The politics of conditioning social investment: evidence from Latin America’s cash transfers

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Área temática: Políticas públicas


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Resumen

Las condicionalidades forman parte de todos los programas de transferencia condicionada (PTC) en América Latina, pero existe importante variación en cómo estas son diseñadas e implementadas. Mientras que en algunos países los programas otorgan mucha importancia al monitoreo, control y sanción por no cumplimiento de las condicionalidades – básicamente suspendiendo la transferencia monetaria a quienes no cumplen- (programas de condicionalidad “dura”), otros son mucho menos explícitos en relación a las condicionalidades y más benevolentes en cuanto a su aplicación (programas de condicionalidad “blanda”). También parece haber una variación importante de esto en el tiempo dentro de cada país.

En este artículo analizamos nueva evidencia sistemática sobre la variación en el diseño y en la implementación de las condicionalidades dentro de los PTCs en América Latina. En base a un abordaje de métodos mixtos, en primer lugar exploramos la correlación entre el enfoque con que los gobiernos diseñan e implementan las condicionalidades (“dura” o “blanda”) con un conjunto de variables explicativas. En segundo lugar, analizamos los casos de los Programas PANES y Asignaciones Familiares (Plan de Equidad) de Uruguay con el fin de identificar los elementos políticos, ideacionales y técnicos que llevaron a la adopción de un diseño “blando” de las condicionalidades en ambos programas, así como los factores que explican los cambios de rumbo que se han transitado en relación al control y monitoreo de las condicionalidades, así como a la sanción de quienes no cumplen con ellas (es decir, el cambio de un abordaje “blando” a un abordaje más “duro”).

Abstract

Although conditionalities are part of every cash transfer (CCTs) program in Latin America, there is an important variation in how they are designed and implemented. Some programs place emphasis on monitoring compliance with conditionalities and establish sanctioning mechanisms, basically through the suspension of the transfer (‘hard conditionalities’); others are less explicit and put less attention in this device (‘soft conditionalities’), both in terms of design and enforcement. Also, there seems to be relevant variation within programs over time.
What explains whether governments choose to be harder or softer when conditioning transfers? In this paper we provide new systematic evidence on the variation on the degree of softness or hardness of CCT’s conditional devices. We also explore the factors explaining those differences. Basing on a mixed-methods approach, we first explore the correlation between being ‘hard’ or ‘soft’ in conditionalities’ design and implementation with a set of possible explaining variables. Secondly, we provide within case evidence for unveiling the political and/or technical processes that led Uruguay’s CCT (PANES/AFAM-PE) to move from being ‘soft’ to ‘hard’.

We find that a combination of administrative capacity building, pressure from the opposition appealing to middle and high income voters and a change in the power equilibrium among the government seems to explain why Uruguay moved from a soft to hard conditionalities’ approach over the years. This finding contributes to the research around why do governments adopt different models of conditionality, as well as why do they decide to enforce them—or not.

**Introduction**

Conditionalities are the key policy device linking Conditional Cash Transfer Programs’ (CCT) monetary transfers to human capital investment among the poor in Latin America, basically linking the monetary transfer to compliance with children’s school attendance and health checkups. Despite the fact that they are a common feature of all CCTs in the region, there is an important variation in how they are designed and implemented (Bastagli et al., 2016). In some programs this device has a secondary role compared to the monetary transfer (‘soft conditionalities’), while in others conditionalities are the key component aimed to modify the recipients’ behavior regarding health and education (programs with ‘hard conditionalities’).

Also, conditionalities’ design and implementation are not static and vary over time. In fact, several programs start with a relatively soft approach but are transformed into harder versions over the years. For example, some include conditionalities more as

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4 There is not a univocal definition of conditionality (Schüring, 2010). Some authors include the eligibility/targeting requirements established by the CCTs (Pellerano & Barca, 2014), while others refer exclusively to the conditions that programs impose to recipients in order to maintain the monetary transfer, such as children’s school and health checkups attendance (Cecchini & Madariaga, 2011). For the purposes of this paper we adhere to this second approach.

5 Some authors differentiate between mild and medium conditionalities (Cecchini & Madariaga, 2011). For the purposes of this paper, we conflate both under a ‘soft conditionalities’ approach.
a symbolic feature -almost a myth- than a real component of the program, but at some point in time the government starts to monitor and sanction noncompliance.

What explains this variations and changes? Why do governments choose to be harder or softer when conditioning transfers? While there is an extensive literature focusing on the adoption of CCTs as well as their diversity, this literature does not deal with the diversity around approaches regarding conditionalities, as well as with the factors explaining those differences. In this paper we aim to start filling this gap by studying the process leading to the adoption and implementation of conditionalities in Latin America's CCTs. We argue that a combination of ideas, actors/preferences, and state capacity is key to understanding governments’ choices around this issue.

The focus is not on why countries adopted conditionalities –which is pretty much a constant in the region- but on understanding why they choose to be hard or soft regarding conditionalities. And why do they decide to change—or not- their strategy over time?

Since our goal is both to describe and explain this issue, we develop a methodological strategy that allows us to move forward in both areas. First, we build a database based on analyzing and codifying CCTs in eight countries according to different dimensions we consider essential in defining ‘softness’ and ‘hardness’. Second, we use mixed-methods approach to test our hypothesis. While our preliminary cross-case analysis does not allow us to be conclusive regarding what causes governments to be ‘hard’ or ‘soft’ in conditioning, our within-case analysis focused on the Uruguayan CCTs does provide elements to unveil the causal mechanisms behind the government’s change from ‘soft’ to ‘hard’ between 2005 and 2013.

Our contribution is threefold. First, we offer new systematic evidence on the diversity and subtle differences that are present in eight of the region’s CCTs, providing deeper insights on the meanings of ‘soft’ and ‘hard’ programs and revealing unstudied trends on the changes experienced by CCTs around this issue across time. Second, we use a mixed-methods approach that allows to improve our causal inferences combining cross-case and within-case analysis, the latter through a theory testing process-tracing that allows us to discriminate between deductive and inductive reasoning when testing for different hypotheses. Ultimately, we contribute to the research on the often neglected question of the politics of social investment policy implementation, placing the Latin American experience with CCTs in dialogue with the social investment
paradigm, as well as with the varieties of social investment strategies and policies that are present around the world.

The paper proceeds as follows. In section 1 we describe the main features of programs with ‘soft’ and ‘hard’ conditionalities, introducing new insights to these concepts and providing new evidence on how CCTs actually behave regarding conditionalities. Section 2 contains a review of the existing literature and the possible arguments that could explain governments’ softer or harder behaviors regarding conditionalities. Section 3 describes our methodological strategy, as well as the data we used. In section 4 and 5 we test different hypotheses derived from the theory. The paper closes with a discussion of the implications of these findings and some concluding remarks.

1. The landscape of conditionalities’ design and implementation in Latin American CCTs

While a few studies indicate that there is significant variation in the design and implementation of conditionalities (Cecchini & Martinez, 2011; Cecchini & Madariaga, 2011), the main features and details of these variations remain mostly unexplored. Most of these studies classify CCTs conflating design and implementation/enforcement features. The most common typology separates CCTs in two groups (Cecchini & Madariaga, 2011)⁶. Programs with ‘hard’ conditionalities place significant efforts in monitoring compliance with conditionalities and establish sanctioning mechanisms, basically through the suspension of the transfer. In these cases, sanctions play a key role in the program, providing incentives for beneficiaries to comply with the expected behaviors; noncompliance usually translates into the monetary transfer’s suspension. By contrast, ‘soft conditionalities’ programs are those where conditionalities do not play such a relevant role in the policy design and where monitoring and sanctions for noncompliance are carried out with more flexible criteria (Schüring, 2010a). In these

⁶ The literature also identifies a third category ‘coordination systems or networks with conditionalities’, which are programs where conditionalities are negotiated with the families (within the work on ‘corresponsabili”developed closely with each family) or non-compliance is not related to any kind of sanctions (Cecchini & Martinez, 2011). Chile Solidario and Red Juntos in Colombia are examples of CCTs with this approach. In these cases, conditionalities are an instrument to promote the recipients’ participation in different public programs, as part of a wider process of improvement of their living conditions. Conditionalities are flexibly defined by the specific role they play in the contract established with each family, depending on their needs and the goals agreed with the program. For the purposes of this paper, this third ‘type’ has been left aside.
cases, families’ behavior is neither punished nor rewarded with the suspension or maintenance of the transfer. Often the main goal in these programs is to increase households’ consumption levels and the transfer is delivered mostly as a way to enforce basic rights (Cecchini & Madariaga, 2011).

We argue that deeper analysis is required to fully understand these types, considering both how programs deal with conditionalities in theory (rules and regulations) and what do they do about them in reality (actual enforcement of those rules).

In order to move forward in these two dimensions, we explore conditionalities in several Latin American CCTs and provide a brief overview of how they are distinctly applied in the region. After collecting information on a series of indicators, we constructed an index that could capture the stringency of each CCT, and how it evolved over time.\(^7\)

The first aspect worth noting is that categorizing CCTs into ‘soft’ or ‘hard’ can be somewhat misleading; differences among programs do not appear to be black and white, and are more part of a continuum with subtle diverse aspects. Following Pellerano & Barca (2014: 6) we assume that ‘there is a continuum between informal (soft) and formal (hard) conditionality in terms of the rules’ but, in contrast to their view that ‘differences between the two are sometimes blurred in practice’, we believe there is important variation in terms of implementation and, specifically, enforcement of conditionalities. There are, for example, different reasons why a CCT could be considered ‘soft’. ‘Soft’ programs are those that verify compliance and apply sanctions, but whose sanctions are quite lenient. The most prominent example of this is Brazil’s Bolsa Familia which, according to our measure, is far from being one of the softest CCTs in the region. This is so because it has clear written rules, it systematically monitors compliance, and it effectively applies sanctions. But at the same time, those sanctions are not meant to punish beneficiaries: noncompliance is seen as a ‘flag of additional vulnerability’ (Bastagli, 2009: 133), so instead of immediately suspending families, they are provided with social assistance when they do not comply.\(^8\) In this sense, the program could be considered ‘hard’ in terms of effectively applying monitoring and sanctioning procedures, but ‘soft’ in terms of the stringency of those

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\(^7\) See section 3 on details on the different components of the index and the methodology developed to code each case.

\(^8\) The family goes through several phases before definite suspension (notification, blockage, suspension, and cancellation), including social assistance for up to 12 months (Gazola Hellmann, 2015).
sanctions. Similarly, in Argentina’s *Plan Familias* (2003-2009), conditionalities did play a stronger role than in its previous CCT (*Plan Jefes y Jefas de Hogares Desocupados*), but the approach to noncompliance was similar to that of *Bolsa Familia* (although not as fully developed). However, ‘softness’ also describes CCTs which fail to effectively apply the program’s design in terms of monitoring compliance and sanctioning noncompliers. Ecuador’s *Bono de Desarrollo Humano* is an example of this: in spite of its theoretical stringent rules, there is practically no evidence that it has ever developed a systematic monitoring/sanctioning system. Several authors have, in turn, considered it to be essentially an unconditional cash transfer (Schady & Araujo, 2008; Paxson & Schady, 2010; Molyneux, & Thompson, 2013).

In addition, a ‘hard’ approach can include ‘soft’ components. An example of this is Mexico, which has been renowned for both its rigorous rules and standardized controlling procedures (Cecchini & Martinez, 2011; Fiszbein & Schady, 2009). Notwithstanding, the program also has components meant to avoid families from being expelled: suspension does not occur immediately, but only after repeated instances of noncompliance, and families personally receive a notification on the reason of suspension, with instruction on how to reactivate the transfer (Dávila Lárraga, 2016). Argentina’s current CCT, *Asignación Universal por Hijo*, is harsher than its predecessors regarding sanctions, suspending the transfer at the first instance of noncompliance. Nonetheless, conditionalities are only verified once a year, which lowers its index value.

The second issue that our description raises is that the level of ‘softness’ or ‘hardness’ in conditionalities is not static, but it evolves over time. The most typical case regarding change is that of CCTs which started soft in their initial phases, but have ‘hardened’ over time. According to our research, all of the countries reviewed experienced a change in this direction: no matter where each CCT stands in the index, there is a clear pattern of ‘hardening’ over time.

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*Sanctions vary in length according to which conditionality is not complied with (e.g. 4 consecutive months of noncompliance with the health conditionality results in a suspension).*
Colombia and Peru, for example, had relatively clear rules and established sanctions for noncompliance since the beginning, but did not apply them until several years later. Nowadays, both countries have established reliable systems that provide timely information on compliance\textsuperscript{10}. Honduras also had a similar trajectory, though its monitoring procedures are not yet fully developed: the program (currently called \textit{Bono Vida Mejor}) has been successful in controlling conditionalities regarding education, but the health conditionalities remain unmonitored (World Bank, 2016). Uruguay’s \textit{AFAM} shares this characteristic, evolving from no control to a relatively consistent monitoring of the education conditionalities, followed by immediate suspensions when noncompliers are identified.

This preliminary overview reveals the significance of digging further into conditionalities in each CCT, allowing for a more nuanced classification of programs.

2. Why do governments choose to be hard or soft in conditioning?

Following the literature, there are three main possible explanations to account for governments’ behavior regarding conditionalities: (i) governments’ ideologies/ideas regarding soft or hard approaches, (ii) the political dynamics related to evaluations

\textsuperscript{10} In Colombia, for example, the share of municipalities that verified conditionalities in 2005 was less than 15%, rising to 91% and 92% for education and health, respectively (De la O, 2015: 34).
made by diverse actors regarding electoral or political costs of softer or harder approaches and (iii) the extent to which governments are actually capable of adopting a ‘hard conditionality’ approach.

**Ideas behind different conditionalities’ strategies**

The most frequent argument for justifying the adoption of conditionalities in CCTs’ is directly related to the social investment approach. This framing establishes that while transfers provide families with a minimum income to satisfy their urgent needs, conditionalities help them to effectively fulfill their basic rights by incentivizing them to use health and education services (Gaarder, 2012). From this ‘social investment hypothesis’, conditionalities seek to promote investment in human capital in the younger generations (Rawlings, 2004) and the transfer’s suspension is central to guarantee the money transfer works as an incentive.11

A possible explanation of why governments choose to be hard or soft on conditioning derives from the extent to which they are convinced of this hypothesis. Or, in other words, the more they believe in it, the harder the approach they will adopt regarding conditionalities.

Two levels of analysis could be relevant to get closer to test this prediction: ideological cleavages and more subtle ideas on conditionalities and social investment.

**Ideological cleavages:** While it is true that previous studies reveal that the ideological cleavage does not explain CCT adoption (Sugiyama, 2011; Brooks, 2015), it is not obvious that harder and softer conditionality approaches are clearly associated with right-wing and left-wing policy positions respectively. From a theoretical perspective, conditionalities do fit with the more conservative idea that welfare recipients have responsibilities and obligations they need to comply with in order to ‘deserve’ the benefit. In this sense, the political right can be associated to CCTs where the contractual arrangement is a key part of the policy and the obligations established for the recipients are clearly defined and monitored (Lindert & Vincensini, 2009). By contrast, conditionalities defined as an instrument to guarantee recipients’ access to basic social services can be associated to a political left position (Lindert & Vincensini, 2009). A ‘soft’ approach to conditionalities is also compatible with the criticisms to

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11 However, evidence testing the specific effects of conditionalities on human capital investment shows mixed results. For a review of this literature see (Bastagli et al., 2016)
conditionalities as devices that do not recognize citizen’s basic rights (this is, basic rights should not be conditioned) and they can even become an obstacle to the possibility of exercising them, since they might leave the worse off outside the safety net (Standing, 2007b). These alignments, however, remain mainly as untested hypotheses since, to our knowledge, no systematic analysis have tested whether left and right Latin American governments think and behave as theoretically expected around this issue.

Ideas on conditionalities and social investment: While finding the aforementioned ideological alignments could shed light on how different conditionalities’ approaches are shaped by ideologies, not finding them does not necessarily tell us much about the extent to which they are shaped by an ambiguous set of ideas as the social investment framing is (Garritzmann, Häusermann & Palier, 2016). It is reasonable to expect that more ‘subtle’ ideas on conditioning, monitoring and sanctioning go beyond traditional ideological boundaries and, as it happens in many other policy issues, what actors think and are willing to say is less clear, more contradictory and less consensual than theoretically expected. We argue that unveiling this complexity is a key element for understanding why governments’ choose to be harder or softer when conditioning CCTs.

Actors and preferences from a political economy hypothesis

A second explanation to governments’ behavior refers not to ideas but to actors and preferences. This builds on the classic political economy of redistribution argument, which is relevant for at least three levels of analysis: the relationship of governments with CCT recipients, the relationship of governments with non-recipients (basically middle and high income groups), and the government-opposition relationship.

Governments/recipients relationship: There is evidence that CCTs bring electoral benefits to incumbents through recipients’ votes/support (Hunter & Power,

12 Evidence supporting this concern pose that the most vulnerable groups may be pushed out because of noncompliance (Alvarez, Devoto, & Winters, 2008) and that mothers’ rights could be threatened because of the costs that conditionalities impose them in terms of tasks and responsibilities (Molyneux, 2006; Martínez Franzoni & Voreend, 2010). Also, conditionalities are often criticized for generating discrimination against the poorest, since the process of implementation - i.e., monitoring and verification of compliance - can be invasive and stigmatizing to the most vulnerable sectors (LoVuolo, 2012; Standing, 2007b), arguments that are more compatible with the ideological left than the right.

13 Also, they might not necessarily work in most of the Latin American party systems, which are far from institutionalized. For a detailed analysis on the programmatic approach of Latin American party systems and their linkages with voters see Kitschelt, Hawkins, Luna, Rosas & Zechmeister (2010); Luna (2014).
2008; Díaz-Cayeros, Estévez & Magaloni, 2009; Manacorda, Miguel & Vigorito, 2011; Baez, Camacho, Conover & Zárate, 2012; Zucco, 2013; De la O, 2013). These studies suggest incumbency effects are being fostered by CCTs mainly through the high visibility of the programs and their characteristics rather than by clientelistic vote-buying (De la O, 2013; Zucco, 2013). But while these studies provide basis to understand why governments adopt CCTs (De la O, 2013), they do not offer a clear explanation on why governments choose to condition transfers or why they choose to be hard or soft when conditioning.

A few scholars do hypothesize about the political cost related to suspending recipients when they do not comply with conditionalities (de Janvry, Finan & Sadoulet, 2010; Schüring, 2010b). In other words, being hard on conditionalities could weaken government’s support among recipients and the aforementioned incumbency effects (Brollo, Kaufmann & La Ferrara, 2015). In sum, in order to maximize incumbency effects, governments would opt for a relatively ‘soft’ approach regarding conditionalities or manipulate their enforcement (Brollo, Kaufmann & La Ferrara, 2015).

Governments/non-recipients relationship: There is some evidence showing that middle and high income groups tend to disapprove of CCTs and defect from incumbents’ electoral bases (Corrêa & Cheibub, 2016). Conditionalities are supposed to facilitate governments in overcoming resistance from these voters (Fiszbein & Schady, 2009)- basically those who pay for resources that will benefit others and not them. Therefore, it is more likely that middle and high income sectors support transfers if they are linked to concrete efforts the recipients need to make in order to receive the money (Fiszbein & Schady, 2009: 59-60; Pritchett, 2012; Barrientos & Villa, 2015; Myamba & Ulriksen, 2016).

Despite its relevance in the literature, evidence on this hypothesis is still limited. At the aggregate level, there are no empirical systematic studies on the political drivers

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14 De la O’s (2013: 9) basic argument is program mobilization, which describes how CCTs generate benefits for groups that are likely to provide electoral support. She finds that this is the case in the Mexican CCT Progresa, in contrast to explanations linked to clientelistic practices (direct vote-buying).

15 Although the literature on clientelism around CCTs is basically focused on the extent to which these programs can manipulate targeting and eligibility rules, conditionalities can be a different way for politicians to by-pass rules with clientelistic practices. An interesting approach to this issue can be found in Brollo, Kaufmann & La Ferrara (2015).

16 Conditionalities can be a good ally for governments to ‘buy’ support for social assistance programs in highly unequal societies, where these programs can be unpopular, because they transfer money to the ‘undeserving poor’ (Morley & Coady, 2003; Hickey, 2006; Fiszbein & Schady, 2009; Barrientos & Hulme, 2008; Hanlon, Barrientos & Hulme, 2010).
for adopting softer or harder approaches in conditioning or on the electoral benefits of different approaches on conditionalities\textsuperscript{17}. At the individual level, there are signs that conditional transfers are generally more popular than similar unconditional ones, and also that when included in the policy design, conditionality increases support for these programs, especially among the better-off (Zucco, Luna, & Baykal, 2016). However, and since all Latin American CCTs have conditionalities, the question here is more the extent to which being harder in conditioning could actually make middle and high income voters more likely to support the government, while a soft strategy could harm its popularity among these voters.

In its simplest formulation, both levels of analysis could be considered sides of the same coin: governments will adopt ‘soft conditionalities’ approach when they privilege the support from programs’ direct recipients and, by contrast, they will be ‘hard’ on conditionalities when they are more concerned about middle and high income voters.

\textit{Government/opposition relationship:} Regarding the third level of analysis, several studies claim that the adoption of certain CCTs policy designs –basically those that establish clear operational rules and suppress politician’s discretion– is more likely to happen when governments face antagonistic legislatures (De la O, 2015)\textsuperscript{18}. Although this argument does not refer to why governments adopt a harder or softer approach regarding conditionalities, it is reasonable to expect that the extent to which the opposition can pressure governments plays a significant role in this issue. While this argument would work when programs clearly define conditionalities, monitoring practices and sanctions, it is not evident what would happen when programs’ designs are initially ambiguous but the political balance between government and opposition changes over time.

Also, following the discussion on ideological alignments, government-opposition dynamics might adopt different shapes if incumbents are right or left parties. While right parties’ oppositions are expected to pressure governments to be harder on

\textsuperscript{17} An exception is Brollo, Kaufmann & La Ferrara (2015) study on whether politicians manipulate \textit{Bolsa Familia}'s enforcement of conditionalities in Brazil to influence electoral outcomes.

\textsuperscript{18} De la O (2015) considers how the relative power between the president and the Congress bears an influence on CCT design and implementation in Latin-American countries between 1990 and 2011. She argues that the ‘conflict between the executive and the legislative branches of government shapes the incentives of the government to design and implement more robust policies and, in the process, enhances the government’s administrative capacity.’ (De la O, 2015: 98). Other scholars also support the idea that relative power and extent of political conflict between the actors involved in policy implementation -including bureaucratic organizations, political opposition in Congress and subnational governments in the case of federal states- is important for explaining the quality of implementation (Niedzwiecki, 2016; Van Stolk & Patil, 2016).
conditionalities—expressing both ideological preferences and interests of party core-constituency-, the electoral bases of Latin American left parties (poor & middle classes support)\(^\text{19}\) do not lead to a univocal prediction of what the Left in the opposition would do. And again, this would only work in contexts with rather institutionalized party systems, something that in Latin America remains as the exception, not the norm (Luna, 2014).

**Institutions and state capacity**

The third explanation of why governments might choose to be hard or soft on conditioning refers to government institutions and state capacity, understood as a combination of administrative capacity, policy design and implementation structure.

**Administrative capacity:** Management capacity seems to be a key requirement for programs to be able to monitor compliance with conditionalities and sanction non-compliance (Schubert & Slater, 2006)\(^\text{20}\). It is also important to guarantee that educational and health services are effectively provided in order to absorb the growing demand triggered by conditionalities (Schubert & Slater, 2006; Pellerano & Barca, 2014; Brooks, 2015). In this vein, Brooks (2015) argues that ‘unconditional programs should appeal in lower-income countries with less bureaucratic capacity and fewer support services such as education and health care that are typically associated with CCT conditions’ (Brooks, 2015: 564). Since conditionalities are a common feature of these programs in Latin America, it is reasonable to expect that countries with low state capacity choose to adopt softer strategies regarding CCTs (simply because they would not be able to implement a harder one) while countries with higher state capacity choose to be hard in conditioning (simply because they can). Nevertheless, De la O (2015) stresses that state capacity is endogenous to the political process that accounts for the robust implementation\(^\text{21}\).

**Policy design:** Policy design also bears an impact on policy implementation. The clarity on the definition of policy goals, the mix of policy instruments and the casual

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\(^\text{19}\) For a deep analysis of left parties appealing to middle and lower income classes in Latin America see Luna (2014).

\(^\text{20}\) This argument is frequently used to point out the advantages of unconditional transfers vs. CCTs (Standing, 2007a; Grosh, Del Ninno, Tesliuc, & Ouerghi, 2008; Bastagli, 2009; LoVuolo, 2012).

\(^\text{21}\) In this account, state capacity is explained by the same political process that explain the adoption and implementation of robust or discretionary CCT: ‘When facing resistance to their policies in congress, governments design more robust programs and invest in developing the capacity to implement them.’ (De la O, 2015: 98).
theory that connects goals and means are highly influential on the implementation process (Winter, 2012). In particular, ambiguity of policy goals may turn the policy subject to contestation between actors with divergent interests during policy implementation, involving within-government conflict (see Matland, 1995).

Implementation structure: The number and type of organizations involved and inter-organizational interdependence and coordination also seems to be a relevant dimension for the implementation of CCTs (O’Toole & Montjoy, 1984; Winter, 2012). Some studies on CCTs identify coordination as an important barrier for the success in the implementation process (Minujín, Davidziuk & Delamónica, 2007; Grosh, Del Ninno, Tesliuc & Ouerghi, 2008; Cecchini & Martinez, 2011). However, no evidence is available on whether this could explain why governments opt for hard or soft strategies regarding conditionalities.

3. Methods & data

Descriptive analysis

At the descriptive level, we make a stylized description of the characteristics of conditionalities’ designs and implementation, as well as their enforcement strategies, in eight Latin American countries: Argentina, Brazil, Colombia, Ecuador, Honduras, Mexico, Peru, and Uruguay.

We use information available in the programs’ official documents and operational rules, previous studies, and press analysis in order to build an index to capture the type of approach (soft/hard) regarding conditionalities adopted by each program. The index’s nine components are the following: type of actions required by the conditionalities, established procedures of how controls are carried out, established sanctions in program rules, amount of benefit affected with suspension, established frequency for non-compliance verification, controls carried out in practice, real application of sanctions, warnings for avoiding recipients to be suspended, and communication procedures. Each indicator varies from 0 to 3, where the lowest value represents the softest character of that dimension, while the highest value represents the hardest one. The index varies from 0 to 6, due to different weights assigned to each component (details on the components and coding procedures, as well as on the
weighting strategy are described in Appendix A). A blind cross check procedure was used to validate scores.

For each of our selected countries, we collected information on all indicators for at least two points in time in order to account for variation. In some cases, these points in time correspond to either the program’s own identification of phases (e.g. Perú Juntos I and Juntos II), or to the creation of a new program (e.g. Argentina’s Plan Familias, and Asignación Universal por Hijo). In countries were the program neither identifies phases nor has had new programs created, we select a second point in time where we identify some change in program rules or application of those rules (e.g. Bolsa Familia pre-2006 and post-2006)\(^2\).

**Causal inferences**

We build on a mixed-methods approach to test some of the theoretical implications that can be drawn from the literature. Our strategy includes both a cross-case and a within-case analysis.

**Cross-case approach**

We explore the correlation between being ‘hard’ or ‘soft’ in conditionalities’ with a set of independent variables related to state capacity, political economy, and ideological preferences of the government.

Unfortunately, there are some limitations to carry out this exercise properly. On the one hand, our variables of interest are not so easily quantified, so we must settle for proxies. For example, our measure of state capacity is taken from the World Bank’s Governance Index, which measures government effectiveness in very broad terms. The capacity we refer to, however, is quite specific (for example, the effectiveness of the coordination between the program’s headquarters and the education ministry). As proxies for political economy, we take two variables: the first is a measure of the share of legislative seats of the opposition party, taken from the Database of Political Institutions (DPI) (Cruz, Keefer & Scartascini, 2016). The second is the middle class’s

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\(^2\) The periods considered were the following: Perú's Juntos I (2005-2009) and Juntos II (2009- ), Colombia’s Familias en Acción (2001-2006) and Más Familias en Acción (2006- ); Honduras’ PRAF-III (2006-2010), Bono 10 Mil (2010-2014), and Bono Vida Mayor (2015- ); Argentina’s Plan Jefes y Jefas de Hogares Desocupados, Plan Familias, and Asignación Universal por Hijo; Brazil’s Bolsa Familia (pre and post 2006); Mexico’s Oportunidades (pre-2006, post 2006); Uruguay’s Ingreso Ciudadano (2005-2007), AFAM (2008-2012, and post 2012).
average score in response to a question on the World Value Survey regarding government’s responsibility to ensure welfare for all. Finally, the variable of ideology, also taken from the Database of Political Institutions, categorizes parties from a scale of 1 to 3 (1-right-winged; 3-left-winged).

It should also be noted that our limited number of cases also hinders our possibilities of performing any rigorous statistical analysis. In addition, most of these programs have not been in place for more than 10 years, which implies low variation in the independent variables considered -mainly the political ones. As a result, our findings are merely exploratory and can neither confirm nor disconfirm our hypotheses.

**Within case approach**

Although adding more measures, cases or variables can strengthen our cross-case analysis, the question on the different causal mechanisms that might explain the political and/or technical processes that lead governments with an initially soft approach move towards a harder one will remain unanswered. In this sense, we believe a causal mechanistic approach could improve our inferential leverage (Bennet & Checkel, 2015; Brady & Collier, 2010).

We analyze the main drivers for the changes that took place in one particular case (Uruguay’s CCT -PANES/AFAM_PE), going from ‘soft’ to ‘hard’ conditionalities between 2005 and 2015. Uruguay not only seems like a relatively typical case of programs that moved from soft to hard (Argentina, Colombia, Peru and Honduras are also within this category), but also had (at least in theory) no changes in terms of government ideology, since the Frente Amplio was in office during the whole period. This last feature allows us to test for an ideational mechanism around more subtle components regarding the social investment framing.

We use a process-tracing strategy to test for three hypothesized causal mechanisms. In this sense, our strategy is inscribed in a theory-testing approach, although in the process of analysis we iterate between theories and evidence (Trampusch & Palier, 2016). We test each part of each causal mechanism -as well as the three mechanisms as a whole- basing on casual process observations (CPOs) (Brady &

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23 How would you place your views on this scale? 1 means you agree completely with the statement on the left; 10 means you agree completely with the statement on the right; “Individuals should take more responsibility for providing for themselves” or “The state should take more responsibility to ensure that everyone is provided for”.

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Collier, 2010) that refer to the context and the specific processes conflated in each mechanism. In order to do this, we developed our theoretical argument and the deductive logic through which we actually do the testing, including the evidence we should expect to find if our causal theories were true (CPOs), the type of test (Van Evera, 1997; Bennet & Checkel, 2015; Beach & Pedersen, 2013) each piece of evidence represents for our theories and the sources in which we should expect to find the evidence (see appendix B). Inductive updates to our theories are explained in our narrative.

In terms of sources, we build on press and legislative records, program’s documents and evaluations, and in-depth interviews to key government officials and other relevant informants in the process of design and implementation of both policies.

Basing on the theory, our hypothesized mechanisms to explain changes from ‘soft’ to ‘hard’ in conditionalities are the following:

**Ideational causal mechanism:** The ideational causal mechanism explanation assumes that the change in the government’s strategy regarding conditionalities is due to a change in the way its officials think about the social investment hypothesis. One way to explain such change could be policy feedback: at the beginning they were not really convinced about implementing hard conditionalities, but the limited impacts of the policy in health and educational indicators made them realize they had to adopt a ‘harder’ approach for the policy to work as expected.

In order to confirm this theory, we should find in the evidence traces of either ‘soft’ views regarding the social investment hypothesis in CCTs, philosophical disagreements with it, or some indication that conditionalities were included in the programs as a mere formality. However, after program evaluations were made available, we should also find concerns about results and a clear identification that previous
weakness in conditionalities explains some of those results. This, in turn, would be followed by new views regarding the relevance of conditionalities.

Nevertheless, there is also place for an alternative explanation: the reason why the government remained soft between 2005 and 2013 was not that it did not believe in the social investment hypothesis, but that the soft approach was a negotiated strategy among different visions (softer and also harder ones) regarding conditionalities.

If this theory was true, we should find evidence of ‘softers’ and ‘harders’ among key government officials during the whole period, and an indication of a change in their positions or their relative power at some point before the main change in enforcement took place.

**Political economy causal mechanism:** The political economy mechanism we develop comprises some of the elements established in the theory, conflating in the same explanation the extent to which the government evaluates losses and gains of enforcing both regarding benefit recipients and non-recipients. We hypothesize that pressures from the opposition parties modifies the terms of this evaluation, leading government to enforce conditionalities and apply sanctions, adopting a ‘harder’ approach.
Confirmatory evidence here would reflect some kind of evaluation made by the government during the first years regarding the costs and benefits of enforcing and sanctioning, as well as pressures from the opposition trying to influence the government to adopt a harder approach. We should also find traces of the government giving credit to at least some of those pressures, and a new evaluation of gains and losses taking pressures into consideration. Absence of opposition pressures would disconfirm this mechanism.

*State capacity causal mechanism:* The third possible explanation to the change from ‘soft’ to ‘hard’ is related to state capacity. As discussed in the theory, the reason behind softness during the first years of CCT’s implementation could be the lack of state capacity, and the reason for the change could well be that those limitations were somehow overcome at some point, enabling a harder enforcement strategy.

To confirm this theory, we should find evidence on a relatively consensual view from government officials during the first years regarding limited or no capacities to enforce conditionalities. We should also find traces of a willingness to change this situation: specific actions taken to achieve capacity within the institutions responsible of implementing enforcement and significant changes in institutional capacity right before the change in enforcement took place.

4. Explaining variation in conditionalities’ design and enforcement across Latin American countries

According to our hypotheses, the value of the index that summarizes the different approaches to conditionalities could be correlated to state capacity, political economy, and/or the ideology of the government. Again, even though we identify several restrictions in our data, we perform this exercise as a first approach to the issue.
First, regarding ideology, there is no clear pattern as whether the ‘right’ tends to apply more stringent rules, while the ‘left’ does not (Figure 2). The same occurs with state capacity: there is considerable variation in countries’ state capacity, but it is not correlated with how countries apply CCTs (Figure 3). The vote share variable of the opposition in Congress, though, does reveal some correlation: as the number of seats held by the opposing party increases, the harder the approach to conditionalities is (Figure 4). Our second proxy for political economy also evidences a pattern: the more ‘statist’ the middle class (greater belief that government should ensure welfare), the softer the approach to conditionalities (Figure 5).

These preliminary findings point to the relevance of the political economy to account for variation in the stringency of CCTs. However, greater efforts will be placed in finding more precise data on the independent variables and in extending the database. This will eventually allow us to perform solid statistical analysis and find more conclusive evidence.

**Figure 2. Correlation of index and government ideology**

Source: Authors’ elaboration based on C_CCTs and DPI
Figure 3. Correlation of index and government effectiveness

Source: Authors’ elaboration based on C_CCTs and World Bank Governance Index

Figure 4. Correlation of index and share of legislative seats held by the opposition

Source: Authors’ elaboration based on C_CCTs and DPI
Figure 5. Correlation of index and belief of middle class on government’s responsibility to ensure welfare of all

Source: Authors’ elaboration based on C_CCTs and World Value Survey

5. The politics of being hard or soft in conditioning: the case of Uruguayan PANES/AFAM_Pe

Case background

In 2005 the first leftist Uruguayan government created the National Plan of Social Emergency Care (PANES), as a response against the social emergency the country was facing. One of PANES’ main components was Ingreso cuidadano (IC), a cash transfer designed to cater for families with insufficient income to cover the basic needs of food provide the better living conditions. IC required compliance of a series of conditionalities\textsuperscript{24}: enrollment and regular attendance of children into the formal education system; periodic medical examinations of children, adolescents and pregnant women; participation in community activities. Failure to comply with conditionalities appeared explicitly as grounds for suspension or loss of the transfer, indicating that the reinstatement of payment would occur when the circumstances leading to the suspension -in this case, non-compliance - ceased. PANES was a soft conditionality program. From the beginning, one of the weakest pieces of the implementation was the

\textsuperscript{24} Or counterparts (contrapartidas/contraprestaciones), as they are called in Uruguay.
control of conditionalities (Amarante, Vigorito & Ferrando, 2008), due to administrative limitations (Svalestuen, 2007), such as the absence of an electronic information system on educational attendance and medical checkups.

By mid-2007 the government cleared the doubts about the continuity of PANES and designed the strategy that would replace it. A policy package, called Plan de Equidad, took effect in early 2008, including a new cash transfer program that overlapped with an old contributory policy: Family Allowances (AFAM-PE). The new policy maintained education conditionalities, included new health conditionalities and was more explicit in relation to the control, enforcement and compensatory mechanisms for conditionalities. However, no significant changes were made to the relatively ‘soft’ design and the implementation process also remained ‘soft’ for a while. Beneficiaries were demanded to comply, but the government did not systematically monitor if this was actually occurring.

Both the legislation that regulated PANES as the one regulating the AFAM-PE program established the possibility of suspension of the cash benefit if beneficiaries failed to comply with conditionalities. However, in neither case was the mechanism of suspension clearly described. It was also unclear how the suspension would be communicated and how alternative referral services and support staff would be available for noncompliers.

Between 2005 and 2013 suspensions because of noncompliance were very rare. This situation changed in April 2013, when the government decided to suspend the transfer to all beneficiaries who were not complying with the education conditionality. In mid-2013 the government publicly communicated that around 30,000 recipients were to be suspended from the program because of non-compliance. The id numbers of all of those children and adolescents where published, so families could know if they were in that situation. Also, the government established that if families wanted the payment to be restituted they had to prove educational attainment in a private or public institution by presenting the corresponding certificate. 31,753 family allowances were indeed suspended. Subsequently, new cases were analyzed and suspended (10,510 family

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25 For a detail narrative of these issues, see Svalestuen (2007); Courtoisie (2010); Rossel, Courtoisie & Marsiglia (2014).

26 Since 1943, Uruguay has had a family allowance aim at supporting formal workers' income, which included conditionalities regarding school attainment.
allowances). Two control/sanctioning process took place in 2013, and one in 2014, 2015 and 2016.27

In 2015, a presidential decree established that controls and sanction would apply regularly and twice a year (July and December).

**Testing for causal explanations**

In order to understand why the Uruguayan government started ‘soft’ on enforcement but became ‘harder’ over time we test each mechanism separately. We conclude the analysis with a brief discussion of the extent to which each one is confirmed/disconfirmed, as well as the possibility that confirming one of them allows us to rule out some of the others.

**Ideational causal mechanism**

During the discussion of PANES and AFAM-PE, officials and academics involved in policy design showed different ideas regarding the role of conditionalities.

According to those that participated in the Commission for PANES design, conditionalities were adopted because of policy diffusion, considering the experiences that were going on in other Latin Americans countries, but in fact, they did not have a clear conviction about the importance of conditionalities (Interview with Ministry of Social Development officials and members of the Commission). Accordingly, the Ministry of Social Development (MIDES) defended in 2005 a ‘soft’ approach to conditionalities: ‘We are going to control, not to remove those recipients that don’t comply from the program -that is not the objective- but to help them to meet the mutual commitment. The objective is to help children go back to primary and secondary school.’28 Meanwhile, a legislator of the government defended in ‘harder’ vision of conditionalities in Parliament: ‘the program includes counterparts. For that it is no mere assistance; we are thinking and generating the conditions for people to overcome poverty and marginalization by their own means’.29

Nevertheless, the fail to control conditionalities during IC’s implementation produced a policy legacy, in terms of activating some opposition coming from others.

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27 Note that there were no changes in the control of health conditionalities.
29 Deputy Chamber, 12/5/2005.
parties and from some sectors of the government’s party. One member of the Commission in charge of the design of AFAM that worked in 2007 stated: ‘We were being criticized for giving money to the poor and not asking anything in return. Then began a critical juncture with regards to the role of the transfers in social assistance, and the role of the opposition in this sense; opposition also within the Frente Amplio. Some sectors within the government did not agree with not posing requirements to recipients’ (Interview with MIDES official and member of the AFAM-PE Commission).

In this context, the commission in charge of designing AFAM-PE decided to adopt some kind of conditionalities to generate political support for the reform project, following the policy legacy of the historic family allowances system existent in the country. But, in their view, conditionalities should have a marginal role: ‘Basically our emphasis was more on transfers as a redistributive mechanism and income transfer, not so much on the ability of these programs to produce better educational performance in the long run. As far as I know, conditionalities never had a predominant role in all the discussions. Yes, as is known, historically family allowances have that requirement. As we were working in a reform of the program, removing the requirement was not considered. The idea was that perhaps conditionalities could have some contribution to retention in high school. In primary school we already know that conditionalities were redundant.’ (Interview with scholar & member of the Commission). Besides, authorities of the MIDES argued that: ‘the control was not created with a desire to punish, but with the goal of ensuring compliance and respect of education and health rights.’

In this sense, it can be argued that AFAM-PE’s design and implementation was the result of an ‘ambiguous agreements’ (Palier, 2005) between the different ideas on the role of conditionalities inside the government and the Frente Amplio. The analysis of the discourses of the main actors involved in the public debate shows that, as time went on, ‘soft’ and ‘hard’ ideas regarding conditionalities inside the government were expressed more explicitly.

On the one hand, President José Mujica and some officials of the Social Security Bank (BPS) emphasized in 2012 the need to control conditionalities. In 2013, when the suspension of beneficiaries began taking place, BPS officials adopted an inflexible position, even when they were criticized by other sectors of the party and government,

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51 President José Mujica, radio program, 7/11/2012.
who demanded a grace period before suspending beneficiaries. On the other hand, some Frente Amplio legislators and MIDES’ officials criticized the decision of the government, defending a softer conception of conditionalities. Senator Rubio, for example, stated: ‘It is completely insane to eliminate those social allowances, and it is a very drastic measure to be based only on the relationship with the educational system.’ For its part, the then ex-Ministry of Social Development, Marina Arismendi, argued that: ‘education is not a counterpart of the family allowances. We’re not talking of counterpart, but we are talking about two rights, the right to education and the right to receive family allowances, which is a right of children and not of the parents’.

In 2015, in the prelude to the change of government and to Arismendi assuming again as Minister of Social Development, the different visions on conditionalities were expressed in an even more explicit way. The future minister argued that the transfers should not include conditionalities: ‘Why are [poor] people in the situation they are? Are they to blame for that? The conditionalities make people feel guilty; I give you this, but then you have to do this and that.’ Officials of the BPS answered by arguing that ‘We will comply with the law… I personally agree that school attendance should be controlled to pay family allowances.’

We also find evidence of a change in the relative power between ‘soft’ and ‘hard’ government officials, who are associated with some sort of conflict within the government (see the casual mechanism on state capacity). ‘Hard’ positions were identified in the BPS, which has the responsibility for paying AFAM and controlling the fulfillment of conditionalities, while ‘soft’ ideas were mostly present in the MIDES, which had a secondary role in decision-making and management of AFAM-PE.

In sum, there seems to be no evidence to sustain the hypothesis that the change in the government’s strategy regarding conditionalities is due to a change in the ideas about the social investment approach, especially after the evaluations’ results came out. We do not find evidence of that being the case in our interviews and documentary research. Instead, we find evidence to sustain the alternative ideational explanation.

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32 El País, 15/5/2013.
33 Ibíd.
34 Ibíd.
35 El País. 21/01/2015.
36 El País. 22/01/2015.
37 Law 18227 established that BPS was the institution responsible for verifying and controlling eligibility requirements, and the authority to carry out those controls and apply the sanctions (Article 8).
38 In fact, the only reference we found to officials considering evaluations to found its ideas regarding conditionalities is one that leads to their exclusion. The director of the Office of Evaluation and Monitoring...
that the consensus around soft conditioning at the beginning of IC and AFAM-PE was far from strong and changing ideas (as well as relative powers) of main government actors partially explain the hardening strategy of 2013. The analysis shows the existence of a deep controversy inside government over the enforcement of conditionalities, which was eventually resolved by a change in the relative power between soft and hard preferences inside the government.

*Political economy causal mechanism*

Through most of the period under study, Frente Amplio’s governments had a majority among legislators. The law that created IC received support of the opposition only in the Chamber of Deputies. In fact, during the discussion of the bill in 2005 the opposition legislators expressed its concern with the lack of mechanisms for the control of the conditionalities\(^39\). In May 2006, one year after the program had begun, several opposition legislators questioned the government on the lack of sanctioning of IC’s conditionalities\(^40\).

Two years later, in 2007, the bill creating AFAM-PE was unanimously voted in both houses. For the opposition, one of the main virtues of the program was that it established conditionalities that would incentivize children to attend to school. One opposition legislator remarked: ‘*It means that the family allowance also meets -as it has always done, although here it seeks to deepen its mission- a special role in educational matters, formalizing the participation of all these generations in different spheres of the life of the country.*’\(^41\)

As time went by and the government failed to control conditionalities, opposition parties and the main newspapers began criticizing the government. Almost every year, since 2007 to 2013, the opposition questioned the government on the ground that conditionalities were not effectively controlled\(^42\). For example, in August 2007, an article published in *El País* pointed that ‘*…the authorities announced in 2005, when...*’

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PANES was launched, that all IC recipients should present the certificates that confirmed their children were attending to school and medical checkups. If they stopped attending, the transfer was to be suspended. But reality won theory (…) Recipients were not monitored and controlled but kept receiving the benefits. Around 64 million dollars were distributed in 2006 and nobody knows if those who received them did comply with the requirements."43 In 2011, the lack of control regarding conditionalities was posed again in the media44. In December 2012, one legislator called the Minister of Social Development to a Parliamentary Commission, to question him on this issue, arguing that: “The control of conditionalities regarding school attainment and health check-ups has been a problem both for the previous administration and this. In contrast to the ministry, I think that controlling school attainment and health check-ups, which is established in the law, is an element that promotes education, not repression. I think that it is an essential device and those that do not meet that condition should lose the benefit’.

As a response to the explicit demands from the opposition in Congress and the perception of a middle-class dissatisfaction with the non-enforcement of the AFAM’s conditionalities, President José Mujica announced, on November 2012, that he would gather his Cabinet ministers to discuss how to improve the control of conditionalities. He argued that: ‘The political will to redistribute towards the weaker in society has been questioned from people from the opposition and middle-class people, in grounds of an argument that we don´t share, but we understand.’45

It is reasonable to assume that the government gave credit to pressures for enforcement coming from the opposition, fearing to alienate part of its middle-income constituency. In fact, Frente Amplio has a double support base in society, composed of middle-class and lower-income voters (Luna, 2014). In 2009, when the FA successfully competed for reelection, it lost some electoral support in all the country, and in particular, the drop in Montevideo was due to a loss of votes between middle and higher income strata (Lanzaro & De Armas, 2012; Moreira, 2010).

In parallel, public support for redistribution and helping the poor has changed in the last decades. While in 1996 the percentage of the population who believed that people are poor because they are lazy and lack of will was 12%, this number more than

44 Diario el País, 2/4/2011
45 President José Mujica, radio program, 7/11/2012.
doubled by 2006 (26%) and kept dramatically growing in the years after (reaching 45% of the population in 2011). Even if we do not have evidence that the changing attitudes towards poverty had an influence on the government decision on enforcing conditionalities, the declaration of president Mujica regarding middle-class attitude is an indication that it might have had some effect. An official from MIDES confirms this possibility when establishing that ‘2013 juncture was more complex regarding monetary transfers, social assistance in general. There were no more voices that said: rights are what matters and everything else is irrelevant. Rather, there were voices saying: we need to look after the public money’ (Interview with MIDES official, 2016).

From the opposition’s point of view, their pressure on the government to enact conditionalities was effective. After the sanctions were announced for the first time in 2013, several representatives of the opposition parties recognized it was the right measure to take, but accused the government for the delay. A few voices pointed out that ‘finally the authorities could be giving signs of listening to what we have repeated over and over, trying to alert about the misuse of public money that comes from the citizens’ pockets (...) because the goal must never be to hand a little money to those in most need, but to foster education in the new generations born in poor contexts (...) It is regrettable that so many years had to pass for the authorities to react (...) to what the opposition was saying, something that was true and not mere politics.’

The director of BPS stated how the decision was finally made: ‘I argued that that was a discussion that I was not willing to have every single year, showing a mess in newspapers on whether we have to control or not. If they want us to control, they should make a decree, and if they don’t want us to control, they should change the law. The government debated on that grounds and made a decree…’ (Interview BPS, 2016).

To sum up, our analysis confirms the existence of a political economy dynamic behind the change in the government’s approach towards conditionalities. However, the evidence only reveals that the mechanism works around the relationship of government with middle and high income constituencies, and particularly regarding the first parts of the mechanism. But no evidence was found regarding the evaluation of gains and losses within the government. Other interpretations, like the risk of losing votes among benefit

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46 Data from the World Values Survey, in El País. 13/11/2015. Another study (Americas Barometer – LAPOP) reveals that the proportion of people who believe that the state should implement strong policies to reduce inequality between the rich and the poor passed from 58% in 2008 to 45% in 2014.

47 Among others, Pablo Mieres (el diario, 17/6/2013), Daniel Corbo (13/6/2013), Correo de los Viernes, Partido Colorado’s official press (15/6/2013).

48 Editorial in El País, October 2013
recipients or facing blockages from the opposition in Congress, are not sustained by the evidence.

**State capacity causal mechanism**

**Administrative capacity:** From the beginning, the implementation of IC regarding conditionalities was extremely weak. The main obstacles of the implementation of controls in compliance with conditionalities was linked to institutional aspects (Svalestuen, 2007), basically the absence of an electronic database on educational attendance and medical checkups⁴⁹. Many of these difficulties were publicly recognized by the authorities of the Ministry of Social Development at different times of the implementation of PANES and IC⁵⁰.

After a few years, and after ruling out the possibility that the recipients were responsible for taking paper certificates to MIDES or BPS offices to certify school attendance, the government started working on ‘(...) a single system of records of Family Allowances’, and the creation of the National Integrated Information System (SIIAS)⁵¹, a project thought as an integral system of information on the state (Consejo Nacional de Políticas Sociales, 2007). According to one of the key official at BPS, they were trying to put the automatic control by cross-checking data with schools since 2007: ‘It was a long process, it wasn’t easy (...) when we entered the government there were no controls in Family Allowances [referring not to the AFAM-PE, but the historic contributory policy Uruguay had since 1943].’ In his view, the SIIAS was the platform that allowed the government to carry out the controls and start sanctioning. Views from technical official at MIDES establish that the capacity to start cross-checking information was available around mid-2012 (Interview with MIDES official, 2016).

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⁴⁹ In the case of primary education, the main obstacle was the lack of a continuous, real-time register of the level of attendance of children to schools. In the case of health check-ups, compliance information was not recorded or digitized (Svalestuen, 2007). In secondary education, at the start of the implementation of PANES the mechanism that was in use established that a list of PANES’s beneficiaries between 12 and 17 years old had to be sent to the Board of Secondary Education (CES) from the MIDES. This information was crossed with the central registry of those enrolled in secondary education. Then, lists were sent to various centers and requested attendance information for each case was registered (Courtoisie, 2010). Although the system was able to be implemented, the reception of listings on schools was irregular.

⁵⁰ ‘Government admits problems for controlling counterparties required to poor families that benefit from PANES’ Semanario Búsqueda, 28/6/2007; Interview with Oscar Gomez, 2/2/2011.

⁵¹ By that time, various projects propelled for the construction of integrated information systems and digital information consolidation started showing a considerable advance. In particular, the implementation of the SIIAS. Subsequently, the Unified Management of Records & Information Project (GURI) was created, leaned on the platform provided by the Ceibal Plan (One laptop per child Uruguayan program)
It is important to note, however, that from the perspective of a MIDES official, the SIIAS intended to ‘increase the digitalization process of the state and state institutions. This would allow us to be in a state were compliance controls were not the citizens’ responsibility (…) It was a parallel process [to the goal of controlling and sanctioning] and had other goals, different to the management of conditionalities’ (Interview with MIDES official, 2016). A scholar that worked closely related with MIDES and BPS during that time agrees that there was a process of capacity building ‘but not for that [controlling and sanctioning], for something that is much better, more global’ (Interview with scholar, 2016).

Policy design: Sandberg’s (2016) analysis of CCTs in Uruguay point out to the politics that arises from an ambiguous policy design. Specifically, he argues that the ambiguous design of AFAM in Uruguay, which simultaneously aims to alleviate poverty and invest on long term human capital, explains some shortcomings in the policy implementation. We found some evidence regarding the hypothesis that it is a change in policy design what explains a change in the government’s ‘hardening’ regarding conditionalities. In fact, there are some hints of attempts to solve ambiguity in design over the years. Part of this is observed in the founding document of AFAM-PE: it established that for the maintenance of the benefit ‘registration and assiduous attendance of the beneficiary to public or private school institutions authorized by the competent authority (…) and frequent controls and medical care provided by the public or private system’ (Law 18227, Article 6) were required. It was more explicit than PANES\textsuperscript{52} in relation to the control, enforcement and compensatory mechanisms and was very clear about maintaining ‘counterparties’ (National Council for Social Policy, 2007). However, compared to other CCTs, these changes from a more to less ambiguous formulation were minor, since no explicit rules for implementation were established until long after the process of enforcement started, with the 2015 decree.

Inter-governmental coordination: A quick review of the evidence for IC and AFAM-PE reveals the coordination effort that the implementation of these policies brought. SIIAS itself requires a high level of coordination and shared goals between the different public

\textsuperscript{52} Ingreso Ciudadano required compliance of a series of conditionalities ‘(…) such as enrollment and regular attendance of children into the formal education system; periodic medical examinations of children, adolescents and pregnant women; participation in community activities and, in general and in each case, the specific actions required for each program according to evaluations performed by the various agencies involved.’ (Law 17869, Article 8).
institutions that are relevant for controlling compliance with educational and health behavior established by the programs.\footnote{See Proyecto SIIAS – Estudio de viabilidad (2006) and Documento de Convenio de Préstamo entre Proyecto de Asistencia Técnica para Desarrollo Institucional con BIRF (7451-UR)}

Also, while IC was managed basically by MIDES and BPS was only responsible for paying the benefits, the norms that created AFAM-PE gave BPS a more important role in the implementation of the policy and, more specifically, control of conditionalities and application of sanctions.

These changes in BPS’s power seem to have modified the relative equilibrium that describes the IC implementation phase. As stated before regarding the ideational mechanism, a polarization between MIDES and BPS’s positions seems to have taken place since 2008, revealing two different approaches to conditionalities and exposing the complexity of coordinated implementation between two organizations with very different cultures. MIDES maintained a relatively soft position regarding conditionalities, while BPS defended a hard approach. Interviewed MIDES officials think BPS has a strong administrative bureaucracy used to collect social security contributions and provide pensions, as well as control for evasion. In this sense, they believe BPS primarily follows the ‘institutional mandate’ and a ‘superior value of legal formality’ when they started to control and apply sanctions. This is consistent to what BPS’s officials declare: ‘What we did was to return to controls because it is what is written in the law (...) In BPS, whether you like the norms or not, you have to adopt a professional position in order not to fail. What is in the law needs to be done. We have been asked: why do you control AFAM-PE? Because it is in the law.’ (Interview BPS official, 2016).

In sum, the evidence confirms that the lack of administrative capacity partially explains the soft strategy in IC and at the beginning of AFAM-PE’s implementation, as well as the change in control and enforcement after those capacities were reached through the SIIAS. Also, a change in the power equilibrium of the key implementing institutions seems to have been important to lead the strategy towards a ‘harder’ version. No robust evidence sustains the possibility that is the change in policy design what explains the change in enforcement.
Concluding remarks

In this paper we aimed to gain understanding on the conditionalities’ strategies that Latin American governments adopt when they design and implement CCTs. Our empirical analysis reveals the need for a deeper study that responds to the complexity around this issue, showing the diversity of approaches around different CCT models. It also showed that despite this variation, there is a common trend in the eight countries explored towards harder conditionalities’ positions over the years.

We also tried to explain why governments choose to be harder or softer when conditioning transfers. Although our preliminary cross-case exploration does not allow us to confirm or rule out any hypothesis, it point to the relevance of the political economy hypothesis to account for variation in the stringency of CCTs. Meanwhile, our ‘within-case’ analysis reveals important hints for unveiling the process of interest in other Latin American countries. Even though the analysis of each causal mechanism by itself does not permit to make robust inferences, the consideration of the four of them together does offer some answers: a combination of administrative capacity building, pressure from the opposition appealing to middle and high income voters and a change in the power equilibrium inside the government seems to explain why Uruguay moved from a soft to hard conditionalities’ approach over the years.

The premises and findings of this study call for continuity in this line of research.
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Appendix A

Table A. 1. C_CCTs Index Components and coding description.

<table>
<thead>
<tr>
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<th>Scores</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>DESIGN</strong></td>
<td></td>
</tr>
<tr>
<td>Type of actions required</td>
<td>Behaviors that recipients already fulfill or do not require much effort from them (primary school attendance)</td>
</tr>
<tr>
<td>Established procedures of how controls are carried out</td>
<td>Unclear procedures</td>
</tr>
<tr>
<td>Sanctions are established in program rules</td>
<td>Sanctions are not clearly established or not established at all</td>
</tr>
<tr>
<td>Amount of benefit affected with suspension</td>
<td>The transfer is partially removed</td>
</tr>
<tr>
<td>Established frequency of verification</td>
<td>Verification of conditionalities occur once a year</td>
</tr>
<tr>
<td>Warnings for avoiding recipients to be suspended (*)</td>
<td>There are various warnings before a family is suspended from the program</td>
</tr>
<tr>
<td>Communication procedures (*)</td>
<td>The family is personally informed when they do not comply</td>
</tr>
<tr>
<td><strong>IMPLEMENTATION/ENFORCEMENT</strong></td>
<td></td>
</tr>
<tr>
<td>Controls carried out in practice</td>
<td>Cases where there is few or no evidence of compliance control</td>
</tr>
<tr>
<td>Sanctions are applied</td>
<td>There is no evidence of actual sanctioning</td>
</tr>
</tbody>
</table>

(*) In these dimensions, a CCT is given a value of 0 if it does not actually apply sanctions, regardless of what program rules state.
**Weighting strategy:**

Not every dimension has the same weight in the final value of the index. For the purpose of our analysis, it was important to emphasize those dimensions that refer to the actual application of conditionalities. Having established procedures in the program rules is not as important as actually implementing those rules; in fact, this is the crucial distinction of most CCTs. Given this, the dimensions with the least weight are those referring to written procedures (monitoring and sanctioning rules), amount of benefit affected, and type of required behaviors. Following in importance: actual monitoring (some countries monitor but do not sanction), and communication procedures. Next: warnings to avoid recipients to be suspended and frequency of verification. Finally, the component with the highest weights is the one referring to actual sanction application. After weighing each dimension, we average the values and assign that score to each CCT (see table A.2.).

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of actions required</td>
<td>1</td>
</tr>
<tr>
<td>Sanctions are established in program rules</td>
<td>1</td>
</tr>
<tr>
<td>Established procedures of how controls are carried out</td>
<td>1</td>
</tr>
<tr>
<td>Amount of benefit affected</td>
<td>1</td>
</tr>
<tr>
<td>Controls carried out in practice</td>
<td>2</td>
</tr>
<tr>
<td>Communication procedures</td>
<td>2</td>
</tr>
<tr>
<td>Warnings for avoiding recipients to be suspended</td>
<td>3</td>
</tr>
<tr>
<td>Frequency</td>
<td>3</td>
</tr>
<tr>
<td>Sanctions are applied</td>
<td>4</td>
</tr>
</tbody>
</table>

Table A. 2. C_CCTs Index Components and weighting strategy
### Appendix B  Table A. 3. Ideational causal mechanism (policy learning)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Evidence</th>
<th>Source</th>
<th>Test type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government does not believe in conditionalities. They included them because</td>
<td>No mentions to enforcement in laws and other official documents</td>
<td>Laws and other official documents</td>
<td>&quot;Straw in the wind&quot; (no mentions do not necessarily mean that conditionalities are a formality or that the gov. is philosophically against them)</td>
</tr>
<tr>
<td>enforcement or as a formality, or they philosophically disagree with them</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No mentions to enforcement at the beginning of implementation</td>
<td>Laws and other official documents</td>
<td>&quot;Straw in the wind&quot; (no mentions do not necessarily mean that conditionalities are a formality or that the gov. is philosophically against them)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ministry’s officials declaring that enforcing conditionalities is like</td>
<td>Press and media interviews</td>
<td>&quot;Smoking gun&quot; (it would be confirmatory that the gov, has a philosophical position regarding conditionalities)</td>
</tr>
<tr>
<td></td>
<td>punishing the poor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program’s impacts are not as expected because of non-enforcement</td>
<td>Program’s impact evaluations showing no or very small impact of CCT</td>
<td>Program’s evaluation reports</td>
<td>&quot;Hoop&quot; (Affirms relevance of this possibility, but does not confirm it. It is necessary for the mechanism to work. If this evidence is not present, the policy legacy mechanism is not likely to be produced)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The idea of enforcing starts to capture the attention</td>
<td>Scholar’s and other actors believe the relevance of conditioning to</td>
<td>Media interviews to scholars,</td>
<td>&quot;Straw in the wind&quot; (Slightly affirms relevance of this possibility, but does not confirm it. The consensus does not need to be observed for the mechanism to work)</td>
</tr>
<tr>
<td></td>
<td>achieve the program’s goals of investment</td>
<td>other relevant actors, both inside</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>and outside the government</td>
<td></td>
</tr>
<tr>
<td>Key government officials change their mind or give more attention to</td>
<td>Ministry’s officials declaring that conditionalities should be enforced</td>
<td>Press articles, media coverage,</td>
<td>&quot;Smoking gun&quot; (it would be confirmatory that the gov., changed its mind). &quot;Double decisive&quot; (if combined with specific references to evaluations)</td>
</tr>
<tr>
<td></td>
<td>for the program to achieve better results</td>
<td>in-depth interviews</td>
<td></td>
</tr>
<tr>
<td>Government starts enforcing conditionalities</td>
<td>Decrees, administrative acts, transfer suspensions</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Hypothesis</td>
<td>Evidence</td>
<td>Source</td>
<td>Test type</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------</td>
<td>-------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Gov. does not enforce conditionalities as a result of a negotiated strategy between antagonistic views</td>
<td>Different views regarding conditionalities among government agencies (basically MIDES and BPS, the main implementing institutions)</td>
<td>In-depth interview, Press articles, Official documents</td>
<td>‘Hoop’ (It is necessary for the mechanism to work. If this evidence is not present, the mechanism is not likely to be produced)</td>
</tr>
<tr>
<td>Relative equilibrium in balance of power between government agencies defending softer and harder positions</td>
<td>In-depth interview</td>
<td>‘Hoop’ (It is necessary for the mechanism to work. If this evidence is not present, the mechanism is not likely to be produced)</td>
<td></td>
</tr>
<tr>
<td>'Softer’s' positions become weaker and 'Harders' positions gain power</td>
<td>Growing polarization in views regarding conditionalities (basically MIDES and BPS, the main implementing institutions)</td>
<td>In-depth interview, Press articles, Official documents</td>
<td>‘Smoking gun’ (it would be confirmatory that there are two different positions and that the distances between them grew over the years)</td>
</tr>
<tr>
<td>‘Harders’ gain support from key government actors (president, for example)</td>
<td>Press articles, In-depth interviews</td>
<td>‘Smoking gun’ (it would be confirmatory that harders gained power)</td>
<td></td>
</tr>
<tr>
<td>Government starts enforcing conditionalities</td>
<td>Decrees, administrative acts, transfer suspensions</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Hypothesis</td>
<td>Evidence</td>
<td>Source</td>
<td>Test type</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>---------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Government opts for a soft CCT</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Opposition parties and the other actors pressure the government for CCT</td>
<td>Politicians from the opposition and other actors claiming for conditionalities to be enforced</td>
<td>Press articles</td>
<td>'Hoop' (Absence of evidence would disconfirm the mechanism. The opposition’s pressures need to be present for the mechanism to work, since they are supposed to appeal middle and high income voters)</td>
</tr>
<tr>
<td>government hardening in response to its ideological preferences and</td>
<td>Legislators requesting the enforcement</td>
<td>Legislative records of congress commissions and sessions</td>
<td>'Straw in the wind' (Finding does not confirm the hypothesis, but it does strengthens it)</td>
</tr>
<tr>
<td>core-constituency preferences</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government gives credit to pressures for enforcement coming from the</td>
<td>Ministry’s officials explaining why they do not enforce and their plans</td>
<td>Press articles</td>
<td>'Smoking gun' (it would be confirmatory if government mentions the opposition’s pressures when explaining their plans to modify the strategy regarding enforcement)</td>
</tr>
<tr>
<td>opposition, fearing to alienate part of its middle-income constituency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government starts enforcing conditionalities</td>
<td>References to political pressures and the possibility to loose popularity in middle classes</td>
<td>In-depth interviews</td>
<td>'Smoking gun' (it would be confirmatory if government mentions this type of reasoning)</td>
</tr>
<tr>
<td>Evaluation of losses &amp; gains of enforcing and not enforcing</td>
<td>Decrees, administrative acts, transfer suspensions</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Evidence</th>
<th>Source</th>
<th>Test type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government considers that there are no capacity conditions for enforcing and see that as a problem</td>
<td>Declarations from gov. officials regarding capacities</td>
<td>News, legislative meetings</td>
<td>'Hoop' (Absence of evidence would disconfirm the mechanism. The lack of capacity and the government’s awareness about needs to be present in order trigger changes)</td>
</tr>
<tr>
<td></td>
<td>Evidence on inadequacy of databases, absence of control procedures</td>
<td>Secondary sources, previous studies</td>
<td>'Straw in the wind' (Finding does not confirm the hypothesis, but it does strengthens it)</td>
</tr>
<tr>
<td>Government decides to strengthen capacities and invest on it</td>
<td>Declarations from ministry’s officials pointing out the plans for building capacities</td>
<td>News, Legislative records of congress commissions and sessions</td>
<td>'Smoking gun' (This evidence would confirm the mechanism. The will of the government to build capacity is a possible trace of the mechanism)</td>
</tr>
<tr>
<td>Capacities built</td>
<td>Advances in projects for building databases, administrative procedures</td>
<td>In-depth interviews, Legislative records of congress commissions and sessions</td>
<td>'Hoop' (Absence of evidence would disconfirm the mechanism. The building of capacities need to be present in order to enable changes in enforcement)</td>
</tr>
<tr>
<td>Government considers that there are capacities for enforcing</td>
<td>Ministry’s officials declaring they now feel they have capacity and are able to enforce</td>
<td>In-depth interviews, Press articles</td>
<td>'Hoop' (Absence of evidence would disconfirm the mechanism. The fact that there are new capacities built and the government’s awareness about these new strengths need to be present in order trigger changes)</td>
</tr>
<tr>
<td>Government starts enforcing conditionalities</td>
<td>Decrees, administrative acts, transfer suspensions</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>