Universal Child Allowance (AUH)

A contribution to the discussion on the role of conditionalities
Universal Child Allowance (AUH)
A contribution to the discussion on the role of conditionalities

UNICEF Argentina
Contents

Introduction .................................................................................................................................. 5
Cash transfer programmes: Conditional or Unconditional ................................................... 7
Differences between then impacts of CCT & UCT programmes ........................................ 13
Universal Income and Unconditional Transfers ........................................................................ 19
The case of Argentina: Universal Child Allowance for Social Protection ...................... 23
Conclusions and recommendations ......................................................................................... 26
References .................................................................................................................................. 30
Introduction

The 2030 Agenda for Sustainable Development, established by the United Nations, guides the actions that member states should adopt to successfully achieve 17 Sustainable Development Goals (SDGs) by 2030. The progress made in the implementation of this global development plan has been noteworthy but insufficient. To reach the goals and objectives within the time foreseen it is necessary to accelerate the actions (UN, 2018a). Ensuring that progress is faster and more inclusive is necessary to achieve the SDGs, particularly SDG 1: end poverty in all its forms (UN, 2018a).

Overall, there have been significant progress at the economic and social levels in the last few decades. However, unacceptable levels of poverty and extreme poverty still persist. In light of this context, social protection emerges as a key policy tool to promote improvements in the population’s standard of living. Its effectiveness in reducing poverty and inequality, fostering an inclusive economic growth, protecting people and families in times of crisis, and helping improve health and education outcomes for children has been demonstrated. Together with access to quality services, universal access to social protection has proven necessary to break the inter-generational cycle of poverty and promote inclusion (United Nations, 2018).

Although protection measures may differ from country to country, a floor or basic social protection level has been defined to ensure that all the people who may need it, whether it is children, working-age adults or older persons, may have access to basic health care and income security during their entire life cycle (ILO, 2012). In particular, children support schemes are especially important since children and families with children have higher risks of living in poverty than other groups (Paz, 2017). Also, families who live in poverty do not have the means to protect their sons and daughters or counter the impact of the risks and vulnerabilities they face; and children who fall into poverty have higher chances of experiencing poverty and its consequences throughout their lives.
The most typical benefit schemes for children around the world are cash transfer programmes. Such programmes can be of two types depending on their design: Conditional Cash Transfer or Co-responsibility Transfer Programmes (CCT) and Unconditional Cash Transfer (UCT) Programmes. Overall, conditional cash transfers (CCT’s) are payments made to households subject to the fulfillment of pre-defined conditionalities, such as sending their children to school or attending health checks. Unconditional cash transfers (UCT’s) do not explicitly impose any obligations on the recipient in order to have access to the transfer. However, in practice the distinction between these two programmes is usually not so clear, depending on the mechanisms and the formality of conditions (Pellerano and Barca, 2014).

In Latin America, most cash transfer programmes were initially designed with conditionalities to generate incentives that could increase school enrollment and regular visits to health care centers. With time, these programmes have evolved as a result of continuous evaluation process, which provided useful information in order to tailor the program design to the changing needs of the population and local contexts.

In Argentina, Universal Child Allowance for Social Protection (AUH, Spanish acronym) was implemented in 2009 as a Conditional Cash Transfer (CCT) Program aimed at children and adolescents (C&A) younger than 18 years old living in poverty or vulnerability situation. The program includes conditions related to health and education obligations in order to extend the long-term impact and break the inter-generational poverty cycle. However, challenges related to coverage gaps have been identified.

Currently, the National Social Security Administration (Administración Nacional de Seguridad Social, ANSES), with the support of different agencies and provincial governments, is actively working to include about 1.6 million children who are eligible to receive the cash transfer but have been excluded from the program for different reasons. Also, in light of the persistently high levels of poverty in the country, it is relevant to review the sufficiency of benefits granted by the AUH and its effectiveness as a means to break the intergenerational transmission of poverty.

With the purpose of advancing towards compliance of SDG 1, to end poverty in all its forms, this policy brief presents a review of key literature and various country experiences of Cash Transfers Programmes to understand the impact of conditions and explore its advantages and disadvantages. This paper aspires to be a contribution to improve the design and implementation of the CCT program in Argentina, understanding that the continuous changes in society makes it necessary to adjust social protection schemes and poverty reduction strategies to improve its coverage and impact.
There is a wide variety of monetary transfer programmes, traditionally called cash transfers, according to their design arrangements or implementation scheme. These programmes can be divided into two groups, depending on whether or not conditions are imposed to allow for payments to the recipients. Overall, conditional cash transfers (CCT’s) are the payments made to households subject to the fulfillment of pre-defined requirements, such as sending children and adolescents (C&A) to school or attending health checks. Some papers refer to these conditionalities as co-responsibilities, as they require an active role of the recipients. More than a decade has gone by since the implementation of the first CCT programmes, either with a universal or targeted coverage and aimed at a population with C&A in poverty conditions. Their effectiveness has been widely studied and, in light of these results, new approaches have been proposed and discussed to adapt their design and original services. Such proposed approaches are related to higher flexibility in the fulfillment of co-responsibilities or the elimination of requirements for CCT program recipients.

In the face of it, it is necessary to examine the arguments supporting the viability of introducing these changes or explore the evidence against this alternative. This section presents, first, arguments that support the imposition of conditionalities followed by a second set of arguments in favor of outright transfers without any conditions.
Arguments in favor of conditional cash transfer schemes

It may happen that mothers, fathers or guardians sometimes focus more on their own benefit rather than that of their children. This dynamic, known as *incomplete altruism*, may emerge, for example, in a context of conflict of interests within the household, where parents decide on the education of their daughters and sons, but their objectives are not perfectly aligned with those of C&A or with the objectives that society desires for C&A. If the value granted by society to the need for C&A to attend school is greater than the individual schooling value, the conditionality will generate the incentives to reach the additional consumption of education necessary to extend social wellbeing (World Bank, 2009).

*Incomplete altruism* is evidenced, for example, in the schooling gap between girls and boys in some countries, such as in south Asia. Thus, though the return rate to the education of girls is equal to, or even greater than, that of boys, the investment made on the schooling of girls is perceived as sub-optimal and inefficient. This is probably because it is more likely that boys will look after their parents in the future, since women will move to their husband’s house after marriage (World Bank, 2009).

Likewise, *lack of information* or knowledge by parents leads to imperfect private decisions. For example, low levels of investment in education could be caused by the lack of information on its true returns, such as the impact on health, abilities, hygiene, as may occur in households with parents with low education levels. Lack of knowledge on the positive and multiplying effects of immunization could also result in lower investment (World Bank, 2009).

Certain evidence shows that when women have higher control over the household’s income, resources are mainly allocated to food, health and education of their children. In a context of intra-household conflict of interests and inequality in the distribution of resources and negotiating power between men and women, the conditionality could improve their position in the family and reinforce their tendency to invest in C&A (World Bank, 2009; Escobar and Gonzales de la Rocha, 2008).

In societies with low levels of support to redistribution mechanisms, conditionalities act as a way of making the cash transfer politically more acceptable. Those who are not directly benefited by the cash transfers may reject these measures either because they are only focused on their own wellbeing or because they only consider as rightful transfers those aimed at the “deserving poor”. Somehow, conditionalities indicate and intention to increase human capital of C&A, making cash transfers more socially acceptable compared to an allowance merely granted as an economic aid for parents (World Bank, 2009).
Political needs to show results can also lead to the implementation of conditionalities. Provided that the policies implemented are successful, education and health indicators will have a positive and more evident reaction than the slow reduction of poverty (De Brauw and Hoddinott, 2008).

Arguments for unconditional cash transfer schemes.

From a human rights’ perspective, the Convention on the Rights of the Child establishes that all C&A have the right to benefit from social security and an adequate standard of living for their physical, mental, spiritual, moral and social development. Conditioning such right to the fulfillment of some actions, in particular when the requirement is only imposed on a group of the population, creates tensions from a rights-based perspective. A rights-based approach is translated both into legal standards (obligation of the States to guarantee the minimum content of rights, not to implement regressive policies and ensure citizen involvement) as well as into principles, including the principles of equality, non-discrimination and universality (Abramovich and Pautassi, 2009). Effectively introducing the rights-based approach in public policies implies that legal commitments and principles assumed by each State shall be respected and followed.

Conditionality can reduce the ability of households to choose the most adequate investments, as it is assumed that they are not capable of making prudent investment choices. Conditionalities also assume that the individual or household behavior is a key obstacle; but it is possible that the obstacles could be higher economic or social barriers (such as discrimination in their access to services) that require other set of policies. For example, it is believed that the benefits of more education are transparent for parents; however, they could prioritize the survival of the family. That is, making children drop out of school because the alternative cost of not doing it will result in their inability to meet the basic needs of the family (Villatoro, 2007).

Thus, for some families, complying with the conditionalities may be extremely difficult. Sending C&A to school means incurring in expenses; uniforms, stationary, transfer (sometimes long distances) and other needs that can make the cost of schooling unaffordable for the households (Baird et al, 2013). Conditionalities can therefore go against the spirit of this type of anti-poverty programmes because non-compliance would lead to their exclusion. Some cash transfer programmes, such as Prospera, have identified these specific needs and provide

---

1 The Universal Declaration of Human Rights (art. 22) grants the same rights to every person as member of society.
Universal Child Allowance (AUH). A contribution to the discussion on the role of conditionalities

extra monetary support at the start of the school year for the initial purchase of school supplies and also for repurchase if needed. Other complementary programmes mitigate these costs, such as public transport grants for students, provision of school supplies kits, among others (De Brauw and Hoddinott, 2009).

Complying with conditionalities depends on the availability of adequate health, education and infrastructure services. In Latin America, urban population have access to these services, although they face important challenges in terms of quality. In rural areas, access is more limited. In this cases, imposing school attendance and health checks could imply onerous burdens to poor households, specially for the most vulnerable ones (Standing, 2008). Thus, conditionalities could increase vulnerability of these households (De Brauw & Hoddinott, 2009).

The most recent innovation in social cash transfers is the Universal Credit. The universal credit, or basic/citizen income, is a periodical unconditional cash payment granted to all the citizens on an individual basis, without any required evidence of individual means or work in exchange for payment. Some governments such as Alaska have implemented this type of programme; others, such as Finland, the Netherlands and Kenya, are planning or developing pilot tests to assess the impact. In turn, the most widespread cash transfers around the world are imply some form of means-testing.

The first advantage of the Universal Income is associated with employment. Cash transfers based on means-testing mechanisms could discourage temporary jobs due to fear of losing the benefit without the assurance of economic stability. Beneficiaries may think that the additional income will put at risk their eligibility. With a Universal Income program, this fear is dissipated, given that people may well start their own business, look for alternative jobs, receive training, with the assurance that they will continue to receive their stipend (TNYT, 2018).

Particularly in Argentina this problem (discouragement to accept temporary work or formal work) became evident after the creation of a Special Employment Contract Regime for Household Workers. Due to the lack of information, many working women who performed payed domestic work did not want to be registered as domestic workers for fear of losing the Universal Child Allowance (AUH) (originally the program was aimed at unemployed and informal workers). Officials of the Federal Administration of Public Incomes (AFIP) continuously reaffirm that “household workers who are registered formally will not lose their social benefit programmes, including the AUH, a fear that these workers often express” (AFIP, 2018).

For more information on Prospera, visit: https://www.gob.mx/prospera/documentos/componente-prospera-educacion
Atkinson (2016) explains why the means-testing approach is mistaken, since a “significant minority of those who have the right (to grants) have not claimed them” due flaws of this approach. First, the complexity inherent to evidence checking; multiple forms to be filled out, even digital forms, that create barriers especially for those who have a limited literacy; time and money (for example, transport to the government offices) involved in the application process. Secondly, “to receive a grant based on evidence of income, contrary to what happens with universal allowances, stigmatizes people.” Studies carried out, for example, on the main Conditional Cash Transfer Program in Mexico (Prospera) have identified negative results of the targeted approach associated with a lack of trust in the selection mechanism, social divisions and tensions between the population selected and that excluded; problems that have proven to be common in contexts with extended poverty levels (Molyneux, 2006).

The main argument supporting unconditional cash transfers is that the key restriction for the poor is the lack of money (for example, due to limitations to their access to loans). Additional income would allow families to make investments on health and education, among other things (Hanlon et al., 2010). Impact evaluations of a variety of cash transfer programmes show that they increase household spending, especially on food; reduce poverty; boost local economies; protect families from shocks, such as unemployment, diseases, natural disasters, death of a family member; lead to higher school enrolment rates; reduce absenteeism and increase school attendance; increase the use of health care services; reduce young-age marriages and risky sexual behaviors; reduce violence against C&A, and cause several other favorable outcomes (UNICEF, 2017).

In a context of poverty traps3, a small guaranteed income provides a basis that enables people to transform their own lives. Many people are trapped in poverty because they have so little money that they cannot afford to buy the items they know they need. Also, transfers targeted to those with very little money can be effectively productive. As much as families receive an adequate and steady amount of money to ensure subsistence, they may be able to afford education expenses and even create their own undertakings, which result in investment for economic growth (Hanlon et al., 2010:7).

Also conditionalities cause a higher financial and administrative burden required to monitor compliance, and its effective implementation depends on the existence of services. Lo Vuolo (2011; citing Lozano and Raffo (2010) explains that the Conditional Cash Transfer programmes have coverage deficiencies and

3 It refers to households or people who systematically face difficulties to reach minimum levels of wellbeing and who are therefore subject to a persistent income deprivation throughout time (see Arim et al., 2010).
that the most difficult groups to capture are those in extremely precarious social and economic conditions. For example, he states that “in practice, the enrollment requirements allowed those people who had previously had a formal job or had received other social programmes to have a faster access to the AUH payment, as they were already included in the databases managed by the National Social Security Administration (ANSES)”. (Lo Vuolo, 2011). Overall, the targeting method leads to segmentation problems, coverage mistakes, discrimination, stigma, clientelism, and is far from the intended universality principle. This is not exclusively a problem of Argentina: coverage rates in Central America are less than 20% of the population identified as poor.

Likewise, access to services does not necessarily lead to an increase in human capital if the services are low quality or are not tailored to the socio-cultural characteristics of the intended beneficiaries. Also, conditionalities run the risk of aggravating the marginalization of those most vulnerable to poverty and deprivation, as it is possible that they may have fewer chances of fulfilling the conditions due to factors such as distance, disability, linguistic barriers, etc. (Lo Vuolo, 2011). Bertranou and Maurizio (2012) also state that the fulfillment of conditionalities may be hindered by the availability and quality of health care and education centers in the area of residence.

Finally, one of the key difficulties found in CCT programmes is related to their effects on reproducing gender inequalities. Although there is some evidence, as mentioned, on the benefits of transferring money to the mothers (related to improvements in the distribution of such income, the empowerment of women in their households and in their community and greater independence), these results must also be examined in relation to other critical analyses. The CCT programmes also involve assigning responsibility for the fulfillment of conditionalities to women, resulting in an overburden of tasks and reinforcing the traditional division of gender roles, which assign upbringing responsibility exclusively to women and is a key factor in reproducing inequality between men and women. The analysis of Prospera in México, for example, shows that the design of the program naturalizes women’s role as caregivers and “feminizes the responsibilities and duties” of the families regarding poverty (Molyneux, 2006).
Differences between the impacts of CCT & UCT programmes

In the previous section, arguments were presented both in favor of CCT’s and in favor of UCT’s. Some of them have been supported by studies and research and others are based only on assumptions. This section is aimed at presenting evidence on some regularities found on the role of conditionalities, based on impact evaluations of different cash transfer programmes implemented around the world.

Bolsa Escola was a CCT implemented in Brazil which was granted to households with a per-capita monthly income lower than 90 reales (about 30 dollars, equivalent to an average minimum salary) with C&A between 6 and 15 years of age who attended school regularly. Such regularity meant at least 85% of school attendance and compliance was reported to city governments by the relevant schools. The household would receive 15 reales per child, up to a maximum of 45 reales (Bourguignon et al., 2003).

It was estimated that the program would reduce the percentage of C&A between 10 and 15 years old not attending school from 6% to 3.7%. Also, 2.2% of girls and boys who worked and studied would quit working in order to attend school after the transfer was received. The effect would be greater among C&A in monetary poverty conditions, i.e. 60%, whereas the total number of C&A not attending school was reduced by 40%. This is equivalent to increasing school enrolment 5.2 percentage points among the poor. The important effect of this small transfer can be explained because the value of the current contributions of C&A enrolled at schools is a considerable proportion of their potential income if they do not attend school (Bourguignon et al., 2003).
In spite of Bolsa Escola’s implementation, 3.7% of C&A continued to be out of school. For this reason, other variations to the program were examined, including the outright cash transfer without any conditions. This alternative did not cause any change in the occupational categories of boys and girls: compared to a scenario with no transfer, the proportion of boys and girls in each occupational category are very similar. Therefore, the authors conclude that conditionality plays a crucial role in the decisions of children and adolescents on time allocation between school and work.

The Human Development Bonus (BDH) program in Ecuador consisted in pure cash transfers; no condition was monitored and no penalty was applied for non-compliance due to strong administrative restrictions. However, media coverage and the emphasis placed by program officials stating that school enrolment was actually a mandatory requirement led a significant percentage of beneficiaries (27%) to believe that sending their children to school was an eligibility requirement. Thus, the behavior of both groups allows to compare: the self-conditioned and the unconditioned. It is estimated that the conditionality raised the probability of enrolment in 8 to 9 percentage points, compared to children in the unconditional group (Schady and Araujo, 2008).

In Mexico, the PROGRESA program (later called Opportunidades-Prospera) is aimed at breaking the inter-generational transmission of poverty, improving the education, health and nutritional state of poor families. One of the components is a scholarship that requires 85% school attendance for boys and girls from 3rd grade on, and a monthly meeting with the parents (conversation). To provide evidence of school attendance, parents received a form that has to be signed by the teacher and submitted to the programme officials. It was planned for the payment to be made every two months once the PROGRESA official verified the truthfulness of the form against school records (De Brauw y Hoddinott, 2010).

In practice, some parents had never received the form but did continue to receive the cash transfer. Therefore, that payment was not associated to any requirement and was thus equivalent to an UCT program. Estimations show that the level of attendance of children who received the form (conditional) was greater than for those who did not receive the form (unconditional).

However, differences by school grade alternatively show conditioned and unconditioned children in better positions and the differences are not statistically significant. The only significant difference is found in children who completed their 6th grade, i.e. who completed primary education. Therefore it could be claimed that

---

4 The impact of money transfers on children without conditionality compared to children who did not receive any cash transfers is unknown.
unconditioned children have fewer probabilities of enrolling in secondary school education. But in the lower grades, no differences are found, nor have there been gender-based differences (De Brauw and Hoddinott, 2010). Also, an evaluation of the PROGRESA program, carried out in 2006, concludes that a variation of this program, the outright unconditional cash transfer, would increase middle school attendance (Todd and Wolpin, 2006).

Another study on the same program explains the mechanism that links education, work, salary and transfer. First, it considers that the cost of attending school (distance and money) has negative and significant effects on attendance at secondary school level, while in primary school, no significant effects are identified. Secondly, increases in salary (opportunity cost) of children and adolescents reduce their probability of attending school. However, the impact of the cash transfer on attendance is considerably higher than the salary impact. The assumption that the transfer impact is equal to an equivalent reduction in salary has been strongly rejected (Attanasio et al., 2005). Thus, the transfer has sufficient power to break the incentive to work, which is highly associated to school dropout.

Considering the persistent drop-out rates in the secondary school level, the authors suggest a simulation with a variation of PROGRESA that shows significant improvements in school attendance of adolescents. Keeping the cost of the program constant, they suggest increasing the transfer to adolescents, while eliminating the transfer made to children in primary school. This achieves a double magnitude effect, compared to the original program, without causing any effects on school attendance of younger children. This shows that cash transfers to children under the 6th grade does not change their behavior, since almost all children attend school. In that age group, the programme is equivalent to an unconditional cash transfer. However, it is important to highlight the risks of eliminating the transfer to smaller children, as this study does not consider other aspects such as health and nutrition which are generally improved with the economic aid (Attanasio et al., 2005).

In 2011, a study was conducted in Malawi to examine the impact of conditionality in cash transfer programmes on school dropout of adolescent girls enrolled in the baseline, their school performance, fertility and early marriage. The results on education matters show that adolescent girls who received unconditional cash transfers, compared to the control group (a group of girls who did not receive any cash transfers), showed a lower percentage of school dropout. The effect of this transfer was 43% (less than half) of the effect recorded in adolescent girls who were subject to the conditional transfer program. School records showed that adolescent girls with conditional programmes attended school more days than those under the unconditional transfer program. Conditional transfers increased by 10 the average number of attendance days; the unconditional transfer program shows some positive effects but statistically insignificant. Also, under the conditional transfer scheme, a better performance was evidenced in English
reading comprehension tests, but no differences were found in math performance (Baird, McIntosh & Özler, 2011).

Also, it was observed that pregnancy and marriage rates among the adolescent girls who dropped out of school and were beneficiaries of the unconditional transfer program were substantially lower than those who dropped out under the conditional scheme. While the marriage prevalence rate among adolescent girls of the control group was about 18%, the percentage among CCT beneficiaries was 16.8% (7% fewer chances than the control group) and that of the UCT beneficiaries was 10.1% (44% fewer chances than the control group). The effect on adolescent fertility was significant in the unconditional scheme, where a 27% reduction in the probability of becoming pregnant was observed, compared to the control group and adolescents under the conditional scheme. Those who remained in school recorded insignificant levels of pregnancy and marriage, regardless of the transfer program received (Baird et al., 2011).

One of the few studies that focused on the impact of cash transfer programmes on nutrition shows that the conditionality has a negative and weak effect; transfer programmes with conditionalities not related to health showed negative and statistically significant effects. The CCT programmes with conditions associated to health recorded an increase in children height by age, but it was not statistically significant. The CCT programmes with conditions not associated to health showed negative impacts with a significant reduction in children height by age. UCT’s significantly increased that measure. Finally, comparing only CCT’s with health-related conditions and UCT’s, the impact of the former has been found to be lower, although the difference was not statistically significant (Manley et al., 2012).

It was also estimated that the impact on the nutritional state is higher in the younger girls and boys, although the results are weaker for the latter. Higher impact was also detected on the children height by age indicator in countries with higher mortality rates and lower number of hospital beds per person. The authors of this study believe that high quality infrastructure on the supply side is a necessary complement to leverage the potential of cash transfer programmes (Manley et al., 2012).

Other studies focused on Burkina Faso. Both CCT’s and UCT’s had similar positive impacts on school enrolment and attendance of children traditionally favored by their parents: boys, older boys and boys showing more abilities\(^5\). However, conditional transfers turned out to be more effective to improve the enrolment and attendance

\(^5\) A Raven test was applied to determine a child’s level of capacity to make comparisons, reason by analogy and organize spatial perceptions in a systematically related whole.
of children who at the start were less likely to go to school (*marginal children*): girls, younger boys and boys with fewer abilities (Akresh *et al.*, 2013).

A meta-analysis of impact evaluations of CCT’s and UCT’s suggested that both schemes improved the probability of enrolment for boys or girls by 36%, as compared to children who do not receive transfers. On one hand, UCT’s significantly increased the probability of being enrolled, in comparison with the control group: a 23% increase was registered, with a confidence interval ranging from 8% to 41%. On the other hand, CCT’s increased the probability by 41% (confidence interval: 27% - 56%). This effect is clearly higher than the average yielded by UCT’s, though with overlapping confidence intervals equivalent to non-significant differences (Baird *et al.*, 2013).

Beyond the apparently better performance of CCT’s in average, a meta-regression was carried further to detect significant differences between the impacts of UCT’s vs. CCT’s. The estimated coefficient of the CCT variable is 1.15, indicating that the probability of being enrolled under a CCT is 15% higher than under a UCT. Nevertheless, the difference turned out to be statistically non-significant (value p=0.183) (Baird *et al.*, 2013).

As a way of capturing the diversity of programme designs, the authors created a classification based on the intensity of conditionalities: (i) no conditionalities, (ii) some conditionalities, but no application or monitoring, (iii) explicit, monitored and applied conditionalities. The results showed that type (iii) CCT’s with monitored and applied conditionalities have a higher impact level than type (i) UCT’s. In turn, type (i) and (ii) programmes have statistically similar effects. This suggests that the intensity of the conditions imposed may have implications regarding programme impact magnitudes. In numbers, it is estimated that group (i) programmes increased the probability of a boy or girl being enrolled by 18% (confidence interval: 5% - 33%), those of group (ii) by 25% (confidence interval: 10% - 42%) and those of group (iii) by 60% (confidence interval: 37% - 88%). As can be seen, the intervals of the first two groups overlap, as do the confidence intervals of the two second groups (Baird *et al.*, 2013).

It was also found that both types of intervention significantly increased the probability of school attendance. With the UCT’s, the probability increases by 42% (confidence interval: 18% - 70%), and with the CCT’s by 65% (confidence interval: 37% - 99%). It may be observed that confidence intervals overlap, and therefore, there would be no difference in the impact magnitude of either intervention on school attendance (Baird *et al.*, 2013).

In the face of the evidence analyzed and the variety of results obtained, the regularities found show that when conditionalities are properly implemented, the impacts would be slightly higher than those of unconditional transfer programmes.
However, a large portion of the analyses focused on unconditional programmes have exhibited highly significant effects. In other words, it would seem that the potential impact of conditionality in relation to other transfer elements—the same as the cost-benefit ratio between the positive aspects of conditionality and its costs—remains unclear. In this sense, the implementation of conditional versus unconditional transfers may be due to the specificities of the respective contexts—cultural, political and economic context; services supply; administrative capacity—as well as to the pursuit of the specific goals set by social protection strategies (Schubert and Rachel, 2006).
Universal Income and Unconditional Transfers

It can be asserted that a transfer scheme is universal if the benefit is considered a right and it targets the whole population, or perhaps all long-term resident citizens, and it is selective when it applies an specific condition to determine eligibility: income, age, etc. In practice, there are some schemes which are both universal and selective: all persons within a certain group are eligible regardless of their income, For example, universal retirement pensions for the aged. But the most commonly used schemes are selective and target a specific group, such as women and C&A and, within that group, to those who are poor (Standing, 2008). From a rights perspective, universality is a mandatory recommendation and targeted programmes tend to be considered as second best in the scale of public policy alternatives (Cecchini et al., 2009).

In recent decades, several countries sought to decrease coverage and increase selectivity in order to raise the proportion of payments made to the lowest sector in the income distribution scale. This helped to reduce what is known as Type I Errors, i.e., to include persons who should not benefit from the scheme. However, exclusion errors (Type II) increased, which means that failure to assist the neediest increased (Atkinson, 2016). Although selectivity is aimed at excluding those who are not poor, it may be said that no scheme has been completely successful in this sense. To mention some cases, in Nicaragua and Mexico it was estimated that 20% of the transfers were granted to people who were not poor, and in Bangladesh, this happened in 40% of the cases. Selectivity effectiveness depends on the sophistication of the registration systems. Undoubtedly, there is consensus on the fact that the worst mistake is to exclude the poorest, who, due to their condition, should receive the benefit (Standing, 2008).
As mentioned before, the universal credit, basic income or citizen’s income schemes are the latest innovations as regards cash transfers and their universality criteria rules out the probability of exclusion errors being made. This modality is considered to be an improvement on subsidies with income verification mechanisms (which target only the poor). One of the reasons is the persistence of unclaimed subsidies, which may be caused by: a) misunderstandings: people who at some time were rejected can think that they are not eligible even if their conditions have changed and they have effectively become eligible; b) income verification complexities: application forms can be a barrier, especially for persons not fully literate or with limited computer skills; c) the excessive demand of time to perform the verification, which leads people with little time to postpone or waive the application; d) the stigmatization caused by the income verification procedure, a barrier that depends on the connotation ascribed to the subsidy both by the receiver and by society. For these reasons, and despite the efforts to publicize the subsidies, a significant number of eligible people are not benefiting from the programmes (Atkinson, 2016).

A variation on the above schemes is the universal child allowance, complemented by investment in infrastructure and services that help children, encourages social mobility, creates opportunities and promotes an inclusive society. In the face of high and persistent child poverty levels, one response would be to advocate for subsidies targeted at low-income families with children, with resource verification. However, the income verification scheme has some inherent defects, as already mentioned. Therefore, the recommendation is to provide a universal child allowance, whatever the family income. A universal taxable subsidy should grant higher allowances to children in lower-income households (Atkinson, 2016).

In a way, the universal allowance would offset the feeling of being abandoned by the State which may affect middle class families. A significant number of families with C&A are not directly benefited by the cash transfer programmes and do not enjoy any tax deductions because they do not reach the thresholds established for those taxes. The universal allowance would mitigate that feeling (Atkinson, 2016). Being a universal transfer scheme, it would dispense with the legitimation of the middle and high classes that sometimes governments seek by imposing conditionalities (Standing, 2008).

There are some myths about unconditional transfer schemes: “the poor will squander the money”; “the transfers will be used only for consumption and not for investment”; “transfers discourage work, generate dependency and increase fecundity”. However, the evidence points to a very different situation. Experimental and quasi-experimental studies in six African countries (Ghana, Kenya, Lesotho, Malawi, Zambia and Zimbabwe) showed that transfers have no positive impacts on alcohol or tobacco expenditures. In one of the countries, Lesotho, transfers even decreased the expenditure for these items. On the other hand, there were significant increases in food spending and a variety of positive impacts on food
security indicators, such as a diversified diet, the consumption of nutritious food and hunger-related coping strategies. These outcomes do not imply that beneficiaries do not consume or spend in alcohol and tobacco; but they do show that transfers promote the substitution of these items by investments related to human capital (Handa et al., 2017).

Another experience, this time in India, yielded similar results. An 18-month pilot test on basic income was implemented in 2011. The experiment showed that the additional income was used to improve housing and take precautions against malaria. There is evidence of improvement in the nutrition of younger children. As regards the labor market, there was an increase in labor supply accompanied by a shift from informal jobs to independent employment and a decrease in bonded labor. Basic income beneficiaries were less prone to incurring debts, mainly because their need to borrow for short-term purposes decreased. Although most beneficiaries were very poor, they managed to save money to face financial crises, for example those caused by illness (Standing, 2013).

One might think that money transfers, especially those not subject to school attendance, would be spent solely in consumer goods, which would be a valid idea given that beneficiaries live in poverty or extreme poverty conditions. Experimental and quasi-experimental studies examined the effectiveness of UCT’s in helping households to overcome the barriers to access credit and insurance, thus allowing them to invest in productive activities. Significant impacts were evidenced in at least one production indicator (ownership of cattle, agricultural assets or agricultural inputs/products, consumption of self-produced dairy products or meat) in all the countries included in the analysis. It has also been found that the impact of the transfer on secondary level school enrolment was positive and significant. The magnitude of the impacts was equivalent to or higher than that found in Latin America under conditional schemes (Handa et al., 2017).

Another recurring idea is that money transfers reduce the beneficiaries’ participation in the labor market. It is presumed that poor families receiving economic support will work less and become lazy and transfer-dependent. Sometimes, these ideas are disseminated through the media. The outcomes show that, in general, transfers have no significant impacts on labor supply. However, in four of the countries analyzed labor supply effectively decreased. What happened is that a large majority of the workers that became inactive were working in the informal sector, i.e., in precarious jobs. In summary, it has not been concluded that cash transfers in low-resource contexts significantly reduces the supply of manpower from beneficiary homes. This outcome is in line with studies on other countries in Africa and Latin America, such as Honduras, Indonesia, Morocco, Mexico, Nicaragua, Philippines, South Africa and Argentina (Handa et al., 2017; UNICEF, 2017).
On the other hand, policymakers sometimes fear that cash transfers targeting households with small children will increase fertility in order to obtain higher benefits or maintain eligibility. The evidence obtained indicates that UCT’s have increased the intervals between births among women in South Africa and the delay in pregnancy among young women in South Africa and Kenya, while no impacts on fertility levels were detected in Zambia, Malawi and Zimbabwe. In Latin American no positive effects of CCT’s have been detected except in Honduras, where it is suspected that the increase of 2 to 4 percentage points is explained by administrative gaps which allowed increasing the size of the transfer immediately after the birth of a child. In fact, the evidence on longer term impacts in Honduras does not show any persistent effects on fertility. As a whole, these studies show that fear of cash transfers encouraging fertility increases do not stand up under a strict evaluation (Handa et al., 2017).
The case of Argentina: Universal Child Allowance for Social Protection

The Universal Child Allowance (AUH) Programme was implemented in Argentina in 2009 (Executive Act No. 1602 / 2009): a conditional money transfer with national scope, consisting the non-contributive component of the Social Protection System (Act No. 24.714). The AUH is run by the National Social Security Agency (ANSES) and targeted to children and adolescents under 18 years of age which do not receive any other family allowance and belong to family groups which are unemployed, temporary workers, workers registered under the Monotributo (single tax) scheme, domestic workers, or persons working in the informal economy sector. 80% of the allowance is paid on a monthly basis. To receive the remaining 20% and continue receiving 80%, beneficiaries must certify school attendance and health controls once a year. The aim is to extend long term impacts and break the inter-generational poverty cycle. AUH is the most relevant social protection policy aimed at children in Argentina; it amounts to approximately 0.6% of the GDP and benefits 3.9 million children. Is a social protection policy for children highly focused on the poorer strata of the population. The programme is currently facing some challenges related to inclusion and coverage. Total income protection coverage is estimated at 87.4% of the children and adolescents\(^6\), representing approximately 11.4 million (UNICEF, 2017).

Barriers and bottlenecks are mainly caused by rigid eligibility criteria, lack of the documentation required to access the benefit, drop-outs due to failure in certify compliance with conditions, difficulties to meet the requirements for specific populations and ensuring the access of migrants, children lacking parental care,

---

\(^6\) Including the benefits provided by the Universal Child Allowance and the Formal Family Allowance schemes.
families with non-traditional structures, a maximum number of children (five) to be covered by the benefit holder, and other administrative limitations, such as delays in birth certification.

Almost 10 years after its implementation, positive impacts of the AUH have been registered as regards the reduction of poverty and the improvement of various aspects of children and adolescents' well-being. In turn, some deficiencies are observed as regards coverage and efficiency in achieving the goals established. According to a study by UNICEF et al. (2017) on the impact of the AUH, 1.6 million C&A (12.6%) were not covered by the Social Protection System in 2016. A large portion of that number lacks coverage because of the failure to certify compliance of conditionalities (20%), i.e., failure to submit the Social Security, Health and Education Card and/or failure to meet the conditionalities. A smaller percentage of C&A do not receive the transfer because they are the sixth son or daughter or more (the AUH covers up to the fifth child as a maximum), because they are foreigners with less than 3 years' residence, or because they were excluded (in total, 8.2% of C&A lacking coverage) (UNICEF, 2017).

In view of the country's high levels of child poverty (47.7% of C&A are poor on the basis of income, according to UNICEF et al. estimates (2017)) and bearing in mind the amount of the transfer as compared to Basic Food Basket and Total Basic Basket values, the transfer is obviously insufficient to lift the households with C&A out of extreme poverty (even more so in the case of poverty), despite the fact that one of the main goals is to eradicate inter-generational transmission of poverty.

Beyond this limitations, the programme has yielded significant benefits. With respect to the direct impact of the AUH’s cash transfers on poverty and inequality, estimates are that, in the year of its implementation, the AUH generated an improvement of almost 30% in the average income of percentiles 3 and 4. Six years after its implementation, that effect continued, although somewhat lower (UNICEF et al., 2017).

In addition, 12.5% of households receiving the AUH in 2015 were no longer in poverty; in 2016, the figure was 10%. The largest impact of the AUH is seen among the poorest (UNICEF et al., 2017). In general, poverty and extreme poverty levels decreased significantly during the first year of implementation: total poverty dropped by 6.7 percentage points and extreme poverty by 2.3 percentage points. The reduction in child poverty was higher: 13.1 percentage points in the case of child poverty and 4.6 percentage points in the case of extreme child poverty (Calabria et al., 2010).

With regards to the education conditionality, a positive impact of the AUH is observed on the secondary school attendance rate of eligible boys aged 15 to 17. There is no significant impact on attendance for women. The impact of the AUH on primary and basic secondary school attendance rates is very small. The evidence
suggests that, although the AUH does not appear to be sufficient to attract more vulnerable girls and young women which remain out of the education system, it does contribute to improve the educational path of those that do attend school by reducing intra-annual dropout rates and increasing the probability of graduating within periods close to the theoretical times. In the case of boys, the AUH seems to support an increase in their primary school graduation rates (UNICEF et al., 2017).

The AUH reduced school dropout levels among adolescents aged 14 to 17. It is considered that such effect could be due, at least in part, to the impact on adolescent occupation rates. A reduction has been observed in the proportion of beneficiary adolescents engaging in some kind of economic activity in the market. In turn, the effect on dropout rates could originate in the positive impact of the increased family per capita income (Jiménez and Jiménez, 2016).

The effect of the health conditionality does not appear to be relevant. No significant disparities have been detected between beneficiaries and non-beneficiaries of the AUH as regards health care behavior (medical consultations). On the other hand, some statistically significant differences are observed in the way medicines are obtained. In this case, the households receiving the AUH are more likely to obtain them free of charge as compared to non-beneficiaries of the AUH.
Conclusions and recommendations

The Universal Declaration of Human Rights establishes that everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services (Art. 25 (1)). This does not exclude the allegedly undeserving poor or bad parents. Rather, it reflects the position that poor people do not send their sons and daughters to school or medical exams because they lack the resources to do so. The fundamentals of conditional cash transfer schemes is that the main deprivation of people affected by poverty is the lack of money, not the lack of knowledge or the wish to send C&A’s to school. In other words, families cannot access the service because of an obstacle they cannot overcome, not because of their lack of disposition to comply.

Access to social security is a human right and specifically a right of C&A recognized in different international law instruments. These instruments form the basis of UNICEF’s Social Protection Framework, which seeks to expand social protection schemes, including cash transfers, and promotes the design of such schemes bearing in mind the integrated and universal enjoyment of rights. This implies achieving universal coverage in a progressive manner, starting with childhood and the more vulnerable households (UNICEF, 2012).

Argentina has committed to make all possible efforts to eradicate extreme poverty and reduce poverty at least by half by 2030. The AUH is a social protection programme with clear outcomes in this direction. However, some challenges have been identified as regards coverage, exclusion factors and sufficiency.

---

Results and lessons learned from the implementation of both CCT and UCT indicate CCT’s produce more desirable and higher impact results than UCT’s. However, conditionalities penalize people who fail to meet the requirements and the consequences of losing this protection can be very serious; there is a high probability of excluding segments of the population that, for one reason or another, do not comply with the rules of the programme but who still need the transfer. Clearly the results of one or another scheme largely depend on the context in which it is implemented and its ability to adapt to its needs.

There have also been cases where unconditional schemes have resulted in better outcomes than conditional schemes and experiences where the results have turned out to be identical. For example, the impact of a UCT on the attendance rates of children attending 1st to 5th grades of primary school in Mexico is not statistically different from the impact of a CCT; the fertility and early marriage rates of adolescents that dropped out of school in Malawi are lower under an unconditional scheme. There is even some evidence of negative effects caused by CCT’s vis à vis positive effects of UCT’s on nutrition, especially when conditionalities are not linked to health.

Most cash transfer programmes, whether conditional or unconditional, have positive effects in poverty reduction and in the exercise of rights of children and adolescents. Perhaps the difference between CCT’s and UCT’s lies in the following three key aspects:

> The magnitude of the impact: in most cases, the impact is higher with CCT’s. C&A that meet the conditions and stay in the education system show better school indicators.

> The consequences of losing the transfer due to non-compliance: keeping coverage among those unable to comply with the conditionalities has important consequences for the lives of C&A.

> Transfer amounts sizeable enough to generate actual changes in behavior, beyond ensuring subsistence. The amounts established for the AUH are equivalent to two thirds of the Basic Food Basket and 27% of the Total Basic Basket. Obviously, this transfer is insufficient to lift the receiving households with C&A out of extreme poverty -even more so in the case of poverty.

Although UNICEF cooperates with governments that implement both conditional and unconditional transfer programmes, most of its contributions are address to unconditional programmes. Bearing in mind that the added value of conditionalities per se is not clear and that they could even produce adverse outcomes in the Argentine context, and taking both added value and viability into account, it is suggested to implement the following alternatives:
1. Maintaining conditionalities under a non-punitive regime.

This alternative would maintain the current scheme of an income protection system for families with C&A in vulnerable situations, applying conditionalities which would never be of a punitive nature.

Within a social protection framework and acknowledging the fact that some of the social sources of non-compliance with conditionalities may arise from the households’ own vulnerability, this also implies strengthening social support through human resource intensive programmes that help to identify and respond to vulnerability and deprivation, particularly at the level of C&A and households.

2. Flexibilization and/or gradual suppression of conditionalities.

Eliminate the 20% reserve of the benefit, so that beneficiaries may receive 100% of the amount despite the certification of compliance with conditionalities, and generating alerts whenever a beneficiary fails to present the cards. This would prevent the loss of purchasing power of the benefit between the time it should be paid and the time of actual payment (after showing compliance with the conditionality). During high inflation processes, the loss of purchasing power is extremely negative, especially for more vulnerable families.

Also, with regard to non-compliance, a case-by-case evaluation process could be implemented where specialized personnel would decide whether to suspend payment or whether the reason of non-compliance can be solved. Those mechanisms could be complemented by follow-up procedures to be developed by provincial and/or municipal officials in cooperation with ANSES. This should be strengthened by initiatives consisting in the automated follow-up of conditionalities and the engagement and interaction with the provinces’ education and health sectors.

3. Removal of conditionalities and transformation of the program into a UCT program

A third possible scheme would be the removal of AUH conditionalities, harmonizing the eligibility criteria with that applied to the contributive and non-contributive Family Allowances scheme for formal workers. This would in turn imply the acknowledgment
of the cash allowance as a right and place the sons and daughters of formal, informal or unemployed workers on an equal footing.

A priori, there is one aspect to be worked out in relation to the implementation of this measure. It is important to articulate ANSES’ role as regards the possibilities of C&A to access timely and quality education and health services throughout the territory. It is essential to articulate benefits and follow-up schemes which may ensure an integrated response from the State, especially as regards the more vulnerable and disadvantaged social sectors. Information registers and follow-up systems should be optimized in order to provide the programmes with information allowing to improve the responses from different government sectors and levels.

The alternatives proposed are intended to contribute to the debate required to reinforce income protection for childhood in the country, especially promoting the possibilities for the development of the more vulnerable children and adolescents and the effective compliance of their rights.
References


Universal Child Allowance (AUH). A contribution to the discussion on the role of conditionalities

Universal Child Allowance (AUH)

A contribution to the discussion on the role of conditionalities