

# Conditional Cash Transfers in Bolivia: Origins, Impact, and Universality

**James W. McGuire**  
Department of Government  
Wesleyan University  
jmcguire@wesleyan.edu

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## **Abstract**

Bolivia's conditional cash transfer programs (CCTs), the Bono Juancito Pinto (2006- ) for schoolchildren and the Bono Juana Azurduy (2009- ) for expectant and new mothers and their infants, are described and compared to CCTs elsewhere in Latin America. The paper (1) inventories the political forces that gave rise to the programs; (2) finds that the Bolivian CCTs have not been very successful; (3) attributes the programs' deficiencies mainly to flaws in the public *provision* of education, health care, and documentation; (4) identifies reasons why the programs were designed to be universal rather than means-tested; and (5) argues that despite the low impact of the Bolivian CCT programs -- which would be hard to improve through means-testing -- other countries with high poverty headcounts might well benefit from introducing universal rather than means-tested CCTs.

Between 1989 and 2010 the governments of seventeen Latin American countries introduced conditional cash transfer (CCT) programs, which involve the periodic transfer of money from the state to families that meet certain conditions: typically that children go to school and to health clinics; often that expectant mothers get prenatal care and trained attendance at birth; and sometimes that family members attend workshops. In 2010 these programs served about 129 million people in seventeen Latin American countries.<sup>1</sup> Studies suggest that many of these programs have improved the uptake of basic education and health services, reduced child labor, and diminished income poverty and income inequality.

Bolivia's first nationwide CCT, the Bono Juancito Pinto (for public schoolchildren), was introduced in 2006. It makes every child enrolled in a public school -- regardless of the income level of the child's parents -- eligible for an annual stipend of 200 Bolivianos (US \$28) on the condition that the school administrators certify that the child has attended classes on at least 80 percent of days in the school year. Bolivia's other CCT, the Bono Juana Azurduy (for expectant and new mothers), was introduced in 2009. It provides up to US \$260 per beneficiary, with separate cash payments for up to four prenatal medical visits; for giving birth attended by trained personnel, acquiring a birth certificate for the baby, and getting a week of post-partum medical monitoring; and for taking the baby up to twelve checkups spaced at two month intervals over a two-year period. Expectant and new mothers who are covered by other insurance programs, or who have given birth within the past three years, are ineligible. Bolivia also has a universalistic *unconditional* cash transfer program, Renta Dignidad (formerly Bonosol), which as of 2007 has given every Bolivian aged 60 or above (regardless of income) about US \$340 for those with no other pension income, and 75 percent of that amount for those with another pension.

Unlike CCT programs elsewhere in Latin America, Bolivia's are universal rather than targeted to the poor. Bolivia is distinctive in this fashion, it is argued, because a large share of the Bolivian population would pass a poverty means test, because the universal character of the programs helps the politicians who approve and implement them get votes, because of a natural resource boom (which reduced the government's dependence on international organizations advocating targeting), and because Bolivia's main exports are natural gas and hard-rock minerals (which seem to be particularly easy to portray as the "patrimony of all"). In addition to inquiring into the reasons behind the universalistic design of Bolivia's CCT programs, this paper explores some of the generative causes of the programs, including bureaucratic initiative, electoral incentives, pressure from civil society groups, and the influence of international organizations. It also identifies conditions that facilitated the emergence of the programs, including low cost, the resources made available by strong world demand for Bolivian gas and mineral exports, and the failure of alternative social assistance policies to reach the poorest of the poor.

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<sup>1</sup> Marco Stampini and Leopoldo Tornarolli, "The Growth of Conditional Cash Transfers in Latin America and the Caribbean: Did They Go Too Far?," IZA Policy Paper No. 49 (November 2012), Forschungsinstitut zur Zukunft der Arbeit, Bonn, 10.

It is not easy to evaluate the impact of the Bono Juancito Pinto or the Bono Juana Azurduy on the outcomes they were designed to affect. No evaluation mechanisms were built into their program designs (unlike, say, Mexico's *Oportunidades* CCT), and each was introduced in one fell swoop rather than in stages, compromising the possibility of an identification strategy based on the arrival of the program in comparable places at different times. Available evidence about the programs' impact is thus weak, and what evidence there is (based on correlation rather than approximation to causation) is disappointing. From 2006 (when the Bono Juancito Pinto was introduced) to 2008, net primary enrollment in public schools fell from 84.5 to 82.1 percent. From 2009 (when the Bono Juana Azurduy was introduced) to 2011, the proportion of expectant mothers making at least four prenatal visits fell from 59.1 to 58.6 percent.

It is tempting to attribute the deficiencies of the two Bolivian CCT programs to their universality. All other Latin American CCT programs are targeted, and most of them appear to have improved the uptake of health and education services, diminished child labor, and reduced poverty and inequality. It will be argued here that such an attribution would be erroneous. The main reason that the Bolivian CCT programs are less effective than some other Latin American CCT programs is not that they are universal, but rather that they are unusually poorly complemented by effective public provision of health, education, and documentation services; implemented by a state with low administrative capacity; and (in the case of the Bono Juancito Pinto) provide a transfer that is too small to influence behavior and that was initially targeted to the wrong age group (primary rather than secondary school children). On the contrary, it will be argued, universalism is one of the few positive features of Bolivian CCT programs. Policy makers in other Latin American countries in which a large share of the population is poor should give serious consideration to introducing universalistic rather than means-tested CCT programs.

## 1. Conditional Cash Transfers in Latin America: Characteristics and Consequences

The first CCT programs in Latin America were Mexico's Niños en Solidaridad, which was introduced in 1989 in the context of the National Solidarity Program (PRONASOL); Chile's Subsidio Único Familiar, which dates from 1990; and Honduras's Family Allowance Program (PRAF), which also dates from 1990.<sup>2</sup> In 2010 the largest CCT programs in Latin America were Brazil's Bolsa Família, which served about 52 million people (compared to 53.3 million living on less than \$4 per day in 2009), and Mexico's Oportunidades (formerly Progresa), which served about 24 million people (compared to 27.8 million living on less than US \$4 per day in 2008).<sup>3</sup>

By 2008 every Latin American country except Cuba, Haiti, and Venezuela had enacted a CCT program covering from 12 percent (El Salvador's Red Solidaria) to 100 percent (Ecuador's

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<sup>2</sup> Judith Teichman, "Redistributive Conflict and Social Policy in Latin America," *World Development*, 36 (March 2007), 452; Charity Moore, "Assessing Honduras' CCT Programme PRAF," International Poverty Centre Country Study No. 15, accessed March 21, 2013, at <http://www.ipc-undp.org/pub/IPCCountryStudy15.pdf>.

<sup>3</sup> CCT beneficiaries from Stampini and Tornarolli, "The Growth of Conditional Cash Transfers," 10; number of poor (US \$4 per day criterion) from World Bank, Poverty and Inequality database, accessed March 21, 2013, at <http://databank.worldbank.org/data/views/reports/tableview.aspx>

Bono de Desarrollo Humano) of its poor population. The cash transferred to each household, usually monthly, has comprised 8-30 percent of household consumption expenditure, depending on the program. Total costs circa 2005 ranged from 0.1 to 0.6 percent of GDP, depending on coverage and transfer size.<sup>4</sup> Because of a belief that mothers are more likely than fathers to spend the transfer in a family-friendly way, the cash usually goes directly to mothers.<sup>5</sup> Sanctions for noncompliance with conditions vary by program. In Nicaragua's former Red de Protección Social noncompliance could cost a family all or part of its grant; in Brazil's Bolsa Família noncompliance is treated as a sign that the family needs additional support.<sup>6</sup>

A cash transfer might make a household poorer. Its income effect could be offset by the spending needed to claim it (e.g., travel to a payment point); by the opportunity cost of meeting program conditions (e.g., forgoing child labor earnings); by making the household ineligible for other means-tested programs; or by deterring participation in formal employment.<sup>7</sup> Despite these potential problems, impact evaluations show that most Latin American CCT programs have had beneficial effects on household income and consumption, as well as on school enrollment and attendance, nutrition, height for age, child labor, and the utilization of health services.<sup>8</sup>

Most CCT programs have used means-based criteria to select eligible households, often by identifying impoverished regions and then using means tests or proxy means tests (based on observable assets, housing quality, etc.) to restrict the pool of potential beneficiaries to the poorest. Advocates of means testing argue that poor countries have scarce resources to devote to conditional cash transfer programs, and that such resources will be most cost-effective if they are targeted to the persons and households in greatest need.<sup>9</sup> Critics contend that means-testing entails violations of privacy, stigma for those who pass the means test, resentment from those who do not, higher administrative costs, incentives to forgo formal-sector work, increased

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<sup>4</sup> Program coverage: Julia Johannsen, Luis Tejerina, and Amanda Glassman, "Conditional Cash Transfers in Latin America: Problems and Opportunities," Working Paper, Inter-American Development Bank, 2009, 6, 32. Transfer size: Ariel Fiszbein and Norbert Schady, *Conditional Cash Transfers: Reducing Present and Future Poverty* (Washington, DC: World Bank, 2009), 105. Program cost: Enrique Valencia Lomelí, "Conditional Cash Transfers as Social Policy in Latin America," *Annual Review of Sociology*, 34 (2008), 476; UN Economic Commission for Latin America and the Caribbean, *Shaping the Future of Social Protection* (Santiago: UN ECLAC, 2006), 155-156.

<sup>5</sup> Fiszbein and Schady, *Conditional Cash Transfers*, 211-213.

<sup>6</sup> Joseph Hanlon, Armando Barrientos, and David Hulme, *Just Give Money to the Poor* (Sterling, VA: Kumarian Press, 2010), 127-128; Kathy Lindert et al., "The Nuts and Bolts of Brazil's Bolsa Família Program," Social Protection Discussion Paper 0709, May. Washington, DC: World Bank, 2007, 55.

<sup>7</sup> Emmanuel Skoufias, "Progresá and Its Impacts on the Welfare of Rural Households in Mexico," International Food Policy Research Institute Research Report 139. Washington, DC: IFPRI, 2005, 24-25.

<sup>8</sup> Fiszbein and Schady, *Conditional Cash Transfers*, 103-64; Hanlon, Barrientos, and Hulme, *Just Give Money to the Poor*, 53-58; Johannsen, Tejerina, and Glassman, "Conditional Cash Transfers in Latin America," 33-34; Michael Samson, Ingrid van Niekerk, and Kenneth Mac Quene, *Designing and Implementing Social Transfer Programmes*. Cape Town: Economic Policy Research Institute Press, 2006, 20; Akemi Yonemura, "The Changing Social Agenda in Brazil: An Analysis of the Policy Making Process in the Case of Bolsa Escola," EdD Diss., Columbia University, 2005, 63-69.

<sup>9</sup> Margaret Grosh et al., *For Protection & Promotion*. Washington, DC: World Bank, 2008, 85-105.

opportunities for clientelism and corruption, errors of inclusion (of the non-poor), errors of exclusion (of the poor), and political fragility.<sup>10</sup>

Research suggests that neither Bolsa Família nor Oportunidades have deterred adults from seeking work.<sup>11</sup> A worldwide comparison of social assistance programs found that Bolsa Família and Oportunidades ranked in the top ten percent for avoiding errors of inclusion.<sup>12</sup> Some of the other criticisms of means-tested CCT programs appear to be closer to the mark, however. Privacy violations, stigma, and resentment are congenital problems of all means-tested programs. Errors of exclusion are also serious and pervasive. A study of Progresá (the precursor to Oportunidades) found cases in which enumerators had gone to the residences of eligible families, found no one at home, and failed to return; and others in which household members had overstated their resources because they did not wish to be classified as low-income.<sup>13</sup> In Colombia and Mexico poor families in regions without schools or clinics cannot meet the conditions necessary to receive the transfers.<sup>14</sup>

Because means-tested CCT programs serve people with limited political power, their funding is perpetually endangered. Nicaragua's Red de Protección Social, a highly targeted program, was discontinued partly because of a lack of domestic support.<sup>15</sup> Universalism would give wealthier and more politically influential people a stronger stake in the continuity of the transfers.<sup>16</sup> It might also make CCT programs more effective at reducing poverty. If the budget were fixed, then means testing would indeed maximize benefits for the poor. Budgets are not

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<sup>10</sup> Amartya Sen, "The Political Economy of Targeting," in Dominique P. van de Walle and Kimberly Nead, eds., *Public Spending and the Poor*. Baltimore: Johns Hopkins University Press, 1994, 12-14; Richard Titmuss, "Universalism versus Selection," in Christopher Pierson and Francis G. Castles, eds., *The Welfare State Reader* (Cambridge, UK: Polity Press, 1968), 45; Thandika Mkandawire, "Targeting and Universalism in Poverty Reduction." United Nations Research Institute for Social Development, Social Policy and Development Programme Paper No. 23, December 2005; Hanlon, Barrientos, and Hulme, *Just Give Money to the Poor*, 92, 150; Samson, van Niekerk, and Mac Quene, *Designing and Implementing Social Transfer Programmes*, 35.

<sup>11</sup> Kathy Lindert, Emmanuel Skoufias, and Joseph Shapiro, "Redistributing Income to the Poor and the Rich: Public Transfers in Latin America and the Caribbean," Social Protection Paper 0605, August. Washington, DC: World Bank, 2006, 41-42

<sup>12</sup> Fábio Veras Soares, Rafael Perez Ribas, and Rafael Guerreiro Osório, "Evaluating the Impact of Brazil's Bolsa Família," *Latin American Research Review* 45 (2010), 177-78.

<sup>13</sup> Skoufias, "Progresá and Its Impacts," 38.

<sup>14</sup> Tatiana Feitoso de Britto, "The Emergence and Popularity of Conditional Cash Transfers in Latin America," in Armando Barrientos and David Hulme, eds., *Social Protection for the Poor and Poorest: Concepts, Policies and Politics* (New York: Palgrave Macmillan, 2008), 187; Pablo Villatoro, "Programas de Transferencias Monetarias Condicionadas: Experiencias en América Latina," *Revista de la CEPAL* 86 (August 2005), 94.

<sup>15</sup> Charity Moore, "Nicaragua's Red de Protección Social: An Exemplary but Short-Lived Conditional Cash Transfer Program." United Nations Development Programme, International Policy Centre for Inclusive Growth, Country Study 17 (2009), 26-27, 33-34.

<sup>16</sup> Gøsta Esping-Anderson, *The Three Worlds of Welfare Capitalism*. Princeton: Princeton University Press, 1990, 27; Evelyne Huber, "Including the Middle Classes? Latin American Social Policies after the Washington Consensus." In Monique Kremer, Peter van Lieshout, and Robert Went, eds., *Doing Good or Doing Better: Development Policies in a Globalizing World*. Amsterdam: Amsterdam University Press, 2009, 149; Amartya Sen, "The Political Economy of Targeting," 14.

fixed, however, and programs in which the middle and upper classes participate tend to get more funding, which could potentially raise the absolute size of the benefit to poor households.<sup>17</sup>

CCT programs have been criticized not only for reliance on means testing, but also for making use of conditionality. To condition social assistance on certain behaviors implies that parents need special incentives to invest in the health and education of their children, either because they are unaware of the benefits of such investment, or because they calculate that its short-term costs (e.g., forgoing income from child labor) outweigh its long-term gains.<sup>18</sup> Critics of conditionality argue that most poor parents recognize the benefits of investing in children's health and education; that the cash transfer alone can lengthen time horizons for decision-making; and that conditional cash transfers saddle beneficiaries with duties that are paternalistic, time-consuming, and costly to enforce, while doing no more than unconditional transfers to promote the uptake of education and health services.<sup>19</sup>

The balance of the evidence suggests that the conditions in CCT programs, although costly to enforce and burdensome to comply with, really do influence behavior.<sup>20</sup> Impact evaluations of CCT programs in Brazil and Mexico find that conditionality has boosted the uptake of education and health services beyond what would be expected from the cash transfer alone. A randomized experiment involving participants in Ecuador's Bono de Desarrollo Humano found that even awareness of conditions that were poorly monitored or enforced raised the uptake of such services.<sup>21</sup> The very success of conditionality creates a problem of its own, however. Without supply-side investment, the stimulus to demand that conditionality creates for health and education services can lead to overcrowding and quality deterioration.<sup>22</sup>

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<sup>17</sup> Jonah Gelbach and Lant Pritchett, "Is More for the Poor Less for the Poor? The Politics of Means-Tested Targeting," *Topics in Economic Analysis and Policy*, 2 (2002), Article 6, 1-3.

<sup>18</sup> Alain de Janvry and Elisabeth Sadoulet, "Conditional Cash Transfer Programs for Child Human Capital Development: Lessons Derived from Experience in Mexico and Brazil." Paper prepared for the GRADE 25th Anniversary Conference, Lima, Peru, Nov 15-17, 2005, 2.

<sup>19</sup> Sudhanshu Handa et al., "Opening up Pandora's Box: The Effect of Gender Targeting and Conditionality on Household Spending Behavior in Mexico's Progresa Program." *World Development* 37 No. 6 (June 2009), 1131.

<sup>20</sup> Identification of the mechanisms by which the conditions influence behavior needs additional study, however. See Sharon Wolf, J. Lawrence Aber, and Pamela A. Morris, "Drawing on Psychological Theory to Understand and Improve Antipoverty Policies: The Case of Conditional Cash Transfers," *Psychology, Public Policy, and the Law* 19 (February 2013), 3-14.

<sup>21</sup> Francesca Bastagli, "Conditionality in Public Policy Targeted to the Poor. Promoting Resilience?," *Social Policy & Society*, 8 (January 2009), 135; François Bourguignon, Francisco H.G. Ferreira, and Philippe G. Leite, "Conditional Cash Transfers, Schooling, and Child Labor: Micro-Simulating Brazil's Bolsa Escola Program," *World Bank Economic Review*, 17 (December 2003), 248-251; Alan De Brauw and John Hoddinott, "Must Conditional Cash Transfer Programs be Conditioned to be Effective? The Impact of Conditioning Transfers on School Enrollment in Mexico," *Journal of Development Economics* 96 (2011), 359-370; Norbert Schady and María Caridad Araujo, "Cash Transfers, Conditions, School Enrollment, and Child Work: Evidence from a Randomized Experiment in Ecuador," Policy Research Working Paper 3930 (Washington, DC: World Bank, 2006), 18-20, 29.

<sup>22</sup> Fiszbein and Schady, *Conditional Cash Transfers*, 186-194.

Critics who focus on gender issues argue that CCT programs reinforce stereotypes by engaging women mainly as mothers; that already overtaxed mothers are usually the ones taking children to schools and health clinics; and that compulsory attendance at nutrition and health seminars adds to the already large burdens on women's time. Evidence for such claims is mixed. Conditional cash transfer programs impose added burdens on mothers, but some mothers report that they believe that these burdens are worth bearing.<sup>23</sup> Also, payments in most programs go directly to women, making them less dependent on husbands, adult children, employers, and state officials.<sup>24</sup> One interviewee in Aracaju, Brazil, said of Bolsa Família: "If I don't have income I have to keep my mouth shut. It's given me more self-esteem. Before, I used to live under my husband's feet. Now I can choose what to do."<sup>25</sup> Progres's designers were concerned that giving cash to mothers might raise the incidence of domestic violence, but a pilot program in Campeche showed no such rise.<sup>26</sup> In 2003, women in Oportunidades households were 33 percent less likely than women in non-enrolled households to report physical male-to-female domestic violence, although they were 60 percent more likely to report emotional abuse and threats of violence.<sup>27</sup> A recent review of three CCT programs -- Chile's *Chile Solidario*, Costa Rica's *Avancemos*, and El Salvador's *Red Solidaria* -- concluded that each had done reasonably well at raising women's access to cash and to social services, as well as at reducing gender inequality in access to incomes and services, but poorly at challenging expectations that women would do most or all domestic work, at changing gender roles to give women more opportunity for paid work, and at changing stereotypes of women as mothers instead of citizens or workers.<sup>28</sup>

On the political front, conditional cash transfer programs have been criticized for sidelining other social investments; for being susceptible to corruption, patronage, and political manipulation; and for being unsustainable because their beneficiaries lack power. As to the first criticism, it has been argued that Brazilian CCT programs have "crowded out investments in the

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<sup>23</sup> Maxine Molyneux, "Mothers at the Service of the New Poverty Agenda: Progres/Oportunidades, Mexico's Conditional Transfer Programme," *Social Policy and Administration* 40 (August 2006), 437.

<sup>24</sup> Jean Dréze and Amartya Sen, *Hunger and Public Action* (Oxford: Clarendon Press, 1989), 58; Hanlon, Barrientos, and Hulme, *Just Give Money to the Poor*, 59-60; Maxine Molyneux and Constanza Tabbush, "Conditional Cash Transfers and Women's Empowerment: Annotated Bibliography," Institute for the Study of the Americas, School of Advanced Study, University of London (January 2008); Enrique Valencia Lomelí, "Conditional Cash Transfers as Social Policy," 489-490.

<sup>25</sup> Mireya Suárez and Marlene Libardoni, "The Impact of the Bolsa Família Program: Changes and Continuities in the Social Status of Women." In Jeni Vaitsman and Rômulo Paes-Sousa, eds., *Evaluation of MDS Policies and Programs--Results*, Vol. 2 (2008). Brasília: SAGI/MDS, 143.

<sup>26</sup> Santiago Levy, *Progress Against Poverty: Sustaining Mexico's Progres-Oportunidades Program*. Washington, DC: Brookings Institution Press, 2006, 34-35.

<sup>27</sup> Gustavo J. Bobonis, Roberto Castro, and Melissa González-Brenes, "Public Transfers and Domestic Violence: The Roles of Private Information and Spousal Control," University of Toronto Department of Economics Working Paper 362 (July 9, 2009), 22-23.

<sup>28</sup> Juliana Martínez Franzoni and Koen Voorend, "Blacks, Whites, or Grays? Conditional Transfers and Gender Equality in Latin America." *Social Politics* 19 (2012), 383-407.

improvement of basic services such as sanitation and health."<sup>29</sup> During Bolsa Família's first six years of operation (2003-2009), however, per capita public health care spending rose 70 percent and primary health care spending more than doubled.<sup>30</sup> After the introduction of a CCT program in the indicated year, public education spending as a share of GDP fell in Chile (2002), Nicaragua (2000), and Peru (2005), but rose in Argentina (2002), Brazil (2001), Colombia (2001), the Dominican Republic (2001), El Salvador (2005), and Mexico (1997).<sup>31</sup>

In Brazil's Bolsa Família municipal officials are responsible for certifying the incomes of beneficiaries and for aggregating information about compliance with conditionalities, which makes the program potentially vulnerable to local clientelism. In practice, however, the federal government makes available so many spaces in the program that mayors have trouble excluding any income-eligible household.<sup>32</sup> Bolsa Família's method of transfer (a debit card) and grievance procedure (a toll-free telephone number) has made it hard for political elites to manipulate the program.<sup>33</sup> Also, the penalty for not attending school or for failing to show up for health care visits is that the government sends a social worker to the household to see whether it might need additional support. These low stakes make shenanigans at the compliance monitoring stage less rewarding for patrons seeking to capture or retain clients. Interviews in 2009 with focus groups in cities and towns in the Northeast found little evidence that Bolsa Família was permeated by clientelistic practices of any kind.<sup>34</sup> A cross-sectional study of Brazil's 5,565 municipalities in 2008 found no evidence of preferential targeting of Bolsa Família stipends either to government supporters or to swing voters.<sup>35</sup> Lula's government appears to have expanded eligibility for Bolsa Família, and claimed credit for expanding it, with the aim of winning votes in the 2006 presidential election.<sup>36</sup> That might be interpreted as the politicization of a CCT program, but it is also a case of electoral incentives encouraging a policy that helps the poor.

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<sup>29</sup> Anthony Hall, "Brazil's *Bolsa Família*: A Double-Edged Sword?," *Development and Change*, 39 (September 2008), 816-817; Marcus André Melo, "Unexpected Successes, Unanticipated Failures: Social Policy from Cardoso to Lula," in Peter R. Kingstone and Timothy J. Power, eds., *Democratic Brazil Revisited* (Pittsburgh: University of Pittsburgh Press, 2008), 172 (quotation).

<sup>30</sup> Brasil. Ministerio da Saúde. "Avanços na Saúde 2003-2010," 71.

<sup>31</sup> World Bank, World Development Indicators, March 21, 2011, "Public Spending on Education (% of GDP)."

<sup>32</sup> Aaron Ansell and Ken Mitchell, "Models of Clientelism and Policy Change: The Case of Conditional Cash Transfer Programmes in Mexico and Brazil." *Bulletin of Latin American Research* 30 (July 2011), 308.

<sup>33</sup> Wendy Hunter and Timothy J. Power, "Rewarding Lula: Executive Power, Social Policy, and the Brazilian Elections of 2006." *Latin American Politics and Society* 49 (Spring 2007), 18.

<sup>34</sup> Wendy Hunter and Natasha Borges Sugiyama, "Building Citizenship or Reinforcing Clientelism?: Contributions of the *Bolsa Família* in Brazil." Paper prepared for the annual meeting of the American Political Science Association, Toronto, September 3-6, 2009, 10-11.

<sup>35</sup> Brian J. Fried, "Distributive Politics and Conditional Cash Transfers: The Case of Brazil's *Bolsa Família*." *World Development* 40 (2012), 1042-1053.

<sup>36</sup> Renee Gardner Sewall, "Conditional Cash Transfer Programs in Latin America," *SAIS Review* 28 (Summer-Fall 2008), 183; Marcus André Melo, "Unexpected Successes, Unanticipated Failures," 183; Hunter and Sugiyama, "Building Citizenship or Reinforcing Clientelism?," 14. Not all scholars agree that *Bolsa Família* contributed to Lula's re-election. Simone Bohn, "Social Policy and Vote in Brazil. *Bolsa Família* and the Shifts in Lula's Electoral Base." *Latin American Research Review* 46 (2011), 54-79

To join Bolsa Família an applicant must present either a voter registration card or a tax identification number, which in turn requires other documents such as a birth certificate or a state-issued identity card. Without such documents it is difficult, if not impossible, to obtain a loan, open a bank account, interact effectively with state agencies, or buy things on installment (a common practice in Brazil, even for low-cost items). Similar documentation is needed to sign up for CCT programs in other countries. Accordingly, CCT programs provide an incentive to acquire legal documents that are helpful for the exercise of political and economic citizenship.<sup>37</sup> In some cases, however, the transaction costs of acquiring such documents may be substantial, especially for women and children living in remote rural areas, and may prevent some people who are capable of meeting the other conditions for benefits from utilizing CCT programs.<sup>38</sup>

The literature thus suggests that most CCT programs in Latin America have improved health and education outcomes, deterred child labor, reduced poverty and inequality, and created incentives to acquire documents that enhance citizenship, albeit with mixed effects on gender bias. In this context Bolivia's CCT programs, the Bono Juancito Pinto (for schoolchildren) and Bono Juana Azurduy (for expectant and new mothers), stand out as anomalies, with fewer demonstrable benefits than, say, Brazil's Bolsa Família or Mexico's Oportunidades. Bolivia has Latin America's only universal CCTs, and it is tempting to attribute their disappointing results to this feature of their design. It is argued below that to make this attribution would be erroneous. Bolivia's CCT programs have had disappointing results not because they are universal, but because the Bolivian state has weak administrative capacity, notably in providing adequate basic health and education services, and because (in the case of the Bono Juancito Pinto) the benefit is inadequate in magnitude and, until recently, provided only to primary school students, even though non-enrollment, truancy, and dropout risk is highest among secondary school students.

### 3. Bolivia's Bono Juancito Pinto: Origins and Impact

Bolivia has two conditional cash transfer programs: the Bono Juancito Pinto for schoolchildren and the Bono Juana Azurduy for expectant and new mothers. Juancito Pinto was a drummer boy with Bolivian troops in the War of the Pacific (1879-1883), during which he died in battle at the age of 12. Juana Azurduy de Padilla was an indigenous woman from the Altiplano who was a heroine of Bolivia's wars of independence (1809-1825).

The Bono Juancito Pinto was introduced by executive decree in November 2006, ten months after president Evo Morales took office as the fairly elected president of Bolivia and seven months after Morales issued a decree requiring that foreign corporations operating in the oil and natural gas industries turn over majority control of their investments to the state hydrocarbons corporation Yacimientos Petrolíferos Fiscales Bolivianos (YPFB). According to Morales, "after the hydrocarbons nationalization we created the Bono Juancito Pinto, not for

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<sup>37</sup> Hunter and Sugiyama, "Building Citizenship or Reinforcing Clientelism?"; Mireya Suárez and Marlene Libardoni, "The Impact of the Bolsa Família Program," 140-147.

<sup>38</sup> Maxine Molyneux and Marilyn Thomson, "Cash Transfers, Gender Equity, and Women's Empowerment in Peru, Ecuador and Bolivia." *Gender and Development* 19 (2011), 207.

political reasons...or to win the loyalty of the children, but first and foremost to reduce the dropout rate."<sup>39</sup> Morales later explained that "on May 1, 2006, we nationalized hydrocarbons, and when we added up the revenue we discovered that we had a surplus, at which point we got together and decided to create the Bono [Juancito Pinto]."<sup>40</sup> The initiative was first announced on October 20, 2006, by presidential spokesman Álex Contreras, although a week later the government was apparently still debating whether the transfer would be a one-shot initiative in 2006 or would become a regular government program for years to come.<sup>41</sup>

In the views of Morales and his close collaborators, accordingly, the generative cause of the Bono Juancito Pinto was bureaucratic initiative; a key facilitating condition was government revenue from hydrocarbons production. Bureaucratic initiative is responsible for a CCT program to the extent that officials in an executive-branch agency, acting with a degree of autonomy from pressures from outside the executive branch, propose, design, approve, and/or implement one. A CCT program always originates, in an immediate sense, from bureaucratic initiative, but explanations based on bureaucratic initiative (political leadership, political will) beg the questions of where the bureaucratic initiative originated and what determined whether and how it influenced public policy.<sup>42</sup> Government policy makers always have some freedom of choice, but political will is shaped and constrained by the environment in which it is exercised.

Electoral incentives may have encouraged the Morales government to introduce the Bono Juancito Pinto. In the 2002 presidential election, the Movimiento Nacionalista Revolucionario (MNR) candidate Gonzalo Sánchez de Lozada (a conservative) had eked out a narrow plurality over the Movimiento al Socialismo (MAS) candidate Evo Morales (a leftist). In this election the idea of providing a conditional cash transfer to schoolchildren initially appeared not in any MAS document, but in the 2002 party platform of Sánchez de Lozada's MNR. No proposal for a conditional cash transfer program appeared in the MAS platforms of either 2002 or 2005.<sup>43</sup> The MNR proposed transferring an annual payment of 100 Bolivianos (about US \$14) to girls in low-income families in both rural and urban areas, estimating that the program would cover about

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<sup>39</sup> Bolivia. Ministerio de Relaciones Exteriores. Transcript of Evo Morales speech to Congress, 22 January 2008, 8. Accessed 22 March 2013 at <http://www.rree.gob.bo/webmre/prensa//d108.pdf>

<sup>40</sup> Caracol Radio (Colombia). "Evo hace campaña con el bono 'Juancito Pinto'." October 11, 2008. Accessed 23 March 2013 at [http://www.caracol.com.co/nota\\_imp.aspx?id=707132#](http://www.caracol.com.co/nota_imp.aspx?id=707132#)

<sup>41</sup> Caracol Radio (Colombia), "Los escolares de primaria recibirán un bono de Bs 200," October 26, 2006. Accessed 23 March 2013 at [http://www.caracol.com.co/nota\\_imp.aspx?id=349120#](http://www.caracol.com.co/nota_imp.aspx?id=349120#)

<sup>42</sup> Michael R. Reich, "The Political Economy of Health Transitions in the Third World." In Lincoln Chen, Arthur Kleinman, and Norma C. Ware, eds., *Health and Social Change in International Perspective*. Boston: Harvard School of Public Health, 1994.

<sup>43</sup> 2002 MAS platform: Movimiento al Socialismo, "Declaración de Principios." 2002. Accessed March 26, 2013, at <http://americo.usal.es/oir/opal/bolivia.htm>. 2005 MAS platform: Programa de Gobierno: MAS - IPSP. "Por Una Bolivia Digna, Soberana y Productiva para Vivir Bien." La Paz, Noviembre de 2005. Accessed March 28, 2013, at <http://www.archivochile.com/entrada.html>. The section on education (51-52) makes no mention of a conditional cash transfer program.

350,000 girls at an annual cost of about US \$5 million.<sup>44</sup> Sánchez de Lozada won but did not have time to implement the program. He was forced to resign in October 2003 after the death of dozens of protestors opposing a government proposal to export gas through a Chilean port.

A second precedent for the Bono Juancito Pinto also came from outside the MAS. In September 2003, in the city of El Alto just southwest of La Paz, Mayor José Luis Paredes of the Movimiento de Izquierda Revolucionaria (MIR) introduced the Bono Esperanza, which paid a stipend of 50 Bolivianos (about US \$7) each month for four months to every first-grader in each of El Alto's public schools.<sup>45</sup> The program persisted through 2013, although its name was changed on two occasions, and although in its current incarnation (as the Programa de Apoyo a la Reducción de la Deserción Escolar en El Alto, PARDEEA) it is paid only to preschoolers and secondary school students in grade levels above the ones eligible for the Bono Juancito Pinto.<sup>46</sup>

El Alto mayor José Luis Paredes attributed the Bono Esperanza to bureaucratic initiative. On 19 September 2003, the day that the stipend was introduced, Paredes told a reporter that "No one asked me for it. We promised the Bono Esperanza, I offered it, and here it is. We're paying this benefit in a poor municipality with a budget one-fifth the size of that of La Paz. We're making the effort because to invest in education is a social investment and an investment in the future."<sup>47</sup> Still, the MNR had proposed a similar program in its 2002-2007 party platform, and Paredes may have known about the Bono Educación proposal even though his party at the time was the MIR (which despite its leftist origins and leftist-sounding name had been since the late 1980s a fairly conservative party). Moreover, electoral incentives clearly came into play in 2005 when, after being re-elected in 2004 as mayor of El Alto, Paredes ran for governor of the Department of La Paz, this time as a candidate of the conservative Poder Democrático y Social (PODEMOS) party. In his gubernatorial campaign Paredes invoked El Alto's Bono Esperanza at every turn.<sup>48</sup> Paredes won the La Paz governorship even though Jorge Quiroga, the PODEMOS candidate for president, came in a distant second to Morales in the December 2005 election.

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<sup>44</sup> Movimiento Nacionalista Revolucionario, "Programa Gobierno 2002-2007," 2002, 77. Accessed March 26, 2013, at <http://americo.usal.es/oir/opal/bolivia.htm>

<sup>45</sup> Noticias El Diario (La Paz), "Alcalde Alteña pagara hoy el Bono Esperanza," 18 Sept 2003. Accessed March 22, 2013, at [http://www.eldiario.net/noticias/2003/2003\\_09/nt030918/5\\_00nal.html](http://www.eldiario.net/noticias/2003/2003_09/nt030918/5_00nal.html); Bolivia.com, 10 September 2005. "Candidatos a Prefecto quieren que La Paz recupere liderazgo," accessed March 22, 2013, at <http://www.bolivia.com/noticias/autonoticias/DetalleNoticia28714.asp>; Noticias El Diario, "Experiencia de Paredes en El Alto será plasmada en Prefectura paceña," 19 Sep 2005, accessed 22 March 2013 at [http://www.eldiario.net/noticias/2005/2005\\_09/nt050919/2\\_04plt.html](http://www.eldiario.net/noticias/2005/2005_09/nt050919/2_04plt.html)

<sup>46</sup> Mariana Pérez, "Inversión alteña en el bono escolar se eleva cada año," *La Razón* (La Paz), 3 August 2012. Accessed 22 March 2013 at [http://www.la-razon.com/ciudades/Inversion-altena-bono-escolar-eleva\\_0\\_1662433780.html](http://www.la-razon.com/ciudades/Inversion-altena-bono-escolar-eleva_0_1662433780.html)

<sup>47</sup> *Noticias El Diario* (La Paz), "El Alto: niños recibieron primer Bono Esperanza," 18 September 2003. Accessed 22 March 2013, at [http://www.eldiario.net/noticias/2003/2003\\_09/nt030918/5\\_00nal.html](http://www.eldiario.net/noticias/2003/2003_09/nt030918/5_00nal.html)

<sup>48</sup> *Noticias El Diario* (La Paz), "Paredes instalará su despacho en El Alto si es electo prefecto," 9 September 2005. Accessed 22 March 2013 at [http://www.eldiario.net/noticias/2005/2005\\_09/nt050909/2\\_04plt.html](http://www.eldiario.net/noticias/2005/2005_09/nt050909/2_04plt.html); *Noticias El Diario* (La Paz), "Experiencia de Paredes en El Alto será plasmada en Prefectura paceña," 19 September 2005. Accessed 22 March 2013 at [http://www.eldiario.net/noticias/2005/2005\\_09/nt050919/2\\_04plt.html](http://www.eldiario.net/noticias/2005/2005_09/nt050919/2_04plt.html); Bolivia.com,

Democracy involves more than elections, and freedom to organize and to pressure the El Alto government between elections was crucial to shaping and sustaining the Bono Esperanza. Fanor Nava, who succeeded Paredes as mayor of El Alto, converted the Bono Esperanza from a cash transfer to an in-kind benefit consisting of shoes, clothing, and backpacks, but parents resisted the change and Nava was compelled restore the cash transfer.<sup>49</sup> According to El Alto's minister of education, Mario Gil, pressure from parents also contributed to the decision by the municipal government to keep providing the local stipend to schoolchildren after 2006, when the Bono Juancito Pinto was introduced at the national level. For a time, this practice resulted in two separate payments of 200 Bolivianos each to many schoolchildren in El Alto.<sup>50</sup>

The idea of providing a small stipend to children conditional on school enrollment and attendance in Bolivia thus antedated the Bono Juancito Pinto by four years, and was broached initially by politicians of the center-right, not by Morales or the MAS. Similarly in Brazil, Cardoso's center-left Social Democratic (PSDB) government modeled the national Bolsa Escola program on local initiatives enacted by leftist Workers' Party (PT) governors and mayors, and Lula's PT government later expanded the PSDB's national Bolsa Escola program into Bolsa Família. Likewise in Mexico, the centrist PRI government of Ernesto Zedillo (1994-2000) initiated Progresá; the conservative PAN government of Vicente Fox (2000-2006) enlarged it as Oportunidades. The Bolivian case thus confirms the proposition that CCT programs are just as likely to originate from governments on the right as from governments on the left.<sup>51</sup> In this respect CCT programs differ from other social policies conducive to lower levels of poverty and income inequality; left party strength appears to be strongly correlated with such policies.<sup>52</sup>

Jorge Quiroga, the PODEMOS candidate who came in second to Morales in the 2005 election, campaigned for the presidency promising, if elected, to pay the Bono Solidario (Bonosol) for seniors and the Bono Esperanza for children.<sup>53</sup> Hence an education-linked conditional cash transfer program was invoked in the December 2005 presidential campaign -- well before Morales announced the Bono Juancito Pinto in October 2006. Some years later, in a 22 January 2013 speech to congress, Morales asserted that former President Gonzalo Sánchez de Lozada had devised the Bonosol (the universal old-age pension) in 1997 for electoral purposes,

"Candidatos a Prefecto quieren que La Paz recupere liderazgo," 10 September 2005. Accessed March 22, 2013, at <http://www.bolivia.com/noticias/autonoticias/DetalleNoticia28714.asp>

<sup>49</sup> *W Radio* (Mexico City), "El Alto dará bono a niños de kínder y de secundaria," 16 May 2009. Accessed March 22, 2013, at <http://www.wradio.com.mx/noticia/el-alto-dara-bono-a-ninos-de-kinder-y-de-secundaria/20090516/nota/812932.aspx>

<sup>50</sup> Mariana Pérez, "Inversión alteña en el bono escolar se eleva cada año," *La Razón* (La Paz), 3 August 2012. Accessed 22 March 2013 at [http://www.la-razon.com/ciudades/Inversion-altena-bono-escolar-eleva\\_0\\_1662433780.html](http://www.la-razon.com/ciudades/Inversion-altena-bono-escolar-eleva_0_1662433780.html)

<sup>51</sup> Alberto Díaz-Cayeros and Beatriz Magaloni, "Aiding Latin America's Poor," *Journal of Democracy* 20 (2009), 47.

<sup>52</sup> Evelyne Huber and John D. Stephens, *Democracy and the Left: Social Policy and Inequality in Latin America*. Chicago: University of Chicago Press, 2012, 142-146.

<sup>53</sup> Caracol Radio (Colombia). "Evo, Tuto y Samuel lanzan más ofertas por el voto sensato," 9 December 2005. Accessed 22 March 2013 at [http://www.caracol.com.co/nota\\_imp.aspx?id=228267#](http://www.caracol.com.co/nota_imp.aspx?id=228267#)

but that he himself would never be interested in using the Bono Juancito Pinto or Renta Dignidad (the successor to Bonosol) for electoral objectives -- only to help people who sometimes do not have enough to eat, or to give youngsters a reason to cherish their grandparents.<sup>54</sup>

In November 2008, however, in the run-up to the January 2009 constitutional referendum, government officials in various speeches around the country stressed that a failure to ratify the new constitution would jeopardize both the Bono Juancito Pinto and Renta Dignidad.<sup>55</sup> On October 26, 2009, anticipating the presidential election scheduled for December 6, 2009, the payment ceremony for the Bono Juancito Pinto began with ministers and local officials from the governing MAS party giving campaign-like speeches, linking the payment of the Bono Juancito Pinto to the government's policies, and asking the schoolchildren to repeat "Viva Evo," noting that it happened to be the president's birthday. In the Domingo Savio School in Villa Loreta, Cochabamba, some parents complained that school personnel that morning had distributed political flyers along with an extra-large school breakfast.<sup>56</sup> The same day, PODEMOS senator Fernando Rodríguez (Chuquisaca) denounced what he considered to be the use of government ministers for political purposes, as well as the violation of campaign laws, in the government's plan to send its ministers throughout the country to distribute the Bono Juancito Pinto. Another senator condemned a plan by a television channel to give five hours of coverage to the distribution.<sup>57</sup> In short, MAS politicians as well as PODEMOS candidates have not been shy about invoking education-linked conditional cash transfer programs in electoral campaigns.

Since being introduced in November 2006 the Bono Juancito Pinto has transferred an annual stipend of 200 Bolivianos (about US \$28) to each public school child in grades one through five, conditional on enrollment and attendance. The main goals of the Bono Juancito Pinto are to increase school enrollment, attendance, and completion, and to help families pay for school supplies.<sup>58</sup> In 2007 eligibility was extended through Grade 6; in 2008 through Grade 8; in 2012 through Grade 9; and as of 2014 through Grade 12.<sup>59</sup> Every child enrolled in the

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<sup>54</sup> Bolivia. Ministerio de Relaciones Exteriores. Transcript of Evo Morales speech to Congress, 22 January 2008, 54.

<sup>55</sup> Caracol Radio (Colombia). "Evo hace campaña con el bono 'Juancito Pinto'," November 10, 2008. Accessed 23 March 2013 at [http://www.caracol.com.co/nota\\_imp.aspx?id=707132](http://www.caracol.com.co/nota_imp.aspx?id=707132)

<sup>56</sup> Sandra Arias, "Campaña en entrega del Juancito Pinto," *Los Tiempos.com*, 27 October 2009. Accessed 22 March 2013 at [http://www.lostiempos.com/imprimir\\_art.php?id\\_noticia=42562&fecha=20091027](http://www.lostiempos.com/imprimir_art.php?id_noticia=42562&fecha=20091027). See also *Diariocritico de Ecuador*, "El Bono Juancito Pinto se paga en todo el país," 26 October 2009. Accessed 22 March 2013 at <http://ecuador.diariocritico.com/2009/Octubre/noticias/179537/bono-juancito-pinto.html>

<sup>57</sup> W Radio (Mexico City), "Ministros abandonan sus oficinas para pagar bono 'Juancito Pinto,'" 26 October 2009. Accessed March 22, 2013, at [http://www.wradio.com.mx/nota\\_imp.aspx?id=900477#](http://www.wradio.com.mx/nota_imp.aspx?id=900477#)

<sup>58</sup> Observatorio Social de Políticas Educativas de Bolivia. "Bono Juancito Pinto: Evaluación de Resultados." La Paz: Observatorio Social de Políticas Educativas de Bolivia, 2011, 61. Accessed 22 March 2013 at <http://www.oei.es/noticias/spip.php?article9057>

<sup>59</sup> On the expansion to Grade 8 see Mauricio Medinaceli and Leila Mokrani, "Impacto de los bonos financiados con la renta petrolera," *Umbrales. Revista del Postgrado Multidisciplinario en Ciencias del Desarrollo* [La Paz, Bolivia], 20 (2010), 245. On the expansion to Grade 9 see Bolivia. Ministerio de Educación. "Jovenes de tercero de secundaria recibirán el bono 'Juancito Pinto'," accessed 22 March 2013 at <http://www.minedu.gob.bo/> Beginning in

appropriate grades of a public school is eligible to receive the stipend, regardless of family income. In 2006 children got half the benefit at the start of the school year, conditional on enrollment; and the other half at the end of the school year, conditional on attendance. By 2007 the government was dispensing the entire stipend in a single ceremony at the end of the school year, contingent upon enrollment and attendance at no less than 80 percent of classes as certified by school administrators.<sup>60</sup> Only public school students are eligible for the stipend; private school students are ineligible. Recipients must be registered in the Unified Student Registry (RUDE) and must be accompanied by a parent or guardian ("preferably the mother") who must present his or her own birth certificate or identity card (cédula) in order to receive the transfer.<sup>61</sup> The student must also present one of these documents or, if the document is unavailable, at least two persons from the community must vouch for the student's identity.<sup>62</sup>

In 2010 some 1.6 million children received the Bono Juancito Pinto at a cost of about US \$54 million, about 0.24 percent of Bolivia's GDP (US \$19.6 billion).<sup>63</sup> In 2006, the first year of the program, the financing came entirely from the Direct Tax on Hydrocarbons imposed in the previous year. By 2007, however, the state hydrocarbons company (YPFB) and state mining consortium (COMIBOL) supplied only 47 percent of the financing, with the treasury providing the rest.<sup>64</sup> In 2009, 53 percent of the funding for the Bono Juancito Pinto came from YPFB, 33 percent from the treasury; and 13 percent from COMIBOL.<sup>65</sup> By 2011, 73 percent came from the treasury, 18 percent from YPFB, and 9 percent from COMIBOL.<sup>66</sup>

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2014 the Bono Juancito Pinto will be granted to each public school child in grades one through 12. Opinión.com.bo (February 17, 2013), "Gobierno ampliará bono Juancito Pinto en 2014," accessed 5 March 2013 at <http://www.opinion.com.bo/opinion/articulos/2013/0217/imprimir.php?nota=86424.php>

<sup>60</sup> Flavia Marco Navarro, "El Bono Juancito Pinto del Estado Plurinacional de Bolivia: Programas de Transferencias Monetarias e Infancia." Documento de Proyecto, Comisión Económico para América Latina y el Caribe, November (Santiago, Chile: CEPAL, 2012), 24; Ernesto Yañez Aguilar, "El Impacto de Bono Juancito Pinto. Un Análisis a Partir de Micro Simulaciones," Instituto de Investigaciones Socio Económicas Documento de Trabajo No. 06/12 (2012), 3. Marco Navarro conjectures that the government found it too expensive to dispense the stipend in two tranches.

<sup>61</sup> Marco Navarro, "El Bono Juancito Pinto," 26. Details of creating a list of eligible beneficiaries, communication between schools and departmental educational authorities, and dispensation of the stipend are described in World Bank, "Bolivia - A South-South experience exchange on social programs with Brazil, Indonesia and Mexico," 54-55. World Bank, January 1, 2012. Accessed 20 March 2013 at <http://www.worldbank.org/en/country/bolivia/research>

<sup>62</sup> Bolivia. Ministerio de Educación, Unidad de Comunicación. "Jóvenes de tercero de secundaria recibirán el Bono 'Juancito Pinto'" (10 October 2012). Accessed 22 March 2013 at <http://www.minedu.gob.bo>

<sup>63</sup> Calculated from data in Marco Navarro, "El Bono Juancito Pinto," 27, and World Bank, World Development Indicators online, accessed March 22, 2013 (total GDP in 2010 in current US dollars = \$19.6 billion).

<sup>64</sup> Medinaceli and Mokrani, "Impacto de los bonos," 245-246.

<sup>65</sup> George Gray Molina, "The Challenge of Progressive Change under Evo Morales," in Wendy Hunter, Raúl Madrid, and Kurt Weyland, eds., *Leftist Governments in Latin America*. New York: Cambridge University Press, 2010, 67.

<sup>66</sup> Bolivia. Ministerio de Economía y Finanzas Públicas. *Memoria de la Economía Boliviana 2011*. La Paz: Ministerio de Economía y Finanzas Públicas, 2012, 109.

Although the Bono Juancito Pinto is not means-tested, its benefit incidence is progressive, both because poor families usually have more children, and because wealthier parents often send their children to private schools. In 2006 the poorest 30 percent of the population received 45 percent of the value of Bono Juancito Pinto transfers; the richest 30 percent received only 11 percent. In 2006, the average monthly family income of a family in which a child received the Bono Juancito Pinto was 373 Bolivianos; that of a family without such a child was 667 Bolivianos.<sup>67</sup> Despite its universal character, in 2009 the Bono Juancito Pinto was one of the most progressive social programs in the country in terms of benefit incidence. The Bono Juana Azurduy was not far behind. Both CCT programs were more progressive than the universal pension, Renta Dignidad, which was distributionally neutral in absolute terms (but still highly progressive relative to the Gini coefficient of income). Both CCT programs were also much more progressive than natural gas subsidies, gasoline subsidies, and university education, which disproportionately helped the non-poor. Only 47 percent of the benefits of the Bono Juancito Pinto and only 45 percent of the benefits of the Bono Juana Azurduy went to those living on less than US \$4 per day, but the poorest 50 percent of the population received 60 percent of the benefits of the two programs taken together, which was more than the share of the poorest 50 percent in government health and education spending (about 50 percent) and much more than their share of market income (17 percent).<sup>68</sup> Another study found that about 23 percent of "non-poor" children were receiving the Bono Juancito Pinto, but the authors pointed out that some of these recipients may have achieved "non-poor" status precisely because of the value of the transfer they had received.<sup>69</sup>

In a 22 January 2013 speech to Congress, President Morales credited the Bono Juancito Pinto with reducing the dropout rate from 6.1 percent in 2006 to 2.0 percent in 2012.<sup>70</sup> In fact, however, to measure the program's impact on the dropout rate, or on any other outcome of interest, is no easy task. No baseline survey was conducted before the program was introduced, making it impossible to use randomized experiments to evaluate its impact.<sup>71</sup> Moreover, the

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<sup>67</sup> Medinaceli and Mokrani, "Impacto de los bonos," 254-255.

<sup>68</sup> Verónica Paz Arauco et al., "Explaining Low Redistributive Impact in Bolivia," Working Paper 6, Commitment to Equity, Tulane University, January 2013, 13.

<sup>69</sup> Marco Navarro, "El Bono Juancito Pinto," 41.

<sup>70</sup> Bolivia. Ministerio de Justicia. Transcript of Evo Morales speech to Congress, 22 January 2013, 14. Accessed 24 March 2013 at <http://www.justicia.gob.bo/index.php/noticias/notas-de-prensa/> Morales did not specify the grade level to which he referred. The 2008 Demographic and Health Survey defined the dropout rate as the percent of students enrolled in a particular school grade during the previous year who were no longer attending school in the present year. By this definition, the measured dropout rates in Bolivia in 2008 were below 1 percent in Grades 1-4, rising to 1.8 percent in Grade 5, 3.1 percent in Grade 6, 3.6 percent in Grade 7, and 4.3 percent in Grade 8. Ramiro Coa and Luis H. Ochoa, *Encuesta Nacional de Demografía y Salud: ENDSA 2008* (La Paz: Ministerio de Salud y Deportes and Measure DHS, Macro International), October 2009, 30.

<sup>71</sup> Natasha Morales, "A Boom or a Boomerang: Reflections on Social Policy in Bolivia." News article, Instituto de Estudios Avanzados en Desarrollo (La Paz), 8 February 2009. Accessed 25 March 2013 at <http://inesad.edu.bo/es/component/content/article/713-a-boom-or-a-boomerang-reflections-on-social-policy-in-bolivia>

program was introduced throughout the country all at once,<sup>72</sup> making it impossible to design impact evaluations with an identification strategy of exploiting variation in the timing with which the program reached different municipalities.<sup>73</sup> Since 2007, however, the National Statistical Institute's annual household survey (Encuesta Nacional de Hogares) has asked respondents whether household members have received the Bono Juancito Pinto in the previous year.<sup>74</sup> Several studies have used these survey data to estimate the effects of the stipend on school enrollment, attendance, and completion; on child labor; and on poverty and income inequality. Many of these studies are at least partly compromised, however, by the potential problem of selection bias. Children reported in the 2007 survey as having received the stipend in 2006 had already met the enrollment and attendance conditions for 2006, and thus may have been predisposed to meet them again in 2007, with or without the stipend.<sup>75</sup>

In one study using data from the annual household surveys from 1999-2007, being a recipient of the Bono Juancito Pinto in 2006 had a significant and positive association with school enrollment in 2007, but was not associated significantly with either school attendance or child labor in 2007. In 2006 the stipend was distributed in two equally-sized tranches, one at the beginning of the school year (conditional on enrollment) and one near the end of the school year (conditional on attendance). The researchers concluded that "the BJP initiative seems to encourage free riding behavior, leading people to enroll but not to attend. The reason for this might be that the second installment of the BJP is not large enough for many extremely poor children to forgo working."<sup>76</sup> Another study that undertook a quantitative cross-sectional comparison of households that reported receiving the Bono Juancito Pinto in 2006 to those that did not (as reported in the 2007 household survey) found that receipt of the transfer raised school attendance, controlling for other factors likely to affect that outcome.<sup>77</sup> Each of these findings, however, is potentially contaminated by the selection bias problem just noted.

Other methods have also been used to evaluate the impact of the Bono Juancito Pinto, but none has been fully satisfactory. A micro-simulation based on data from the 2005 household survey found that the Bono Juancito Pinto was structured so as to create the incentives necessary

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<sup>72</sup> Diego A. Vera Cossío, "Matriculación y Trabajo Infantil En Bolivia: Un Análisis Quasi Experimental." Institute for Advanced Development Studies [La Paz] Development Research Working Paper Series 11/2011, December 2011, 2. Accessed March 24, 2013, at <http://www.inesad.edu.bo/es/wpepb/1026-wp11-2011>, 4.

<sup>73</sup> Such variation has been exploited in an analysis of the impact of Colombia's Familias en Acción program on voting behavior (Javier E. Baez et al, "Conditional Cash Transfers Political Participation, and Voting Behavior," IZA Discussion Paper No. 6870 (September 2012), Forschungsinstitut zur Zukunft der Arbeit, Bonn); as well as in an analysis of the impact of Brazil's Programa Saúde da Família on infant mortality (James Macinko et al., "Going to Scale With Community-Based Primary Care: An Analysis of the Family Health Program and Infant Mortality in Brazil, 1999-2004," *Social Science & Medicine* 65 No. 10 (November 2007), 2070-2080).

<sup>74</sup> Medinaceli and Mokrani, "Impacto de los bonos," 252; Vera Cossío, "Matriculación y Trabajo Infantil En Bolivia."

<sup>75</sup> Vera Cossío, "Matriculación y Trabajo Infantil En Bolivia," 9.

<sup>76</sup> Francesco Grigoli and Giacomo Sbrana, "Determinants and Dynamics of Schooling and Child Labor in Bolivia," Policy Research Working Paper 5534. Washington, DC: World Bank, 2011, 4, 15, 17 (quotation).

<sup>77</sup> Medinaceli and Mokrani, "Impacto de los bonos," 260.

to induce 4 of every 100 children not attending school to enroll and attend classes, with an even stronger positive impact among rural, indigenous, and poor children. It also concluded the stipend would lead to a slight reduction of poverty and inequality and to lower child labor.<sup>78</sup> These results, however, were substantively underwhelming, and may also have been contaminated by a type of selection bias.<sup>79</sup> In November 2010 the Observatorio Social de Políticas Educativas de Bolivia conducted a specialized survey of 3,660 schoolchildren, 600 teachers, and 596 parents from around the country. This study found that most teachers *credited* the program with raising enrollment and attendance,<sup>80</sup> but this perception may have differed from the reality. A survey of 4,260 households in 2008 and 2009 revealed only a small and statistically insignificant association between receipt of the Bono Juancito Pinto and household expenditure once other relevant household characteristics was taken into account.<sup>81</sup>

An October 2012 study from the UN Economic Commission for Latin America and the Caribbean (CEPAL) reviewed several evaluations of the impact of the Bono Juancito Pinto, including some of the studies discussed above and some unpublished studies by the Unidad de Análisis de Políticas Sociales y Económicas (UDAPE), an agency within Bolivia's Planning Ministry. The UDAPE studies found that the stipend had raised school enrollment, had boosted attendance by 2.6 percent, and had reduced dropout rates by about 1 percent. UDAPE did not describe the methods used to arrive at these estimates, however, and the finding about the program's positive impact on enrollment was inconsistent with aggregate data on public primary school net enrollment rates, which fell from 84.5 percent in 2006 to 82.1 percent in 2008. In a set of qualitative interviews, the study also found that most of the population was satisfied with the program, that the children receiving the stipend were happy that they now had some cash at their disposal and did not have to ask their parents for pocket money, and that a significant share of the stipend was spent on school clothing and supplies.<sup>82</sup>

The most compelling evaluation of the impact of the Bono Juancito Pinto exploits the fact that the program was expanded to 6th graders in 2007 and to 7th and 8th graders in 2008. As opposed to actual receipt, *eligibility* for the stipend is not affected by the selection bias problem noted above. It is thus possible to explore, free of selection bias, whether children who suddenly became eligible to receive the stipend had different educational and labor outcomes than other children. Using this identification strategy, the study found that the Bono Juancito Pinto *did* raise next-year enrollment rates for preschool children and first- and second-graders, but not for older children, and that it had no effect on child labor. The latter finding, the author pointed out, was

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<sup>78</sup> Yañez Aguilar, "El Impacto de Bono Juancito Pinto.

<sup>79</sup> Yañez Aguilar, "El Impacto de Bono Juancito Pinto," 10.

<sup>80</sup> Observatorio Social de Políticas Educativas de Bolivia, 64.

<sup>81</sup> Jonathan M. Fortun Vargas, "Declining Inequality in Bolivia: How and Why." Munich Personal RePEc Archive Paper No. 41208 (12 September 2012). Accessed March 23, 2013, at <http://mpra.ub.uni-muenchen.de/41208>.

<sup>82</sup> Marco Navarro, "El Bono Juancito Pinto," 12, 41, 44, 51, 55.

not unexpected, given that the school day in Bolivia is only 4 hours long, and is therefore compatible with the average workday length of child laborers, which is about 5.5 hours.<sup>83</sup>

The absence of a randomized controlled trial built into the program design, the lack of a baseline study, and the problem of selection bias in most analyses based on household surveys, makes it difficult to evaluate the impact of the Bono Juancito Pinto on enrollment, attendance, and dropout rates; on child labor; or on poverty and inequality. Such evidence as can be gathered from imperfect studies and sources gives little ground for believing, however, that the program has had a significant beneficial impact on the outcomes it was designed to affect.

#### 4. Bolivia's Bono Juana Azurduy: Origins and Impact

The Bono Juana Azurduy was introduced by executive decree on April 3, 2009, eight months before the December 2009 election in which Evo Morales of the MAS was re-elected to the presidency with 64 percent of the popular vote. The Bono Juana Azurduy provides a stipend to expectant and new mothers each time they utilize specific maternal and infant health care services. Separate stipends are given for (1) each of four prenatal visits, (2) giving birth attended by trained personnel plus certification of the birth plus medical monitoring for a one-week period after the birth, and (3) for each of twelve checkups for the baby (every two months for the baby's first 24 months). The payments add up to a maximum of about US \$260.

The official story, as with the Bono Juancito Pinto, is that bureaucratic initiative was the main force behind the Bono Juana Azurduy. According to Álvaro García Linera, Morales's vice-president, the idea for the Bono Juana Azurduy emerged in a conversation between himself and President Morales in which, after contemplating the situation of single mothers who had been abandoned by their husbands and neglected or rejected by their natal families, they concluded that "single mothers are the most vulnerable, neglected and marginalised of all...and the state must help support these women."<sup>84</sup> The former health minister Ramiro Tapia reported that "Morales had a particular concern for the problems of Bolivia's single mothers, most of whom are poor, who face motherhood without any support."<sup>85</sup> In line with the official story of a top-down approach, those in charge of designing the Bono Juana Azurduy apparently did not consult personnel in government agencies involved with gender issues before designing the initiative, with the result that "a technical, administrative, health focus prevailed in the design and implementation of the [Bono Juana Azurduy] programme."<sup>86</sup>

As with any policy, bureaucratic initiative provided some of the impetus for the Bono Juana Azurduy. Unlike with the Bono Juancito Pinto, however, international organizations were also heavily involved in funding and helping to design the Bono Juana Azurduy and its

<sup>83</sup> Vera Cossio, "Matriculación y Trabajo Infantil En Bolivia," 8, 23.

<sup>84</sup> Frank Chavez, HEALTH-BOLIVIA: Subsidy to Cut Maternal-Child Mortality. ipsnews.net 3 June 2009. <http://ipsnews.net/news.asp?idnews=47082IPS>

<sup>85</sup> Franz Chávez, "Cash for Checkups to Slash Maternal Death," *IPS News* March 2, 2010.

<sup>86</sup> Molyneux and Thomson, "Cash Transfers, Gender Equity, and Women's Empowerment," 198.

precursors. In September 2007 the World Bank agreed to help to fund and advise the Zero Malnutrition Program, which was an element of the Red de Protección Social y Desarrollo Integral Comunitario that was part of the MAS's 2006 National Development Plan. One component of the Zero Malnutrition Program was the Social Protection Program for Mothers and Children, a conditional cash transfer program that was designed to be implemented in 164 (of 327) Bolivian municipalities that were highly vulnerable to food insecurity. As part of its Investing in Children and Youth project in Bolivia, the World Bank agreed to fund the Social Protection Program for Mothers and Children in 52 of the 164 municipalities, benefiting an estimated 45,000 families. The size of the transfer was ten percent of the mean consumption of households in the poorest 20 percent of the Bolivian population; no means-testing was envisioned because each of the 52 municipalities had a poverty rate above 90 percent.<sup>87</sup> Pregnant women and mothers with children younger than two years of age were to be eligible for the transfer, provided that they met conditions involving "prenatal and postnatal check-ups, regular monitoring of children's height and weight, and pertinent counseling about feeding practices, exclusive breastfeeding, hygiene practices and knowledge about illness's alerts."<sup>88</sup> In this precursor to the Bono Juana Azurduy, presidential initiative does not appear to have played much of a role. Former health minister Ramiro Tapia reported that Morales never mentioned the Zero Malnutrition Program in speeches, never asked about it in cabinet meetings, and never stressed it or even inquired about it in communications with lower-level health ministry personnel. According to members of the National Council on Food and Nutrition, Morales neglected the program because he was preoccupied with struggles for departmental autonomy, with the August 2008 recall vote, and with a referendum on the 2009 constitution.<sup>89</sup>

The World Bank declared its Investing in Children and Youth Project effective on February 13, 2009. In the original plan for the Social Protection Program for Mothers and Children, the World Bank envisioned doing a pilot program in 10 municipalities and conducting a "process evaluation" of the pilot before moving on to the remaining 42 municipalities. In May 2009, however, the Morales government announced that the Bono Juana Azurduy would be implemented in all of the country's municipalities at once, benefiting an expected 400,000 expectant and new mothers and under-two children. No pilot program was ever conducted. Subsequently the World Bank and Interamerican Development Bank agreed to co-sponsor a non-

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<sup>87</sup> World Bank, "Project Appraisal Document on a Proposed Credit to the Republic of Bolivia for the Investing in Children and Youth Project." Report No. 41867-BO. February 7. Washington, DC: World Bank, 2008, 14, 33, 68.

<sup>88</sup> World Bank, "Bolivia: Enhancing Human Capital of Children and Youth. Project Information Document (PID), Concept Stage." Report No. AB3313. September 11. Washington, DC: World Bank, 2007, 4.  
<http://documents.worldbank.org/curated/en/2007/09/8436644/bolivia-enhancing-human-capital-children-youth>

<sup>89</sup> Lesli Hoey and David L. Pelletier, "Bolivia's Multisectoral Zero Malnutrition Program: Insights on Commitment, Collaboration, and Capacities." *Food & Nutrition Bulletin* 32 Supplement 2 (2011), 70S-81S.

experimental, non-randomized impact evaluation of the Bono Juana Azurduy.<sup>90</sup> The Inter-American Development Bank also supported the program with a US \$21 million loan.<sup>91</sup>

In 2009 the Unidad de Análisis de Políticas Sociales y Económicas (UDAPE), an agency within Bolivia's Planning Ministry, asked the World Bank to help set up meetings with planners from Brazil, Indonesia, and Mexico to exchange knowledge on poverty alleviation for rural and indigenous populations. Discussion with Mexican experts persuaded the Bolivian Ministry of Planning to introduce into the Bono Juana Azurduy monitoring and evaluation techniques similar to those used in Oportunidades, Mexico's flagship CCT program.<sup>92</sup> As of 2011, financing for the Bono Juana Azurduy came from the World Bank in 107 municipalities, from the Interamerican Development Bank in 74, and from the national treasury in the remaining 156.<sup>93</sup> Other international organizations have also collaborated closely with the initiative. The United Nations World Food Program was involved in capacity-building for the Zero Malnutrition Program, and the United Nations Population Fund funded flyers describing the Bono Juana Azurduy.<sup>94</sup>

Electoral incentives may also have influenced the initiation of the program. The 2002-2007 Governing Platform of the MNR, the main rival to the MAS in the run-up to the 2002 presidential election, included a "Bono Salud" as well as the "Bono Educación" described in the previous section. Every under-5 child in a low-income rural household was to receive a health card entitling him or her to receive 25 Bolivianos (US \$3.50) for each of up to two health care visits per year. The program was envisioned as a demand-side complement to the supply-side initiatives associated with the Basic Health Insurance (SBS) program inaugurated in 1998.<sup>95</sup> One study suggests that the SBS, which covered all women of childbearing age (not just pregnant women) and provided family planning as well as 102 basic health interventions, was more effective at reducing infant and maternal mortality than its predecessor, the National Maternal and Child Health Insurance program (SNMN, 1996-1998), or than its successor, the Universal

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<sup>90</sup> World Bank, "Restructuring Paper on a Proposed Project restructuring of the Investing in Children and Youth Project Loan March 11, 2008, to the Plurinational State of Bolivia." Report No. 57085-BO. Washington, DC: World Bank, 2011, 4-5, 7-8, Annex 3.

<sup>91</sup> Inter-American Development Bank, "Bolivia: Multiphase Program in Support of the Plan to Eradicate Extreme Poverty -- Phase 1," Loan Proposal BO-L1032, December 8, 2009. Accessed March 21, 2013, at <http://www.iadb.org/projectDocument.cfm?id=35011326s>

<sup>92</sup> World Bank, "Improving Programs to Tackle Extreme Poverty in Bolivia," South-South Knowledge Exchange Hub. 4 April. Washington, DC: World Bank, 2011. Report Permalink: <http://wbi.worldbank.org/sske/result-story/1171>

<sup>93</sup> Bolivia. Programa de Protección Social Madre Niño Niña. "Bono Juana Azurduy: Una oportunidad para la vida." Accessed 23 March 2013 at <http://www.bonojuanaazurduy.sns.gob.bo/FrmResultadosImpacto.aspx>

<sup>94</sup> World Food Programme, "Country Programme for the Plurinational State of Bolivia 200381 (2013-2017)," Report WFP/EB.2/2012/8/2, July 31, 2012. Accessed March 22, 2013, at <http://www.wfp.org/content/country-programme-plurinational-state-bolivia-2013-2017>; Mesa por una Maternidad y Nacimiento Seguros. "Bono Juana Azurduy. Una oportunidad para la vida." La Paz: Family Care International Bolivia/UNFPA-Bolivia. Undated. Accessed 22 March 2013 at <http://www.familycareintl.org/UserFiles/File/LAC%20Cartilla%201%20Biptico.pdf>

<sup>95</sup> Movimiento Nacionalista Revolucionario, "Programa Gobierno 2002-2007," 79. Accessed March 26, 2013, at <http://americo.usal.es/oir/opal/bolivia.htm>

Maternal and Child Insurance Program (SUMI, 2003-present). The SNMN and SUMI programs covered only pregnant women and under-5 children, and excluded family planning services.<sup>96</sup>

Morales's successful campaign for president in 2005 was dominated by the issues of resource nationalization and indigenous rights, but also included a call for "health care for all."<sup>97</sup> In May 2009, when the Bono Juana Azurduy was launched (seven months before the national election scheduled for December 2009), José Luis Parada, the Secretary of Hacienda of the department of Santa Cruz, called the program "demagogic and irresponsible" and complained that Morales was using it to get attention, especially from the poor. Morales denied that there were electoral motives behind the program.<sup>98</sup> A study of recent changes in Bolivian health policy noted that the Bono Juana Azurduy "has predictably been sharply criticized as blatant populism by the political opposition, especially during the electoral year of 2009."<sup>99</sup>

The goals of the Bono Juana Azurduy program were to increase the demand for health services from pregnant women and under-two children, and to reduce chronic undernutrition among children with high food insecurity. Like Renta Dignidad for the elderly and the Bono Juancito Pinto for public schoolchildren, the Bono Juana Azurduy is non-means tested within its demographic domain of expectant and new mothers and under-two children. Ineligible for the program, however, were several categories expectant and new mothers: (1) those covered by contributory health insurance or by a US \$80 subsidy introduced during the Banzer government (1997-2001) to promote breastfeeding among working mothers in urban areas (those with neither type of coverage comprised about 74 percent of expectant and new mothers),<sup>100</sup> as well as women (2) whose youngest child is below the age of two, (3) whose most recently-born child died before the age of two, and (4) whose last pregnancy ended in abortion. Restrictions (2), (3), and (4) were apparently designed to avoid creating incentives for women to get pregnant again before a stipulated birth interval of three years has elapsed. Women who fall afoul of these restrictions became eligible again after a three-year wait.<sup>101</sup> Enrollment required the mother to show a national identity card and the infant to have a birth certificate.<sup>102</sup>

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<sup>96</sup> Erika Silva and Ricardo Batista, "Bolivian Maternal and Child Health Policies: Successes and Failures," FOCAL Policy Paper May 2010. Ottawa: Canadian Foundation for the Americas, 2010.

<sup>97</sup> Sebastián Siren, "Towards Universalism? The Obstructed Process of Healthcare Reform in Bolivia." Institute for Advanced Development Studies [La Paz] Development Research Working Paper Series 12/2011, December 2011, 27. Accessed March 24, 2013, at <http://inesad.edu.bo/es/publicaciones/documentos-de-trabajo/1027-wp12-2011>

<sup>98</sup> El Mundo (La Paz) 28 May 2009, "Evo empezó su campaña con los bonos solidarios." Accessed 22 March 2013 at <http://www.elmundo.com.bo/Secundarianew.asp?edicion=28/05/2009&Tipo=Politica&Cod=823>

<sup>99</sup> Brian B. Johnson, "Decolonization and Its Paradoxes: The (Re)envisioning of Health Policy in Bolivia," *Latin American Perspectives* 27 No. 3 (May 2010), 149.

<sup>100</sup> Natasha Morales Escoffier, "Boom or a Boomerang: Social Policy in Bolivia," *FOCALPoint: Canada's Spotlight on the Americas* 8 No. 5 (June-July 2009), 22; Hannes Hermann, "Conditional Cash Transfers," Consultancy Report, Swiss Agency for Development and Cooperation and the UN World Food Programme, July 20, 2009, 13.

<sup>101</sup> Mesa por una Maternidad y Nacimiento Seguros. "Bono Juana Azurduy."

<sup>102</sup> Details of the registry process are given in Mesa por una Maternidad y Nacimiento Seguros. "Bono Juana Azurduy."

Impact evaluations of the Bono Juana Azurduy are not yet available, and no baseline survey was conducted before the program was implemented. What little information can be gleaned from recent government data on beneficiary numbers and health service utilization is not encouraging. The first day on which expectant and new mothers could sign up for the program was May 11, 2009, and the first payment was delivered May 27, 2009. According to the Economy Ministry, the Bono Juana Azurduy had 282,274 beneficiaries in 2009, 479,285 in 2010, and 683,139 in 2011 (35-41 percent of the beneficiaries, depending on the year, were expectant and new mothers; the remaining 59-65 percent were under-two children).<sup>103</sup> The share of births taking place in health facilities, however, rose only from 67.0 percent in 2009 to 72.6 percent in 2011 (5.6 percent), not much steeper than the rise from 63.9 percent in 2007 to 67.0 percent in 2009 (4.1 percent). The proportion of expectant mothers reporting four or more prenatal visits actually fell after the Bono Juana Azurduy was introduced, from 59.1 percent in 2009 to 58.6 percent in 2011 (after rising from 46.6 to 59.1 percent over the previous two years). Immunization rates from 2009 to 2011 rose for two types of vaccines, but fell for two others.<sup>104</sup> Birth and death registration in Bolivia is extremely low, especially in rural areas,<sup>105</sup> so annual data on infant, child, and maternal mortality outcomes are unavailable. A nationwide census was conducted in November 2012, but the information collected has not yet been used to estimate mortality rates. The only minimally reliable estimates of infant, child, and maternal mortality come from the 2008 Demographic and Health Survey, but they pertain to a period spanning 1998-2008, before the Bono Juana Azurduy was introduced.<sup>106</sup>

Corroborating the disappointing data on the evolution of health service utilization indicators from 2009 to 2011, the Bono Juana Azurduy has suffered from implementation problems. President Evo Morales explicitly admitted as much in a 22 January 2013 speech.<sup>107</sup> To handle the expected influx of new patients created by the demand-side program, the government in 2009 recruited 749 doctors, paying each a relatively high salary of US \$648 per month.<sup>108</sup> By late 2012, however, seven of the nine Departments were still without a permanent program coordinator, a scarcity of doctors was preventing the program from meeting its coverage targets in four of Bolivia's nine departments, and doctors were dropping out of the program because

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<sup>103</sup> Bolivia. Ministerio de Economía y Finanzas Públicas. *Memoria de la Economía Boliviana 2011*. La Paz: Ministerio de Economía y Finanzas Públicas, 2012, 132. Accessed March 23, 2013, at [http://www.ine.gob.bo/pdf/boletin/NP\\_2013\\_2.pdf](http://www.ine.gob.bo/pdf/boletin/NP_2013_2.pdf)

<sup>104</sup> Bolivia. Ministerio de Economía y Finanzas Públicas, *Memoria de la Economía Boliviana*, 47-48, 75-76.

<sup>105</sup> Isabella Danel and Marcelo Bortman, "An Assessment of LAC's Vital Statistics System: The Foundation of Maternal and Infant Mortality Monitoring." Health, Nutrition, and Population Discussion Paper. May. Washington, DC: World Bank, 2008, 53.

<sup>106</sup> Ramiro Coa and Luis H. Ochoa, *Encuesta Nacional de Demografía y Salud: ENDSA 2008*. La Paz: Ministerio de Salud y Deportes and Measure DHS, Macro International, October 2009. 130, 142. See also Silva and Batista, "Bolivian Maternal and Child Health Policies."

<sup>107</sup> Bolivia. Ministerio de Justicia. Transcript of Evo Morales speech to Congress, 22 January 2013, 17-18.

<sup>108</sup> Franz Chávez, "Cash for Checkups to Slash Maternal Death," *IPS News* March 2, 2010.

their salaries had not been paid for several months.<sup>109</sup> Coverage was particularly low in the department of Beni, owing to its low population density and the isolation of indigenous villages.<sup>110</sup> After the program began, Health Minister Ramiro Tapia began to receive reports that the number of women visiting health facilities had risen from 20 to 120 in some cases, a process that often involved a long walk in cold temperatures followed by a seven-hour wait at the facility, which constituted a particular hardship for the many self-employed women in the program.<sup>111</sup> Such rises in patient demand overwhelmed the capacity of many smaller health facilities. Other, partly related problems included slow expansion of coverage, false starts in arranging payment of the stipends to beneficiaries, patient difficulties in obtaining the identity documents required to participate in the program, and poor record-keeping and accounting.<sup>112</sup>

Monthly payouts in late 2009 averaged US \$21.64 for the Bono Juana Azurduy, compared to only \$2.28 for the Bono Juancito Pinto.<sup>113</sup> Accordingly, it is unlikely that the amount of the Bono Juana Azurduy is insufficient to incentivize takeup, as seems to be the case for the Bono Juancito Pinto. Also, the demographic groups eligible for the Bono Juana Azurduy (expectant and new mothers along with under-two children) are those most vulnerable to morbidity and mortality, the outcomes that the Bono Juana Azurduy is designed to affect. That was not the case for the Bono Juancito Pinto, which initially was unavailable to children in the grade levels with the highest risk of truancy, dropout, and child labor. The two programs have in common, however, two other factors linked to their disappointing results: problems with the public provision (the "supply side") of the basic social services whose uptake the CCT programs are designed to stimulate, and the historically weak administrative capacity of the Bolivian state.

## 5. Explaining the Introduction and Universalistic Character of Bolivian CCT Programs

In unraveling the generative causes of Bolivia's CCT programs, it has been argued that the official stories, which highlight bureaucratic initiative, need to take account of other factors as well. Foremost among these other generative causes are aspects of democracy. The Bono Juancito Pinto, the Bono Juana Azurduy, and El Alto's Bono Esperanza were repeatedly invoked by candidates campaigning for elective office. Pressure from civil society groups (particularly parents), which is facilitated by the democratic freedoms of information, speech, organization, and assembly, was notably important in shaping and sustaining the Bono Esperanza. Perhaps

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<sup>109</sup> Wilma Pérez and Laura Manzaneda, "Falta de médicos afecta al Bono Juana Azurduy in cuatro regiones." *La Razon* [La Paz] 19 January 2013. Accessed March 22, 2013, at [http://www.la-razon.com/sociedad/Falta-Bono-Juana-Azurduy-regiones\\_0\\_1763823615.html](http://www.la-razon.com/sociedad/Falta-Bono-Juana-Azurduy-regiones_0_1763823615.html)

<sup>110</sup> Interview with Health Minister Juan Carlos Calvimontes reported in Verónica Zapana, "Ministro admite baja cobertura de bono Juana Azurduy en Beni," *PáginaSiete.bo* May 28, 2012. Accessed 23 March 2013 at <http://www.paginasiete.bo/Generales/Imprimir.aspx?id=289624>

<sup>111</sup> Franz Chávez, "Cash for Checkups to Slash Maternal Death," *IPS News* March 2, 2010.

<sup>112</sup> Anastasia Moloney, "Difficulties Hit Bolivia's Programme for Pregnant Women," *Lancet* 375 (June 5, 2010), 1955; World Bank, "Bolivia: Investing in Children and Youth (P101084). Implementation Status & Results." Report ISR6148 (August 10, 2011) and ISR8045 (November 13, 2012).

<sup>113</sup> Andres Vaughan, "Unconditional Cash Transfers: Will Redistribution in Bolivia Work?" Masters of Public Policy Essay, Oregon State University, April 16, 2010, 11.

most importantly, as citizens get more experience with democracy, their expectations change. Democracy is based on the principle that citizens have equal rights. Over time, this notion of equality tends to produce a perception that the state is obliged to provide social services and social assistance sufficient to enable every citizen to live with dignity.<sup>114</sup> During the three decades that have elapsed since the end of military rule in 1982, Bolivia has developed a vibrant set of citizen organizations and social movements. Because of their "high level of social participation and community empowerment," Bolivians have evolved "a sense of 'ownership'" over the CCTs and other social assistance programs, which are "no longer considered a temporary public benefit, but rather an acquired human right, which means that the population will demand that these programs are continued at any cost."<sup>115</sup>

Besides bureaucratic initiative and factors related to democracy, subnational and foreign models contributed to the emergence and evolution of Bolivia's CCT programs. The Bono Juancito Pinto was influenced by El Alto's Bono Esperanza, and the administrators of the Bono Juana Azurduy met with their counterparts in Mexico's Oportunidades program to learn about monitoring and evaluation methods. Moreover, the World Bank, the Inter-American Development Bank, the World Food Program, and the United Nations Population Fund each played a major role in designing and providing financial support for the Bono Juana Azurduy.

Moving from generative causes to facilitating conditions, favorable economic trends produced the resources needed to fund the cash transfer programs, which despite being relatively inexpensive competed with departmental governments, municipal governments, and university administrations for a share of the hydrocarbons tax.<sup>116</sup> After decades of economic stagnation, Bolivia from 2006 to 2011 achieved GDP growth averaging 4.7 percent per year.<sup>117</sup> By 2004 the budget was in surplus, and by 2008 the surplus amounted to 4.8 percent of GDP.<sup>118</sup> According to the Economic Commission for Latin America and the Caribbean, household survey data show that from 2007 to 2009 the Gini coefficient of income inequality fell from 0.56 to 0.51 while the share of the population below the national poverty line dropped from 54.0 to 42.4 percent.<sup>119</sup>

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<sup>114</sup> T. H. Marshall, "Citizenship and Social Class," in T. H. Marshall, *Citizenship and Social Class and Other Essays*. Cambridge, UK: Cambridge University Press, 1950, esp. 53, 77, 82; James W. McGuire, *Wealth, Health, and Democracy in East Asia and Latin America*. New York: Cambridge University Press, 11, 295-300.

<sup>115</sup> Morales Escoffier, "Boom or a Boomerang: Social Policy in Bolivia," 23.

<sup>116</sup> Isabella M. Radhuber, "Indigenous Struggles for a Plurinational State: An Analysis of Indigenous Rights and Competences in Bolivia." *Journal of Latin American Geography* 11 No. 2 (2012), 177-182.

<sup>117</sup> World Bank, World Development Indicators online, "GDP growth (annual %)." Accessed March 29, 2013, at <http://databank.worldbank.org/data/home.aspx>

<sup>118</sup> Carlos Gustavo Machicado, "Public Expenditure Policy in Bolivia, Growth and Welfare." Paper prepared for the 8th PEP [Poverty and Economic Policy Research Network] General Meeting, Dakar, Senegal, June 2010, 4.

<sup>119</sup> Economic Commission for Latin America and the Caribbean, CEPALSTAT. Accessed March 30, 2013, at <http://interwp.cepal.org/cepalstat/engine/index.html>. According to the Socio-Economic Database for Latin America and the Caribbean (SEDLAC), which also uses household surveys as a primary source, the poverty headcount for individuals in Bolivia, after stagnating from 2001 to 2006, plunged from 2006 and 2009: from 38 to 26 percent for extreme poverty and from 60 to 51 percent for moderate poverty. SEDLAC (2012). "Poverty Headcount Ratio. Official Statistics." May. Accessed 30 March 2013 at <http://sedlac.econo.unlp.edu.ar/eng/statistics.php>

Morales himself cited the revenue made available by the May 2006 nationalization of hydrocarbons as a factor that enabled the MAS government to fund the Bono Juancito Pinto, and similarly credited the revenue furnished by a November 2007 law that raised taxes on hard-rock mining as a factor that enabled the expansion of the stipend to students in the 7th and 8th grades.<sup>120</sup> The Bono Esperanza in El Alto was funded in part by revenue freed up by the Heavily Indebted Poor Countries initiative,<sup>121</sup> of which Bolivia in 1998 became one of the first beneficiaries. Even as they helped to generate funding for the CCT programs, however, favorable economic trends and the growth of public and private resources should have boosted Bolivia's performance on the education and health outcomes that the programs were designed to improve. The absence of rapid improvement on these indicators *despite* these favorable economic trends suggests that the CCT programs may have been even more ineffective than they initially appear.

If Bolivia's CCT programs were facilitated on the one hand by the expansion of available economic resources, they were enabled on the other by their own relatively low cost. Spending on Bolivia's CCT programs in 2010 amounted to 0.24 percent of GDP for the Bono Juancito Pinto and 0.13 percent of GDP for the Bono Juana Azurduy.<sup>122</sup> By comparison, the Bolivian state in 2004 spent 4.5 percent of GDP to subsidize contributory pensions, which covered only about 15 percent of Bolivians aged 65 or older.<sup>123</sup>

Another facilitating condition for the CCT programs involved the legal and institutional process. In 1994, the MNR government of Gonzalo Sánchez de Lozada passed a decentralization law that gave a much greater role to municipalities in designing and administering social services and programs, along with the funding to carry out these new responsibilities. Econometric evidence suggests that decentralization had a salutary effect on investment in basic social services in impoverished municipalities.<sup>124</sup> It also provided a basis for local experiments in social assistance with the potential to be scaled up to the national level, such as the Bono Esperanza in El Alto. In a similar fashion, Brazil's Bolsa Escola (2001) and Bolsa Família (2003) had two subnational precursors, the Programa de Garantia de Renda Familiar Mínima in the city of

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<sup>120</sup> Organización de Estados Iberoamericanos, News Bulletin. 18 October 2012. Accessed 22 March 2013 at [http://www.oei.es/noticias/spip.php?article11267&debut\\_5ultimasOEI=15](http://www.oei.es/noticias/spip.php?article11267&debut_5ultimasOEI=15); Bolivia. Ministerio de Relaciones Exteriores. Transcript of Evo Morales speech to Congress, 22 January 2008, 9.

<sup>121</sup> *Noticias El Diario* (La Paz), "El Alto: niños recibieron primer Bono Esperanza," 19 Sept 2003. Accessed March 22, 2013, at [http://www.eldiario.net/noticias/2003/2003\\_09/nt030918/5\\_00nal.html](http://www.eldiario.net/noticias/2003/2003_09/nt030918/5_00nal.html)

<sup>122</sup> Calculated from data on budgets, expenditures, and program beneficiaries in Comisión Económica de América Latina y el Caribe (CEPAL), *Programas de Transferencias Condicionadas*. Accessed March 31, 2013, at <http://dds.cepal.org/bdptc/>, and from GDP data in World Bank, World Development Indicators online, accessed March 22, 2013 (total GDP in 2010 in current US dollars = \$19.6 billion).

<sup>123</sup> Rafael Rofman, "The Pension System: Reforms of the Reform," in Vicente Fretes-Cibils, Marcelo Giugale, and Connie Luff, eds., *Bolivia: Public Policy Options for the Well-Being of All*. Washington, DC: World Bank, 2006, 365-367; see also Larry Willmore, "Universal Pensions for Developing Countries," *World Development* 35 No. 1 (January 2007), 45.

<sup>124</sup> Jean-Paul Faguet, "Does Decentralization Increase Government Responsiveness to Local Needs? Evidence from Bolivia." *Journal of Public Economics* 88 (2004), 867-893.

Campinas and the Bolsa Escola program in the Federal District of Brasília.<sup>125</sup> Likewise, Brazil's acclaimed Programa Saúde da Família, a nationwide primary health care program inaugurated in 1994, evolved from the Programa de Agentes Comunitários de Saúde, which in turn was modeled on a local community health agents program in the northeastern state of Ceará.<sup>126</sup> The Bolivian Constitution of 2009 guarantees a right to education (Articles 77-90) and a right to health (Articles 35-39), which creates an incentive to design programs like the Bono Juancito Pinto and the Bono Juana Azurduy in order to transform the rights into realities. It is worth noting, however, that a 2002 review of the written constitutions of 165 countries found that 116 included a right to education and 73 to a right to health care.<sup>127</sup> It strains credulity that every country whose constitution stipulates such a right has a government that implements policies adequate for all citizens to secure such rights. In each case, however, the existence of the right puts pressure on a government to take action to secure it, even if the pressure is sometimes insufficient. Analogously, democracy puts pressure on credit-claiming politicians to enact universalistic programs (to maximize the votes attracted), even if such pressure is sometimes offset or overcome by countervailing factors (e.g., resource scarcity).

Another condition that encouraged the expansion of CCT programs in Bolivia and elsewhere involved the failure of alternative policies, notably social investment funds and microfinance initiatives, to reach the poorest of the poor. Bolivia in 1986 introduced Latin America's first social investment fund, the Fondo Social de Emergencia. Such funds gave cash transfers to community leaders who submitted successful proposals to build or improve public facilities like health clinics, water and sewer lines, roads, and recreation centers. Locals were usually required to contribute labor or other resources. The funds, it was hoped, would help the newly unemployed to stay in the labor force and prepare themselves to graduate to higher-skilled work, while building human capital (through education and training programs) and social capital (through participation in the proposals and projects). Few of the poorest, however, had human or social capital sufficient to enable them to draw up a proposal for infrastructural improvements and submit it to government officials, so the benefits of social investment funds usually did not reach them. One study found that the poorest 20 percent of Bolivian households supplied only 6-8 percent of workers employed as a result of the Fondo Social de Emergencia.<sup>128</sup>

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<sup>125</sup> Natasha Borges Sugiyama, *Diffusion of Good Government: Social Sector Reforms in Brazil*. Notre Dame, IN: University of Notre Dame Press, 2012, 7.

<sup>126</sup> McGuire, *Wealth, Health, and Democracy in East Asia and Latin America*, 167; Judith Tandler, *Good Government in the Tropics*. Baltimore: Johns Hopkins University Press, 1997, Ch. 2.

<sup>127</sup> Varun Gauri, "Social Rights and Economics: Claims to Health Care and Education in Developing Countries." *World Development* 32 No. 3 (March 2004), 465.

<sup>128</sup> Judith Tandler, "Why Are Social Funds So Popular?," in Shahid Yusuf, Weiping Wu, and Simon Evenett, eds., *Local Dynamics in an Era of Globalization*. Washington, DC: World Bank, 2000, 126 n. 14. See also Giovanni Andrea Cornia, "Social Funds in Stabilization and Adjustment Programs," UNU-WIDER Research for Action Paper 48. Helsinki: United Nations University-World Institute for Development Economics Research, 1999.

Bolivia has also been called "a flagship for microcredit in Latin America and in the world."<sup>129</sup> Microcredit -- the provision of small loans, usually to impoverished women, for the startup or expansion of tiny businesses -- expanded rapidly after 1990. Microcredit in Latin America had varying combinations of state and non-state origins, administration, and financing. Loans were usually provided at above-market rates of interest (partly to cover the cost of handling thousands of tiny accounts), but did not require collateral. Instead, borrowers were often required to form groups that increase peer pressure (and support) for repayment. Impact studies in Bolivia and Peru suggest, however, that microfinance raised the incomes of borrowers but failed to reach the poorest, who often feared that they wouldn't be able to repay.<sup>130</sup>

In short, a variety of generative causes (bureaucratic initiative, electoral incentives, pressure from citizens' groups, and ideas and funding from international organizations like the World Bank) and facilitating conditions (low cost, more economic resources, decentralization, constitutional provisions, the failure of alternative social policies) contributed to the emergence of conditional cash transfer programs in Bolivia. Similar factors seem to have been at work in encouraging CCT programs in other Latin American countries.<sup>131</sup> Remarkably absent from this list of generative causes and facilitating conditions is the partisan identity or ideological orientation of the government in office.<sup>132</sup> Although the leftist government of Evo Morales introduced both the Bono Juancito Pinto and the Bono Juana Azurduy, each was foreshadowed by a plank in the 2002 presidential campaign platform of Gonzalo Sánchez de Lozada, a center-right politician. Moreover, the Bono Juancito Pinto was a scaled-up version of the Bono Esperanza program implemented in El Alto by another center-right politician, José Luis Paredes. The Bono Juana Azurduy, for its part, was a scaled-up and universalized version of the health- and nutrition-related conditional cash transfer component of a 2007 World Bank project.

Bolivian CCT programs thus originated in ways very similar to the CCT programs in other Latin American countries. What distinguishes them from these other Latin American CCT programs is their universality, which also demands an explanation. To the extent that cash transfer programs are launched in pursuit of electoral goals, politicians have an incentive to provide the transfers to as many voters as possible. Such incentives have been at work in countries that did not introduce universal CCT programs (e.g., Brazil), but in all countries such incentives exert pressure toward universalism. Just because a particular factor (electoral incentives) is not associated in each and every case with a predicted outcome (universalistic policies) doesn't mean that the factor exerts no influence in favor of the predicted outcome. It

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<sup>129</sup> Sergio Navajas et al., "Microcredit and the Poorest of the Poor: Evidence from Bolivia." *World Development* 28 No. 2 (February 2000), 334.

<sup>130</sup> *ibid.*; John Weiss and Heather Montgomery, "Great Expectations: Microfinance and Poverty Reduction in Asia and Latin America." Asian Development Bank Institute Discussion Paper 15. Manila: ADB, 2004, 20-24.

<sup>131</sup> Tatiana Feitoso de Britto, "The Emergence and Popularity of Conditional Cash Transfers"; James W. McGuire, "Social Policies in Latin America: Causes, Characteristics, and Consequences," in Peter Kingstone and Deborah Yashar, eds., *Routledge Handbook of Latin American Politics*. New York: Routledge, 2012, 214-216.

<sup>132</sup> Díaz-Cayeros and Magaloni, "Aiding Latin America's Poor," 45-48.

could be that the influence is overcome by forces working in the opposite direction (e.g., resource scarcity, pressure from international financial institutions).

In fact, Bolivia's rapid economic growth from the mid-2000s onward, coupled with its significant budget surplus (which was attributable in part to new taxes and royalty arrangements on hydrocarbons extraction and hard-rock mining), made it less dependent on conditional loans from international financial institutions, which was an important facilitating condition for the introduction of universalistic CCT programs. The World Bank in 2006 noted that conditional cash transfer programs designed to boost enrollment and attendance rates "have proved to be very successful in other countries in Latin America and should be studied for application in Bolivia." It added, however, that "it is important that these interventions be carefully targeted, particularly at [sic] the very poor and the indigenous populations who are the most vulnerable."<sup>133</sup> Likewise, the World Bank and the Inter-American Development Bank initially opposed the introduction of the universalistic Bono de Solidaridad (Bonosol) retirement pension, which was introduced in 1996 under President Gonzalo Sánchez de Lozada. In 1997 Bonosol gave every Bolivian aged sixty-five or older an annual pension of about US \$230. As also happened with the Bono Juana Azurduy, the World Bank eventually supported the Bonosol program, and even the International Monetary Fund would later admit that "without this concession, the privatizations would probably have been unviable politically."<sup>134</sup>

Another factor that contributed to the universalistic character of Bolivian CCT programs has to do with the way in which the programs are financed. Not only the Bono Juancito Pinto and the Bono Juana Azurduy, but also the Bono Solidaridad (Bonosol) non-contributory pension and its successor under Evo Morales, Renta Dignidad, is funded by dividends from renationalized state corporations and by taxes on natural gas and mineral extraction. Both state firms and the country's hydrocarbons and mineral resources may be regarded as the patrimony of all Bolivians, so this source of funding itself encourages universality. Had the CCT programs and pensions been means-tested, they might well have been considered unjust: only some would benefit from them, although all "owned" (through the state) the firms producing the taxes and royalties. It is well worth noting that the world's only other universal education-linked CCT program, the Child Money Program in Mongolia, is also "largely funded by a new tax on mineral exports and is publicly presented as sharing the mineral wealth of the country."<sup>135</sup>

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<sup>133</sup> World Bank, "Basic Education in Bolivia: Challenges for 2006-2010." Report No. 35073-BO (October 16). Washington, DC: World Bank, 2006, 34-35.

<sup>134</sup> Katharina Muller, "Contested Universalism: From Bonosol to Renta Dignidad in Bolivia," *International Journal of Social Welfare*, 18 (April 2009), 165; Larry Willmore, "Non-contributory Pensions: Bolivia and Antigua in an International Context," CEPAL Development Financing Series No. 167, May. Santiago: United Nations, 2006, 26 (quotation from 2005 IMF document), 29.

<sup>135</sup> Hanlon, Barrientos, and Hulme, *Just Give Money to the Poor*, 44.

## 6. Explaining the Disappointing Impact of Bolivian CCT Programs

One of the main problems with the Bono Juancito Pinto is that it is too small. An annual cash transfer of US \$28, even in a country as poor as Bolivia, is unlikely to have a significant impact on school enrollment, attendance, or completion, much less on income poverty or income inequality. Moreover, US \$28 seems too little to tip the balance in a family decision about whether to send a child to school or to work, given that the average child worker in Bolivia made US \$1,452 per year in 2006-2008. The US \$28 stipend amounted to only 4 percent of the average annual consumption of a Bolivian household; equivalent figures were 27 percent for Nicaragua's Red de Protección Social, 20 percent for Mexico's Oportunidades, 17 percent for Colombia's Familias en Acción, and 10 percent for Ecuador's Bono de Desarrollo Humano. In each of these other cases the transfers have had significant beneficial effects on enrollment and attendance rates.<sup>136</sup> Indeed, US \$28 covers only about 31-45 percent of school expenses in urban areas and about 70-95 percent of school expenses in rural zones.<sup>137</sup> Mongolia's Child Money Program provides \$117 per child per year, even though Mongolia is slightly poorer than Bolivia.<sup>138</sup>

A second problem with the Bono Juancito Pinto is that, until 2008, only children in primary school were eligible for it. In Bolivia, however, as elsewhere in Latin America, it is secondary school children who are most vulnerable to the risk of school dropout and child labor, and whose ancillary educational expenses (books, supplies, transport) tend to be greater.<sup>139</sup> School attendance of children in grades 1-5 -- those who were initially eligible for the stipend -- was more than 95 percent at the time that the Bono Juancito was introduced; grade 6 was when attendance began to drop off.<sup>140</sup> In other countries as well dropout rates spike during the transition from primary to secondary school, rather than within primary school.<sup>141</sup>

A third reason why the impact of the Bono Juancito Pinto has been lower than hoped is that there is only so much a "demand side" intervention can do to improve educational outcomes if the education "supply side" suffers from serious deficiencies. There remains much to be done in Bolivia to increase the quantity and training of teachers, improve school buildings and infrastructure, and raise the quality of public education, whose deficiencies have "encouraged many mothers and fathers, even in low-income households, to send their children to private schools." To get to school some children need to take two buses each way, the cost of which is

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<sup>136</sup> Vera Cossío, "Matriculación y Trabajo Infantil En Bolivia," 7-9.

<sup>137</sup> Yañez Aguilar, "El Impacto de Bono Juancito Pinto, 3-4; see also Marco Navarro, "El Bono Juancito Pinto," 40-41, 60-61.

<sup>138</sup> Hanlon, Barrientos, and Hulme, *Just Give Money to the Poor*, 44. In 2010, GDP per capita at PPP in 2005 international dollars according to a chain index was \$3,744 in Bolivia and \$3,523 in Mongolia. Alan Heston, Robert Summers, and Bettina Aten. *Penn World Table Version 7.1*. Center for International Comparisons of Production, Income, and Prices, University of Pennsylvania, 30 November 2012, variable RGDPCH.

<sup>139</sup> Marco Navarro, "El Bono Juancito Pinto," 7, 38, 60.

<sup>140</sup> Ernesto Pérez de Rada, "Social Public Policy in Bolivia: Are Demand-Side Interventions Enough?" *FOCALPoint: Canada's Spotlight on the Americas* 8 No. 5 (June-July 2009), 19.

<sup>141</sup> Fiszbein and Schady, *Conditional Cash Transfers*, 134-135.

prohibitive for a poor family.<sup>142</sup> Moreover, Bolivians are highly mobile. Municipalities that attract in-migrants often have too few schools and teachers, while municipalities from which people tend to emigrate sometimes end up with too many.<sup>143</sup> Many children live far from schools, teachers are in short supply, families often expect children to work, and the quality of education is low, reducing rates of return to education, especially for junior high school and high school students.<sup>144</sup> Many Bolivians apply for admission to teacher training colleges, but most are ill prepared, and a fair proportion are motivated not by a calling to educate the young, but rather by the guarantee of a public school job upon graduation, and by the job security, short working hours (the public school day at all levels is only four hours long), and long vacations that public school teachers get. Teachers graduating from training colleges were once required to spend two years teaching in underserved areas, but that rule is no longer in effect, and qualified teachers are loath to accept positions in remote but needy areas, which are consequently forced to rely on "temporary" teachers with no training and no experience.<sup>145</sup>

Supply-side problems also compromise the potential of the Bono Juana Azurduy to improve maternal and child health. Among twenty Latin American countries, Bolivia in the early 2000s ranked 20th on the share of pregnant women receiving prenatal care and 18th at the share of births attended by trained personnel, not least because it ranked 18th at physicians per capita and 13th at nurses per capita.<sup>146</sup> A 2006 UDAPE study found that Bolivia had at least 20 percent fewer public sector doctors than it needed, rising to 25-30 percent in the heavily populated departments of Cochabamba, La Paz, and Santa Cruz.<sup>147</sup> To handle the expected influx of new patients created by the Bono Juana Azurduy, the government in 2009 recruited 749 additional doctors, paying each a relatively high salary of US \$648 per month.<sup>148</sup> By late 2012, however, seven of Bolivia's nine departments remained without a permanent program coordinator, four of nine departments lacked sufficient doctors to enable the Bono Juana Azurduy to meet its coverage targets, and doctors were dropping out of the program because their salaries had not been paid for several months.<sup>149</sup> Program coverage was particularly low in the department of Beni, owing, according to Health Minister Juan Carlos Calvimontes, to its low population

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<sup>142</sup> Marco Navarro, "El Bono Juancito Pinto," 42, 44, 58 (quotation), 61.

<sup>143</sup> Vera Cossío, "Matriculación y Trabajo Infantil En Bolivia," 5.

<sup>144</sup> World Bank, "Basic Education in Bolivia: Challenges for 2006-2010." Report No. 35073-BO (October 16). Washington, DC: World Bank, 2006, 20-24.

<sup>145</sup> María C. Mejía, "Bolivia's Teachers, Quality of Education and the New Constitution." *FOCALPoint: Canada's Spotlight on the Americas* 8 No 5 (June-July 2009), 10-11.

<sup>146</sup> Data are from latest year available in Pan American Health Organization, Table Generator System, accessed 24 March 2013 at <http://www.paho.org/English/SHA/coredata/tabulator/newTabulator.htm>

<sup>147</sup> Adhemar D. Esquivel Velásquez, "Reflexiones sobre el recurso humano del sector salud en Bolivia." Documento de Trabajo 02/2006, Unidad de Análisis de Políticas Sociales y Económicas, Julio de 2006. Accessed March 24, 2013, at [http://www.udape.gob.bo/portales\\_html/Documentos%20de%20trabajo/DocTrabajo/2006/DT-0602.pdf](http://www.udape.gob.bo/portales_html/Documentos%20de%20trabajo/DocTrabajo/2006/DT-0602.pdf)

<sup>148</sup> Franz Chávez, "Cash for Checkups to Slash Maternal Death," *IPS News* March 2, 2010.

<sup>149</sup> Pérez and Manzaneda, "Falta de médicos afecta al Bono Juana Azurduy in cuatro regiones"

density and to the isolation of indigenous villages.<sup>150</sup> Soon after the Bono Juana Azurduy was introduced in 2009, Health Minister Ramiro Tapia began to receive reports that the number of women visiting health facilities had risen from 20 to 120 in some cases, a process that often involved a long walk in cold temperatures followed by a seven-hour wait at the facility.<sup>151</sup>

A fourth reason why both the Bono Juancito Pinto and Bono Juana Azurduy have had limited effectiveness is that each require beneficiaries to show documents like birth certificates and the *cédula* (an identity card which all Bolivians aged 16 or older are expected to acquire). In 2007, some 30 percent of public school children aged 6 to 12 (all covered by the Bono Juancito Pinto in that year) did not receive the stipend, and among the main reasons why they did not was that they did not possess the requisite documents.<sup>152</sup> The proportion of children whose births are not registered is between 10 and 18 percent, and the figures are much higher in rural areas.<sup>153</sup> Estimates of the proportion of Bolivians who lack identity documents range from 10 to 30 percent, and the wide variation in the estimates is yet another sign that Bolivian registration systems are chaotic. Poor, indigenous, and Afro-descendant Bolivians are much more likely than others to lack documents, and because the *cédula* is distributed by the police exclusively in departmental capital cities, rural dwellers are more likely than urban residents to lack documentation. Governments have sponsored birth registration campaigns, often in conjunction with international organizations, as well as programs aimed at providing the *cédula* free of charge to those who lack it, but such initiatives have tended to be sporadic and uncoordinated.<sup>154</sup> The CCT programs provide an incentive to acquire such documents, but here again the problems are mainly on the supply side rather than the demand side, and without documentation those who are eligible to benefit from the programs are unable to take advantage of them.

A fifth reason why Bolivia's CCT programs have apparently been less effective than their counterparts in other Latin American countries has to do with the fundamental and long-standing administrative deficiencies of the Bolivian state. In explaining problems in the implementation of the Universal Maternal and Child Insurance (SUMI) scheme, one study attributed a large share of the responsibility to "the striking institutional incoherence of the Bolivian state."<sup>155</sup> This factor may be considered an overarching determinant of the reasons for the ineffectiveness of the country's CCT programs, in that it underlies deficiencies in the administration not only of these demand-side programs but also in the public provision of the education and health services

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<sup>150</sup> Verónica Zapana, "Ministro admite baja cobertura de bono Juana Azurduy en Beni. PáginaSiete.bo May 28, 2012. Accessed 23 March 2013 at <http://www.paginasiete.bo/Generales/Imprimir.aspx?id=289624>

<sup>151</sup> Franz Chávez, "Cash for Checkups to Slash Maternal Death," *IPS News* March 2, 2010.

<sup>152</sup> Marco Navarro, "El Bono Juancito Pinto," 7, 28, 53, 59

<sup>153</sup> Mia Harbitz and María del Carmen Tamargo, "The Significance of Legal Identity in Situations of Poverty and Social Exclusion." Technical Note. Washington, DC: Inter-American Development Bank, 2009, 10.

<sup>154</sup> Mia Harbitz, Juan Carlos Benítez, and Iván Arcos Axt., *Inventario de los registros civiles e identificación de América Latina y el Caribe*. September. Washington, DC: Banco Interamericano de Desarrollo, 2010, 7-8.

<sup>155</sup> Kurt Weyland, *Bounded Rationality and Policy Diffusion: Social Sector Reform in Latin America*. Princeton, NJ: Princeton University Press, 2006, 167.

whose utilization the CCTs are designed to increase, as well as of the legal documents that are required to take advantage of them.

## 7. The Universality of Bolivian CCT Programs: Blessing or Curse?

The reasons for the ineffectiveness of Bolivian CCT programs have little to do with their universal design. Had the Bono Juancito Pinto been means-tested, a larger share of its benefits would have gone to the poor and very poor. On the other hand, means-testing would have raised the risk of errors of exclusion without eliminating the risk of errors of inclusion; increased administrative costs; stigmatized recipients; framed beneficiaries as patients rather than agents; created resentment among non-recipients; facilitated clientelistic practices; discouraged wage work (in order to stay below the line of eligibility -- the labor market disincentive might be considered a positive in the case of children, but would have to be viewed as a negative in the case of their parents); and shrank the share of the population with a stake in the continuity of the programs. Moreover, if means-testing had raised the share of transfers going to the poor from 47 to 100 percent, the total amount of the stipend (assuming a fixed budget for the program) would still have been less than US \$60 per year, even leaving aside what would surely be a rise in administrative costs associated with targeting expenses. US \$60 per year does not seem enough to overcome program deficiencies associated with a small stipend. Moreover, it is far from clear that Bolivia has the administrative capacity to implement a means-tested program. In countries in which a large share of the population lives in poverty, universal programs may be more feasible as well as more desirable than means-tested programs.<sup>156</sup>

Advocates of means testing argue that poor countries have scarce resources to devote to conditional cash transfer programs, and that such resources will be most cost-effective if they are targeted to the persons and households in greatest need.<sup>157</sup> Compared to a situation in which benefits are provided to all (or to all within a certain demographic category, such as the elderly), means testing, if the budget is fixed, allows the government either to give a larger transfer to each recipient, or to prolong the period during which transfers are given, or to save money for other uses.<sup>158</sup> Means testing also has costs, however: errors of inclusion and exclusion, higher administrative spending, stigma and resentment, disincentives to formal-sector work, additional opportunities for patronage and clientelism, and diminished political support. Moreover, the budget for CCT programs is not fixed. The middle and upper classes, who have more political influence than the poor, will have a stronger stake in the quality and durability of the program if they are eligible to take advantage of it themselves.

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<sup>156</sup> Thandika Mkandawire, "Targeting and Universalism in Poverty Reduction." United Nations Research Institute for Social Development, Social Policy and Development Programme Paper No. 23, December 2005, 11.

<sup>157</sup> Grosh et al., *For Protection & Promotion*, 85-105.

<sup>158</sup> Grosh et al., *For Protection & Promotion*, 86.

Optimally, a government would provide benefits universally and use the tax system to recoup income from richer beneficiaries.<sup>159</sup> Most Latin American tax systems are not very effective, however. Alternatively, the government might try to conserve funds by creating a simple test to screen out the richest 10-20 percent by income or assets<sup>160</sup> (e.g., "which bus did you say you took to get here?"). That would still require some means testing, and would incur some targeting costs. A third alternative would be to make the benefit universal in scope and large enough in level to make a difference to the poor, but small enough that many of the rich would decide not to claim it, either because the transaction costs of obtaining the benefit (taking time off work, collecting documents, filling out forms, standing in line) are perceived to be too high, or because the conditions on which the benefit is granted (e.g., enrollment and attendance of one's children at a public school) are perceived to be unattractive.

A public solidarity campaign aimed at reducing the propensity of the wealthy to take advantage of their legal entitlement to a universal cash transfer program might help to raise the rate of voluntary self-exclusion at the upper end of the income distribution. The purpose of such a campaign would be to add a psychological deterrent to the transaction costs of uptake among the wealthy, putting the stigma on the rich instead of the poor. Lower uptake among the rich would weaken political support for the program, but not as much as would be the case if the wealthy were legally excluded from the program through means testing. Even without such cost-minimizing strategies, Bolivia shows that formally universalistic programs, at least within specific demographic domains, are affordable, as well as desirable, even in poor countries.

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<sup>159</sup> Willmore, "Universal Pensions for Developing Countries," 46.

<sup>160</sup> Huber, "Including the Middle Classes?", 145.