federally run programme, the state and municipal governments in Mexico played a critical role in delivering and ensuring effective service delivery of education and health services. Substantial intergovernmental collaboration was required for the smooth running of the initiative. This points out to the important fact that CCTs can work adequately only when basic social services exist at an acceptable level of quality.16

However, more integration is needed with other existing federal programmes that boost economic productivity/employment such as the Programme for Direct Assistance in Agriculture (PROCAMPO), which provides transfers to rural farmers. Results from an evaluation study on the income multiplier effects of both Oportunidades and PROCAMPO points to their effectiveness but room to expand is possible if targeting mechanisms and complimentary policies can be implemented to overcome their shortfalls.17

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Good policies make good politics

One of the biggest obstacles to the full realization of successful social programmes is the threat of discontinuity due to political cycles. In the case of Mexico, the Progresa was continued through Oportunidades by opposing political forces. “Traditionally, each government in Latin America has torn up its predecessor’s social programmes… In Mexico .. the programme not only survived, but was expanded, both to urban areas and in size.”

Some doubt the effectiveness of randomized evaluation on policy improvement - critics point out that much of Progresa’s success in Mexico was due to political factors, particularly since municipalities that had previously voted for the party in power were more likely to be enrolled in the programme, despite attempts to depoliticize it. Even those who support that finding have observed that a nondiscretionary Progresa/Oportunidades programme paid off at the polls for the incumbent in both the 2000 and the 2006 elections, and that President Vicente Fox’s decision to expand Progresa into Oportunidades from rural areas to the cities made political sense since his party’s political base was largely urban. Under those circumstances, a good policy was also endorsed in such a way that was also likely to provide political dividends.

According to the 2008 Human Development Report, indigenous groups are more likely than other citizens to be poor, malnourished and deprived (UNDP HDR, 2008). The current

Governor of Chiapas acknowledged the benefits of CCTs and with the technical support provided by UNDP, Chiapas built on the programme in order to address the needs of the indigenous communities with a special focus on achieving the MDGs for the most marginalized. Such an approach may indicate that a programme at scale is worth an initial push in addressing critical development challenges, but having the programme as is has its own limitations in completely overcoming all the obstacles, leaving room for local responses that complement and tailor solutions to the most urgent local needs.

South-South Learning: Conditional Cash Transfers around the World

The legacy of Progresa/Oportunidades and other cash transfer programmes have yielded important lessons to the world. Progresa/Oportunidades demonstrates that the overall development impact is higher when [income] redistribution schemes are coupled with interventions aimed at improving human capital of the poor (eg. education, health and nutrition services). Another lesson is that such CCT programmes need to be coupled with measures that directly help improve productive capacities of the poor. It also points out to the importance of applying an effective monitoring and evaluation system to track the results and impact of the programme over time. The Mexico experience shows that such programmes require capacity especially at the local level, and existence of local service delivery infrastructure and mechanisms.

Based on Progresa/Oportunidades, the main innovations of CCTs contributing to further South-South learning are: (a) the use of a targeting mechanism to select the vulnerable beneficiaries; (b) the requirement that beneficiaries comply with a conditionality to access pre-determined basic social services (e.g. school attendance, health check-ups); and (c) the regular cash payments. The main focus is on the accumulation and protection of human and social capital by beneficiary families, and the alleviation of

19 The initiative prohibited the enrolment of new beneficiaries during electoral cycles.

immediate poverty. Overall, CCTs are contributing to overcoming historically high levels of inequality in Latin America, and are considered as a right step to systematically reducing poverty.

As the longest running and one of the largest CCT programmes, the experience of Progresa/Oportunidades has informed programmes in Africa (Ghana, Malawi, Zambia, Burkina Faso, Kenya, among others), Asia (the Kyrgyz Republic, Mongolia, Pakistan and Cambodia, etc) and Latin America and the Caribbean (Chile, El Salvador, Paraguay, etc). It has also benefited from ongoing large scale programmes including Brazil’s Bolsa Família and India’s National Rural Employment Guarantee scheme. The process of mutual learning is strengthening due to policy think-tanks in the South, such as the International Policy Centre on Inclusive Growth (IPC-IG) in Brazil and others.21

21 Organization of American States (www.socialprotectionet.org), Inter-American Development Bank (www.tinyurl.com/d8euj66); World Bank (go.worldbank.org/J6LLR2LU0); IBSA (www.tinyurl.com/d7gpymc)

Conclusion

CCTs are effective in preventing short-term impact of economic and other crises. The existence of CCTs can help families to keep their food consumption levels and, therefore, halt any negative impact on the nutritional intake of children as well to keep children in schools and away from child labour. This observation comes from the fact that countries like Brazil with large CCT programmes were responding better to the crisis than other countries. Mexico managed to include a new stipend designed to compensate for the increase in food prices in the grants schemes of Oportunidades, but this was only possible because the programmes were well established and were working smoothly for some time.

Although the long-term evaluations for Oportunidades still show sustained impact of the overall strategy, there are also studies pointing to the fact that the programme may have not been as successful in coping with risks for families in urban settings. Inequalities and sharp differences in the quality of services received by the poorest communities remain to be addressed, for which Oportunidades may not be adequate within its current scope. Acknowledging the remaining challenges and building on the work and achievements of Oportunidades, and in close partnership with the national and state governments, UNDP in Mexico helped the government with the design and implementation of Estrategia 100 x 100, which develops concrete and specific strategies on education, health, income generation and social infrastructure, mostly in municipalities where the majority of the population is from an indigenous ethnic origin.

The experience to date shows that in Mexico, the poverty reduction trend after 2006 has not been as encouraging as that observed during 1998 to 2006. Recent global economic and financial crises affected Mexico’s overall economic performance, noticeably reversing some of the impressive gains that had been made in the last decade. Arguably, Oportunidades prevented the situation from being worse, but such a hypothesis remains to be tested.

Lastly, Mexico’s macroeconomic strategy of free trade and liberalization should be reevaluated in order to provide a more
comprehensive approach to inclusive growth and employment creation. Recent economic trends in the United States and the industrialized world have indicated the dangers of unregulated capital flows. CCT programmes like Oportunidades can only fully reach their development objectives and eliminate intergenerational poverty if they are coupled with employment generation, asset (such as land) distribution initiatives, and added subsidies/benefits for the extreme poor.

References


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Acknowledgements

This case study was prepared by Tuya Altangerel, UNDP, Poverty Group, and Fernando Henao. Invaluable comments and advice were provided by Radhika Lal, Leisa Perch and Ryan Nehring, International Policy Centre for Inclusive Growth, and Cristina Rodriguez and Rodolfo de la Torro, UNDP Mexico Country Office, and Xiaojun Grace Wang, Claudia Vinay, Chanmi Kim and Farzand Ali. Sincere gratitude to Shams Banihani for copyediting the report.

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