



**Institutional issues in designing a
conditional cash transfer program to
facilitate access to
health care and education in Haiti**

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Poverty in Haiti

- **Poorest country in Western Hemisphere**
- **75% of population lives on <\$2/day, majority on <\$1/day**
- **77% of extreme poor live in rural areas**

Worst health indicators in LAC region

- **Under 5 mortality rate 118/1,000 live births**
- **23% of children under 5 malnourished**
- **Majority of rural children under 2 anemic**
- **Life expectancy 51 years**
- **50% of Haitians have access to clean water**
- **28% have access to safe sanitation**
- **Measles vaccination rate 50%**

Education indicators also poor

- **50% literacy rate**
- **Primary school enrollment rates:**
 - **Boys, 48%**
 - **Girls, 51%**
- **Primary net enrollment rates falling since mid-1990s**

Barren social service landscape

- **60% of health service agencies non-public**
- **Public health expenditure 3% of GDP**
- **92% of schools nonpublic**
- **Public education spending 1.5% of GDP**

Haiti is not only far from being a welfare state.... The state has in fact constituted the complete antithesis of the welfare state in virtually every respect (Mats Lundahl 1992).

Conditional cash transfers popular in social protection over past decade

- **Mexico: Progresa/Oportunidades – oldest program and “Gold Standard”**
- **Other programs in Latin America**
- **Also adopted in Turkey, Malawi, Pakistan, Cambodia**
- **Large-scale implementation mainly in middle-income countries**

Could a CCT help reduce poverty and improve the well-being of Haiti’s children?

General features of CCTs

- **Provide resources to women**
 - More likely to invest in children's well-being
- **Geographic and income targeting**
- **To receive cash, beneficiary families must:**
 - Obtain health services for children
 - Enroll children in school

Impacts

- **In Mexico, Honduras, and Nicaragua, effective in providing incentives for poor families to invest in human capital, leading to:**
 - **Improved child health, nutrition, and schooling**
 - **Less child labor**
 - **Better household food security and diet quality**
 - **Increases in women's decision-making power within the household**

Institutional requirements for CCT

- **Coordination across ministerial lines**
- **Sufficient decentralization and local presence**
- **Flexible operations and contracting**
- **Complex administrative and delivery systems**
- **Transparent operations (budgeting, cash payments, monitoring, audits, public oversight)**
- **Political support**

Conditional vs. unconditional transfers

- In Africa, use of *unconditional* cash transfers
- Focus on food security, not human capital
- South Africa's child support grant to low-income families with children has positive impact on child nutrition
- Easier and less expensive to administer

Critiques and limitations of CCTs

- **Tend to be top-down (“assistentialist”)**
- **Possible conflict between beneficiaries and non-beneficiaries**
- **Target nuclear families, may undermine local social cohesion**
- **No sanctions for abuse by service providers**
- **Complaint mechanisms non-existent or ineffective**

Critiques and limitations of CCTs

(cont'd.)

- **Institutionalize women's caregiving role, reducing time for income-generating activities**
- **May fuel intrahousehold conflict and domestic violence**

Supply-side considerations

- **Poorest may lack access to health care and schools**
- **If service quality is low and/or quantity inadequate, supply side will not respond to increased demand**
- **Cash transfers only effective if constraint to changing behavior is income-driven**

Institutional assessment methodology

- **Interviews with:**
 - **Service providers**
 - **Government officials in capital and 3 *départments***
 - **Academics and experts**
- **Focus group discussions with potential beneficiaries**
- **Literature and document analysis**

Haitian state capacity very weak

- **Coups, crime, and corruption endemic since end of Duvalier regime in 1987**
- **Long-term economic decline**
- **Donors work with NGOs and private sector, bypassing state**
- **Since 2004, renewed donor emphasis on strengthening state capacity**

Haiti's institutional setting

- **Security improving, corruption remains pervasive**
- **“The Haitian state today is largely absent from the lives of most citizens” (World Bank)**
- **In rural areas, stronger social capital and less insecurity**
- **Haiti cannot simply replicate Mexico CCT**

Institutional setting (2)

National Ministries of Health & Education:

- **Low capacity**
- **Corruption**
- **No policy leadership**
- **Poor implementation of existing strategies and plans**
- **Do not facilitate *département* or local level planning**
 - **No incentives to local staff to fill vacuum**

Institutional setting (3)

- **No coherent approach to health policy and services by public, private, or NGO providers and donors**
- **Progress against HIV/AIDS**
 - MCT ↓
- **Education Ministry acts as “trade association” for public schools, not education policy maker and regulator**

Technical issues: Payment amount

- **Low-income households have many unmet needs**
- **Health and nutrition crucial to learning**
- **Payment should cover:**
 - **Costs of health consultations, exams, tests, prescriptions, transportation**
 - **School costs – tuition, books, school supplies, uniforms, shoes, backpack, transportation**
 - **Food for school children if not provided at school**

Targeting

- **Initial geographic targeting avoids community social tensions**
- **Might exclude poorest due to inadequate access to services, in favor of merely poor**
- **Could decrease incentives for**
 - **Urban migration**
 - **Sending children away**

Operational issues: Coordination – New institution or SIF?

- **New government entities in Haiti:**
 - Spend money
 - Generate paper
 - Inaction
 - More corruption
- **Social investment funds (SIF) or like body coordinates CCT in several Latin American countries**
- **SIFs are small, flexible, autonomous government agencies**
 - Make social investments in poor communities to increase access to education, health care, and clean water

FAES

- **Haiti's SIF, the Fonds d'Assistance Économique et Sociale (FAES) seen as competent and honest**
- **Substantial experience in collaboration across ministerial and sectoral lines**
- **Experience in community development and stakeholder consultation**
- **Integrated into Ministry of Economy and Finance, with other ministries and NGOs represented on Board**

FAES (cont'd.)

- **Good MIS capability**
- **Decentralization: offices in five of Haiti's 10 *départments*, two more opening soon**
- **Political clout:**
 - **Good reputation with donors**
 - **High degree of autonomy**
 - **President René Préval is former FAES DG**

Limitations of FAES as CCT coordinating agency

- **Known in education primarily as funder of public school construction, not as a policy player**
- **Relations with Education Ministry could improve**
- **Citizens generally distrust government**

Payment mechanisms

Options:

- Fund transfer agencies
- *Caisses populaires* (credit unions)
- Microcredit agencies

Regardless of intermediary, could pay tuition directly to school, provide families with cash for additional school and health expenses

Multi-sectoral or single sector?

Options:

- Multi-sectoral (health, nutrition, education)
 - Bigger human capital impact
 - Assuring health and nutrition of younger children prepares them for school
 - Schools could be centers for health services for younger siblings
- Health or education only
 - Easier to administer
 - Access to education more difficult than health
- Separate CCT programs for health and education

Enrollment

Options:

- **Require potential beneficiaries to apply**
- **Automatically enroll target group**

Monitoring of compliance and enforcement of conditionalities

- **High monitoring requirements**
- **Could engage local stakeholder committees and/or NGOs**
- **Coordinating body**
 - **Additional audit**
 - **Enforcement of conditions, benefit cut-offs**
 - **Monitor supply side in collaboration with stakeholders**

Recourse and complaint mechanism

- **Ensures accountability**
- **Community-based committees could solicit beneficiaries' views of program**

Decentralization

Work in progress:

- Policy made in Port-au-Prince
- Inadequate follow-up or incentives to *Département* Directorates
- *Département* sectoral *tables de concertation* have varying levels of functionality
- Elections to be held for *Département* Councils and Assemblies
- Parliament pressing for decentralization

Sociopolitical issues: Are conditions necessary?

- **Will poor use cash for**
 - Health and education?
 - Other essentials?
 - Gambling, drinking, etc.?
- **Cash could fuel corruption**
- **Strong norm against receiving something for nothing**
 - Cash with conditions more likely to be valued

Citizens' attitude toward government

- Trust essential for effective CCT
- Focus groups show profound lack of faith in state:
 - *«Si on parle de gouvernement, c'est comme se laver les mains et ensuite les essuyer par terre»*
- Greater trust in transfer agencies, NGOs, donors
- Potential beneficiaries strongly support engagement of community-based committees
- Public awareness and outreach efforts essential

Values, interests, and ownership

- **Pessimists:**
 - **Giving money to poor families will not change behavior**
 - **Supply-side issues decisive**
- **Optimists:**
 - **Demand-side issues remain crucial in both health and education**
- **Enthusiasm for potential of CCT among many government and donor officials**

Conclusion

- **CCT desirable given potential to strengthen human capital and reduce poverty in short- and long-term**
- **Feasible to implement CCT through careful coordination, likely using public-private-civil society partnership**
- **Must be piloted to examine feasibility in real-time, work out operational and technical details, build sociopolitical support**
- **Possibly have parallel unconditional cash transfer pilot**