

Poverty and Rural Development: the case of CCTs in Mexico

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Abstract

This thesis analyzes the effectiveness of Mexican Conditional Cash Transfers (CCTs) programs such as Progres-a-Oportunidades-Prospera (POP) to eradicate rural poverty. Initially launched in rural localities with high degrees of marginalization, they seek to overcome rural poverty by making regular payments to poor households on the condition that they invest in the human capital of their children (Cecchini and Martinez, 2012: 87; Levy, 2008). CCTs are among the most widespread social policies in middle-income economies, and the national social policy. They have ostensibly succeeded in their short-term goals, such as increased consumption capacity, increased health check-ups, as well as increased enrollment and school attendance among beneficiaries (Fiszbein and Schady, 2009; Levy, 2008; and Parker and Todd, 2017). Notwithstanding, evidence on their long-term objectives including poverty eradication is weak. Additionally, data shows a stagnation in poverty levels since the 1990s, when CCTs were introduced in Mexico, suggesting that they have been insufficient to eradicate rural poverty. Using mixed methods, including database analysis, document analysis, and semi-structured interviews, I assessed the extent to which Mexican CCT programs such as Progres-a-Oportunidades-Prospera (POP) and Productive Territories Program (PTP) have been effective in eradicating rural poverty. The analysis shows that the concepts and assumptions that informed the design of the CCTs follow a merely economic logic that does not represent the real needs and characteristics of rural societies. Mexican CCTs are isolated from a broad development strategy that keeps the possible complementarities with other programs and sectors dispersed, allowing the intrusion of interests outside the program. This ultimately reduces the effectiveness of the CCTs in eradicating rural poverty, which in the best-case scenario mitigates the collateral effects of economic openness and globalization.

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Author's Declaration

I declare that this thesis is a presentation of original work, and that it has not previously been presented for an award at this, or any other, University. All sources are acknowledged in the bibliography.

Obed Mendez Jeronimo

INTRODUCTION

This thesis investigates the effectiveness of the Conditional Cash Transfer (CCT) programs for eradicating rural poverty in Mexico. Mexican CCTs like Progres-Oportunidades-Prospera (POP, 1997-2018), are among the most widespread social policies in middle-income economies, and the cornerstone of national social policy. POP, initially launched in rural localities with high and extremely high degrees of marginalization¹, tried to reduce the obstacles that impede families overcoming poverty through the provision of necessary goods and services so they could develop skills to have a self-sufficient life. This research is more aligned with a critical view on the effectiveness of CCTs in eradicating rural poverty and its consequences but does not underestimate their achievements and successes.

As is well known, the economic dimension has been the dominant paradigm of development theory and policy as concepts such as development and economic growth were considered synonyms. Although poverty was always part of the development agenda, poverty reduction only became a central focus of development thinking in the 1990s. Publications like *World Development Report 1990: Poverty* (WB, 1990) and the *Human Development Report* (UNDP, 1990) signaled a new focus on poverty reduction and renewed the notions of human development absent during the 80s. It was a response to the realization that economic growth itself cannot be automatically translated into higher living standards for the poor. Another reason for putting poverty at the center of the development agenda was the disappointment that came out of the initial outcomes of economic reforms of the 1980s based on the encouragement of entrepreneurship and the reduction of bureaucracy in a three-stage economic transformation. Stabilization, structural adjustment, and export-led growth. In this context, cash transfers (or social transfers) were initially introduced as “innovative non-contributory instruments”, part of the social protection system to reverse unemployment and lack of income, in addition to providing basic health care and housing and thus, contribute to economic growth (see Barrientos and Hulme 2008; Cecchini and Martínez 2012: 17; Levy

¹ Marginality refers the lack of social opportunities and the absence of capacities to acquire or generate them, but also the deprivations and inaccessibility of goods and services fundamental to the well-being.

2008: 2; Norton et al 2001: 7; United Nations 2000: 4). Yet they quickly became a response to the prosperity gap left by neoliberal globalization in past decades.

Although some CCTs such as POP used the language of capabilities theory developed by Sen (1985, 1999), in practice the instrumental role of education, health and nutrition prevailed to increase productivity and achieve economic objectives (see Levy and Rodríguez, 2004; Gómez-Hermosillo, 2006; Hernández, 2008; Levy, 2009; and Fiszbein and Schady, 2009). These elements are more related to the Human Capital theory that refers to the innate or acquired abilities that an individual has to improve their productivity (see, for example, Acemoglu & Autor 2009; Becker, 1994; Gardener, 1993; and Spence 1973).

Although debatable, CCTs have had mixed results in terms of reducing rural poverty. Their success mainly attributed to the education and health outcomes² helped to widely promote them among the middle-income countries, and especially in Latin America, raising an interesting debate on whether CCTs' popularity and expansion are solely attributable to their "versatility and effectiveness" in addressing poverty (Adato and Hoddinott, 2007; Antón-Pérez et al, 2009; Coady and Parker, 2004; Fiszbein and Schady, 2009) or due to the overwhelming support of international financial organizations (see, for example, Borges, 2011; Handa and Davis, 2006; Saucedo et al, 2018; Tirado-Alcaraz, 2014). For example, the World Bank (WB, 2004, 2007), and the Inter-American Development Bank (IADB, 2006) widely promoted CCT programs, claiming that they improved nutrition, health, and education levels of recipients as reported by IFPRI (2000). Critics, however, argue that CCTs have only addressed some of the poverty collateral effects as they were designed in isolation and not as part of a wider development system (see, for example, Berdegúe et al, 2015). They also highlight their contradictory character as they sought to promote human development (healthy life and acquiring knowledge), within the neoliberal context which brought a decline of social services in practice (see, for example, Saad-Filho, 2015).

Moreover, CCTs could be considered as an instrument of social policy compatible with the mainstream economic development model based on economic growth (Valencia 2008).

² Especially from POP and Bolsa Familia (BF).

Equally important are the arguments that point out the social and psychosocial effects (stigma, learned helplessness, community tension) (Cecchini and Martinez 2012; Deveraux et al, 2015; Roelen et al, 2018), and the reproduction of gender stereotypes (Molyneaux, 2007; Roelen et al, 2018) of the CCTs. Although this research does not underestimate the achievements of the CCTs, it is more aligned with a critical view on the effectiveness of CCTs in eradicating rural poverty and the consequences of it. For this reason, its focus goes beyond most field studies, which center on whether stated objectives have been achieved, and it explores the dimensions of poverty as experienced by the rural poor (that encompasses objective features of their lives and circumstances). This will help in understanding how they view their own situation, what kind of support they need, and how an effective rural anti-poverty program should be designed.

Using mixed methods, this research will investigate to what extent the level of fit between CCTs' design and the rural societies' nature has impacted the reduction of rural poverty in Mexico. In order to achieve this, this thesis will be divided as follows: in the Chapter 1, I will examine the recent literature on CCTs and poverty to situate this research in the current debates. Chapter 2 analyzes the main transformations that rural societies have experienced in Mexico during the last decades to contextualize the operational scenario of the CCTs, providing a critical vision of the current state of rural poverty in the country. Chapter 3 examines the main design features of Mexican CCTs, highlighting their strengths and weaknesses in order to understand their potential to eradicate rural poverty in Mexico. Given the richness of the data and to contrast the information obtained on the perceptions of rural poverty and the performance of the programs in practice, the fieldwork is presented in two chapters. Briefly, the fieldwork comprises a series of semi-structured, face-to-face interviews with stakeholders, including experts and policymakers, implementers and recipients, who play a key role in the anti-poverty policy process. Chapter 4 (the first part) examines beneficiaries' perceptions of poverty and their experience with CCT programs to find out to what extent their design matches the nature of rural societies in practice. Chapter 5 (the second part) examines the experiences of policymakers and implementers with Mexican CCT programs, focusing on the attributes of their design that most impact on their effectiveness in the field.

Definition of the Problem

Anti-poverty policies take place in a wider development setting where economic growth has been the main objective of development policies along with trickling down benefits to the most vulnerable people. However, this did not happen. In contrast, it contributed to the rise of poverty and inequality (see, for example, Deaton, 2015; Mosley, 2017), making necessary new strategies to cover the well-being gap.

Although increasing per capita income has been the dominant paradigm of anti-poverty strategies in the post-war, the structural transformation of the economies and the related improvements in wellbeing (including health and education) were the key aspects of development (see, for example, Klugman et al, 2010). Nevertheless, when the effectiveness of the old protectionist model (1940s-1970s), driven by ECLAC in Latin America, greatly diminished and the debt crisis of the eighties started, a new approach was thought necessary to reactivate the economies and overcome the crisis.

In general, the new approach encouraged freeing up entrepreneurship and reduce the bureaucracy in a three-stage economic transformation consisting of stabilization, structural adjustment, and export-led growth and, according to the literature on economic development, had mixed results (Huddle 1997). The Washington Consensus advocates, have claimed that the series of market-friendly development policies that reduced the role of the state and produced macroeconomic stability, also created new opportunities for growth and development. Critics, on the other hand, argue that the structural adjustment imposed at different levels in developing countries had devastating consequences (e.g., unemployment growth, informality, lower wages) on the poor and the middle strata class as well as on their future development opportunities.

What was the logic behind the neoliberal development strategy for the Mexican countryside? In the early 1980s, Mexico undertook a series of reforms for liberalizing the economy. Some of these were the reduction of subsidies to credit and the inputs to production as well as the gradual elimination of guaranteed prices of grains and oilseeds in the rural sector. It was

believed that liberalization itself would make the national economy more efficient, generating substantial comparative advantages that would boost domestic and foreign investment. These positive outcomes, however, would require a very well planned but temporary governmental intervention (Abler and Pick 1993, Appendini 2010, Cuéllar 2005, Dyer et al 2018).

The North American Free Trade Agreement (NAFTA) launched in partnership with Canada and the United States (1994), was presented by the Mexican government as the country's entry into the global economy, and as a necessary tool for economic and social growth. Specifically, its rural chapter was thought as a way to re-activate the sector and eventually improve wellbeing (see, for example, Dyer et al 2018). Through constitutional reform to Article 27, the government sought to define a new profile of the agricultural property, by allowing the participation of national and foreign private capital in ejido and communal lands. The idea behind this was that the rural sector would reduce the problems associated with economic openness. Rapid liberalization would generate the tax revenue needed to finance adjustment measures that would compensate those affected and make spending more progressive (see, for example, Abler and Pick 1993, Levy and Van Wijnbergen 1994). Nevertheless, it had controversial outcomes for the sector due to asymmetries in production, commercialization, technology, and investment not only between Mexico and its new partners but also within the country.

The controversy lies in the fact that only some producers and regions were benefited. For example, Northern large-scale farmers of fruit or meat production increased their exports, helping to create more stable jobs and better living conditions. Southern subsistence farmers, however, given their low technology and infrastructure could not adapt to the trade openness. In the best-case scenario, some people went to the informal or third sector (services), for some others, migration became an alternative to development.

Modernization was selective³, reaching only some regions and sectors, based on simplistic economic viability criteria that classified regions as viable or unviable (see, for example, Berdegué et al 2015). The reform also included the implementation of social assistance programs (e.g., social transfers) for poor peasants considered as an unproductive sector, however they were excluded from the development scheme. The assumption was that because the rural poor lacked income, had low access to education and precarious health and nutrition conditions, their opportunities for self-improvement were restricted. Consequently, they needed to increase their availability of resources for consumption to meet their basic needs and build their human capital so they could interrupt the intergenerational transmission of poverty (Levy, 2006).

Therefore, within the context of economic crises, structural adjustment, and globalization as well as a response against the per capita income serving as the standard measure of development, the human development approach based on Sen's capabilities theory⁴ was introduced during the nineties as a process of enlarging people's choices (UNDP, 1990). The new scheme for addressing poverty known as Conditional Cash Transfer (CCT) programs, introduced in rural Mexico, would be discursively inspired by the capabilities approach, but in practice the instrumental role of education, health and nutrition to increase productivity and achieve economic objectives would prevail. In this sense, CCTs sought to cover the gap left by the mainstream development theory through the reduction of poverty by protecting a basic level of consumption, facilitating investment in human capital and other productive assets, strengthening the agency of the poor (Cecchini and Martínez 2012:16; Norton et al 2001: 7).

³ One example of a dual vision of the countryside is that the distribution of the sector's budget has been biased towards the richer agricultural states as it has been largely documented by the OECD 2007, the World Bank 2009, and Jonathan Fox and Libby Haight 2010.

⁴ The idea of human capabilities proposed by Amartya Sen in which development is seen as an expansion of valuable freedoms enjoyed by individuals of a society (1985, 1999, 2009), argues that the foundational importance of human capabilities provides a firm basis for evaluating living standards and the quality of life. There are two types of freedoms that are highlighted in the human development approach: the freedoms which give the individual greater opportunities to achieve those things he values (opportunities), and those that ensure that the process through which things happen is fair (process).

Nevertheless, although CCTs incorporate the notion of promotion of human capital as well as entail public interventions on the demand side, it also assumes an adequate system of public services, which are not common in all rural settlements⁵ in Mexico, nor provide a development policy framework outside the focus on human capital. Moreover, they are compatible with the logic of the market, thus are seen as a continuation of broader economic reforms starting in the 1980s (see Levy 1991, Levy and Rodriguez 2005, Rawlings 2005; WB 2007). After decades of implementation, CCTs have contributed to improving some basic levels of consumption, education and health, but as the levels of rural poverty in the country remain, questions arise about their effectiveness in substantially reducing rural poverty.

For example, food poverty levels (income approach) have remained above 60%⁶ in the last two decades. This means that 6 out of 10 people in rural settlements still struggle to acquire a basic food basket, despite CCTs having national coverage. The same applies to the capability poverty levels (by the income approach), as it affects around 40% of the rural population since the nineties. This implies that the rural household income is not enough to acquire the basic food basket and the necessary expenditures in health and education in Mexico.

Furthermore, by using the multidimensional approach to poverty, it is possible to see that the “lack of access to food (an adapted version of the ‘food insecurity’ concept)” remains at the same levels (around 30%) since 2008, year in which the multidimensional poverty data were published in Mexico for the first time. Although the “lack of access to health services” improved from 47% to 17%, as a consequence of the expansion of the “Seguro Popular” program, the “educational gap” continues to affect at least 30% of the rural population since 2008.

⁵ Due to the geographical dispersion some communities and localities in rural Mexico have no access to the minimum necessary social infrastructure for their development, which make difficult to implement some programs.

⁶ The national average is 50% for the same period.

Specialized literature on CCTs and poverty highlight the advantage of incorporating an economic/productive component in order to absorb the supposedly created human capital by the program and generate autonomous income for beneficiaries (Barrientos, 2012; Gordillo et al, 2016; Winters and Davis, 2009). Following the criticism, the Mexican government launched a pilot program in 2015 known as Productive Territories Program (PTP), which would work as a complementary economic/productive component of POP. PTP intended to increase the (autonomous) income of beneficiaries through agricultural and non-agricultural economic activities. The strategy consisted of dynamizing the main economic axes at the local and territorial level and improving the organized participation of the poor households in those specific economic spaces (see for this matter, Berdegúe et al 2015). Like POP, PTP was novel in its approach and ambitious in its goals. However, doubts still arise as to how much the program's actions take into account the real conditions of rural societies (including skills, infrastructure, productive and financial resources, productive needs, among others), and therefore, how appropriate these actions are to effectively reduce rural poverty effectively. Furthermore, when the data on rural poverty is analyzed, it is observed that the prevalence of the rural poor remains practically on the same levels since the 1990s when the first generation of CCTs was launched in rural Mexico. Moreover, since the CCT programs remain focused on the individual characteristics of the target population, the structural deprivations remain as well. Therefore, this raises the question of to what extent Mexican CCTs are effective in substantially reducing poverty.

Thus, this thesis will investigate the extent to which the level of fit between the concepts and assumptions that informed CCTs' design and the nature of rural poverty is effective enough to substantially reduce rural poverty in Mexico. More precisely, this research will analyze:

- 1) To what extent the notions of poverty (one-dimensional) and of rural society (static and backward) in the neoliberal context have shaped the programs to combat rural poverty; and
- 2) How far the design of the program adjusts to the real problems of rural poverty. Therefore, the main research question is: **To what extent do Mexican CCTs effectively eradicate rural poverty?**

METHODOLOGY

This thesis uses mixed methods including analysis of poverty data, documents, reports, and studies, as well as semi-structured interviews with key actors.

Databases

This research includes the analysis of available databases on income poverty (1992-2014), and multidimensional poverty (2008-2018), which are based on the official methods for measuring poverty in the country and are published by the National Council for the Evaluation of Social Development Policy (CONEVAL) in Mexico. The former, introduced in the 1990s, is the most used, and therefore, with the most data available. Although the multidimensional method was only introduced in 2008, it has gained popularity for including several social rights in addition to the economic one (as Chapter 1 will explain). According to the Mexican General Law of Social Development (LGDS), both are used -or should be used- to inform the design of social policies, including anti-poverty policies. The analysis of these data is important as they allow to illustrate a broader panorama of the problem to be drawn from an institutional lens, which, later in the discussion, will be contrasted with the fieldwork on the experiences of the rural population living in poverty.

Documents/Reports/Studies

The analysis of the documents is based mainly on the regulatory framework of *Progresar-Oportunidades-Prospera* (POP) and the *Programa Piloto Territorios Productivos* (PTP), as well as other official documents such as reports (for example, policy briefs). In a complementary manner, this research analyzes some of the performance, outcomes, and evaluations of the selected programs, carried out by external agents and organizations. This analysis will be useful to know in depth the type of conceptual and technical constructions involved in their production, as well as to identify the range of assumptions and policy tools deployed to achieve the goals of the programs.

Semi-structure interviews

The fieldwork comprises a series of semi-structured, face-to-face interviews with stakeholders, including experts and policymakers, (state and local) implementers and recipients (target population), who play a key role in the anti-poverty policy process. These types of interviews were helpful for asking participants a series of open-ended questions on predetermined topics (Given, 2012). In this research, they covered the spectrum of social situations based on interviewees' own experience regarding poverty and anti-poverty CCT programs (POP and PTP), helping to better understand their suitability and effectiveness in rural Mexico by contrasting the concepts and assumptions that informed them and the reality of the people on the ground.

Contacts were made according to each type of participant. For example, experts/policy makers and implementers were contacted via email, in which they were invited to participate in the research and the purpose and objectives of the research were explained to them. Then, the people who responded positively to the invitation were contacted again to specify the details of each meeting. Regarding recipients, the aim was creating an environment of safety and comfort, the approach was carried out through a neutral but trusted contact in the selected territory (for example, an NGO, and/or a school). They helped to carry out the first approach onsite and work independently.

A total of forty face-to-face interviews were conducted using a voice recorder, stored, and securely encrypted, with an average duration of 70 minutes each (ranging from 45 to 85 minutes). They were classified into the three types of participants mentioned above, experts/policy makers, implementers, and recipients, a further description of their profile is given below.

Participants

- Experts/policy makers: 8 participants

The experts are people with comprehensive and authoritative theoretical⁷ and empirical⁸

⁷ Because they have conducted research and written several studies and reports about the programs.

⁸ Because they work and/or have worked for the programs.

knowledge in the design, evaluation, and analysis of policies for economic, social, and rural development in Mexico. They are former senior and middle-level government officials (from the Ministries of Agriculture and Rural Development, and Social Development, the National Coordinations of Progres-Oportunidades-Prospera, and Productive Territories Program), Senior Policy Analysts, and Researchers (CONEVAL). Participants received the Project Information Sheet in advance and the Participant Consent Form at the meeting, providing them general details of the research. They were also guaranteed anonymity and the right to decide whether to participate and/or withdraw at any time from the research without the need for giving any explanation. Table 1 shows the coding used to guarantee the anonymity of experts. It contains the number of interviews carried out, a general description of the participant and the status of the interview (if they agreed and answered, if they agreed but did not confirm, if they agreed and answered but then withdrew, if they did not agree or did not answer). Of the twelve participants initially considered for this research, two of them did not respond to the invitation to participate, and two more, who initially agreed to participate, withdrew when they were contacted again in Mexico City.

Table 1. Coding Process. Experts/policymakers

#	ID – Code	Description	Status
1	PTP Expert 1	Member of the PTP’s technical advisory team; former senior government official; and expert in rural development.	OK
2	PTP Expert 2	Member of the PTP’s technical advisory team; senior government official; and expert in the analysis of public policies for the rural sector.	OK
3	Expert 3 – E3	Rural development expert; former advisor to governments for capacity development programs and policy making focused on territorial inequality.	N/A
4	POP Expert 1	Former Director of the POP Evaluation Area; and expert in development and social policy, design and evaluation of social programs, inequality, social mobility, and poverty.	OK
5	CONEVAL/POP/ PTP Expert	Academic Counselor for CONEVAL; former member of the PTP’s technical advisory team; and expert in poverty and inequality measurement, evaluation of social policy, rural and agricultural development, and issues related to human development.	OK

6	Expert 6 – E6	Former senior government official (SEDESOL).	A/NC
7	Expert 7 – E7	Former member of the PTP’s technical advisory team; expert in human development, poverty, and income distribution.	A/NC
8	POP Expert 2	Former Director of the POP Evaluation Area; and expert in social policy evaluation.	OK
9	POP Expert 3	Former POP senior official; and expert in social policy evaluation	OK
10	POP+PTP Expert	Former POP and PTP senior official	OK
11	PTP Expert 3	Former PTP senior official	OK
12	Expert 12	Former POP and SEDESOL senior official	N/A

Note: N/A = No answer; A/NC = Agreed but not confirmed

- Implementers: 8 participants

The implementers are government and/or non-government agents who work directly with recipients on the ground to pilot or put into effect CCT anti-poverty programs (POP and/or PTP). Participants were contacted through a trusted professional contact in the selected localities and invited to participate in the research; they received the Project Information Sheet and the Participant Consent Form at the interview, providing them general details of the research. They were also guaranteed anonymity and the right to decide whether to participate and/or withdraw at any time from the research without the need for giving any explanation. Table 2 shows the coding used to guarantee the anonymity of implementers. It contains the number of the interview carried out, a general description of the participant and the status of the interview (if they agreed and answered, if they agreed but did not confirm, if they agreed and answered but then withdrew, if they did not agree or did not answer). Of the twelve participants initially considered, two did not respond to the invitation and two more agreed but then decided not to continue their participation in the research days after the interview. It is important to note that only one of the four NGO staff members considered to participate in the research, agreed to be interviewed, the rest did not answer the invitation or did not accept it.

Table 2. Coding Process. Implementers

#	ID – Code	Description	Status
13	Implementer 1 - I1	Coordinator	W

14	Implementer 2 – I2	State Coordinator	OK
15	Implementer 3 – I3	Promoter	OK
16	Implementer 4 – I4	Promoter	OK
17	Implementer 5 – I5	Promoter	OK
18	Implementer 6 – I6	Promoter	OK
19	Implementer 7 – I7	Promoter	OK
20	Implementer 8 – I8	Promoter	N/A
21	Implementer 9 – I9	NGO staff	OK
22	Implementer 10 – I10	NGO staff	W
23	Implementer 11 - I11	NGO staff	N/A
24	Implementer 12 - I12	NGO staff	N/A

Note: N/A = No Answer; W = Withdrew

- Recipients: 22 participants

The recipients are women from rural households in localities with high levels of poverty in the states of Oaxaca and Puebla⁹, in Mexico. They match with the target population identified by POP, which is households with a per capita income below the Minimum Adjusted Welfare Line (LBMA for its acronym in Spanish), equivalent to the monthly value of the Mexican Basic Food Basket, with socioeconomic and income conditions that prevent developing the capacities of the members of the family in terms of food, health, and education. They also match with the target population of PTP, which are POP households located in the 400 municipalities selected in the initial stage of the National Crusade against Hunger (CNCH¹⁰ for its acronym in Spanish), where small farming is an important activity for their development.

The recipients were randomly chosen from the program censuses, which are open data and available online, in the selected municipalities where the POP and PTP programs are implemented. They were contacted through a trusted contact in the territory, this also helped to work independently. Participants were recruited to voluntarily participate in the interviews; they received the Project Information Sheet and the Participant Consent Form, providing general details of the research. They were also guaranteed anonymity and the right

⁹ These states are classified among the five poorest states in the country, according to official data (CONEVAL, 2014).

¹⁰ Briefly, CNCH was a federal strategy aimed at people who live in multidimensional poverty and lack access to food.

to withdraw at any time during the investigation without the need for any explanation. Table 3 shows the coding used to guarantee the anonymity of recipients. It contains the number of interviews carried out, a general description of the participant and the status of the interview (if they agreed and answered, if they agreed but did not confirm, if they agreed and answered but then withdrew, if they did not agree or did not answer).

Table 3. Coding Process. Recipients

#	ID – Code	Description	Status
25	Recipient 1 – R1	POP recipient	OK
26	Recipient 2 – R2	POP recipient	OK
27	Recipient 3 – R3	POP recipient	OK
28	Recipient 4 – R4	POP recipient	OK
29	Recipient 5 – R5	POP recipient	OK
30	Recipient 6 – R6	POP recipient	OK
31	Recipient 7 – R7	POP recipient	OK
32	Recipient 8 – R8	POP recipient	OK
33	Recipient 9 – R9	POP recipient	OK
34	Recipient 10 – R10	POP recipient	OK
35	Recipient 11 – R11	POP recipient	OK
36	Recipient 12 – R12	POP recipient	OK
37	Recipient 13 – R13	POP recipient	OK
38	Recipient 14 – R14	POP recipient	OK
39	Recipient 15 – R15	POP recipient	OK
40	Recipient 16 – R16	POP recipient	OK
41	Recipient 17 – R17	POP recipient	OK
42	Recipient 18 – R18	POP recipient	OK
43	Recipient 19 – R19	POP recipient	OK
44	Recipient 20 – R20	POP recipient	OK
45	Recipient 21 – R21	POP recipient	OK
46	Recipient 22 – R22	POP recipient	OK

Note: N/A = No answer; W = Withdrew

Selection of Localities

The fieldwork took place in poor rural localities in the states of Oaxaca and Puebla, Mexico that were selected as follows. First, a classification of the 32 states that compose the Mexican Republic was made according to the poverty levels established by CONEVAL (2014),

selecting those that are above the national average¹¹. Then, this information was crossed with a rural criterion, resulting in the states of Chiapas, Oaxaca, Guerrero, Puebla and Michoacán.

Next, as the interviews were planned to be conducted *in situ*, the states of Guerrero and Michoacán were removed due to their high levels of crime and violence, which was based following an analysis of the levels of crime and violence published by the National Institute of Statistics and Geography (INEGI, 2016).

Then, within the rest of the states (Chiapas, Oaxaca and Puebla), the municipalities where POP is implemented, were selected. Subsequently, applying a criterion of proximity (1-2 hours of travel from an urban environment), and taking into account the economic resources available to the researcher, the municipalities in Chiapas were removed due to their remoteness (and therefore, the increase in travel costs and time) of the final selection.

Finally, at the municipality level, poverty criteria (levels above the national average, and degree of marginalization¹²) were again considered, and the crime and violence criteria were applied again as well using databases of CONEVAL (2014), and INEGI (2016). Having these filters applied, two localities from Oaxaca and Puebla were identified with similarities in socioeconomic, demographic terms, and where POP and PTP are/could be implemented: Ixtlán de Juárez, Oaxaca, and San Cristóbal Tepeotepan, Puebla. Table 4 shows basic information of the selected localities regarding population size, poverty ratio, degree of marginalization and the social programs implemented in the territory. The main difference is that only one locality is part of PTP, however, following its selection criteria, both could have been part of PTP as their characteristics are similar.

¹¹ The national poverty average in Mexico was 46.2% in 2014, according to the National Council for Evaluation of Social Development Policy (CONEVAL).

¹² The degree of marginalization is related to the access of public services that one locality has, when it is high, it means the locality lacks basic services such as education, health, housing, and income, and when it is low, it means the opposite.

Table 4. Selected Localities

Locality	Ixtlán de Juárez	San Cristobal Tepeotepan
Municipality	Ixtlán de Juárez	Tehuacán
State	Oaxaca	Puebla
Population	2,718	2,722
Poverty ratio (municipality)	75.8%	57.2%
Degree of Marginalization	Low	High
POP	Yes	Yes
CNCH	Yes	Yes
Productive Territories	No	Yes
Proximity	1-2 hours	1-2 hours

Source: prepared by the researcher with data from CONEVAL, 2010. “Cuadro 1.A. Medición de la Pobreza, Estados Unidos Mexicanos, 2010: Porcentaje, número de personas y carencias promedio en los indicadores de pobreza por municipio [Poverty Measurement, United States of Mexico, 2010: Percentage, number of people, and average deprivations in poverty indicators by the municipality]”; and SEDESOL 2014 “Catálogo de Localidades: Sistema de Apoyo para la planeación del PDZP [Catalog of Locations: Prioritize Zones Development Program Planning Support System, PDPZ]”.

CHAPTER 1. LITERATURE REVIEW. CONDITIONAL CASH TRANSFERS (CCTs) AS THE MAIN STRATEGIES FOR ERADICATING POVERTY

INTRODUCTION

This chapter discusses recent literature on Conditional Cash Transfer Programs and their effectiveness on various dimensions of poverty. CCT programs such as Progresa-Oportunidades-Prospera (POP) started in Latin America in the late 1990s, and due to their claimed success, they have been adopted as the main anti-poverty strategy in several middle-income economies in the world¹³ (see for example, Borges 2018, Fiszbein and Schady 2009, Levy 2006, Molina Millan et al 2016). These schemes have mostly taken the form of human capital-oriented programs, which theory refers to the innate or acquired abilities that an individual has to improve their productivity (as explained, for example, in Acemoglu and Author 2009; Becker 1994; Gardener 1993; Schultz 1961; Nelson-Phelps 1966; Spence 1973). This suggests that in order to combat poverty, people must be brought in into the labor market in activities of greater productivity, performance and income compensation (see for example Reininger et al, 2016, Saucedo et al, 2018). In that sense, the idea behind the CCTs suggests that in order to substantially reduce poverty, it is essential to provide families the necessary goods and services in order to help them develop skills to achieve plenty and a self-sufficient life (see Levy, 2006). Following that premise, CCTs consist of payments to people living in poverty or extreme poverty with one or more children in a schooling age, under the condition that they modify certain behaviors related to the improvement of their human capital (see Cecchini and Madariaga 2011, Cecchini and Martínez 2012, Deveraux and Sabates-Wheeler 2004).

As CCTs have been one of the main anti-poverty strategies in many middle-income economies (including Mexico) for at least two decades, this review will focus on the literature related to CCTs' effectiveness for eradicating various dimensions of poverty in order to contribute to answering the general research question of this thesis. Thus, although most of

¹³ According to the World Bank (2015), 63 countries in the world had at least one CCT program.

the literature on CCTs' highlights their positive impacts on improving nutrition, health, and education of their recipients (see, for example, Barrientos et al, 2013; Fiszbein et al, 2009; Levy, 2008; Schultz, 2000; and Skoufias and McClafferty, 2001), CCTs have not been free of controversy. Some of the open debates around CCTs relating to poverty eradication claim that their design is minimalistic (and focused on a monetary approach), making them effective only for addressing some of the collateral effects of the economic reforms of neoliberalism. That is to say that although it is usually claimed that the outcomes are positive in the CCTs' short-term objectives, criticisms point to the fact that they have not been able to translate them into long-term impacts due to different reasons, including their isolation from a wider development system (see Berdegú et al 2015, Handa and Davis 2006, Tirado et al 2014). Additionally, while proponents highlight their technical attributes to effectively identify their target population, there is an increasing concern about the social and psychosocial effects of CCTs such as stigma, community tension (Deveraux et al 2015, Gubrium et al 2014, Roelen et al 2018), as well as gender issues (Molyneaux 2007, Roelen et al 2018).

It is important to note that in this research poverty is not analyzed as a linear phenomenon (lack of income), but rather considers different characteristics that combine old and new vulnerabilities including economic, social and environmental dimensions. That is why this chapter covers recent literature on CCTs and their effects/impacts on various dimensions of poverty. It is also important to mention that it focuses mainly on Latin America since it is the region where the most robust/rigorous methodologies on CCTs are found. Following the gaps identified in the available literature, this review aims to contribute to a deeper understanding of the CCTs' performance and their real impact on poverty eradication.

Therefore, this review will be structured as follows. In the first part, the literature related to the main elements of CCTs design is analyzed, specifically on household consumption and investments, health and nutritional outcomes, the educational outcomes and human capital accumulation, and finally, on the conditionalities and targeting process. The second part, which is derived from the mentioned elements of CCTs design, will review some of its unintended outcomes that also impact on the effectiveness of the programs. Finally, it will

discuss the rise and expansion of the CCTs as the cornerstone of the social policy strategies in several middle-income economies, especially in Latin America since the late nineties.

1.1. DEBATING CCTs EFFECTIVENESS

The literature on CCTs claim that due to the fact that CCTs are focused on the poorest, are based mainly on income transfers, and combine developmental interventions, they are effective in addressing the persistent nature of poverty, and even some of their multidimensional elements (see for example Antón Pérez et al, 2009; Barrientos and Hulme, 2008; Cecchini and Martínez, 2012; Mishra, 2017). Notwithstanding, there is a growing controversy over their suitability across contexts, their effectiveness to eradicate (some dimensions of) poverty, as well as over their unintended social effects¹⁴ (e.g., Carneiro and Galasso, 2007; Handa and Davis, 2006; Molyneux, 2007; Saucedo et al, 2018; Tirado-Alcaraz, 2014; and Valencia, 2008).

1.1.1 Household Consumption and Investments

Research on the effectiveness of CCTs suggests a certain level of agreement on their short-term objectives, such as the increase in household consumption, which although generally small, is considered significant (e.g., Attanasio et al 2013; Danvers, 2010; Hoddinot and Skoufias, 2004; Molina-Millán et al 2016; Skoufias and McClafferty, 2001; Skoufias 2005). It was expected that the transfer itself would increase both food and total household consumption by covering the gap between beneficiaries' income and the poverty line. Moreover, according to research, CCTs could have also helped beneficiaries to save or invest part of the transfer in productive activities, affecting their future income (Angelucci et al, 2012).

The available evaluations in the region show that the increase of household consumption is related to the CCT programs. The initial evaluation conducted by Hoddinott and Skoufias (2004) analyzed the impact of Oportunidades in rural Mexico on food consumption,

¹⁴ The unexpected outcomes will be discussed in the fourth section.

particularly on calories consumed, finding considerable proportional increases in both fruits and vegetables (16%) and animal products (13%) over time. The authors claim that these impacts went beyond a single income effect and attribute it to the presence of an induced behavioral effect that they call “plática effect (talk effect)” referring to the beneficiaries’ participation in health and nutrition talks. Although for Handa and Davis (2006) the amount of the transfer is so low that it is hard to believe that it can affect them at such level. Attanasio and Mesnard (2005), and Attanasio et al (2009), focusing on “Familias en Acción” (Colombia) had similar findings in both total and food consumption (and their quality) as a result of the program. They documented that food consumption has increased by 15%. For Brazil, Camilo de Oliveira et al (2007), and Benini et al (2009) also found a significant increase in the expenditure of the beneficiary households, showing that recipients use 88% of the transfer for food consumption. In Paraguay, where self-consumption agriculture is an important activity in households, total consumption increased by 9%, according to Veras Soares et al (2008). Additionally, CCTs in Nicaragua changed the consumption patterns of the households, increasing and varying food consumption as documented by Hoddinott and Weismann (2008), and Maluccio (2010).

Research also suggests that CCTs have a progressive effect on income distribution, but it is more accentuated in Bolsa Familia and POP than “Chile Solidario”, for example (see Antón Pérez, 2009). Gertler et al (2012) also compare original treatment and control households (after 4 years of exposure) to estimate the long-term impacts on consumption, finding higher levels of consumption for treatment households. According to these findings, the fact that CCTs’ beneficiaries are spending more money to buy food would not only suggest a positive impact on their income but also on their nutritional status (due to a more varied diet) and food security.

Nevertheless, these positive outcomes have to be read with caution. For example, although there was an increase in the calories consumed in fruits, vegetables, and animal products in some countries, they represent less than 5% of the total calories consumed, meaning that their share in beneficiaries’ diet remains low (as documented in Parker and Todd, 2017). Although recipients in Honduras were buying better quality products (Hoddinott and Weismann 2008),

CCTs did not importantly increase the consumption of food, mainly because the cash transfer represented less than 4% of the total household expenditure (IFPRI 2003).

In addition, the positive effect on income found by Skoufias and McClafferty (2001) is only true for the period of study 1997-1999¹⁵, as it is not clear how comparable these measures are to official poverty lines (food, capabilities, asset) of the time, as also Tirado-Alcaraz (2014) has suggested. Moreover, when panel models (linear and nonlinear) are used to evaluate the impact of the CCTs (POP) over time (1997-2007), the effects on income poverty, especially among rural households, are weak, suggesting that CCTs do not have a consistent and significant impact on income poverty reduction (Tirado-Alcaraz, 2014¹⁶). Similarly, Saucedo et al (2016) based on an empirical approach with panel data for POP between 2002-2012 claim that the impact on the overall poverty is minimal.

Although the evidence is biased towards POP, some other studies (Davis et al 2004, Angelucci and de Georgi 2009, for example) highlight the propensity for productive investment (agriculture-related and livestock) among recipients over one year of implementation. These findings were aligned to those made by Todd et al (2010), whose results suggest that CCTs increased entry into the production of higher value products, especially among smallholders. Gertler et al (2006) found that households were investing or saving around 12% of their transfers. These findings, however, were not replicated in Nicaragua, where there is no evidence that recipients were using part of the transfer to invest in productive activities, according to Maluccio (2010). In a previous study, Maluccio, et al (2005) examined the impact of RPS in Nicaragua with earlier data and after the program in a period of a downturn due to the collapse of coffee prices. They found that the per capita real annual expenditure of recipients in coffee areas increased by 27% at the beginning of the

¹⁵ According to Skoufias and McClafferty (2001) findings, between 1997 and 1999 poverty fell 10%, the depth of poverty 30%, and the poverty severity index 45%.

¹⁶ Panel models allow measuring the impact of a program within the same households or individuals over time. In this example, the author first measures the impact of POP on poverty income without controlling any other factor, finding that the program was indeed reduced income poverty. Nevertheless, in a second exercise and now controlling factors such as access to other social programs and demographic variables, he found that Oportunidades do not have any significant impact on income poverty reduction.

analyzed period and decreased by 22% in control households of the same area, suggesting that the transfer compensated the loss in income.

1.1.2 Health and Nutritional Outcomes

As previously stated CCTs for human capital accumulation as a way to interrupt intergenerational poverty would provide cash transfers to satisfy immediate needs through consumption (food) and incentivize school stay and health care. As for the latter, the literature is commonly based on subsamples of beneficiaries, and initially focused on measuring the impacts on health care utilization, self-reported health conditions, and child height (see for example, Behrman and Hoddinott, 2005; Gertler, 2004; Gutiérrez et al, 2005, Valencia, 2008, and Cecchini and Madariaga, 2011), then expanded to cover child mortality, cognitive development, behavioral problems (e.g. Barham, 2001; Fernald et al, 2009) as well as adult obesity, hypertension, depression, and use of contraceptives (see for instance González de la Rocha, 2008; Lamadrid-Figueroa, 2010; Ozer et al, 2011). Nevertheless, the overall evidence of the impact of the programs on the health and nutritional status of children is not conclusive (see Cecchini and Madariaga 2011).

Gertler (2004) using after program difference regression estimates found that the program impacted 1 cm on height for children aged 1-3 and that around 24% of newborns aged 0-3 years were less likely to be reported as ill. In Brazil, evidence obtained by Paes-Sousa and Pacheco (2008) suggests that children that are part of the programs have a higher probability (26% higher) of having an adequate size/weight and weight/age than non-beneficiary children. A study by Behrman and Hoddinott (2005) with a similar method but comparing nutritional supplements intake between children who took it and those who did not, found an increase of 1 cm in height among children aged 1-3. Overall, those CCT programs that provide nutritional support such as in “Familias en Accion” (Colombia), “Bolsa Familia” (Brazil), or “Red de Protección Social” (Nicaragua), show improvements in nutritional levels of children younger than 6 years old. These findings, however, have not been observed among “Programa de Asignación Familiar” (Honduras) nor “Tekópóra” (Paraguay), according to Cecchini and Madariaga (2011).

Fernald et al (2009) in a study examining the 10-year effects of Mexico's CCT program (a follow up) found that overall, there was no significant effect on height, weight nor cognitive development on children. They only found an impact of 1.5 cm in height for children in households where the mother lacks formal schooling. However, a significant reduction was observed in behavioral problems, defined as aggressive/oppositionist. Ozer et al (2009) also found a decrement of 10% in aggressiveness/oppositional symptoms of children in Oportunidades, by using after program difference nonexperimental estimators, in original and matched communities.

Regarding adults, research has found an increase in the use of contraceptives, a higher probability of being attended by a doctor when giving birth, and reductions in the incidence of depression symptoms among women beneficiaries (see Lamadrid-Figueroa et al, 2010; Urquieta et al 2010; Ozer et al, 2011). It was also found that there was a reduction in the probability of suffering from obesity (Fernald et al, 2008), and an increase in the use of health services for both men and women (Behrman and Parker, 2013).

Notwithstanding, there is also controversy regarding the assumption that the cash transfer would improve food security and the nutritional status of the people living in poverty as some studies have found (see Soares et al, 2010; Piperata et al 2016). Research conducted in the Brazilian Amazon using direct (versus reported) observations found that CCTs recipient households' food security worsened off and children's poor nutritional status was virtually unchanged four years into the program. Specifically, Piperata et al (2016) argue that between 2002 and 2009 Bolsa Familia affected the food security of recipients in four ways. They found, first, declining dietary adequacy among mothers; second, a shift from locally produced to purchased foods; third, growing concerns about food security reported through the Brazilian food security questionnaire; and finally, panel data indicated no significant improvement in children's nutritional status or dietary adequacy.

The literature on the CCTs suggests that they have increased access to preventive medical care and vaccines, raised the number of visits to health centers and reduced rate of diseases. Nevertheless, while it is true that there is greater access to health services (in Jamaica medical

check-ups increased 38% among children younger than 6 years old), CCTs partially fortified the access of people living in poverty to basic services as these programs work more as instrumental administrative actions rather than vehicles for exercising a right (as argued by Sottoli, 2008, cited in Valencia, 2008). That is, in practice, CCTs represent instruments that can face the denial of basic social rights, such as access to health while striving to promote equal conditions for exercising those social rights, as Soares (2006) has argued. In this sense, Irrázaval (2005) claims that CCTs cannot contribute to building citizenship if they are not redesigned to guarantee rights, meaning, to help to increase civil and political participation (as cited in Valencia, 2008).

1.1.3 Educational Outcomes and Human Capital Accumulation

There are a variety of studies on CCTs, both experimental and non-experimental, that mainly point to improvements in Education (meaning school enrollment rates, reduction in grade repetition and an increase in completed schooling grade among recipients), perhaps, because it is the easiest element to observe in the human capital accumulation. Skoufias and Parker (2001) using an experimental design estimated the impact of Oportunidades on school enrolment in the first 18 months, finding that Oportunidades increased the school enrollment of boys aged 11-17, between 3.2 and 5.8 percentage points, while among girls of the same age the increase was between 7.5 and 9.5 percentage points. Schultz (2004) using the same method found that the largest impacts occurred at the transition between primary and secondary school (6 percentage points for boys, and 9 percentage points for girls). These findings were similar to those made by Coady and Parker (2004). In the case of PATH in Jamaica, the program increased attendance by 0.5 days per month among children between 6 and 17 years, a result that is considered important given the high attendance rates in that country, according to Cecchini and Madariaga (2011). The authors also highlight that in the Dominican Republic, the national CCT program (Solidaridad) increased the probability to attend school by 14 percentage points among teenagers (14 to 16 years old). In Paraguay (Tekoporá) the enrollment rate has increased 2.5% among children from beneficiary families, while attendance increases between 5 and 8 percentage points (Veras Soares et al 2008).

Behrman, Sengupta, and Todd (2005) estimated the program impacts on enrollment, repetition, dropout, and school reentry for each age using a probability model. They found that the impact on enrollment for children ages six to ten was low. In contrast, they found a large reduction in grade repetition and better grade progression among younger children, as well as a reduction in the dropout rate at the junior-high-school level. Similarly, Todd and Wolpin (2006) found an increase of 10 to 12 percentage points among 12 to 15 year old enrolled in school, by using a structural estimation. Bobonis and Finan (2009) also found a general positive effect of the program in the treatment community, with increases in enrolment of both eligible (8.5 percentage points) and non-eligible (5.6 percentage points) children in grades 6 to 7. These findings were corroborated by Lalive and Cattaneo (2009) by reporting an increase in school enrollment and progression of ineligible children and youth, and Angelucci et al (2010) who compared impacts for those with family members residing in the villages to those with no family members in the village. For Fiszbein and Schady (2009) the impacts were considerably larger in regions where schools were abundant. Additional studies based on actual impacts of the program (Behrman, Parker, Todd, 2009, 2011) found that extended time participating in the program led to improvements in grades completed (about one full grade). Dubois, de Janvry, and Sadoulet (2012) using experimental data to estimate a dynamic model of schooling decisions along with program impacts demonstrated positive effects on enrollment at the primary and secondary levels.

Although the evidence on the improvement of the education component (increase in school enrollment, and attendance) of CCTs could be considered consistent, some other studies highlight the limitations (or the little that is known) of CCTs regarding their impacts on other important elements of education such as learning and achievement. Handa and Davis (2006) analyzed six Latin American CCTs, finding that although school enrolment increased in some countries, school attendance was inconsistent and linked to economic factors in some other countries as Jamaica, suggesting that general conclusions about CCTs and education are not valid for all regions (especially rural areas) as outcomes are usually based on national average results (as also implied later by Fiszbein and Schady, 2009). Moreover, they argue that an evaluation of cognitive achievement made in Progresia does not indicate any improvement in learning.

For Valencia (2008) CCTs have little or no effect on performance in school, on the amount learned in school, and/or on cognitive development among recipients. The above statement could be valid since the objective of the CCT is to improve access to education overall, but it does not make any mention nor investments to improve the quality of such education. Something that could also be contradictory given that one of CCTs' main purposes is to build human capital to improve recipients' opportunities to find a better job in the future. Even the aggregate educational impacts are small as concluded by Saavedra (2016) in a study of 42 existing CCTs worldwide. His study found that the improvements in school enrollment, attendance, and dropout reduction in primary education are about 3 percentage points for each one, with similar results for the secondary school where the same categories increased only 5, 6, and 5 percentage points, respectively. In terms of school achievement outcomes, Saavedra (2016) claims that the reason for limited studies examining the impact of CCTs on test-scores (performance on a test) lies in the methodological challenges of the CCTs, including the composition of the school population, and the selection bias, for example.

Saucedo et al (2008) recognize CCTs (POP) positive impact on the demand on (health and) educational services in the short term. However, their longitudinal analysis with panel data from Mexican Family Survey (ENNViH) 2002-2012, using the Propensity Score Matching technique found that the abovementioned effect is not maintained in the long-term. In this sense, CCTs can lead to additional costs such as time dedicated to working, which can push recipients to abandon the program over time. Having, as a result, a minimum overall impact on poverty.

Moreover, just as research (e.g. Tirado-Alcaraz, 2014) has shown that not all reduction in poverty rates (increase in income) can be explained by the CCTs itself, the high rates in school attendance cannot be only explained by the adoption of CCTs either, as in countries like Chile, school attendance (and health check-ups) was above 85% even before the implementation of the Chilean CCT “Ethical Family Wage” (see Henoch and Troncoso, 2013, as cited in Reiningger et al, 2016). In practice, a variety of factors are involved such as

institutions and political forces that are not usually considered in the designing process¹⁷ of the CCTs (in Latin America at least) as specialized literature has argued (see Borgues, 2011).

Despite the assumption that through CCTs children would be better prepared for the future - meaning for the labor market-, studies show that the school enrolment does not guarantee to learn. For example, research on CCTs in Brazil (Cardoso and Souza, 2003) found that children rather than just focusing on school, combine school and work, a situation that does not encourage learning. Research on CCTs in Latin America has also documented that in order to reduce the effects of poverty on child development (see for example, Engle et al, 2011; Grantham-McGregor, 2013), just providing cash to the poor is insufficient. According to Knauer et al (2016), it is also important to encourage among families, greater investments in children's health and development. Additionally, recognizing that more integration among policies is also essential, as shown in their study on the collaboration between the programs “*Educacion Inicial*” and POP in Mexico. Furthermore, Saavedra (2016) claims that despite raising average educational attainment, the available evidence suggests that CCTs have not produced learning gains among target students. Also, that there is still no evidence that CCTs impact on human capital accumulation in the long run, as CCTs' outcomes are mostly measured in the short run, something that was already pointed by Handa and Davis (2006)¹⁸.

One of the most common criticisms of CCTs is the fact that they are focused almost exclusively on human capital accumulation of children, which takes years to be developed, ignoring building human capital and/or productive capacity for adults in the present (see Handa and Davis, 2006; and Marshall and Hill, 2015). For Valencia (2008) it is still not clear that within CCTs' context more years of schooling will necessarily yield improved human capabilities and higher incomes, given the fact that the link between education and earnings may not prevail in the future as quality job creation seems to be absent. In the same line of

¹⁷ For Borges (2011) given the difference in realities, needs and institutional capacity of Latin American countries the fact that similar design features are present in CCTs among the region suggests that “cognitive heuristics or cognitive shortcuts” may be at work.

¹⁸ According to literature on CCTs there is a limited set of indicators to measure their true impact. Their first objective to ameliorate short-term poverty or food insecurity is measured by caloric or food availability. Their second objective, to improve human-capital development and thus break the intergenerational cycle of poverty, cannot be measured in the short-run, and also literature has shown, there is no evidence on their long-term impacts yet.

thought, Handa and Davis (2006) claim that given the degree in which outcomes increased, the future life impacts intended by CCTs will depend on factors outside of the programs themselves.

Research suggests that the impacts on human capital accumulation would be higher and more sustainable, not only for children and young people but also for adults if CCTs' design included a direct link to productive activities, in which households also received support/training for generating autonomous income. In this sense, Davis (2002), Gertler et al (2005), Handa and Davis (2006), Angelucci et al (2012), and Gertler et al (2012) emphasize the fact that recipients, even the poorest, usually spend part of the cash transfer on productive activities¹⁹. In a study on how cash transfers could strengthen recipients' productive capacity, focusing on their impact on micro-level growth, Barrientos (2012) found that CCTs are capable of having measurable effects, but transfers need to be more regular and reliable. Although Barrientos argues that the design of CCTs should consider complementary interventions for the accumulation of assets (human and productive capital), he also states that it is difficult to identify the size and importance of the non-monetary effects.

Although scholars (for example, Kabeer et al, 2012, Molina Millan et al, 2016) claim that is still too soon to judge the capacity of the CCTs to accomplish their objective to improve human-capital development and thus break the intergenerational cycle of poverty, it is also claimed that if the quality of education is low, the returns to education on any additional schooling could also be low and not lead to increases in income levels for beneficiaries when entering the labor market (see Parker and Todd, 2017). Moreover, research conducted on the long-term impacts of CCTs in Latin America argues that possibly schooling is the only consistent outcome across all studied programs (see Molina Millan et al 2016). Nevertheless, research on labor economics suggests that schooling differences account for a relatively small

¹⁹ The evidence suggests that a permanent higher consumption from beneficiaries reflects that they are allocating part of their transfers to productive activities that increase their income streams.

fraction of the differences in earnings, hence, there is much more to human capital than schooling²⁰.

1.1.4 Conditionalities and targeting process

CCTs seek to reduce poverty by combining benefits in education, health, and nutrition, as it is thought that ensuring children go to school will be more effective if combined with health or nutrition interventions (Parker and Todd, 2017: 868). Their short-term objective consists of increasing the resources available for the consumption of families with school-age children to meet their basic needs, that is to say, their redistributive effect. Their long-term objective is improving children's access to school and health services in order to build their human capital²¹, also known as the structural effect (Cecchini and Martínez, 2012: 87; Levy, 2006).

In order to accomplish their intended objectives, CCTs include conditionalities or co-responsibilities, in which the recipients must comply with scheduled visits to healthcare for school-age children and on school enrollment and regular attendance. Depending on the cohort and country it can vary between 75% and 95% (see for example Barrientos and Hulme, 2008; Cecchini and Martínez, 2012; Levy, 2006; Molina Millán et al, 2016), otherwise, they could receive a reduction of approximately 20% or stop receiving the payments entirely. Some examples, in “*Asignación Universal por Hijo para Protección Social de Argentina*”, children from 6 to 18 years old must have the vaccination card completed or in process of being completed according to their age. In “*Bolsa Familia*”, beneficiary children from ages between 6 and 15, have a minimum of 85% school attendance, and accomplishing with the respective vaccination calendar according to their age. Given the case, women also have to attend prenatal check-ups. In Colombia (“*Familias en Acción*”), the minimum school attendance is 80% but for medical check-ups it is 100% (for children). In Honduras, children and pregnant women must be registered in their respective clinics to attend medical check-ups, children also have to be enrolled in first and second trimester, or a school attendance

²⁰ Schooling is the easiest observable element of human capital and also very informative if we assume that schooling and non-schooling investments are likely affected by the same forces (see e.g., Acemoglu and Autor, 2009).

²¹ This is the most common design adopted in many developing countries, and it is inspired by the original Progresa (Mexico).

over third and fourth trimester. For *PATH* (Jamaica), the minimum school attendance is 85%, while medical check-ups are differentiated by population group (Cecchini and Madariaga 2011).

According to Hanlon et al (2010), there are three reasons explaining conditionality: first, to incentivize parents to invest in their children as it is believed that they do not see any value on improving their human capital. Second, for reinforcing the right to health and education. Finally, to allow more support to the programs from the citizenry and organizations whose financing them (political economy).

In the first category, we could identify scholars like Braun and Chudnovsky (2005), Morley and Coady (2003), and Rawlings (2005) whose claim that according to the logic of the programs, conditionalities would make households more efficient about the education of their children, and at the same time, they reduce market failures and absorb the positive effects generated by the increased consumption through more investments in human capital. Similarly, Azevedo and Robles (2013), de la Torre (2005), and Levy, (2006), highlight that the conditionality would also make poor people responsible for overcoming their own socio-economic situation. In that sense, it works as a form of social contract between the state, civil society and beneficiaries that ensure investments in children's human capital.

Notwithstanding, for other scholars (e.g., Handa and Davis, 2006; Valencia, 2008), the co-responsibility helps to support CCTs from a political economy perspective, which would be in line with the third category identified by Hanlon et al (2010). For example, Handa and Davis (2006) documented that in Latin American and the Caribbean, CCTs respond to this political constraint by requiring the poor to take responsibility for their actions and 'work' for their money. Not in the way that they encourage citizenship but as to make them responsible for their situation. In this sense, some others (see for example, Urzúa, 2005, cited in Valencia, 2008) assume that conditionalities could also help to strengthen the rights and duties between authorities and citizens (social citizenship), however, conditionalities are seen as a "coercive tutelage for individuals by authorities demanding strict fulfillment of

responsibilities within a context of frank inequality between officials and presumed beneficiaries” (Valencia 2008: 492).

Moreover, although evidence suggests that CCTs have positive impacts (see previous sections), there is no conclusive evidence suggesting that they are more effective than the Unconditional Cash Transfers (UCTs) as they are also impacting positively on the poor and vulnerable groups as documented by some studies (Fiszbein et al, 2009; Ozler et al, 2010; and Mishra, 2017, cited in Roelen et al, 2018). For example, Ozler et al (2010) assessed the role of conditionality in cash transfer programs in Malawi’s girls’ school attendance by using a randomized controlled trial with one treatment arm receiving conditional cash transfer, another receiving unconditional transfers, and a control group receiving no transfer, found that there is no difference between UCTs and CCTs in school attendance of girls.

Another important aspect that the literature on CCTs highlights, is the fact that they have successfully identified the extremely poor²² (e.g., Coady, Grosh, and Hoddinott, 2004; Levy, 2006, Skoufias, 2001). Among the most common targeting methods are, a) Geographical, which covers areas with high levels of poverty and vulnerability. This method is simple and low in administrative costs, but high in targeting errors (inclusion error or type 2 error, mostly). Examples of countries that use this method to select the most vulnerable localities are Mexico and Paraguay. b) Categorical, which targets the most vulnerable demographic groups, and it is considered slightly more accurate and relatively simple. Bolivia, for example, is one of the countries using this method c) Proxy means-testing method uses observable characteristics to obtain a score that proxies the available resources at the household level. It is more efficient but needs more data and administrative capacity. Mexican POP is a good example of this method; however, it is usually criticized because of the exclusion errors (type 1 error). d) Community-based, which asks the community to identify the most vulnerable, its administrative costs are low, and its results are mixed in terms of accuracy and its potential for incurring social costs is relatively high. “Juntos” from Peru, “Tekoporá” from Paraguay and “Red de Oportunidades” from Panama, and “Familias

²² Research has shown that the different algorithms used in Latin America for proxy means testing do well at identifying the extremely poor but are not good at excluding the non-poor.

en Accion” from Colombia include community validation. e) Self-targeting method relies on the program design. It is effective, but high in social and psychosocial costs associated (Coady et al 2004; Devereaux et al 2015; Roelen et al 2018). In this regard, Oportunidades in Mexico was based on a specific targeting strategy²³, which was more transparent and less likely to be subject to discretionary decisions than previous programs, therefore, it would create an efficient impact to the (rural) poor. Nevertheless, they have also been criticized because although policymakers tried to minimize the inclusion and exclusion errors, in practice, it brought associated social cost²⁴.

1.2. UNEXPECTED OUTCOMES OF CCTS

The literature on CCTs has highlighted the main achievements of the programs related to improvements in education, health, and nutrition among recipients mainly in the short-term (e.g. Gutiérrez et al, 2005; Hernández et al, 2005; Parker, Behrman and Todd, 2005; Parker and Berhman, 2008; Skoufias and McClafferty 2001; Skoufias, 2001), and even in some cases (POP and BF), having had a third-party effect (spillovers) as suggested by Handa (2001), and Maluccio, et al (2005). Nevertheless, literature has also documented some of the unintended social costs of the programs such as the psychosocial effect (stigma), community tension or problems in social relations, and others associated with gender issues (see for example, Deveraux et al, 2015; Molyneux, 2007; Valencia, 2008; Roelen et al 2018).

1.2.1 Community tension, social relations and psychosocial effects

As explained above, the CCT literature emphasizes its design in terms of successfully identifying the extremely poor in Latin America (e.g., Coady, Grosh, and Hoddinott, 2004; Levy, 2006), also that they enhance community social relations, and social networks are empowered by income transfers. Notwithstanding, the so-called inclusion and exclusion errors are present, especially when they tend to expand their coverage. That is to say that

²³ More detailed information about which one has the best performance can be found for example in Coady et al (2004) who claims that the best performance outcomes are found for individual means test, followed by characteristic (or categorical) targeting and then self-selection. However, there is an extremely large variation in performance within each type of targeting method.

²⁴ Individual targeting in small communities with high poverty rates can lead to social conflict within the community, as documented by Adatto et al 2000.

when CCTs are expanded from rural areas, where poverty is higher, to urban settlements the selection process becomes more difficult, as usually, urban areas tend to be more heterogeneous in terms of wellbeing. Although in practice, policymakers have tried to minimize these errors by verifying eligibility on the ground ("verificación" as is known for example in POP), there have been additional consequences, such as higher administrative costs, and especially, social costs (Deveraux et al, 2015). For example, literature explains that individual targeting in small communities with high poverty rates can lead to social conflict within the community (see for example, Adatto et al 2000). That is, since the differences in terms of wellbeing are relatively small in rural livelihoods, this could create a feeling of unfairness between those who receive/ do not receive benefits from the program. In this sense, scholars like Valencia (2008) criticizes the fact that neither technocrats nor bureaucrats do not make an effort to explain the logic of the CCTs' selection process (which are usually difficult to understand) to eligible and non-eligible populations, resulting unfailingly in the fragmentation of the social fabric.

Some other literature (for example, Deveraux, 2016) criticizes the selection process of CCTs because they are seen as paternalistic, as they dictate the way in which poor populations should overcome poverty as if the latter were incapable to decide for themselves. Also, because CCTs reproduce exclusion and stigma since it is believed within the communities that the poor do not take responsibility for their own actions and do not work for their money²⁵. Reason why the conditionalities of the programs are so politically popular among governments is because it is affirmed that in this way the poor population is integrated into a dynamic of duties and obligations (e.g., Handa and Davis, 2006).

Additionally, recent literature (Gordillo et al, 2016, Gubrium et al, 2013, Hall 2012) claims that due to a long tradition of clientelism, the public resources have been captured by local

²⁵ In this regard, Azevedo and Robles, 2013; de la Torre, 2005; and Levy, 2006, for example, claim that the conditionality makes poor people responsible for overcoming their own socio-economic situation. In contrast, studies such as that conducted by Pick and Sirkin (2010) documented how poverty makes people unable to recognize their own skills and knowledge (learned helplessness) that help them to overcome their socioeconomic condition. Something that CCTs have not done much. On the contrary, the evidence suggests that they have indirectly promoted the stigmatization over the recipients as their neighbors who live in pretty similar situations are not fully aware of their own social condition and blame them or accuse them of being lazy or do not work.

bureaucrats and used for electoral purposes. The above, according to this study, modify the behavior of the poor, following the inertia of the former programs, in which they see themselves as recipients of small sums paid by fragmented programs, that is, accustom people to receive perks without greater responsibility in return, stigmatizing them within the community itself. This impacts on the way they perceive governmental support as it is usually known they accept payments as a gift that many local governments give them in exchange for their electoral support. This also helped to spread stigmatization over the rural poor, in the sense that many people claim that there are poor people because they are lazy as they are only waiting for government support in the way of payments, without making more efforts.

1.2.2 Gender issues

Although it was initially argued that CCTs increase the women's empowerment by putting them at the center of the program (as social transfers are usually given to mothers, and young girls receive higher payments than young boys) (see for example, Escobar and González, 2008; and Levy, 2006), the evidence has put those statements to debate as there is strong concern about reinforcing sexual division of labor and its perpetuation. For instance, Molyneux (2007) claims that CCTs have an "inherent discrimination" towards women since they bear full responsibility for the program, something that ensures exclusion of men in the development process. Similarly, Roelen et al (2018), argues that the gendered patterns of work and care are reproduced through the programs where women often bear the brunt of the additional unpaid and paid work requirements.

Although CCTs arguably enhance women's self-esteem as they are the core of the programs, promote their participation through nutritional and health workshops, and reduce gender gaps in education stressing efforts on girls, as well as increase the availability of reproductive health services. For Valencia (2008) although CCTs emphasizes the role of women in fomenting change, the way the transfers work helps to reinforce the traditional household division of labor and at times increases the work burden of mothers receiving them or resulting in violence against them as documented by Bradshaw (2008). Escobar and González (2008: 454) found that for some women these are burdens overbearing, and generally have

them drop out of the program or quit their jobs (one of them) so that they can fulfill the co-responsibilities of the program. As opposed to fathers, women bear full responsibility.

An interesting debate related to educational outcomes and gender issues is that related to the fact that girls receive larger subsidies²⁶ than boys from grade seven onwards (see for example, Escobar and González, 2008), under the assumption that dropout rates are higher for girls. Nevertheless, in some regions the gap has not only closed, but reversed (see, for example, Escobar, and González, 2008). Some other studies (Behrman et al 2000) conducted in Mexico, claim that the higher enrolment rates for boys at older ages is partly due to slower progression of boys through the system rather than early dropout of girls, implying that the transfer level should actually (now) favor boys over girls at the junior secondary level. Moreover, although it is thought that CCTs reduced the participation of children in labor, the truth is that it was mostly reduced for boys, for girls the evidence shows that now they are combining school, work and (less time for) leisure (see de Janvry et al, 2006). According to Skoufias and Parker (2001), the main reason in the reduced leisure for girls, is because “girls work” is more compatible with schooling. That is to say that although CCTs induce changes in beneficiaries that help them to make more efficient decisions related to children's education, the negative gender relations that hold out girls from development are reproduced throughout the program process.

1.3. THE RISE AND EXPANSION OF CCTs AS A DOMINANT PARADIGM IN ANTI-POVERTY PROGRAMS.

Is the so-called success on eradicating poverty the reason behind CCTs dominance as the main social policy in the middle-income world? The cash transfers (or social transfers) emerged in a context of economic crisis, structural adjustment, and globalization, and initially were introduced as “innovative non-contributory instruments” part of the social protection system characterized by a set of policies and programs to reverse unemployment and the lack of income from work as well as providing basic care health and housing in order to contribute

²⁶ For example, by grade 12 girls scholarship is close to US\$75 a month, while boys receive US\$15, according to Escobar and González, 2008.

to economic growth (see, for example, Barrientos and Hulme 2008; Cecchini and Martínez 2012: 17; Levy 2008: 2; Norton et al 2001: 7; United Nations 2000: 4). As part of these non-contributory instruments, conditional cash transfer programs could be seen as a continuation of the broader economic reforms started in the 1980s, as they sought to be compatible with the logic of the market²⁷ (Levy and Rodriguez 2005, Rawlings 2005; WB 2007).

In terms of their social and economic function, CCTs were based on the promotion of human capital as their aim is to improve the skills of the recipients in order to increase their future productivity (see, for example, Acemoglu & Autor 2009; Becker 1994; Gardener 1993). Thus, their theoretical foundations suggest that to combat poverty (lack of income) is indispensable to participate in the labor market in activities of greater productivity, performance and income compensation (see for example Reininger et al, 2016, Saucedo et al, 2018).

As it has been stated, CCTs were introduced in Latin America during the late 1990s and early 2000s and rapidly expanded to many more low -and middle-income countries over the following years. Their so-called success, mainly attributed to Progres-Oportunidades-Prospera (POP), which represented a shift from universal food subsidies to targeted transfers, and Bolsa Familia (BF) that brought together several scattered programs (see Handa and Davis, 2006), helped international financial organizations to widely promote them against poverty, even though it was still early to know their long-term impacts. This is also an interesting debate on whether CCTs' popularity and expansion are solely attributable to their versatility and effectiveness in eradicating poverty (Adato and Hoddinott 2007, Antón Pérez et al 2009, Coady and Parker 2004, Fiszbein and Schady 2009), or due to the overwhelming support and promotion of international financial institutions (see Borges 2011, Handa and Davis 2006, Saucedo et al 2018, Tirado-Alcaraz 2014). This debate gains importance because they have been the cornerstone of many national social policy strategies in the (low -and middle-income) world during the last two decades.

²⁷ In this sense, CCTs are aligned to neoliberalism as this privilege employment and entrepreneurship as the best way to escape poverty (lack of income).

As discussed in previous sections of this chapter, the findings of the first impact evaluation²⁸ carried out by a CCT program (Skoufias and McClafferty 2001) suggested that the integration of its interventions (education, health and nutrition) had a “significant” impact on welfare and human capital of poor rural families, which was also documented by Parker et al 2005, and Parker and Berhman 2008, among others. These achievements, according to proponents would be the reason why CCTs have been largely expanded in the Americas, and later towards the rest of the (low -and middle-income) world. There is, however, an alternative/complementary version of the roots of this expansion/adoption. Some scholars (for example, Hall, 2008; Handa and Davis, 2006; Saad Filho, 2015; and Piperata et al, 2016) are skeptical about the extent of the achievements of the programs found in previous evaluations. The main argument is related to the fact that the effects in outcomes (different from schooling outcomes) are weak, limited²⁹ or even unknown in the long run, suggesting that CCTs’ rapid expansion could have been caused by external factors (promotion). For example, the fact that after the first CCTs evaluations, international financial institutions such as the Inter-American Development Bank (IADB) and the World Bank (WB)³⁰ themselves provided technical and financial support to many Latin American economies for designing and implementing their own CCT programs.

As Handa and Davis (2006), Borges (2011), Borges (2018) documented, the launching of CCT programs in Latin America is usually linked to external financing as they were trying to strengthen their administrative and implementation capacity. In Jamaica, for example, the IADB sector loan and the World Bank investment loan in 2001 were used to consolidate their “Program for Advancement through Health and Education (PATH)” and food stamps. Honduras received around 25 million dollars from the IADB to modernize and strengthen their CCT (“Programa de Asignación Familiar II, PRAF”). “La Red de Protección Social (RPS)” in Nicaragua also received a multi-phase loan of 6 million dollars. Argentina has received at least four loans either from the IADB or WB since 2004. Some other countries

²⁸ The evaluation was based on data collected between November 1997 and November 1999.

²⁹ According to Molina-Millán, et al (2016) findings, these effects are generally not statistically different from zero, either with experimental or non-experimental literatures.

³⁰ Indeed, the Inter-American Development Bank and World Bank sponsored over 40 CCTs related loans and projects just in Latin America between 2000 and 2011, according to Borges (2018).

like Colombia, Ecuador, El Salvador, Guatemala, and even Mexico and Brazil, have also received either technical or economic support from international financial institutions for their CCTs, which could provide “powerful incentives” to reconfigure or reinforce their social programs.

Therefore, the rapid adoption of CCTs in the region could suggest that the available evidence was barely analyzed in that time, and that the programs were not designed according to their national poverty profile and/or institutional capacity, then they followed other incentives. For example, by using mixed methods including a historic model, Borges (2011) contrasts the domestic preconditions³¹ of 18 countries in the region, as well as their “foreign pressures”³², to explain the diffusion of CCTs. She finds that either domestic political constraints, human development or government capacity have no statistically significant effect on the adoption of CCTs, meaning that domestic preconditions cannot entirely explain the rapid expansion of CCTs in the region. Their diffusion, then, is more likely to be influenced by promotion and foreign pressures, claim that is in line with Handa and Davis (2006) and Saad-Filho (2015).

Critics also consider that the “dominant political ideologies” are behind the popularity and expansion of CCTs’ positive effects (see Reininger et al 2016). That is to say that the fact that neoliberalism privileged employment and entrepreneurship as the best way to escape poverty (lack of income), suggest that countries in the region focused more on the technical attributes of CCTs rather than on their (narrow) way of seeing the poverty problem.

Moreover, the fact that during the 1990s many Latin American countries restructured their economies (neoliberal reforms) to access loans (from international financial institutions) and be able to recover from the debt crisis, could add to this explanation of the rapid expansion of CCTs in the region. It is also known that as CCTs were aligned to free-market objectives (human capital accumulation in order to improve opportunities in the job market and firm

³¹ Including political ideology, state capacity, and human development levels.

³² The author includes in “foreign pressures” the political jurisdictions, neighborhood emulation, competition among jurisdictions, learning through technocratic exchanges and norms, as well as coercion through international financial institutions.

profits) (see Ribas and Osorio 2010) and considered cost-effective, this made them politically popular for governments as they were not affecting the status-quo (Saad Filho 2015; and Pipereta 2016).

CONCLUSION

The revised CCT literature provides a broader picture of their current debate related to poverty and adds to an understanding of the role that programs play in the neoliberal context. In this sense, the accumulation of human capital is at the center of the discussions as it is the way CCTs attempt to eradicate (income) poverty by increasing the probability that the poor have a better-paid job.

The literature on the CCTs is wide and includes both quantitative and qualitative methodologies. Most of the initial impact evaluations are based on quantitative experimental and non-experimental techniques. According to scholars, the experimental designs are the most rigorous evaluations, nevertheless, their focus is on the short-term effects as they are easier to identify and measure. These findings have been used to spread the so-called ‘successes’ of the CCTs around the world. However, the literature has also pointed out that these positive results should be read with caution because they represent particular/specific outcomes rather than broader impacts. An example of this is that transferring money to vulnerable groups automatically increases their consumption capacity (liquidity), but it does not necessarily mean a long-term or sustainable effect on their well-being, as any program could sustain that transfer for long periods. Also, the fact that average levels of education (enrolment and attendance) are increasing (around 1 year) in rural areas, is not necessarily translated to the accumulation of knowledge or improving cognitive capabilities. The above would suggest that CCTs need some complementarities or redesigning to improve the outcomes and achieve real impact on various dimensions of poverty.

Overall, there is little evidence related to the long-term impacts of CCTs, allegedly because after two decades it is still too soon to know broader impacts. Notwithstanding, the available evidence suggests that short-term outcomes cannot be sustained in the long run, because CCTs as they are now designed, are too limited and focus only on the human capital

accumulation for children. The evidence also suggests that there is no complimentary, comprehensive, or sustainable development strategy that focuses on addressing more dimensions of poverty than income. The alleged success of the initial results seems to be more aligned with the overwhelming promotion and support that were undertaken by international financial institutions than with achieving broader anti-poverty goals.

It is interesting to note, also from the literature, that although CCTs identify more than only the economic dimension of poverty through different stages of their targeting process, neither the research (scholars) or policymakers address those “unmet basic needs” as active elements of the CCTs’ design. That is, although geographical targeting uses information from marginalization indexes, CCTs do not incorporate this information as dimensions of poverty that also need to be addressed by the programs. As it was found, the literature on CCTs focuses on evaluating their impact on improving human capital mainly, and from that, it is implied that they are combating some dimensions of poverty (education, health, and food). Notwithstanding, the improvements on those dimensions are more related to the future improvement of income (assuming good quality of services and good quality job creation as well), rather than achieving good quality education and health (much more than mere access).

Finally, there are at least three types of biases in the literature. First, it is biased towards Latin American CCTs, and specially towards POP and BF, probably because they were the flagship programs that integrated short- and -long-term objectives as well as rigorous and more completed evaluation. Secondly, it is biased towards evaluating their educational outcomes, meaning school enrollment and attendance, which overall have been the most promoted around the world, and the reason behind could be that they are the easiest measurable component of human capital accumulation, as it is explained in previous sections. Thirdly, although there are mentions of some needed complementarities for improving the outcomes of CCTs, there is no wider discussion about (multidimensional) poverty and/or development itself. At best, in the literature, poverty is reduced to few dimensions (education, health, and income), rather than integrating a discussion between the several dimensions of poverty (human rights, human capital, natural capital, income wellbeing, for example) and their interrelations with sustainable development. CCTs are mainly studied from an economic

growth perspective, which is to improve the skills of the poor to provide skilled workers to the labor market. The focus seems to analyze how to improve income, rather than the quality of life.

CHAPTER 2. RURAL POVERTY IN MEXICO

INTRODUCTION

This chapter analyzes the main transformations that rural societies have experienced in Mexico during the last decades. Its purpose is to contextualize the operational scenario of Conditional Cash Transfer (CCTs) programs, providing a critical vision of the current state of rural poverty in the country. CCTs have provided a compensatory scheme for the side effects of globalization including poverty. Poverty eradication was not at the core of the new economic model; instead, the country's focus was on integrating into the global market. To do that, the government provided a series of incentives so capitalized actors could compete in the new markets. Through proper constitutional reform, the rural poor would sell their properties and migrate to larger cities where they would constitute the necessary workforce for new private investments. While adjustment was taking place, it was necessary to introduce safeguards to help disadvantaged sectors soften the effects of economic openness.

Worldwide, the efforts to eradicate poverty have not been effective enough to have a positive impact on rural societies (see, for example, IFAD, 2011; CEPAL, 2016; and FAO, 2018). According to data, the prevalence of people living in extreme poverty was reduced by 50% between 1990 and 2010, meaning that around 1,200 million people still lived under this condition. Within this population, 75% (900 million people) live in rural areas (FAO, 2014, IFAD, 2011)³³. In Mexico, the poverty levels have remained the same since the 1990s, calling into question the success of the strategy for combating poverty as well as emphasizing the necessity for an approach that addresses rural poverty effectively.

Given its nature, the livelihoods of rural populations are commonly based on agricultural subsistence or small-scale farming, and although there has been a boom in non-farming activities and self-employment, their income hardly covers their basic needs, including food (see FIDA, 2010). Rural poor are at the beginning of the productive chain as are characterized

³³ Moreover, according to the ECLAC (2000), despite the fact that a high percentage of the poor live in urban areas, these are new or recent arrivals from rural areas.

by low productivity due to their lack of access to financial services, technical assistance, information, and innovative technologies, among others. The supposed modernization of the Mexican countryside of the 90s increased the historic development gap between the agribusiness of the north and small farming of the south (see, for example, Fox and Haight 2010, Robles, 2010).

In a context of poor economic performance, and where public policies for heterogeneous rural societies have favored trade over inclusive development, hampering the expected distribution of wealth, differentiated strategies are required. This chapter will analyze the current state of rural poverty in Mexico by analyzing the main rural socioeconomic transformations of recent decades. To do this, this chapter is divided into two parts, first, it analyzes the state of poverty in rural Mexico following the official methods used in the country. In the second part, the transformations of the rural sector will be analyzed. First, I review the definition of rural to explain the dynamism of the sector and how the categorization has expired. Next, I review how the foundations of uneven development in the countryside were laid during the 1990s, and which continues today by analyzing the Agrarian Reform of 1992 and the NAFTA, two of the main reforms implemented in the sector. Finally, as a conclusion, I analyze how the main social and economic transformations experienced by rural societies shaped the way in which public policies were made for the countryside, which is key to understanding the effectiveness of CCTs to substantially reduce rural poverty.

2.1. THE CONFIGURATION OF RURAL POVERTY IN MEXICO

Although social sciences have contributed to explaining poverty in its various expressions, there is still no consensus on its definition (and measurement). For example, among development literature (see, for example, Deaton, 2010; Lewis, 1967; Sen, 1983; Ravallion, 2010; Robb, 2002; WB, 2001), poverty has been commonly associated with primary economies and unskilled labor, lack of opportunities to generate autonomous income, absence of access to regional markets, or even with the inability to maintain a healthy diet. It has also been related to the inability of the state to provide basic infrastructure and guarantee minimum social rights to the entire population. Even though these expressions vary in

approach, they have something in common, they represent an obstacle for people to have a decent life.

Due to conceptual complexity, based in part on the specific historical context of each concept, responding to particular beliefs and needs given at specific times and places (see Blackburn, 1991: 7), poverty has been mainly related to insufficient monetary income to fulfill the basic needs of people (WB, 2001)³⁴. It is based on surveys³⁵ and widely believed that due to its operational and pragmatic characteristics, poverty calculated by income is the most used approach (see for example, Gordon et al, 2008: 8, UNESCO, 2016³⁶). Despite its popularity, this approach presents inconsistencies, including the difficulty to know the intensity and real poverty within a household. This happens due to the nature of its data collection, which analysis is commonly based on a number of assumptions on the household behavior and the way that errors are addressed. This also could lead to an underestimation of poverty by more than 25% (see for example Allen, 2013, Dasgupta, 1995; Gordon et al, 2000; Sen, 1983; WB, 2001).

In recent years, the so-called multidimensional³⁷ poverty approach has put the necessity of taking into consideration multiple variables depending on context at the center of the discussion, and it is being adopted in many countries³⁸ and multilateral organizations through

³⁴ This method is evidently quantitative and was popularized by *the 1990 World Development Report* published by the World Bank, it has been used by governments and international agencies through the globe to measure poverty in different levels, and because, according to this vision, it provides national representativity and helps to better understand the poverty determinants by measuring the amount of earned money and the quantity used for consumption.

³⁵ According to World Bank's approach, "consumption is conventionally viewed as the preferred welfare indicator, for practical reasons of reliability and because consumption is thought to better capture long-run welfare than current income" (WB, 2001).

³⁶ More information can be founded at: "Learning to live together" from Social and Human Sciences, International Migration at [UNESCO web page](#).

³⁷ Some of the most used measurements based on this approach are a) the welfare function, which includes various dimensions of wellbeing and defines poor people as all individuals below a specified minimum level of total welfare (see, for example, Tsui 1995, 1997; Bourguignon and Chakravarty, 1998). b) The human development index (a composite index), which arbitrarily impose weights to every dimension of the welfare function (see for example, UNDP, 1999; Ravallion, 1997; WB, 2001). c) Alternative aggregation rules, which gauges "who is poor in any one of the dimensions". Its strength and weakness are closely related while gauging more than just income, it can misinterpret that "a person or household can be income-poor but not multidimensionally poor, or income rich yet multidimensional poverty" (OPHI, 2015).

³⁸ Countries such as Bhutan, Chile, Colombia, Costa Rica, El Salvador, Mexico, Philippines, Vietnam, among others. See one of the many electronic resources that the Oxford Poverty and Development Initiative have published using the [Multidimensional Poverty Index](#) and its corresponding study cases:

the world (see for example, Bourguignon and Chakravarty, 2002: 3-4; OPHI, 2015: 2; Sen, 1983, 1999; UNDP, 1999; WB, 2001: 19). The reason for considering multiple dimensions is the fact that there is no single indicator, not even income or consumption, capable of capturing the multiple deprivations that a person may face in their lives that contribute to poverty. It is increasingly used due to its easy calculation; monitoring across time through time series; its use for evaluating policies; and because it can be disaggregated “by regions and groups to show who is poor and where they live and decomposed by dimension and indicator to show how people are poor” (OPHI, 2015).

Nevertheless, this method can also be arbitrary when establishing the number of indicators for measuring poverty, as there is still no consensus about the most accurate way to establish who is poor. For example, when someone is poor in any dimension or when they are poor in all dimensions. Also, because there is evidence that these decisions are usually motivated by politics than social justice as we will discuss later on this thesis³⁹. Also, the problem is that or if an indicator improves, others could worsen, and in the result only the average is reflected (WB, 2001: 19, 22).

This chapter emphasizes these two approaches, income and multidimensional, as it is the way poverty is identified in Mexico. Both are calculated by the National Council for the Evaluation of Social Development Policy (CONEVAL for its acronym in Spanish)⁴⁰, which is the official entity to measure poverty in the country. CONEVAL generates information on poverty by identifying current income per capita and deprivations (regarding the non-compliance of social rights⁴¹) among the population so that the government can guide public policy actions towards those shortcomings. Although in practice, public policy actions are usually designed by governments to improve specific indicators, and then, national averages.

³⁹ Sabina Alkire (2017), co-author of the Multidimensional Poverty Index, and Director of the Oxford Poverty and Human Development Initiative, argues that the methodology can be adjusted to specific context according to the specific necessities of a country, but it is “normal” that these decisions are aligned with political agendas. Read the full article on the Website: [El País](#)

⁴⁰ CONEVAL is a decentralized public body of the Federal Public Administration (APF), with autonomy and technical capacity to generate objective information on the state of social policy and the measurement of poverty in Mexico (CONEVAL, 2018).

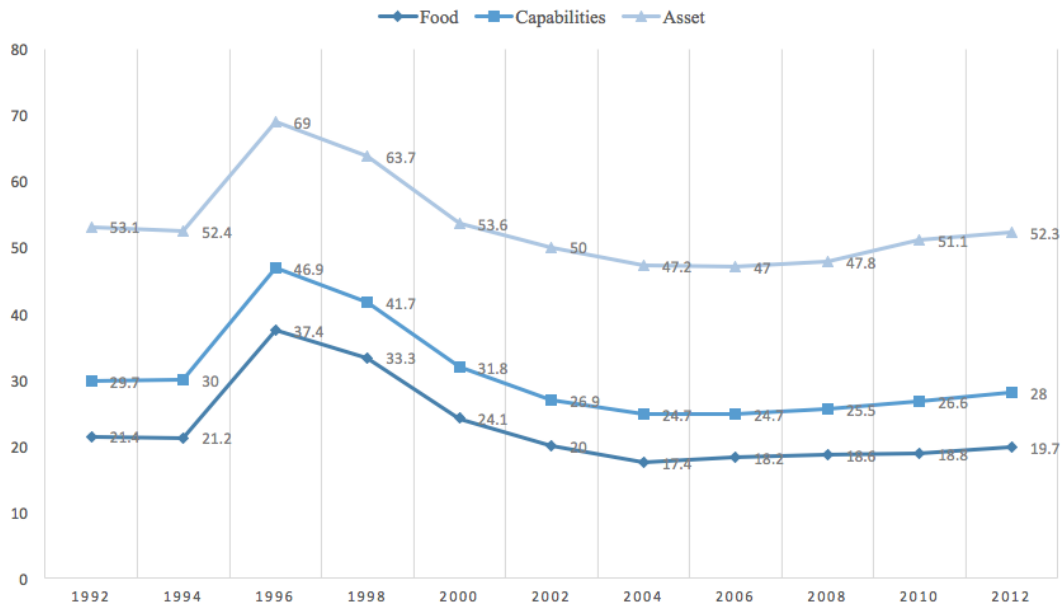
⁴¹ Established in the General Law of Social Development (LGDS).

2.1.1 Income Poverty – Poverty lines

CONEVAL identifies the income that people receive and compares it with monetary values represented by different lines: *food, capabilities, and assets*. The first one refers to the inability to buy a basic food basket, even if the families use all their available income just to acquire it. The capabilities poverty means that household income is lower than the value of the food basket and the necessary expenditures in health and education, even if the households use all their income just for these purposes. Finally, the assets poverty refers to the income insufficiency to buy the food basket, and make the necessary expenditures in health, clothing, housing, transportation, and education, even if households use all their income just for acquiring these goods and services.

According to this approach, the reduction of poverty levels stagnated during the last two decades at the national level (see *Graph 1. Poverty Income (National), 1992-2012*). For instance, in 2012 the prevalence of asset poverty was at 52.3% (61.3 million people), practically the same percentage as in 1992, when 53.1% (46.1 million people) of population suffered from this condition. Moreover, the capabilities poverty represented 29.7% (25.7 million people) in the early nineties, and 28% (32 million people) of the total population twenty years later. Finally, the food poverty followed the same trend during the same period, representing 21.4% (18.5 million people) in 1992, and 19.7% (23 million people) in 2012. These data represent the general results of poverty in Mexico in the last two decades, excluding the period of economic crisis suffered by the country in the mid-nineties, when poverty rates increased by 15 percentage points in each poverty line.

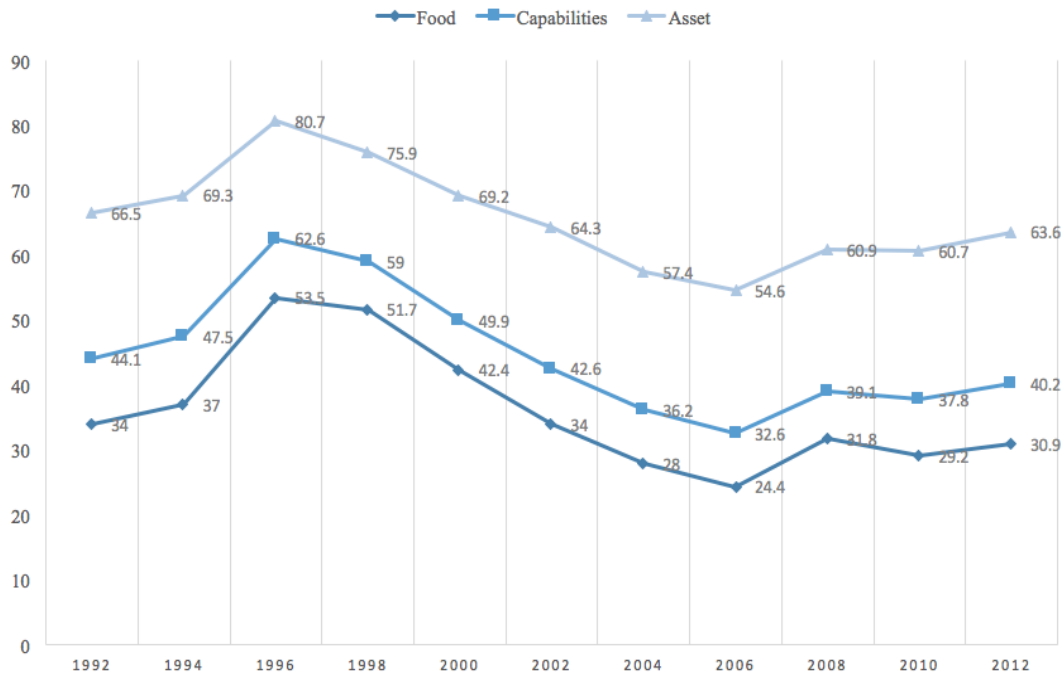
Figure 1. Income Poverty (National), 1992-2012. Percentages.



Source: CONEVAL estimates based on ENIGH 1992 to 2012.

According to Graph 2. *Income Poverty (Rural), 1992-2012*, the tendencies in rural settings follow the national trends, but the prevalence is higher than the national averages. That is to say, the prevalence of people unable to buy the food basket, and make the necessary expenditures in health, clothing, housing, transportation, and education reached 66.5% (22.9 million people) of the rural population in 1992, and twenty years later to 63.6% (28 million people). That is an increase of more than 5 million people during the same period. Moreover, the capabilities poverty line registered 44.1% (15.2 million people) of the rural population in 1992, and 40.2% (17.7 million people) in 2012. In other words, there were an increase of 2.5 million people between 1992-2012 in rural areas. Finally, the food poverty represented 34% (11.7 million people) of rural population in 1992, and 30.9% (13.6 million people) in 2012. That is to say that almost 2 million people more were unable to buy the basic food basket at the end of the period of study.

Figure 2. Income Poverty (Rural), 1992-2012. Percentages.



Source: CONEVAL estimates based on ENIGH 1992 to 2012.

Therefore, as the Income poverty Evolution data shows, the levels of poverty are practically the same since 1992, suggesting a stagnation in the poverty reduction at least from the middle of the study period. These data also show that the prevalence of poverty in rural areas is higher than the national averages. For example, the percentage of people unable to acquire a basic food basket (food poverty) reached 30.9% in rural areas, while this same indicator represented 19.7% at the national level (and 12.9% in urban areas) in 2012.

Since this data is only showing the income dimension of rural poverty, that is, people’s capacity to buy a minimum amount of certain goods and services to survive, it is safe to say that there are additional and more complex dimensions (see Allen, 2013; Dasgupta, 1995; Gordon, et al, 2000; WB, 2001) of rural poverty that income is not (capturing and) showing but that impact on poverty reduction. Moreover, in the public policy framework, the poverty lines have been largely used to justify compensatory programs that transfer the minimum necessary to “statistically” overcome poverty. Notwithstanding, rural poverty has some other

dimensions that the above data does not show, which would explain why anti-poverty programs based only on addressing the lack of income (one of many problems) of the rural poor has a reduced impact.

2.1.2 Multidimensional Poverty

Poverty, in its broader sense, refers to a condition where people live in circumstances that undermine their dignity, restrict their fundamental rights and freedoms, impede the satisfaction of their basic needs, and hinder their full social inclusion. However, its operationalization requires addressing its conceptual and empirical challenges carefully, systematically, transparently, impartially way and with technical rigor (CONEVAL, 2019: 22-23).

According to the Mexican context, the General Law of Social Development (LDGS) identifies approaches that analyze the multidimensional nature of poverty. These approaches recognize that poverty is closely related to the restriction of individuals' life choices. Each approach operates on specific assumptions in determining the pertinent dimensions and criteria for identifying a person as deprived: while the welfare approach aims to identify the living conditions that provide individuals with life options that meet a minimum standard for their society, the rights-based approach identifies the relevant dimensions (human rights) *a priori* (CONEVAL, 2019: 24-25).

Poverty measurement must be based on rigorous theoretical and conceptual considerations; it must document the assumptions on which it is based; and it must be simple, easy to communicate, statistically robust and easy to replicate (CONEVAL, 2019: 31).

In order to link the theoretical and technical elements of the methodology and the institutional and normative context, the following criteria must be followed: a) comply with the provisions of the LDGS and other applicable regulations; b) generate results that allow the identification of the population living in poverty; c) incorporate relevant indicators; d) allow to know the contribution of the states and municipalities to national poverty; e) identify the contribution of each dimension to poverty; f) be disaggregated for different population groups; g) make

comparable measurements over time; h) be applicable based on the information provided by the INEGI; i) provide an analytical framework for analyzing the population's deprivation and identifying the regions and social groups with the greatest deprivations; j) satisfy a set of axiomatic properties such as monotonicity and normalization, among others. (CONEVAL, 2019: 31-32).

According to LGDS and based on the most recent improvements on the field, poverty definition must analyze the economic welfare, the social rights, and the territorial context. The first one specifies a minimum quantity of money (defined by the poverty income line) that a person needs to cover their basic needs. Regarding the second one, as they are universal, interlinked, and indivisible elements, it considers that a person cannot make fully exercise of their rights if they have at least one deprivation in any of the indicators defined in the article 36 of the LDGS. Finally, the territorial context, meaning social cohesion and access to a paved road, is a variable that helps explain poverty's structure and dynamic, in the sense that is an exogenous indicator to identify poverty (CONEVAL, 2019: 27-33).

To identify the people living in poverty, CONEVAL first defines if a person's income is insufficient to satisfy their needs and if they are deprived in each social indicator (where the aggregated measure is known as *social deprivation index*); then the income and the previous indicators are combined in order to know the population living in multidimensional poverty (CONEVAL, 2019: 33).

To identify the people that are deprived in economic welfare, all income sources that households use to satisfy their needs are considered (non-monetary included). A poverty line is established to identify the population that does not have sufficient resources to acquire necessary goods and services to meet their needs (food and non-food). Additionally, an extreme poverty line is established to identify the population that, even using all its income to buy food, does not manage to acquire what is indispensable for adequate nutrition. (CONEVAL, 2019: 34 -35). To make the social deprivation index, it is necessary to identify the social deprivations⁴² in each specific indicator; then the index is made for each person

⁴² Considering that Each of the social deprivations is of equal relative importance.

from the sum of the six social indicators. When the social deprivation index is higher than zero ($X > 0$), that person is experiencing social deprivation (CONEVAL, 2019: 25-36).

CONEVAL identifies the population in extreme multidimensional poverty using the extreme deprivation threshold, applying a criterion based on statistical methods (Gordon's criterion (2007)). These methods seek to divide the population into two groups, so as to maximize the differences between them and, at the same time, to make them as homogeneous as possible within each group; when applied, a value for the extreme deprivation threshold equal to three was found (CONEVAL, 2019: 36). Finally, both approaches are combined to identify people living in multidimensional poverty.

Once the identification problem has been solved, it is specified the criteria to aggregate the characteristics of individuals to generate indicators that allow analyzing the magnitude and evolution of multidimensional poverty (CONEVAL, 2019: 39). Aggregate poverty measures must satisfy four properties: 1) ensure the comparability of poverty measurements at the national, state, and municipal levels, and over time; 2) make it possible to assess the contribution of states and municipalities to national poverty; 3) make it possible to know the participation of each of the dimensions; and 4) have some desirable analytical properties.

Three types of multidimensional poverty measures are also defined: incidence, depth, and intensity, which show the contribution to multidimensional poverty of the different deprivations (CONEVAL, 2019: 39-41). The *incidence* refers to the percentage of the population or a specific population group that suffers from some type of economic or social deprivation. However, it does not allow us to disaggregate the contribution of the different dimensions to overall poverty, since, for the same percentage of the population whose income is below the income poverty line, the incidence would be the same if the entire poor population is deprived in only one or all of the dimensions considered.

The *depth* has two components, one associated with the welfare space and the other that directly concerns the social deprivation index. In the welfare space, the CONEVAL calculates the poverty depth, a measure that is provided by the average distance of the income

of the population with an income below the income poverty line, with respect to this same line (Foster, Greer, and Thorbecke (1984) as cited in CONEVAL, 2019). The depth of deprivation is reported by the average number of social deprivations. (CONEVAL, 2019: 39-40).

Regarding the *intensity*, Alkire and Foster (2007) proposed an aggregate measure of poverty in order to solve the limitations of incidence measures. It is constructed from the multiplication of an incidence measure and a depth measure. CONEVAL estimates three intensity measures: a) Intensity of multidimensional poverty; b) Intensity of extreme multidimensional poverty; and c) Intensity of deprivation of the population with at least one deprivation.

Finally, social cohesion and accessibility to paved roads make up the territorial space. The LGDS considers four indicators for social cohesion: a) the Gini index, b) the degree of social polarization of the state or municipality, c) the ratio of the income of the extreme multidimensional poor population with respect to the multidimensional non-poor and non-vulnerable population, and d) the social network perception index. The latter, involves elements of a geographic and relational nature [...] accessibility and quality of road infrastructure are considered (CONEVAL, 2019: 42).

Following such rationale, the CONEVAL began to measure multidimensional poverty in 2008. In order to do so, it uses data from the Socio-economic Conditions Module of the National Survey of Income and Expenditure of the Households (MCS-ENIGH) provided by the National Institute of Statistics and Geography (INEGI). This, in accordance with the 36th article of the General Law of Social Development (LGDS), and considers social rights and economic wellbeing:

the CONEVAL should establish the guidelines and criteria to the definition, identification, and measurement of poverty in Mexico, taking into account at least the following indicators: current income per capita, average education lag in the household, access to health services, access to social security, quality and living

spaces, access to basic housing services, access to food, and degree of social cohesion (DOF, 2004; CONEVAL, 2014: 27).

Therefore, based on this statement, CONEVAL considers that a person experiences multidimensional poverty if they lack at least one of the social indicators listed above and their income is insufficient to acquire the necessary goods and services they require to meet their needs (CONEVAL 2014: 41). If they present one or more of the social deprivations but they have an income which is higher than the Welfare Line (WBL) is classified as Vulnerable by Social Deprivation (CONEVAL 2014: 41). See *Figure 3. Multidimensional Poverty*:

Figure 3. Multidimensional Poverty

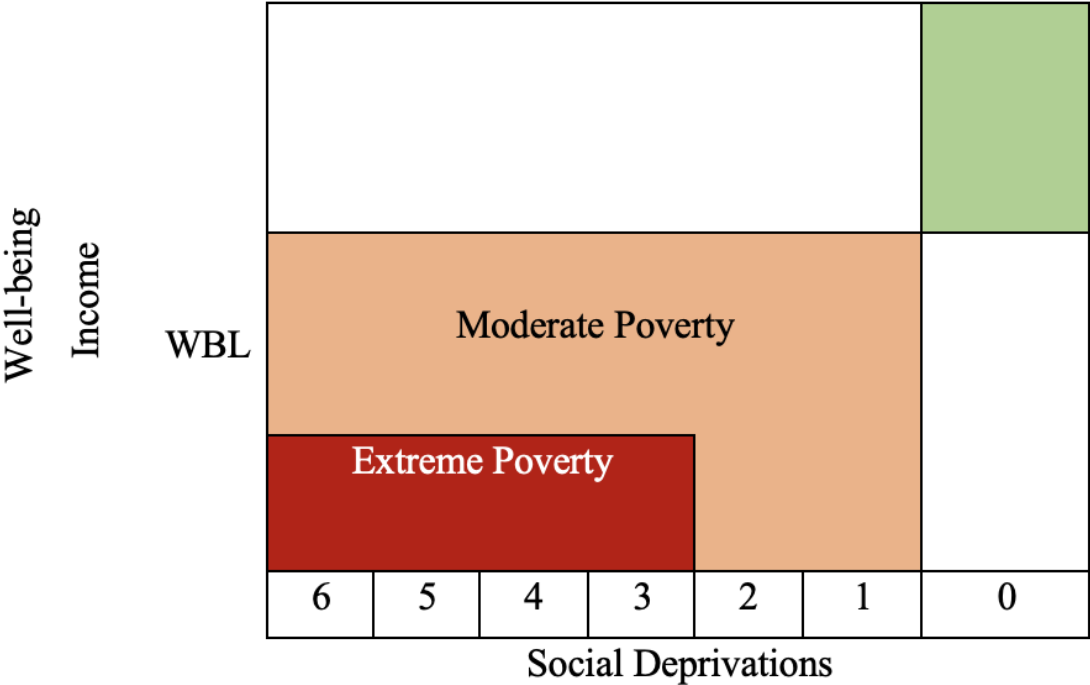
Well-being Income	WBL	Vulnerable by social deprivation						Not poor and not vulnerable
		[Multidimensional] Poor						Vulnerable by income
		6	5	4	3	2	1	0
		Social Deprivations						

Source: CONEVAL, 2014.

Additionally, an individual is considered Vulnerable by Income if they do not have any social deprivation, but their income is lower or equal to the WBL, and finally, they are considered Not Poor and Not Vulnerable when their income is higher than the WBL and they do not present any social deprivation (CONEVAL 2014: 41).

Figure 4. *Extreme Multidimensional Poverty* illustrates that a person lives in extreme poverty when they lack three or more of the mentioned social indicators and their income is insufficient to acquire the necessary goods and services that they require to meet their basic needs. Furthermore, the Moderate Poverty is the segment of the multidimensional poor population that is not included within the extreme multidimensional poor population (CONEVAL 2017: 37, 43).

Figure 4. *Extreme Multidimensional Poverty*



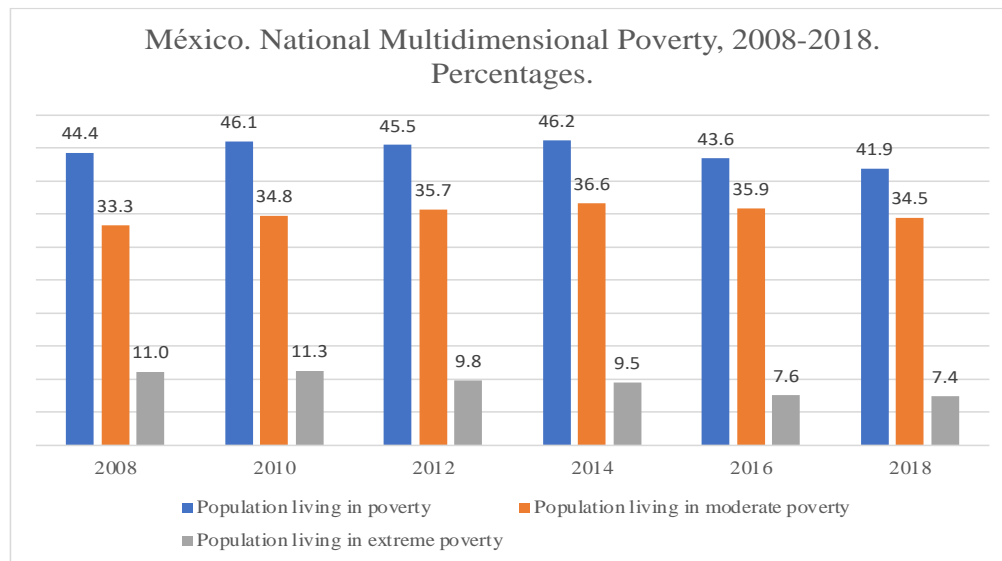
Source: CONEVAL, 2014.

As it can be seen, this approach does not only take into account income as the only characteristic of poverty, but it also adds key dimensions (also known as social rights) that existing literature (see Anand et al 2010; OPHI 2015; Sen 1983, 1999; UNDP 1990) considers important for having a decent life.

Let us now examine the data for Mexico. Figure 5, titled “*México: National Multidimensional Poverty Levels, 2008-2018 (Percentages)*,” shows that the proportion of the population living in poverty was 44.4% in 2008, which is when CONEVAL began measuring multidimensional poverty. Two years later, the number increased to 46.1% of the population. While there was a decrease to 45.5% in 2012, it went up by 0.7 percentage points in 2014, reaching 46.2% of the Mexican population. Afterward, there were two periods of reduction, the first one in 2016 when multidimensional poverty affected 43.6% of the population. The second reduction happened in 2018, with 41.9% of the population living in multidimensional poverty. Overall, this means a reduction of 2.5 percentage points in the national population over a ten-year period.

In the case of extreme poverty, the prevalence has fluctuated between 7.4% and 11% of the total population in the same period. In 2010, there was a small increase of 0.3 percentage points, reaching 11.3% of the population. Since then, there has been a steady decline in extreme poverty. It decreased by 0.3 percentage points between 2010 and 2012, and 1.9 percentage points between 2014 and 2016, representing an overall reduction of 3.6 percentage points between 2008 and 2018. In absolute numbers, however, poverty went from 49.5 million people in 2008 to 52.4 million people in 2018, that is an increase of 2.9 million people living in poverty. Moderate poverty increased by 5.9 million people from 37.2 million to 43.1 million people between 2008 and 2018, while extreme poverty decreased by 3 million people, going from 12.3 million people in 2008 to 9.3 million people in 2018.

Figure 5. México: National Multidimensional Poverty, 2008-2018. Percentages.



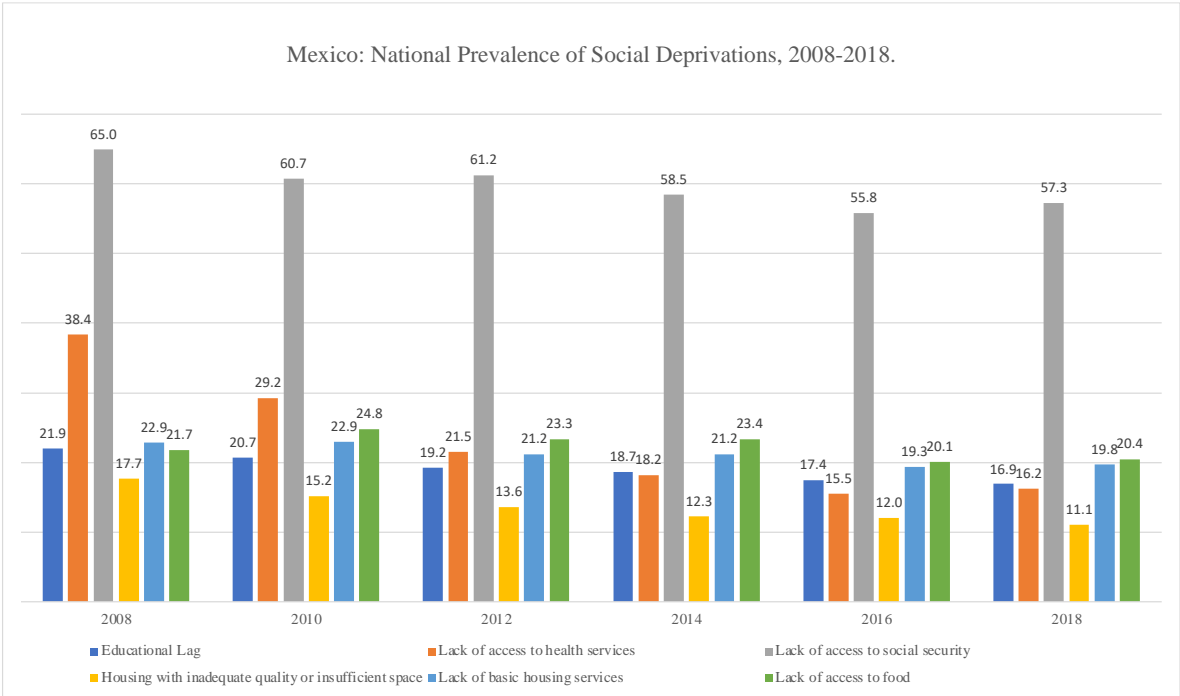
Source: adapted from CONEVAL estimations based on MCS-ENIGH, 2008-2018.

Figure 6. Mexico: National Prevalence of Social Deprivations, 2008-2018, shows the share of people living in poverty according to each social right established by the LGDS and defined by CONEVAL (as explained in previous section). From the data shown below, it is possible to observe that despite the improvement in recent years, access to social security is the most widespread deprivation since the multidimensional poverty measure was introduced in Mexico. For example, while deprivations such as educational lag, lack of basic housing services, and lack of access to food each affected around 20% of the population, lack of access to social security affected 65% of the people, that is, a higher prevalence than the other three deprivations combined between 2008 and 2018. Although its prevalence decreased over the years (from 65% in 2008 to 57.3% in 2018), it remains the country’s greatest challenge in terms of social rights as it is affecting around 18 million households.

An interesting fact is that since 2008, the educational gap indicator continues to decrease, albeit at a slow pace. It has decreased by one percentage point on average between 2008 and 2018. This is aligned with the arguments pro-CCTs (see for example, IADB, 2006; IFPRI 2000; and WB 2004, 2007) which through impact evaluations claim they have improved educational levels, at least via increased access. Nevertheless, it is useful to point out the

quality of this education and in this area, Mexico remains among the countries with the lowest performance in the OECD’s Program for International Students Assessment (PISA) test, which “measures 15-years-old’ ability to use their reading, mathematics and science knowledge and skills to meet real-life challenges”⁴³. In other words, the so-called improvement in educational levels is mainly attributed to accounting for school enrollment and attendance, but very little to the quality of education, as confirmed by the PISA test.

Figure 6. Mexico: National prevalence of Social Deprivations, 2008-2018.



Source: adapted from CONEVAL estimations based on MCS-ENIGH, 2008-2018.

Similarly, the lack of access to health services indicator has reduced, it went from 38.4% to 16.2% between 2008 and 2018, representing a drop of over 22 percentage points in a decade. However, there was a slight increase of 0.7 percentage points from the previous period (2016). The explanation behind is the expansion of enrolments in the “Seguro Popular (Popular Insurance)”, which experienced an increase in both its budget and enrolments in its first 10 years of existence. Although this represented a decrease in health deprivation,

⁴³ See [Pisa Webpage](#) for more details.

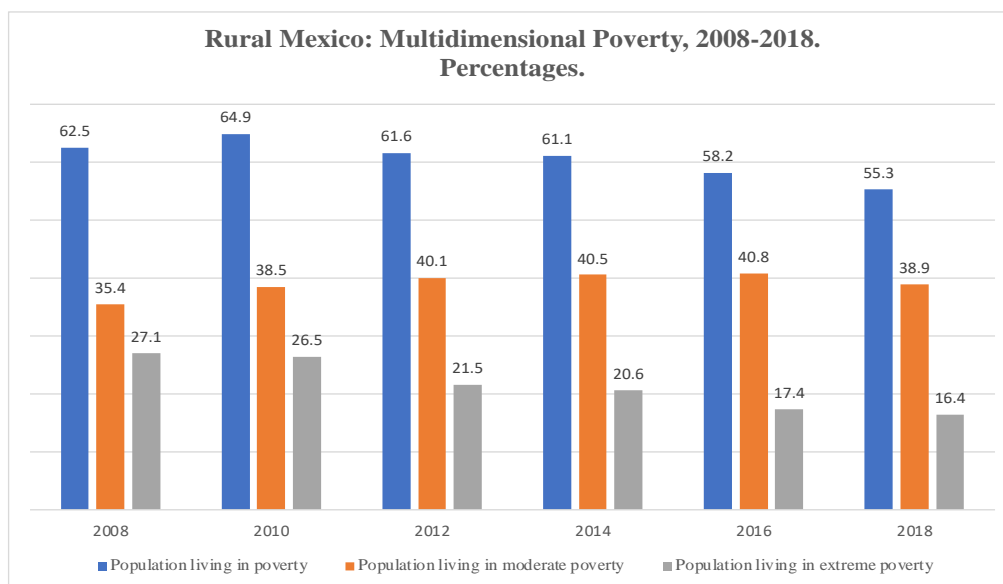
questions about the quality of services, its budget stagnation, and even a reversal in its coverage since 2014 remained (see, for example, Valencia and Jaramillo, 2019).

The lack of access to food has seen a gradual improvement in the last years, with an average decrease of 0.78 percentage points between 2008 and 2018. The largest increase occurred between 2008 and 2010, with a 3.1 percentage point increase in access to food. The largest decrease occurred between 2014 and 2016, where the proportion of people with access to food fell by 3.3 percentage points. The data in Figure 6 shows that the proportion of the population with some type of food insecurity went from 21.7% in 2008 to 20.4% in 2018.

The levels of poverty in rural areas are more generalized than in urban areas as different studies have found. For instance, the size of localities influences basic welfare indicators such as education, electric power, and drinking water (see for example FAO, 2018: Gordillo et al, 2016). These last phenomena are consistent with the findings of the fieldwork, where at least 50% of the interviewees claimed to have drinking water only once per week and for a short period of time, therefore, they needed to store it in containers of diverse quality. In a lower number, but still important, some participants reported having difficulties accessing electric power as their settlements do not have yet the necessary conditions for installation or it represents a substantial economic burden in the short term.

According to *Figure 7. Rural Mexico: Multidimensional Poverty, 2008-2018*, the prevalence of individuals living in multidimensional poverty in rural settlements is notably higher (55.3%) than the national average (41.9%) by approximately 13.4 percentage points. Despite this disparity, the proportion of rural people living in poverty declined by 7.2 percentage points between 2008 and 2018. However, the total number of poor people increased by about nearly one million people over the same period. The most significant reduction is observed in extreme poverty, as the prevalence went from 27.1% in 2008 to 16.4% in 2018, that is a decrease of 10.7 percentage points, or two million people. However, the proportion of people living in moderate poverty increased between 2008 and 2018 by 3.5 percentage points (2.7 million people), reaching its highest point between 2012 and 2016, when it affected 40% of the rural population.

Figure 7. Rural Mexico: Multidimensional Poverty, 2008-2018. Percentages.

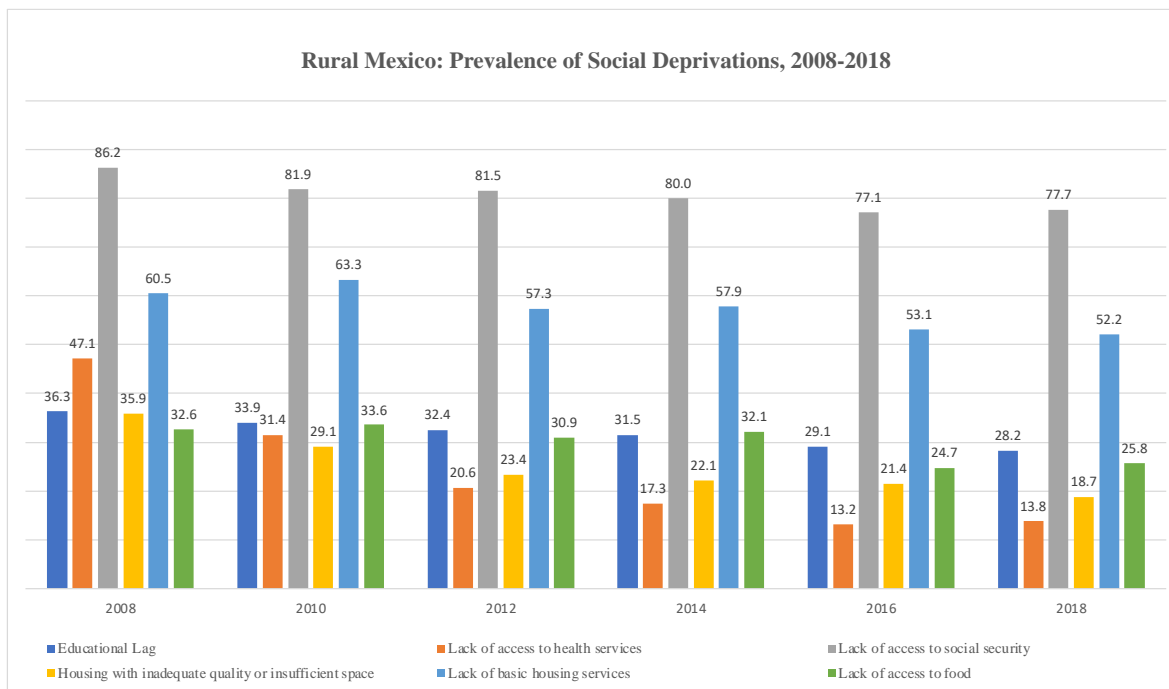


Source: adapted from CONEVAL estimations based on MCS-ENIGH, 2008-2018.

Therefore, according to data from CONEVAL, from the 52.4 million multidimensional poor people living in Mexico in 2018, 17 million live in rural areas. From this, 11.9 million people live in moderate poverty and 5 million people in extreme poverty, which is an increase of 2.7 million people in moderate poverty and a decline of 2 million people in extreme poverty between 2008 and 2018.

In 2018, the prevalence of multidimensional poverty is 17.7 percentage points higher in rural areas (55.3%) than in urban areas (37.6%); the prevalence of extreme poverty is 0.5 percentage points higher in rural settings (5%) than in urban settings (4.5%), and the prevalence of moderate poverty is 5.9 percentage points higher in rural areas (38.9%) than in urban areas (33%), supporting the necessity for a new approach that contributes to reducing the gap between urban and rural populations through improvements in their well-being.

Figure 8. Rural Mexico: Prevalence of Social Deprivations, 2008-2018.



Source: adapted from CONEVAL estimations based on MCS-ENIGH, 2008-2018.

In terms of Social Deprivations, *Figure 8. Rural Mexico: Prevalence of Social Deprivations, 2008-2018* shows that rural people suffer from a lack of access to social security mainly, which reached above 80% of the rural population between 2008 and 2014, and around 77% between 2016 and 2018. These data align with national trends and are congruent with the expansion of non-agricultural economic activities (see Berdegué et al, 2015; Gordillo et al 2016), which tend to be informal and low-paid jobs in manufacturing industries or the services sector. Followed by the lack of access to basic housing services, which although decreased 8 percentage points between 2008 and 2018, still reached 52.2% of the rural population in 2018.

These findings are consistent to those from the fieldwork, which revealed that many participants were not fully aware of their social deprivations due to the institutionalization of their circumstances over time. For instance, while they claimed to have access to drinking water, further discussion revealed it was provided by the local government once a week and

for a brief period of time (approximately two hours). As a result, they had to store the water in low-quality containers, exposing it to potential contamination. In some areas, the construction of drainage systems has not been completed, and although the government has promised to finish the works, there is no certainty about their completion, as works have been halted for more than 20 years. The provision of basic infrastructure has been neglected by the government and not included in the design of the CCTs, which have mainly focused on consumption. In the best-case scenario, the support has been marginal for the rural poor as they are isolated from a wider development strategy that would help them overcome this plight.

The educational lag and the lack of access to food are the third and fourth most widespread deprivations in rural settings, affecting around one-third and one-quarter of the rural population, respectively. This indicates that rural households still face challenges in terms of access to education and food security, with some households having limited dietary options or experiencing periods of hunger and malnutrition. The prevalence of these indicators is at least 11 percentage points above the national average for educational lag (16.9%) and 5.4 percentage points for the lack of access to food (20.4%). These indicators are almost twice than in urban areas for educational lag and 1.3 times higher for the lack of access to food.

The lack of access to health services is one of the indicators that has improved between 2008 and 2018 (from 47.1% in 2008 to 13.8% in 2018), following national trends. This means that approximately 87% of rural people are enrolled in some form of health service, which was likely the Seguro Popular, as it has been expanding its coverage since 2001. However, while enrollment increased, effective access is not entirely clear, as supported by the literature (see, for example, González de la Rocha, 2008; Gutiérrez et al 2008; and Hernández et al 2005), which was also confirmed in the fieldwork.

Therefore, although the government introduced this method because it considers more deprivations that people can experience in their life and can be used to design and monitor public policies (see OPHI 2015), it still seems insufficient to eradicate rural poverty as data suggests. It is important to highlight that although the government emphasizes the advantages

of having this poverty measurement, not all the factors that actually shape social interaction can be measured in the way the government intends, and therefore, it is not always related to concrete public policy actions. Moreover, it seems then that social policies are not properly designed to cover the needs of rural poor people but are based on a political agenda⁴⁴.

The multidimensional poverty encompasses mainly the first level (access) of the effective realization of social rights. It does not cover the availability or quality of the services and goods considered necessary to have a decent life. The fieldwork (Chapters 4 and 5) helps to explore more in-depth some of the main issues that the current way of seeing the rural poverty has, such as infrastructure, diet adequacy, functionality of the spaces in the house, a wider social protection system, as well as better quality and well-paid jobs.

Given the significant improvements in the definition and measurement of poverty, one may wonder about the laxity of poverty outcomes. One possible reason is that poverty programs are not integrated into a broader development policy that addresses social needs and enhances productive options. Instead, these programs may be designed as compensatory schemes to mitigate the negative effects of globalization. Alternatively, it could be that these strategies have not fully considered the inequalities and socioeconomic transformations that rural societies have experienced over the last century, including those resulting from land reform and exacerbated by neoliberal economic policies like the North American Free Trade Agreement (NAFTA). In the following section, we will explore this further.

2.2. THE TRANSFORMATIONS OF THE RURAL SECTOR.

CCT programs have provided a compensatory scheme for addressing some of the side effects of economic liberalization. The rural world has undergone important economic and social changes in recent decades, which have not been fully translated into strategies to fight poverty. To illustrate the above I revisit the definition of the rural to show that their dynamism might not be captured by the current categorization. Additionally, I analyze two of the main

⁴⁴ The fact that CONEVAL provides technical reports and improvement mechanisms to the programs without binding mechanisms, makes policymakers and program operators to take them as mere suggestions, free of responsibility.

policies of the nineties that intended to insert the country into the globalized world but that also shaped the countryside and the way in which public policies were made.

2.2.1 Social and Demographic transformation.

Over the last decades, rural societies have experienced a series of social and economic transformations that have configured a new but not a modernized countryside as a whole. This new configuration is key to understanding the effectiveness of Mexican CCTs to substantially reduce rural poverty considering those “new realities”.

As stated in previous sections a rural locality in Mexico is defined by the number of inhabitants (2,500 according to INEGI). Today, around 22% of the national population lives in rural areas but it was not always like that. Over the years, the rural population decreased mainly as a result of rural-urban migration⁴⁵. According to literature, internal migrations occur⁴⁶ principally during the periods of economic expansion when the flow of people tends to concentrate in more dynamic places where more workforce is needed (see, for example, Catin y Van Huffel, 2003, Gijón and Reyes, 2007). People from rural environments sought better economic opportunities, more access to public services, greater human development, or even connections to their social networks in their destinations (See Davis, et al, 2002; Gordillo and Plassot, 2016; Lara Flores, 2010; Sellars, 2014; Soloaga y Lara Ibarra, 2007). In Mexico, on one hand, people stayed in their localities or migrated to urban areas where they could find jobs with higher salaries during periods of economic and political stability. On the other hand, people from urban or semi-urban localities with strong links with rural settings moved towards areas with low population density, resulting in a dispersion phenomenon of new towns (as documented by Gordillo and Plassot, 2016: 86).

⁴⁵ According to Gijón and Reyes, the migration phenomenon began in the thirties as a result of strategies undertaken by the population to tackle economic and social crises in rural areas. For more information see: [Desarrollo rural, migración internacional y escasez de mercados financieros en México](#). Trace [Online] 52 | 2007, 45-62.

⁴⁶ In a recent study, Gordillo and Plassot (2016) argue that currently there are non-economic reasons behind of migration phenomenon in Mexico, including violence, ecological impacts and, family reunification (Gordillo and Plassot, 2016).

Available data from INEGI shows that between 1950 and 1970, a period considered as part of the second stage of development in the country, the rural population decreased from 57% to 41% of the total, respectively. One of the main reasons was the implementation of the Mexican Farm Labor Program (“Programa Bracero”) in the United States that was promoted by the demand for labor during the Second World War and was soon expanded to cover other regions of the United States, providing workers for the agricultural labor market. In the following decades, a period of economic openness and crisis, rural population dropped below 30%. Finally, during the new century, a period marked by low economic growth, the rural population reduced from 25% in 2000 to 22% in 2010, reaching 26 million people (INEGI, 2010).

The socio-demographic evolution of rural Mexico was also marked by “the aging producers, the migration of young rural people, the so-called feminization of productive rural activities and the role of the small cities” (Berdegué, et al, 2015; Gordillo, 2012: 497-498; Gordillo, et al, 2016: 4; Gordillo and Plassot, 2016), and likely related to the restrictions on land tenure. An interesting question to raise here is whether the public policies coped efficiently with these new changes. In short, not yet. The lack of opportunities for development in rural areas and the low access to land expelled the young population (from 20 to 35 years old mainly) to the cities. People older than 60 years old (40.5%) mostly remained, which also impacted on the productive structure of the countryside (see, for example, ENADID, 2014; FAO; 2018: 5; Gordillo and Plassot, 2016). The role of women in agricultural activities increased, and today, they represent more than 15% of the rural producers, according to the National Agriculture and Livestock Survey 2014 (ENA 2014 for its acronym in Spanish), and around 1.8 million women are landowners (RAN, 2016; INEGI, 2007; FAO, 2018). As it will be seen later in this chapter, some of these changes in rural societies were mainly driven by the restrictions of the property rights inherited by the land distribution since the beginning of the last century, and the related lack of development opportunities.

These changes in the distribution of the population also brought an interesting debate regarding the definition of the rural, which has been based mainly on the number of

inhabitants⁴⁷. As previously mentioned, INEGI defines rural localities in Mexico as those with up to 2,500 people, and urban localities those with more than 2,500 people. According to this criterion, 22% of the Mexican population lives in rural settings, and 78% in urban ones (INEGI, 2010, 2017). Nevertheless, it is seen as outdated because the differences that characterized rural and urban settings in the past are no longer clear today (see Berdegué, et al 2015; Gordillo and Plassot, 2016; FAO, 2018; Araujo, 2005). The importance of an updated definition of the rural lies in the suitability of poverty measurement and its pertinence for the designing of the public policies for effectively addressing the various problems faced by rural societies.

In this regard, there are some proposals that according to their authors would better fit the new rural reality. For example, Sobrino (2014) argues that rural settings should include localities up to 15,000 people and lists a series of variations of urban settlements from 15,000 people and more. Araujo (2005) argues that given their characteristics, urban areas have higher levels of welfare than rural or semi-urban areas (localities between 2,500 and 15,000 inhabitants, according to INEGI). In comparison to urban populations, rural ones do not have adequate economic opportunities such as better salaries, or full compliance of their basic services, including housing quality, access to clean water, education, sanitation, or electric power. However, nowadays, there is not a clear difference between semi-urban and rural populations, for instance, many semi-urban settlements lack basic services just like in rural areas. In other words, there are localities with a large number of inhabitants that according to the official definition are not considered rural settlements but even so, lack basic social infrastructure just as the rural ones.

Gordillo and Plassot (2016) propose two categories, “Rural” for localities between 2,500 and 15,000 inhabitants, and “small-rural” for those with less than 2,500 inhabitants. These categories are based on the number of inhabitants and the kind of economic activities, socio-demographic indicators, and access to basic services and characteristics of housing. Other

⁴⁷ The number of inhabitants has been used to differentiate between rural and urban localities around the world. They range from 200 and more inhabitants in countries like Sweden and Denmark to 30,000 and more as in Japan (see, for example, Cervera and Rangel 2015). This criterion, however, has been criticized as not always shows the complexity of the rural nor its links to urban settlements.

studies consider a rural territory as those who have localities up to 22,500 inhabitants, these include the availability of certain critical services and the interdependences with small- and medium-sized cities, in economic and social terms as they play a key role in the growth dynamics, allowing greater inclusion (Berdegúe et al, 2015). For FAO (2018) links between rural and urban settings are clearly important for their development, that is why a wider vision of the rural is considered necessary.

Therefore, as it was shown, the rurality is as dynamic as its populations, and despite some small methodological differences, recent studies agree that these settlements are not only the number of inhabitants they have, but also include a variety of economic and social factors. Following this criteria, rural settlements would reach 38% (45 million people) of the total population in Mexico and would include more economic activities than merely the primary sector. The importance of these dynamics in terms of the public policy lies in the fact that today's problems of the rural society are being addressed by programs designed two or three decades ago and have taken for granted these changes. This also draws attention to the rural poverty dimension, which following any of the aforementioned definitions of the rural, would imply an increase/adjustment in poverty, and therefore, the need for re-engineering of anti-poverty policies, including the CCTs.

2.2.2 Agrarian Transformation: Reform of 1992

The history of rural poverty can be traced to the distribution of land, and changes in land distribution in the early Twentieth Century. As de Janvry et al (1995), Warman (2003) and Barnes (2009) argued, one of the main causes of the Mexican Revolution in 1910 was the (lack of) access to land, in which property rights were concentrated in “haciendas” or “latifundios” at that moment. The revolution led to the reform of Constitution, and the reformed Article 27 marked a reversal of the “Porfiriato” (1880-1915) land policy by recognizing community-based land tenure and forbidding commercial companies from acquiring, holding and administering rural properties (see Barnes 2009).

Existing literature (Barnes 2009, De Janvry et al 2011, and Warman 2003) point out the reform of the Constitution in 1917 as the moment in which community land tenure was

recognized, meaning that for the first time since colonization, the land was viewed as having a social function as opposed to merely being seen as an economic factor of production. The ejido, then, was the agrarian institution endowed with land. Ejidatarios were farmers who applied for such land. They could decide whether to divide part or all the land into individual plots. Each of them received one individual plot and access to the common land. Individual plots were used mainly for rained agriculture, while common land was used mainly for cattle and livestock grazing (Procuraduria Agraria, 2010). Ejidos are not all the same, as they vary in natural resources, membership composition and efforts for land appropriation (see, for example, Gordillo et al, 1994).

Over the years, land distribution continued and became a condition for peace and the foundation of a hegemonic national government. For example, during the Cardenas presidency (1934-1940), nearly 18 million hectares of privately-owned land was expropriated for distribution, representing more than twice the total made in the previous two decades as Barnes (2009) and Warman (2003) documented. The delivery of about 100 million hectares of land to peasants between 1912 and 1992, worked more like political control than social policy as property rights were not transferred to people, just their usufruct under restrictive conditions. The owner himself had to keep the land productive. They could not sell, lease, or use the land as collateral, but could inherit it to any beneficiary the owner chose if the land were not fragmented (see Barnes 2009, and Warman 2003).

The fact that the property rights were still controlled by the Government (Presidency) would help to create more subgroups for control/capture of benefits within rural societies as it has been documented by Gordillo et al (1994) and Warman (2003)⁴⁸. In fact, some scholars (see Albertus et al 2015) have found that land distribution was higher during election years and where the threat of rural unrest was greater. Government organized the reformed sector in a national confederation who in exchange for privileges supported the president's decisions and helped to limit oppositions that could put its hegemony at risk. Therefore, despite the democratic and solidarity nature of the ejido, in some cases, it was also captured by private

⁴⁸ In fact, the author and former Minister of Agrarian Reform in Mexico claimed that "the economic and legal subordination of the reformed sector to the Presidency always had a political character."

interests, which through privileges and concessions helped to hide actual rights (access to land). It was being created, then, a culture of subordination - manipulation, which would be reproduced in the rest of the public policy and would affect the effectiveness for achieving the stated goals and objectives of the programs up today.

The land distribution process, although had norms and rules that delimited land extensions as Barnes (2009) and Valsecchi (2014) explained, informal arrangements took place and resulted in the proliferation of minifundios. The large number of ejidatarios (1.5 million)⁴⁹, surpassed the control and monitoring capacity of the government, having consequently the toleration of lease, partnership and sale of parcels. Despite the inertia of the minifundios that still dominates the structure of productive units in Mexico as Robles (2010)⁵⁰ has documented in his analysis of the Agricultural and Livestock Censuses 1991 and 2007, they have not been targeted by productive development programs.

The proliferation of minifundios also resulted in the scarcity of the land and each time with lower yields. The rural productive sector administered and financed by the government had a strategic role, but it was small, inefficient, and evidently unequal by the 70s. In this regard, Scott (2010), Robles (2010), and Fox and Height (2010) have widely documented the causes and effects of the inequality within the countryside through the distribution of subsidies for production and infrastructure. The imbalance in investment could have been caused by an imbalance of political power. That is, the fact that bigger producers of the North receive more incentives for production than small producers of the South, is the result of their greatest political influence. While those better organized (represented) farmers negotiated more benefits from the government in the form of subsidies and infrastructure (irrigation, technology, among others), less developed rural sector received resources mainly from a social assistance budget, increasing, even more, the development gap. Finally, the new economic paradigm adopted by the government based on the concept of private and individual property halted the growth of ejido as some scholars claim (see De Janvry et al 1995; Medina 2006; and Barnes 2009) and saw the necessity for a change in the land tenure

⁴⁹ 3.2 million according to the World Bank (1999).

⁵⁰ The Productive Units smaller than 5 hectares domain both property regimes, 62% in private property and 50% in ejidos.

that would ease/incentive its privatization through a series of reductions in the use and exploitation restrictions.

Before 1992, the ejido was composed mainly by ejidatarios and their families with no rights over land, except lands of common use, parceled surface and human settlements. Although Warman (2003) argues that the new agrarian reform tried to correct the inherited inequalities (land concentration, political instability, absence of property rights, and poverty), and the changes in the rural livelihoods over the years (demographic changes, migrations, marginalization, depletion of agricultural production, increased inequality, and the lack of a social security system), in practice, it followed more an economic logic. For example, for Barnes (2009) the economic purposes are the main reason for the new reform and include 1) the lack of marketability of ejido land as it was held by older farmers, making access difficult for younger generations, 2) the development of informal settlements as the local governments were unable to acquire ejido land for urban expansion, and 3) the less capital investment in ejidos than on surrounding private land explained by legal and administrative restrictions.

The changes in the Agrarian Law (1992) distributed land and different agrarian institutions to deal with conflicts (see Macours 2009, Murphy and Rossi 2016, Kribiya 2015, and Reyes-Garcia et al 2012, for a wider discussion over land rights and conflicts) related to property rights, regularization of property and new rules that would allow more rights over land, including the right to rent, sell and mortgage land, as well as the right of association, full domain, the right to inherit the land to any person. Although it was arguably claimed by the government of Salinas de Gortari (1988-1994) that these changes were thought as a way of putting rural development in the hands of rural poor producers (see Warman 2003), this did not happen in practice. In the best-case scenario, it was incomplete as it was not accompanied by a wider development strategy.

Although the official narrative was supportive of the ejido and its communal tradition, in practice the actions encouraged the prescriptions made by the International Financial Institutions (IFI) eliminating regulations over plots size, the free market of land, and establishing productive units between ejidatarios and privates (see Medina 2006). Moreover,

the implemented compensatory programs were captured by large farmers and organizations with more economic power and, therefore, political influence, usually related to the dominant political party (Partido Revolucionario Institucional, PRI). In this sense, scholars (see Fox and Height 2010, Merino 2010; and Scott 2010) claim that agricultural policy has been biased against low-income producers who have received basically social assistance, while more productive resources are allocated to large-scale producers. Therefore, although the government claimed that the reform would dismantle the political control model and would unleash the productive potential of the ejido (see Gordillo et al 1994), the capture of the benefits by power groups remained. For example, while just 6.9% of public spending was directed to producers from highly marginalized localities, industrial farmers from Northern states received more resources to encourage their competitiveness (Fox and Haight 2010; Robles 2012, 2014; Berdegué et al 2015). Besides, small-scale producers are concentrated in the poorest states (73% of the Productive Units are located in Southern Mexico) in the country, they do not receive support to complement their productive activities. In fact, from the total resources that small producers received from the government in recent years, 58% are labeled as part of the “social component”, hindering their possibility to face risks and also discourage their productive capabilities (Berdegué et al 2015: 7-8; FAO 2018; Robles, 2012, 2014).

The Reform to Article 27 also defined/included more agrarian subjects, including community residents and possessors (people that live in the ejido and/or work the land through a formal or informal agreement with an ejidatarios), and women with rights over land, there are also an important presence of indigenous people as owners of a large number of lands with an important amount of natural resources, involving social conflicts associated to individual rights and private interests as documented by FAO (2018) and Warman (2001, 2002). The changes in rights over ejidos and communities in the last two decades restructured the Mexican territory in terms of land ownership. Today, 46% of the territory is private property with an average extension of 40.2 hectares per property, 43.4% is ejidal property, distributed into 3.8 million ejidatarios and 697 possessors, with an average extension of 18.2 hectares, 9.1% are agrarian communities that belongs to 993 thousand *comuneros* with 17.4 hectares on average. Additionally, there are 12.3 million hectares of agricultural colonies and national

territories, and around 6 million hectares are urban areas, roads, bodies of water, channels, rivers, and streams as it was documented by INEGI (2016).

Contrary to the prediction and criticism of the time (see, for example, Calva 1991, and Gilly 1991) that argued that the new reform would mean the return to the latifundio and overconcentration of the land, in practice it did not occur because of ejido's social function. In other words, only a small proportion of ejidos were privatized or had a relationship with a commercial company, depending on the study and the year of publication, the proportion was between 5% and 10% of ejidal land, see for example Robles (1999) and Barnes (2009). A possible explanation is that ejidal land is viewed by ejidatarios in Mexico as something much more than a commodity, thus they preserved their communal form of governance and agrarian way of life. In some cases, as Borquez and Quintana (2001) documented through interviews with ejidatarios, few had to sell their land because they experienced a health emergency (and therefore, economic emergency).

Finally, while these major reforms to the legal framework of ejidos were occurring, also discussions on NAFTA were taking place, suggesting (and could support the claims) that the trade agreement with the United States and Canada was influencing the direction of the agrarian reform. Once the road was paved for the investment and privatization of land, the government thought NAFTA would achieve insertion of the country into the globalized world through the expansion of trade. This fact would shape public policies of the sector, that is, productive development policies for the capitalized agribusiness, and social assistance to the ("unproductive") rural poor to help them soften the side effects of globalization.

2.2.3. Economic Transformation: the economic liberalization and biased modernization

In the early 1980s, as a consequence of the debt crisis and the fall in oil prices (main export), Mexico undertook a structural adjustment program, which was the condition for receiving a loan from the International Monetary Fund (IMF) to restructure its debt (see for example, Rello and Saavedra 2007). By the mid-eighties, Mexico started to dismantle its import system. The new reforms involved the reduction of subsidies to credit and the inputs to production as well as the gradual elimination of the guaranteed prices of grains and oilseeds

in the rural sector (see also Abler and Pick, 1993; Appendini, 2010; Cuéllar, 2005; Dyer, et al, 2018).

The launch of North American Free Trade Agreement (NAFTA) in 1994 in association with Canada and the United States deepened the integration of Mexico in the process of liberalization and globalization. Its objective was to gradually eliminate tariff and non-tariff barriers to trade between members, facilitate border investments and increase cooperation in environment and labor protection. Some studies (see Orme 1996, Deblock and Rioux 1996) claim that was not only about economic liberalizing but also protecting investors (foreign investment) as trade barriers were dismantled. The Mexican government saw NAFTA as its best opportunity to insert the country into the globalized world, nevertheless, this insertion would be targeted to/ designed for the most advanced sectors of the economy in detriment of the less developed ones.

The official narrative was that the rural chapter would reactivate the sector and improve people's well-being (Dyer et al 2018), but in practice, it only focused on the development of the most capitalized sector (agribusiness). While they would receive all the facilities to operate in order to project a modern and prosperous image of the country (hence the argument that the 1992 agrarian reform was designed to encourage privatization of ejido), the rural poor (small producers) would receive a series of compensatory programs to help them deal with the side effects of the opening but were not accompanied by any development scheme that would let them compete with their international counterparts.

Through constitutional reform to Article 27, the government sought to create the conditions to define a new profile of the agricultural property, opening the possibility of participation of national and foreign private capital in ejido and communal lands. Some studies of the time (see, for example, Abler and Pick 1993, Levy and Van Wijnbergen 1994) claimed that the idea behind was that the sector would reduce associated problems to openness, fiscal benefits of rapid liberalization would generate excessive fiscal incomes necessary to finance adjustment measures, compensating the affected and make spending more progressive. Nevertheless, as the previous section explained, it seems that the real objective of the new

rights (in this case the full domain) was that the ejidatarios sell their land (something that happened but in a reduced percentage). The privatization, then, would help to create larger concentrations of land⁵¹ that would permit large-scale agricultural production.

The main debate on NAFTA has focused on its outcomes. In general, trade increased 311% in real terms between 1993 and 2007. Foreign investment more than tripled between 1992 and 2006, although the majority came from USA. The productivity showed an increase of 80% in domestic manufacturing sector. NAFTA strategy provided more macro stability and federal budget deficits were about 1% of GDP as Zepeda et al (2009) have claimed. Nevertheless, the assumptions that these results would lead to dynamic economic growth and translate into improved standards of living were not achieved for all. Formal job creation was eliminated even in growing sectors of the economy (manufacturing and services), wages remained low, and import competition eliminated many livelihoods, particularly in the agricultural sector. The ecological costs of economic growth remained high (10% of GDP per year since 1985), because of a weakening of the commitment to environmental protection after NAFTA. Moreover, it increased social inequalities within countries, increased the control power of international companies (helped by national governments) over local workers, and residents of the US-Mexico border have faced rising environmental hazards induced by industrial development as Cavanagh and Anderson (2002) have argued.

Regarding the rural sector, there is also a controversy in the fact that only some producers and regions were benefited. For example, Northern large-scale farmers of fruit and meat production increased their exports, helping to create more stable jobs and better living conditions. Southern subsistence farmers, however, given their low technology and education levels could not adapt to the trade openness. In this sense, NAFTA was not designed for small or subsistence producers (the rural poor) as they were considered with no productive potential, large-scale farmers, on the contrary, received all the opportunities and resources to exploit their productive potential. In the best-case scenario, rural poor went to the informal or service sector, others, found in migration an alternative to development (see Rello and Saavedra 2007, Robles 2010, Warman 2003).

⁵¹ Let us remember that land up to 5 hectares are the dominant productive unit in the country.

This imbalance in outcomes was the result of inherited inequalities by the first land distribution, reproduced by its following reforms and exacerbated by NAFTA since the 90s. For example, Fox and Haight (2010) claim that with NAFTA, agricultural subsidies allocation prioritized grains and oilseeds production, confirming that subsidies were concentrated by big producers. Historically, the infrastructure policy determined that producers who obtained irrigation (producers of the North), would also receive subsidies to water and electricity, reproducing inequality. This is also shown in the fact that 50% of the sector budget is concentrated in 10% of the richest producers. These outcomes suggest that the so-called modernization of the rural sector implemented by the Mexican government in the 90s, was selective and based on simplistic economic viability criteria, as also Berdegúe et al (2015) and Fox and Haight (2010) have claimed. As prognosticated, agricultural employment decreased 20% between 1991-2007, but the migration to the United States rose between 1991-2007 due to the lack of employment or/and low wages.

In order to compensate local producers for subsidies received by their new competitors, increase their operational profit margins and help them to establish a foothold in the international market, the Mexican government also launched three assistance programs (see Gordillo et al 2015, and Velut 2011). The Direct Rural Support Program (PROCAMPO), which would be a transitional income support program for agricultural producers. The *Alianza para el Campo* (through its subprogram Target Income), which would foster agricultural activity through matched grants and support services. Progresa (later known as Oportunidades and Prospera), which through conditional cash transfers would promote the consumption and seek positive changes in education and health of the rural poor. PROCAMPO not only substituted the previous agricultural promotion policy but also sought to reach excluded sectors by providing a fixed payment per hectare in every agricultural cycle in order to work according to the eligible surface and not the producer or production volume as Merino (2010) analyzes. Target Income had as a purpose giving economic support to producers of any type (people or companies) that face problems or surplus of eligible products. To the light of the years, it is possible to say that neither PROCAMPO or Target Income achieved their objectives, as the lack of transparency in their operation and results

helped different purposes: resources distribution for building political support and stability in favor of the government (see Merino 2010), which as it was seen in the previous section, was inherited from the Agrarian Reform.

According to the official narrative, the new series of policies would modernize and make the rural sector more efficient (Gordillo, et al, 2016, Dyer, et al, 2018), however in practice, the liberalization did not change agricultural policies, they continued supported by big and small budgets but now operating in the international market context. Moreover, the Mexican economy became more dependent on the USA, as exports were about 73% of the total trade. This new vision was mostly beneficial for higher value-added crops, to the detriment of staple crops, and thus had a negative impact on the outcomes of the rural poor who are smallholders and use part of their output for their own consumption and maintenance of their households.

The new productive structure expressed by the performance of agricultural activities now linked to international markets showed a positive agricultural trade balance, but also an agricultural sector whose fluctuations have made its growth exiguous. Over the years, the country has become more dependent on imports, highlighting rice, soya and wheat but has stayed steady for the rest of the crops considered important for the Mexican diet, including corn, sugar cane, beans, wheat, rice, sorghum, and coffee⁵².

Since the 1980s, the crops that have grown the most in terms of the harvested surface were: blackberry, strawberry, vegetables, avocado and agaves; and crops associated with livestock such as pastures and oats. By contrast, two industrial crops (coffee and tobacco), as well as three oilseeds (sesame, safflower, and cotton) and rice showed declines. Also, the production of wheat and beans practically did not increase, while soybean cultivation decreased between 1980 and 2010 (SIAP, 1980-2016). These changes can be explained in part by the change to more profitable crops due to the agricultural liberalization of the 90s, which have exclusively benefited agribusiness.

⁵² According to the Law of Sustainable Rural Development (LDRS) article 179, these are the seven basic and strategic crops for Mexico.

The productivity of the sector shows important lags compared to other economic sectors such as construction or manufacturing. For example, people working on construction or manufacturing have a productivity level of between 3 and 7 times higher than those in the agricultural sector (see Gordillo, et al, 2015). According to some studies (Berdegué et al 2015, and Gordillo et al 2016) an important proportion of this lag in productivity growth lies in the sector of small production. But have anti-poverty programs for the rural poor (small producers) been complemented with productive development strategies? This is an important question because 9 out of 10 producers in Mexico are considered small or medium producers. Additionally, with 22% of the total surface dedicated to agricultural and forestry activity, small producers and farmers employ almost 85% of the work contracted by national agriculture, as well as 88% of familiar work in the sector. In other words, it is possible to see behind these data that there is a public policy logic that encourages trade and economic growth but not development (in a broad sense) for the rural society as a whole.

The rural poor (small producers) are at the beginning of the process of the productive chain and are characterized by their low productivity due to their lack of access to financial services, technical assistance, information, and innovative technologies, as well as their aging and low schooling as Berdegué et al (2015), and Gordillo et al (2016) have documented. Moreover, the existing supply of public programs has not been designed to allow them to develop their full potential. In this sense, the Agrarian Reform was incomplete due to the lack of a complementary strategy that supports minifundios productively. As the sector was historically captured by big farmers, the launching of NAFTA exacerbated the inequalities in the sector as big farmers concentrated even more subsidies and investment on infrastructure. As it was previously stated, while industrial farmers receive more resources to encourage their competitiveness (see Fox and Haight 2010; Robles 2010 and 2012), the rural poor who are small-scale producers do not receive complementary support, hindering their opportunities to develop their capabilities (Berdegué et al, 2015, Robles, 2012).

CONCLUSION

The efforts to end rural poverty led the government to undertake innovations in the measurement of poverty, which would potentially lead to the design of better social

programs. In this sense, poverty has been largely dominated by the monetary approach and can be traced in Mexico since 1992. Through poverty lines, the country evaluates the capacity of its population to acquire a basic basket of goods and services. Although this approach only evaluates one dimension of the poverty problem, it is the most used by governments due to its ease in data collection. According to this method, poverty remains at the same levels as at the beginning of the measurement (1992), suggesting stagnation in poverty reduction at least since 2002.

Regarding the multidimensional approach, which is usually seen as a more complete way to see poverty, as it shows not only the monetary dimension of the problem but also a set of social rights established by the government. Similarly, to income poverty, the multidimensional poverty reduction remains practically the same since 2008.

This took us to question why despite improvements in the way we define and measure poverty, its levels are not decreasing? In order to answer this question, we analyzed two of the main policies that shaped the rural sector in the 90s and impacted the livelihood of its population, the Agrarian Reform and the NAFTA. It is claimed that the 1992 Mexican Agrarian Reform tried to address the inequalities inherited by the distribution of land itself and the changes experienced by rural societies over decades. For example, the aging of the producers, the feminization of agriculture, and the exodus of the young population, which had an impact on the productive structure and production levels of the sector.

Nevertheless, evidence suggests that it was more influenced by the liberalization and openness that started in the 80s. It was thought that with the reform the less productive sector (the rural poor) would sell their land to the more productive sector (agribusiness) and then would migrate to big cities where they could find better-paid jobs. The launching of the North American Free Trade Agreement (NAFTA) intensified inequalities inherited from the Reform, having, as a result, different economic and social effects on the rural sector, including the increase of poverty and inequality.

Therefore, the above suggests that eradication of rural poverty has not been the main goal of the new economic model but the country's insertion into the global economy. The government incentivized capitalized actors to compete in the new international markets. The rural poor only received compensatory programs to soften the effects of economic openness, which ignored the persistent inequalities and the new rurality. The imbalance of power between agribusiness and small producers bifurcated the distribution of resources within the countryside. Thanks to their political influence, large-scale producers have captured resources for productive development. Meaning that the government is subsidizing the sector that is supposedly more productive and would not need economic support as it is in perfect conditions to compete against their international counterparts. The rural poor is receiving resources from the social assistance budget and are also disconnected from any kind of development strategy. This means the sector that would need more governmental support for improving their productivity is attached to a compensatory scheme that only addresses the collateral effects of economic openness.

The new configurations of the countryside are not taken into account by policymakers, which could explain the stagnation of rural poverty reduction as the kind of policies designed are not addressing the structural roots of rural poverty such as lack of basic infrastructure or productive inclusion. Since development and economic growth are seen as synonyms in the neoliberal context, the strategies for development or more precisely, economic growth are focused on those more advantageous sectors. For the rural poor, neoliberal policymakers have offered programs that do not promote development and competitiveness but have only given short and incomplete answers to the persisting problems of rural poverty.

CHAPTER 3. PROGRESA-OPORTUNIDADES-PROSPERA AND TERRITORIOS PRODUCTIVOS PROGRAM: CCTS FOR ERADICATING RURAL POVERTY IN MEXICO

INTRODUCTION

This chapter examines the main characteristics of the design of Mexican conditional cash transfers (CCTs) such as Progresa-Oportunidades-Prospera (POP), and Productive Territories Program (PTP) to substantially reduce rural poverty. CCT programs emerged in a context of economic crisis, structural adjustment, and globalization, generally as part of a social protection system characterized by several policies and programs to compensate for the lack of labor income and providing basic health and housing in order to contribute to economic growth (see Barrientos and Hulme, 2008; Cecchini and Martínez, 2012: 17; Levy, 2008: 2; United Nations, 2000: 4). CCTs combine short-term and long-term objectives that seek to address the persistent nature of poverty, and according to some scholars (see for example, Barrientos and Hulme, 2008; and Cecchini and Martínez, 2012), some of its multiple elements as well. That is to say that, on one hand, by making recipient families payments, CCTs increase the available resources for consumption to help them meet their basic needs⁵³. On the other hand, they try to break the intergenerational transmission of poverty among recipients by making investments in their children's human capital (see for example, Cecchini and Martínez, 2012: 87; and Levy 2008).

The debt crisis and the fall in oil prices in the early 1980s prompted the Mexican government to undertake a structural adjustment program, which was the condition for receiving a loan from the International Monetary Fund (IMF) to restructure its debt (see, for example, Rello and Saavedra 2007). The country started dismantling its development model based on import substitution by the mid-eighties and adopted the new reforms package. The new reforms

⁵³ In this sense, Hanlon et al (2010) argue that the biggest problem for those below the poverty line is a basic lack of cash. [...] It is not a lack of motivation: people with little money spend their days actively trying to find a way out of poverty. It is not a lack of knowledge; they know what they need and manage their money extremely well. [...] Without cash, poor people cannot make adequate use of these facilities (health, education, infrastructure, and government).

involved the reduction of subsidies to credit and the inputs to production as well as the gradual elimination of the guaranteed prices of a variety of grains and oilseeds in the rural sector (see also Abler and Pick, 1993; Appendini, 2010; Cuéllar, 2005; Dyer, et al, 2018).

Later in the nineties, Mexico deepened its liberalization process and intensify globalization, as the government saw its best opportunity to improve economic growth. Nevertheless, this insertion into the globalized economy would be directed/designed for the most advanced sectors of the economy in detriment of the less developed ones. Regarding the rural sector, the government claimed that economic liberalization would re-activate the sector and improve the rural people's wellbeing (see, for example, Dyer et al 2018). In practice, it only focused on the development of the most capitalized sector (agribusiness) (see for example, Robles, 2010, and Scott, 2010), which received all the advantages to compete in the new globalized context. On the other side, the rural poor, received a series of compensatory programs to help them deal with the collateral effects of the opening. Nevertheless, they were not accompanied by any complementary scheme to help them insert themselves into the new development model and its benefits (see also, Fox and Haight, 2010; and Gordillo et al 2015).

One of these programs was POP (1997) identified that the main reason why the rural poor lacked income to satisfy their basic needs was directly related to “their lack of human capital assets and also exacerbated by the lack of access to basic services stemming from their demand problems or supply problems”.

Thereby, to better understand the design of Mexican CCTs, this chapter is structured as follows: first, it analyzes the main assumptions of POP, that is, the logic followed by its architects to solve rural poverty defined in their own terms, its changes over time, and then, a review of its performance. The second section will focus on the analysis of PTP, which was intended to be the productive development complement of POP. It will discuss the logic for its emergence, and the evaluation of its main “achievements” and challenges. Finally, a discussion on the above will attempt to shed light on CCTs' design and their suitability for eradicating rural poverty in Mexico.

3.1. PROGRESA-OPORTUNIDADES-PROSPERA (POP)

3.1.1 The main assumptions in POP design

Although operationally, the instrumental role of education, health and nutrition prevailed in POP to develop the skills that would help beneficiaries increase productivity and achieve economic objectives, POP foundations are inspired by the capabilities theory developed by Amartya Sen during the 1980s and 1990s. The idea of human capabilities proposed by Sen in which development is seen as an expansion of valuable freedoms enjoyed by individuals of a society (1985, 1999, 2009). It argues that the foundational importance of human capabilities provides a firm basis for evaluating living standards and the quality of life, and there are two types of freedoms that are highlighted in the human development approach. First, the freedoms which give the individual greater opportunities to achieve those things he values (opportunities), and second, those that ensure that the process through which things happen is fair (process).

According to the author, this perspective integrates the income and capabilities dimensions, and recognizes that the former is highly necessary to avoid deprivation of the latter among individuals (1999: 87). The author explains that the capabilities approach helps us understand poverty as “it concentrates on deprivations that are intrinsically important” for the quality of life (Sen, 1999: 87), for example, health or education. Also, “there are influences on capability deprivation – and thus on real poverty- other than the lowness of income” (Sen, 1999: 87), this is related to the different dimensions of poverty, which when they are solved, work as instruments for generating capabilities. “The instrumental relation between low income and low capability is variable between different communities and even between different families and different individuals” (Sen, 1999: 88), that is to say, each specific context and background matters. For instance, Sen explains that depending on age, health, or disability, one person could need more income to have the same performance in a society, having as a result a more realistic picture of poverty (1999: 88).

The capability approach is key for this discussion because it offers a depth analysis of some of the factors that shows poverty beyond its economic dimension and that is not usually under the control of individuals. Some of these elements could be found together and hinder its transformation into abilities to generate more income and/or more capabilities.

Thus, Sen argues that the reduction of income poverty should not be the only motivation for anti-poverty policies, and incorporates to the debate the multidimensional characteristic, and its role as a blocker in capability building. That is why, according to the author:

“the capability perspective [...] enhance[s] the understanding of the nature and causes of poverty and deprivation by shifting primary attention away to means to ends that people have reason to pursue, and, correspondingly, to the freedoms to be able to satisfy these ends” (Sen, 1999: 90).

Therefore, the capability approach recognizes the multidimensional nature of poverty and helps us understand that living is a “combination of various doings and beings, with quality of life to be assessed in terms of the capability to achieve valuable functionings. That is, achieving anything that a person values (freedom of choice) and that improves their quality of life.

For Sen, the best path to overcome poverty begins in its understanding as a bundle of multiple factors that block the expansion of human capabilities, and therefore, an expansion of productivity and earning power, and the other way around.

Sen's ideas helped develop multidimensional approaches to poverty (e.g., the Alkire-Foster method and the Human Development Index) that consider access to a bundle of social rights such as health, education, housing and social security, among other dimensions that can affect the well-being of a person or household during their lifetime.

Inspired by Sen's arguments, the POP sought to emancipate individuals from the obligatory need to live less through the expansion of their capacity to lead more autonomous and dignified lives (SEDESOL, 2013). In this sense, the foundations of POP are related to

capability theories, as they sought to build basic human capabilities through investments in education, health and nutrition.

Initially known as Education, Health and Food Program (PROGRESA)⁵⁴, it emerges in a social, economic, and political⁵⁵ crisis context in the nineties. Early in that decade, the prevalence of Mexican people living in extreme poverty, meaning the proportion of people that could not acquire a basic food basket, according to national standards,⁵⁶ was 21% of the national population, and it was thought that the 1994/95 economic crisis⁵⁷ would increase that number. Aligned to the economic thought adopted in the country since the eighties, which would seek greater efficiency in social spending (among other reforms), the government would design a strategy to compensate those populations that had suffered from the collateral effects of economic openness and for reducing the number of impoverished people.

The strategy would also need to encourage economic growth by developing skills of the poor so they could increase their competitiveness and insert themselves into the new intended markets (see Levy and Rodriguez, 2004; Yaschine, 2015, Rodriguez, 2019).

This context would frame the design and limited scope of POP. The budget constraint resulting from adopting the neoliberal reforms⁵⁸, in which governmental interventions (including generalized subsidies) were seen as an obstacle to development (industrialization),

⁵⁴ Later, in 2002, also known as Human Development Program (OPORTUNIDADES), and as Prospera, Social Inclusion program (PROSPERA) in 2014. Its evolution will be discussed later in this chapter.

⁵⁵ At least two adverse political situations took place and worsened the economic crisis in Mexico in 1994. First, the Zapatista Army of National Liberation (EZLN, for its acronym in Spanish) declared war on the government, and second, the murder of Luis Donaldo Colosio, a prominent Mexican politician at the time, and presidency candidate from the ruling party, PRI.

⁵⁶ As it was explained in previous chapter, extreme poverty or food poverty as is also known, refers to the inability to buy a basic food basket (based on a minimum calorie intake), even if the families use all their available income just to acquire it.

⁵⁷ The real GDP fell by 6% as a consequence of the macroeconomic crisis of 1994/95. For a full analysis of the economic crisis of the nineties see Banda and Chacón (2005).

⁵⁸ According to Sachs 1987, the economic reforms promoted by the “Washington Consensus” were implemented under the assumption that deregulation constituted the structural change necessary to correct a distorted economy and increase the level of employment and wages. In this sense, the generalized food subsidies of the Mexican government were distorting the agricultural commodities market, making the sector more inefficient.

would be part of the modernization plan of the government (see for example, Gordillo, et al, 2016; and Dyer, et al, 2018). Therefore, a social strategy would have to be aligned to the same creed, improving efficiency in the anti-poverty programs, and simultaneously, encouraging economic growth. Meaning that the new strategy would be based on an economic vision of poverty, that is, poverty seen as a lack of income or the lack of opportunities for generating them. Therefore, all the efforts, actions, and policy tools would be directed to increase the income of the poor thereby encouraging the national economy as well.

To do so, the government tried applying a two-way strategy. On one hand, they needed to improve the provision and quality of basic services, and on the other, they had to focus on the most economically and socially disadvantage people (see PEF 1995). Regarding this second element composed of policies focused on the poor population, three areas were included: human capital development, promotion of income opportunities, and physical capital development. In this sense, developing the human capital of the poor was key to increasing their productivity, improving the labor supply, and contributing to economic growth (Yaschine, 2019).

Therefore, to provide “support to families living in extreme poverty and build their capabilities for achieving higher levels of well-being and providing them with more opportunities to do so” (see Gordillo et al 2016: 54), in 1997, the Mexican government launched PROGRESA in small rural communities⁵⁹, where 60% of the population was extremely poor. In this context, poor households were inserted in a vicious circle that was transmitted from generation to generation. They had both short-term income problems to cover their basic needs and deficiencies in their human capital, to be able to change their conditions by themselves (Rodríguez, 2019). POP was designed for people living in extreme poverty, providing conditional cash transfers in exchange for regular school attendance and preventive health services for all household members. The program’s objective was to encourage the use of health services and promote healthy practices to impact malnutrition

⁵⁹ As discussed in Chapter 2, small rural towns or communities are those with up to 2,500 inhabitants, according to INEGI.

and the high morbidity rates of the time. It also sought to reduce incentives for child labor that prevented them from attending school regularly or hampered their academic performance due to poor health or nutrition (Rodríguez, 2019).

The program sought to simultaneously address three factors (nutritional deficiencies, health problems, and underinvestment in education) that were identified as obstacles for impoverished households to overcome their circumstances and prevent intergenerational poverty (Yaschine, 2019). The hypothesis that guided the design was that investing in the education, health, and nutrition of the younger generations would enable them to enter the labor market in higher-status, more productive, and better-paying occupations in adulthood. This would promote equality of opportunity, social mobility and break down the intergenerational poverty cycle (Hernández, 2008). The program through conditional cash transfers (CCTs) would seek to improve the current consumption of recipients and incentivize future investments in developing the human capital of individuals living in extreme poverty (see, for example, Escobar and González 2008; Yaschine 2015).

PROGRESA represented an upgrade of the former public programs by transferring social spending from urban to rural groups, as previous food subsidies were mainly directed to urban areas (see, for example, Levy 2006; and Parker and Todd 2017). In terms of design, its better-defined objectives and more rigorous targeting criteria resulted in a better-defined target population (see for example, Escobar and González, 2008) -but with a more individualistic focus than community-based-, meaning focused on the poorest households. The cash transfers conditioned to behavioral changes related to children's human capital accumulation would also include a rigorous monitoring and evaluation system, which according to some authors, made it novel in contrast with previous existing programs (see, for example, Levy and Rodriguez 2005; Levy, 2006; Skoufias et al 2001, Yaschine 2015). In other words, the cash transfer was supposed to be used for breaking down barriers to entry (to the labor market) and encouraging the utilization of basic services, towards improving health and human development by accumulating and enhancing poor people's human capital assets. In addition, it would encourage a change in families' behavior and increase their

probability of investing in the human capital of their children (Barrientos and Hulme, 2008: 14; Cecchini and Martínez, 2012: 93-113).

At this point, two clarifications are important. First, although the program aimed to overcome the economic deprivation of the households, the strategy did not include any complementary strategy for adults that helped them to accumulate skills, neglecting possible synergies between social and productive strategies (see for example, Handa and Davis, 2006; and Gordillo et al, 2016). Moreover, it used adult women as a policy tool to meet conditionalities and take children to school and medical check-ups⁶⁰ (see for example, Cecchini and Martínez, 2012). Even among some proponents (e.g., Levy, 2008, and Barrientos 2012), the program could benefit from its potential to encourage the productive use of transfers, either through an increase in the transfer itself, or complementary asset accumulation interventions for adults in the present. CCTs were intended to prepare children for the labor market in the future but the productive investment of the cash transfer would allow the family to sustain its positive impact in the long run (see also Handa and Davis, 2006).

Second, although the most disadvantaged populations were identified at the beginning of the targeting process, they were excluded at a later stage, as it is known that a minimum provision of basic services (schools and hospitals) is necessary to implement CCTs like POP (see, for example, Cecchini and Martínez, 2012; and Roelen, 2018). The targeting process, this was divided into three stages: First, POP designers, Santiago Levy⁶¹ and José Gómez de León⁶², used geographic targeting that included the verification of access to health and basic education services in localities. That is, after analyzing objective variables of marginality and poverty by territory, they localized those places with the highest prevalence of poverty, and verified on the ground the availability of services, excluding those that do not meet the

⁶⁰ We will discuss the gender implications of POP in more detail later in this chapter. For now, it is just to show that there was no specific strategy to develop skills for adults.

⁶¹ Levy was Undersecretary of Expenditures of the Ministry of Finance in 1995 when President Ernesto Zedillo (1994-2000) commissioned him to design a plan to address extreme poverty.

⁶² At that time (early 1990s), José Gómez de León directed the National Population Council of Mexico (CONAPO), and later would become the first national coordinator of POP.

minimum criteria, usually, the most marginalized⁶³ and poor settlements. These localities that lack social opportunities and the absence of capacities to acquire or generate them, as well as where deprivations and inaccessibility of goods and services fundamental to the well-being were selected (see for this matter, CONAPO, 2015). Then, within the selected territories, the designers considered, through a survey⁶⁴, the socioeconomic conditions of the whole population identifying potential beneficiary families (eligible versus non-eligible households). Once identified and if they accepted, eligible households, were invited to participate in the program and received registration forms. Finally, their information was validated with the community, meaning that a list with the selected beneficiaries was made public and in assembly with the community and leaders, they agreed or not with the inclusion of families and/or might suggest including others in the program (see for example, Cecchini and Madariaga 2011; and Gordillo et al 2015; Parker and Todd 2017).

In this way, the program started working with 300,000 families in 6,344 localities of high and very high marginalization degree in 20 states, where the most vulnerable people lived (see Levy y Rodriguez, 2005; Escobar and González, 2008), that is, in rural areas. The expansion process of the program continued to semi-urban⁶⁵ areas, covering 68,282 localities (26.67% of the national total) in 2,166 municipalities⁶⁶ in the 32 states of the country, meaning 3.2 million families (14.4 million people) in 2001. Over the years of expansion to urban areas, the coverage of the program reached 5.8 million households in 2012, and 6.1 million households living in 116,025 localities from 2,456 municipalities (99.7% of the total in the country) in 2014.

3.1.2 How has POP changed over time?

As explained in the previous section, POP's intervention model included: direct cash transfers to families to improve household consumption and as an incentive to develop human

⁶³ The degree of marginalization is related to the access of public services that one locality has, when it is high, it means the locality lacks basic services such as education, health, housing, and income, and when it is low, it means the opposite. See CONAPO, 2015. "Metodología de la estimación del índice de Marginación 2015."

⁶⁴ Called "Encuesta de Características Socio-económicas de los hogares, ENCASEH" (Household's Socioeconomic Characteristics Survey, or just ENCASEH survey).

⁶⁵ As also explained previously, semi-urban areas are those localities or towns with up to 15,000 inhabitants.

⁶⁶ This means that POP is covering almost the entire country as it is just absent in 9 municipalities.

capital; comprehensive actions related to education, health, and nutrition; targeting of households in extreme poverty through rigorous statistical methods; co-responsibility of beneficiary households in meeting the requirements associated with the development of human capital; a system for monitoring and evaluating impact; and inter-secretariat coordination of policy actions (Yaschine, 2019).

The actions of the program were organized around three components related to human capital development over the years. Education: cash scholarships awarded to families for each school-age child. Scholarships increased as the level of schooling increased and were higher for girls from secondary school onwards. The purpose was to discourage the early incorporation of children into the labor market and to promote their school attendance (Progresa 1997; and Levy and Rodríguez, 2004). Health: access to a preventive health package, health education talks, and food supplements for young children and pregnant or breastfeeding women (Progresa, 1997). Food: monetary transfers to families, under the condition of attending medical check-ups and educational seminars. They represented about 34% of the average monetary income of extremely poor families (Progresa, 1997).

The institutional structure and operation of the program were based on the participation of key government institutions for the integration of actions in education, health, and food, which ensured the provision of services, as well as the certification of beneficiaries' compliance with their co-responsibilities. The National Program Coordination was created to coordinate the implementation of the program and local offices were set up for daily operations and relations with state and municipal governments. To achieve agreements and institutional coordination, the National Technical Council and the National Technical Committee were created at the federal and state levels. These bodies would be made up of representatives from the Ministries of Social Development, Treasury, Public Education, Health, and Mexican Social Security Institute (IMSS), assigning specific responsibilities (Hernández, 2008).

The main elements of the program's design, institutional structure, and operational processes were registered in operating rules that helped to make the program's performance transparent and set a precedent that was later transferred to other national social programs.

In 2000, the change of government ended the hegemony of the single party (Institutional Revolutionary Party, PRI) in power (1929-2000) but the National Action Party (PAN for its acronym in Spanish), the new ruling party, continued with similar economic and social policies, therefore the transition in POP design was also not profound. PROGRESA changed its name to Human Development Program – OPORTUNIDADES, as part of the “Contigo Strategy” in 2002 and would seek to eliminate the intergenerational transmission of poverty, enhancing the investment in human capital of beneficiaries' children, improving health and nutritional status of families and increasing their income and consumption. It continued the CCT mechanism, allegedly as a way of guaranteeing full freedom in beneficiaries spending decisions and ensuring an improvement in their well-being through their own efforts and initiative (see Levy, 2006: 1, DOF, 2007: 3).

Although new components⁶⁷ were created during the OPORTUNIDADES (2002-2013) and PROSPERA (2014-2019) periods, the program kept its three main components: education, health, and nutrition. First, in the 2002 – 2006 period, educational scholarships were extended to the high school level, and two new components were created: *Jóvenes con Oportunidades* (Youth with opportunities education grant)⁶⁸, and *Adultos mayores* (elderly support). The former was established in 2003 with the aim to incentivize young people (younger than 22 years old) to finish high school. The latter, implemented since 2006, would give \$250 Mexican pesos (around \$11 USD) bi-monthly basis, to adults over 70 years of age.

Subsequently, between 2006 and 2012, the energy component (*Apoyo energético*) was created, and two additional cash transfers were added to the food support component. The

⁶⁷ Namely, 1) *Apoyo Alimentario* (food support), 2) *Apoyo útiles escolares* (support for school supplies), 3) *Apoyo educación* (education support), 4) *Papilla* (baby food), 5) *Paquete básico de salud* (basic health package), 6) *Jóvenes con Oportunidades* (youth with opportunities education grant, 7) *Apoyo energético* (energy subsidy), 8) *Apoyo adultos mayores* (elderly support), 9) “*Vivir mejor*” food support component, and 10) “*Vivir mejor*” child support component.

⁶⁸ Aimed to students between 3rd year of junior high school and 4th year of high school.

energy subsidy was also a bi-monthly flat transfer, established from 2007 until 2012, when it was merged with the food support component (see, for example, ECLAC n/d, and Gordillo et al 2016; and Yaschine, 2019).

The program changed its name to *Prospera, Programa de Inclusión Social* (Social Inclusion Program) in 2014, as part of the “new generation social policy”. Its objective would slightly vary as now it would contribute to enhancing the effective achievement of social rights that promoted skills for poor people (from rural and urban areas) through actions in education, health and nutrition, and other welfare dimensions (see for example, DOF, 2013; Gordillo et al 2016; and Yaschine, 2019). It would be supposedly more inclusive and emphasizing inter-institutional coordination to address present poverty (Yaschine, 2019). During this period, as a way of directly impact on present poverty, the “linkage component” was added, and included productive development, income generation, financial inclusion, and social and labor inclusion.

As mentioned above, the three main components have prevailed. The changes in the educational component have resulted in the expansion of support for the permanence and extension of the beneficiaries’ educational trajectories. *Jóvenes con Oportunidades* was created in 2003, as an economic incentive given directly to the beneficiary to finish high school. It was considered independent until 2009 when it was integrated into the educational component. In 2008, scholarships were added for students attending special education schools. Subsequently, in 2012, scholarships were extended to include first and second grade elementary school students in rural areas. The purpose was to encourage timely enrollment, prevent educational backwardness, and promote permanence in school (Oportunidades, 2011 as cited in Yaschine, 2019). Although this component contributed to the increase in the number of beneficiaries in primary, secondary, and high school education, the number of beneficiaries decreased as the level of education increased. This suggests, that in general, the program has faced significant challenges in retaining beneficiaries as they progress to higher levels of education, especially in urban areas, where the opportunity cost is higher than in rural areas (see for example, Parker, 2011, and Yaschine, 2019).

The health component has continued with its three main actions: providing access to a basic package of health services, conducting health talks for beneficiaries, and delivering food supplements to young children and pregnant or breastfeeding women. The changes introduced in this component are more related to improving the quality of the actions provided in order to increase the impacts on health and nutrition. One addition to this component was the cash support “Adultos Mayores” in 2009, which had been independent between 2006 and 2008 (Yaschine, 2019). The changes to the basic package of health services were aimed at expanding the coverage of interventions. While the basic package initially included 13 health actions, as of 2014, it began its gradual expansion to 27 prevention and health promotion interventions.

The health talks have focused on the content of the sessions and the time needed from the beneficiaries. It has been observed that prolonged and repeated exposure to the topics has led to a loss of interest among beneficiaries. In addition, there have been difficulties in sharing self-care messages, especially with the indigenous population. Over the years, regional epidemiological particularities have been added to the 25 initial topics, their frequency has decreased, and since 2006 any family member over 15 years old can fulfill this corresponsibility. In 2008, the *Plan de comunicación indígena* (indigenous communication plan), was created to strengthen talks for Indigenous populations through strategies in line with their linguistic and cultural specificities (Oportunidades, 2014).

In the nutrition component, the *Estrategia Integral de Atención a la Nutrición* (Comprehensive Nutrition Care Strategy), launched in 2014, sought to prevent child malnutrition and anemia, promote breastfeeding and reduce the risk of obesity among pregnant women. Additionally, in 2017, the *Estrategia de Desarrollo Infantil Temprano* (Early Childhood Development Strategy), monitor pregnant women and children under five years old to promote their development in cognitive and socio-affective terms. It was based on the model of promotion and attention to child development, which consists of detection and timely attention to child development problems, education for mother or main caregivers, and articulation of existing programs in other government institutions (see SEDESOL, 2017).

The food component continued with actions based on homogeneous cash transfers at the national level and related to health co-responsibilities. In 2007, the energy component was created and consisted of an additional cash transfer to households to compensate for the rise in energy prices resulting from the economic crisis. It was integrated into the food component in 2009 and was fully incorporated into the food support in 2013.

In 2009, the complimentary food support (initially called *Vivir Mejor*) was introduced and provided to each household to counteract rising food prices. In 2010, the *Apoyo infantil* (Child Support) was introduced to reduce the vulnerability of families with young children and strengthen the development of infants (Oportunidades, 2009).

In economic terms, this “upgrade” meant that the budget for the program increased by about one billion dollars, going from USD\$ 1.7 billion in 2002 to USD\$ 2.8 billion in 2013, however, this increase did not change much in proportion of expenditure in relation to Gross Domestic Product (GDP), which represented by 0.23% in 2002, and 0.22% in 2013 (CEPAL, online)⁶⁹. Between 2014 and 2018, the budget was reduced from USD\$5.5 billion to USD\$4.2 billion, a reduction of USD\$1.3 billion in 4 years. Relative to GDP, the budget went from representing 0.42% in 2014 to 0.35% in 2018, a difference of 0.7 percentage points over the mentioned period.

In terms of coverage, the OPORTUNIDADES program was extended to urban areas in 2002 and incorporated a new targeting process, in which eligible people wishing to become beneficiaries of the program had to enroll themselves (self-selection). The Single Socioeconomic Data Questionnaire (CUIS for its acronym in Spanish) was also introduced to ease the information process and incorporation of families to the program. In a second stage (2006-2013), the program considered those households below Minimum Welfare Line (MWL), according to multidimensional poverty criteria (as explained in chapter 2) defined by CONEVAL, and households which socioeconomic conditions and income impede to develop the capabilities of their members in terms of education, health, and nutrition (see also Gordillo et al 2016).

⁶⁹ Full details about budget and expenditure can be consulted at [CEPAL Webpage](#)

By 2012, when the old political party (PRI) took back the government, OPORTUNIDADES had reached 5.8 million households in the country and increased to 6.1 million households in 2014, when it would be known as PROSPERA and would reach 6.5 million households in 2018 (CEPAL, n/d).

The new PROSPERA's targeting process prioritized 1) localities with the highest social backwardness rates established by CONEVAL, 2) localities with the highest marginalization rates established by the National Population Council (CONAPO), 3) available statistical information of localities generated by the National Institute of Statistics and Geography (INEGI for its acronym in Spanish), Social Development Secretariat (SEDESOL), and other institutions, 4) a high demand from citizens, and 5) from prioritization of the localities, the socioeconomic information was used to choose beneficiaries, in which enrolment is subject to accessibility and capacity of education and health services (DOF 18/12/2013). Once again, policymakers through the program would identify those extremely poor localities in the first stages of the selection process. However, almost two decades after the initial PROGRESA, the selection process in the following stages would dismiss them again because there is no capacity yet to deliver them basic social infrastructure.

From the outset, for the program to achieve its multiple goals, the government emphasized that there would be “close coordination [among] institutions and sectors involved, as well as the participation of the three levels of government in such a way that expand families' access to greater development opportunities” (DOF, 2007: 3), meaning an intense governmental support. PROSPERA would continue seeking articulation and coordination of the programs and actions of social policy but now would include a productive promotion, income generation, economic wellbeing, and finance and labor inclusion. It seemed that the new government would try to address criticism about the lack of articulation of the program with an economic development policy (see, for example, Berdegué et al 2015, Gordillo et al 2015, Handa and Davis 2006, and Handa et al 2010) by linking a productive component. The design of the first attempt to deliver a productive strategy (Productive Territories Program) to POP is analyzed in section 2.

3.1.3 Is POP eradicating rural poverty? Main Achievements and Critics

The success of POP has been related to the performance of health, education and nutrition indicators as widely discussed. They have improved mainly due to an “unusually high degree of presidential support and inter-ministerial collaboration with an increasing annual budget” (see Winters and Davis, 2007), without detracting the “*pláticas (lectures) effect*” that had modified to some extent the beneficiaries’ behavior as documented by Hoddinott and Skoufias (2004), and Levy (2006, 2007). In general, as studies have found (see for example, Parker and Todd 2017), the actions have helped to improve school enrollment, and attendance, reducing grade repetition and increasing completed grades among beneficiaries’ children. The rates of health assistance services improved 35%, as well as the nutritional levels of all those enrolled in the programs (see also Hoddinot and Skoufias, 2004; Winters and Davis, 2007; and WB, 2010, 2014).

Specifically, early evaluation studies (see, for example, Skoufias and Parker 2001, Schultz 2004, Coady and Parker 2004), using experimental design and data ratified the above information, showing that POP had improved enrollments of boys of ages 8 to 11, between 1.3 and 1.8 percentage points, and among ages of 12 to 17 years old, between 3.2 and 5.8 percentage points. While among girls aged 8 to 11 years, there were no significant effects; for ages between 12 to 17, enrollment increased between 7.5 and 9.5 percentage points (Skoufias and Parker 2001). POP also showed a significant impact on reducing grade repetition, dropout and increasing progression in primary and secondary school, which would imply *only 0.7 years of schooling in the long run* (Behrman et al 2005, emphasis mine). A follow-up study six years later, conducted by Behrman et al (2009) would show a reduction in the age at entering school in those aged 1 to 2 years old in 1997 (when POP was launched). They also found that children between 12 to 14 years old *accumulated only 0.5 grades after 5.5 years of receiving the program (emphasis mine)*.

Also, Angelucci et al (2010) found an increase of 8.3 percentage points on enrollment in secondary school for youth with other family members residing in the same villages. For Dubois et al (2012) by using a dynamic model of education with experimental data and level

maximum of transfer to identify impact on grade progression, found that POP had positive impact on school enrollment at all grade levels, increasing grade progression at the primary school and reducing grade progression at secondary school. However, it has not been enough to improve the quality of life of the rural poor population, since as it is well known, the economic returns to education are not in basic education (primary and secondary) but in higher education.

Although these impacts have been considered positive, one attribute in education (and therefore, in human capital accumulation) has been absent: the quality of that education. There has not been an effect on school performance, on the amount learned in school, nor cognitive development (see, for example, Valencia 2008). While it is positive that the number of rural children attending school has increased, it is also important that those children learn properly, if no it is not possible to accumulate human capital. POP's design in this sense did not develop an integrated strategy that also included improving the quality of teaching and learning, especially for rural settings where it is well known that the quality of education is at its worst. Only when it was complemented with another program such as "*Educacion Inicial* (Initial Education)", it was possible to obtain small but positive effects on child behavior problems, better cognitive, language and motor development in children in early childhood (see, for example, Knauer et al 2016). Suggesting that the cash transfer itself is insufficient to improve the education quality of the target population with access to schools.

In terms of nutrition and health, Gertler (2004) showed that POP had an impact of 1cm on the height of children of 1 to 3 years old, and that treated children were 25.5% less likely to be anemic. Newborns were 25.3% less likely to be ill (reported) in the previous month. Behrman and Hoddinott (2005) argue that the impact of taking the food supplement given by POP increased the height of children between 12 and 36 months old by 1cm, after 1 year of receiving the program. Also, Fernald et al (2009) documented POP's impact of 1.5 cm in height for children of mothers without formal schooling and a significant reduction in behavioral problems of children. However, they did not find a significant effect on the height or weight or cognitive development of all beneficiary children. Barham (2011) using non-experimental evaluation which exploits variation in time and municipality in the program,

documented a 17% decline in overall rural infant mortality but effects concentrated in municipalities with pre-program above-average child mortality.

Lamadrid et al (2010) found an overall impact of POP to increase probability of using contraceptives in 5 percentage points. Also, POP increased the probability of cesarean for those women having births after the program began by 5.1%, according to Barber (2010). For Ozer et al (2011) the program participation was associated with a lower incidence of depression among women, 10% in depressive symptoms. Additionally, Behrman and Parker (2013) documented significant reduction in sick days for women older than 50 years old, the proportion with high blood pressure and increase in participation in vigorous activities but no health effects on men of similar ages.

In terms of consumption and income savings, POP increased the probability of consuming from own production between 5.4% and 6.2%, meaning a similar proportion on savings (see Todd et al 2010). Using experimental rural impacts and nonparametric decomposition method, Mckee and Todd (2011) simulated the impacts of POP on earnings distribution, finding that it raises mean earnings of adult beneficiaries received education grants as a child, however, there was a little effect on income inequality. Another example of the positive effects of POP on this topic is reduction in household debt of between 8% to 10% of the transfer, and an increase in food consumption by \$168 and \$238 Mexican pesos in 2003 and 2004, the increase in food consumption of roughly one sixth of the transfer in the same period (see, for example, Angelucci et al 2012). Nevertheless, they did not find significant effect in nonfood, and nondurable consumption, either on savings.

Nevertheless, despite this relative success, rural income poverty rates remain practically at the same levels since 1992, as it was shown in chapter 2 (CONEVAL, 2015), suggesting that the main social program designed and developed on the idea of breaking the intergenerational transmission of poverty in Mexico has not been very effective in over 20 years of existence. It has only provided, at best, marginal support to the beneficiary families, maintaining rural poverty relatively at the same levels since its launch in the late nineties. For instance, if we go deeper and analyze the food poverty data measured by income, we will find that the

reduction of its prevalence in rural Mexico stopped in 2006. Since then, the prevalence of people with insufficient money to buy food has risen again. Moreover, if the multidimensional method is used to analyze food security, which measures not only physical and economic access to food but also quality and variety of the diet, we would find that this dimension is the third most widespread deprivation among rural settings. Its prevalence is about 10 percentage points above the national trend, and about twice as big as in urban settings (see chapter 2 for more details). Meaning that people in rural settings (where the most impoverished people live) either had a low variety of diet, they skipped a meal, they ate less than necessary or worse still, they did not eat at all (CONEVAL, 2014).

Additionally, it is important to clarify that while health services indicators have improved, according to multidimensional measurements, in the last decade (from 47.1% in 2008 to 17.3% in 2014), the reason behind this is the expansion of enrollment in the Seguro Popular (created in 2001). There are also concerns regarding its effective access and quality standards (see, for example, González de la Rocha, 2008; Gutiérrez et al 2008; and Hernández et al 2005), as few clinics have been built in rural areas, and because several beneficiaries have claimed having to go to a private doctor instead, meaning more debts.

The fact that POP has mainly focused on income dimension of poverty, directly and indirectly, and not being inserted into a broad development strategy, adds to the explanation that it is only providing a compensatory scheme against the downsides of economic openness, and is not able to sustainably reduce rural poverty. Directly, POP has transferred cash to beneficiary households in order to help them increase their consumption and therefore, their variety of food. Indirectly, it has “encouraged”, through conditionalities, school enrollment and higher attendance in children, as well as regular medical check-ups among beneficiary rural households, aiming to accumulate human capital in children to improve their chances to get a well-paid job. Nevertheless, its strategy has not been complemented with any other developmental intervention, hampering possible synergies among sectors and activities.

Moreover, although POP was labeled as “novel” for reasons that include its targeting methods and being more cost-effective than previous generalized food subsidies (see, for

example, Cecchini and Madariaga 2011, Coady and Parker 2004, Levy 2006, and Parker and Todd 2017), the truth is that it was empirically more difficult to incorporate the most marginalized rural communities, suggesting a disconnection between the initial assumptions that guided the design of the program and the reality of the rural societies on the ground. That is the fact that these localities are characterized by limited access to health and education services (not to mention the lack of roads, drinking water, electricity, among other basic infrastructure), which is a basic requirement for receiving the program, makes them non-eligible. Therefore, a program was designed to eradicate extreme poverty, as it is in rural areas, which is not targeting the extreme poor. Additionally, as different studies have argued (see Cecchini and Martínez, 2012; Gordillo et al 2016; and Skoufias 2005) the targeting process socially fragmented several communities, as excluded people felt that their needs were not “sufficiently” taken into account to be part of the program, generating discord among beneficiaries and non-beneficiaries⁷⁰. Moreover, according to Cecchini and Martínez (2012), the way in which CCT tackle poverty (“setting overly strict conditionalities”) generate an improper distinction between the “deserving” and the “undeserving” poor as regards entitlement to assistance, which would countermand the principle of universality of social policy and infringe securing a minimum standard of living.

In addition, it is generally assumed that the program through the cash transfer has helped to empower women economically and socially by improving their self-esteem and status within their community (see for example, Parker and Todd 2017; and Ruvalcaba et al, 2009), some researchers have argued (see Molyneux 2006; and Cecchini and Martínez, 2012) that POP is reinforcing and perpetuating gender stereotypes, including sexual division of labor. For example, since the mother is usually the recipient of the cash transfer, arguing also the case for empowerment by putting them at the center of the program, the truth is that by not involving their male partner into the program, all the responsibilities bear on the women. Usually, women have to deal with work overload at home and the responsibility to take care of the children and take them to school and medical checkups. In this sense, as Cecchini and Madariaga (2012) claim, rural women are seen more as a policy tool to achieve POP’s goals, rather than being direct beneficiaries of a developmental strategy. As already mentioned, the

⁷⁰ This fact also emerged during the fieldwork, and it will be analyzed more in-depth in Chapter 4.

design of the program does not consider key aspects of rural societies, since there are no complementary actions with other sectors that not only involve adult men and women in the responsibilities of the program but also provide them with greater opportunities to have a decent life according to their standards.

Finally, as some studies claim (Winters and Davis 2007, and Gordillo et al 2016), the fact that investments are only made in beneficiaries' children rather than in boosting productivity in adult members as well, helping households to overcome their economic vulnerability, have delayed the eradication of the intergenerational transmission of poverty. That is, the lack of development strategy here could be seen through the isolation of the program from a productive development component, which would improve the opportunities of the beneficiaries to generate autonomous income and reduce their vulnerability. In this sense, the following section will analyze one of the attempts to incorporate POP beneficiary families into a productive strategy that was seeking to provide them the necessary elements for increasing their productivity and achieving autonomous income and thus help them to overcome poverty.

3.2. PROGRAMA TERRITORIOS PRODUCTIVOS (PTP)

3.2.1 Genesis

The other way of seeing the limitations of anti-poverty programs and its isolation from a broad development strategy for the rural poor is through the lens of small farmers and peasants. In general, the social policies for the rural poor have not been designed to work long term, they are usually temporary, assistentialist and unrelated to the economic/productive development policy, hampering possible synergies between human capital and income generation (see for example, Berdegué et al 2015; Handa and Davis, 2006).

Productive development policies have had an unequal impact over the rural sector (as analyzed in Chapter 2). Their efforts and resources have been concentrated in one group, for example, only 6.9% of public spending was aimed at highly marginalized localities, while

industrial farmers received more resources to encourage their competitiveness as documented by Berdegué et al (2015), Fox and Haight (2010), and Robles (2012, 2014). Despite the fact that small scale producers are concentrated in the less developed states (73% of the Productive Units) of the country (Southern Mexico), they do not receive enough technical/economic support to complement their productive activities, which could help them to reduce their vulnerabilities and encourage their capabilities. In fact, the rural poor producers obtain about 58% of the public budget basically from the “social component”, that is, from the POP and ProAgro programs (see, for example, Robles, 2012, 2014:15-16; Berdegué et al, 2015: 9).

Consequently, while poverty is more generalized in rural areas, CCTs seem not to be designed to eradicate rural poverty. Their actions are not part of a wider development strategy; they only help to mitigate the downsides of economic liberalization without offering a long-term sustainable solution. Therefore, a better-planned strategy for the rural poor that connects social and economic policies, was seen as a possible solution to the rural poverty problem.

3.2.2. Designing the productive complement for POP: Productive Territories

In 2014, POP began working on four lines of action, that would formally make up POP’s “linkage component” in 2016. It incorporated the articulation of programs and actions with public and private institutions, and international organizations related to productive development, income generation, labor and financial inclusion, and access to social rights (SEDESOL, 2014). These four lines of action sought to favor the access of POP beneficiaries to the institutional offer in areas such as 1) productive inclusion, through the articulation of productive promotion and income generation programs; 2) labor inclusion, to benefit from training and employment programs that would allow them to enter the formal labor market; 3) financial inclusion to access financial services and education; and 4) social inclusion to be part of programs that favor the exercise of their social rights (SEDESOL, 2015; Yaschine, 2019).

The productive and labor inclusion lines represent the government’s recognition of the modest effects of POP in terms of labor market insertion and intergenerational mobility of young people. Previous studies documented smaller-than-expected effects on the labor income of beneficiaries in rural areas (see for example, Rodriguez-Oreggia, 2010). There were no positive effects on the quality of jobs or intergenerational occupational mobility as documented by Rodriguez-Oreggia (2010) and Yaschine (2015). Poor economic performance and the low quality of the labor markets were argued as the main reasons for the difficulty faced by young people in entering the labor market.

The linkage component focuses its productive and labor inclusion actions on young people to promote better insertion into the labor market and thus put an end to the intergenerational transmission of poverty. It also proposed including adults in households benefiting from POP to promote income-generating opportunities and, therefore, contribute to overcoming present poverty through their work (SEDESOL, 2014). This productive inclusion element focused mainly on rural areas and sought to articulate the productive development programs (see Table 5.) of various Ministries including Social Development, Economy, Agriculture, and more (Prospera, 2018).

Table 5. Programs included in the PTP linkage strategy.

Dependency	Program or component program
SAGARPA	1. Integral Rural Development / Component for the Integral Development Value Chains
	2. Integral Rural Development / Peri-urban and Backyard Agriculture Component
	3. Agriculture Promotion / PROAGRO Productive Component
	4. Agri-food Productivity and Competitiveness / Access to Productive and Competitive Financing Component
	5. Fund for Support to Productive Projects of Agrarian Nuclei
	6. Program to Support the Productivity of Women Entrepreneurs
SEDATU	7. Program to Support Youth for the Productivity of Future Rural Enterprises
SEDESOL	8. Prospera
	9. Productive options program
	10. National Fund Program for the promotion of crafts
	11. Program for the Improvement of Indigenous Production and Productivity
SE	12. National Program for Micro-Entrepreneur Financing
	13. Fund for Microfinance for Rural Women
INAES	14. Program for the Promotion of Social Economy
FINRURAL	15. Program for the Establishment and Operation of Credit Promotion Units, Establishment of Liquid Guarantees, and Reduction of Access Costs to Credit

Source: Berdegué et al, 2015.

In this context, the Productive Territories Pilot Program (PTP for its acronym in Spanish) was launched in 2015 in some municipalities of the states of Chiapas, Mexico, Oaxaca, Puebla and Veracruz, where small farming is an important activity, during the government of Pena Nieto (2012-2018) (see Berdegué et al 2015). The PTP would provide the productive approach to POP by improving productivity, production and autonomous income of the rural poor (small farmers), who play a key role in the social and economic development of their territories.

The coverage and targeting were carried out using the following criteria: a) the potential beneficiaries of the program were those households living in poverty, located in the 400 municipalities selected in the initial stage of the National Crusade against Hunger (CNCH⁷¹ for its acronym in Spanish), where small farming is an important activity for their development, b) within these municipalities, the POP's beneficiaries who share the previous characteristics, would be the target population, and c) the population to be served (the people who actually participate in the program) would be selected by taking into account municipalities where the previous two criteria are met, and on the basis of objective indicators of poverty. Having, as a result, the selection of 14 functional territories, which included 22 municipalities of the CNCH, and within them, 91 localities would be selected (see Berdegué et al, 2015: 9-10).

The PTP was based on the idea of the determination of the influence area in the main municipalities (in each state) over other smaller and close by localities. According to its designers (see Berdegué et al 2015: 13), the above was possible due to the territorial rural development approach (inspired by Berdegué and Schejtman, 2004) included in the program, which would allow to work by considering the relations among localities in a specified space, and taking advantage of their social links, commercial, labor, among others.

Therefore, the PTP would seek to overcome “the idea that poor people are unable to react towards productive incentives”, and therefore, social policies are “the most suitable” way to

⁷¹ A federal strategy that tried to eradicate food insecurity.

overcome their poverty condition. This is an interesting argument because the mentioned idea perpetuates not only a stigma about poor people but also suggests that it is not worth to seek/set the link between social and productive development policies (Berdegué et al, 2015: 13). In this sense, the PTP was established under three principles: 1) Social Participation, 2) enhancing of productive capacity, and 3) articulation among programs and organizations. The expected result would be an increase of productivity, production and autonomous income, which would help to eradicate rural poverty (Berdegué et al, 2015: 20).

3.2.3. The balance of PTP

Although PTP was novel in its approach (territorial development), the results were not as expected. After one year of being implemented, the program found that in spite of the support of the presidency and a number of governmental institutions including the Secretary of Finance (SHCP), Secretary of Social Development (SEDESOL) and PROSPERA (National Coordination), the rigidity of the selection criteria for the productive development programs determined the number of productive projects proposed by the beneficiary families. POP's linkage efforts met with limited response from productive development programs. According to Hernández et al (2017), this reflects the difficulties for inter-institutional coordination and hinders the achievements of its objectives.

Also, due to the long “clientelist” tradition in the countryside between government and beneficiaries, many of the recipients did not want to cooperate with the initiative (see Berdegué et al 2016a, and Gordillo et al 2016). It also seems that the weakness of the social fabric inherited by POP emerged in the territories as one of the reasons they did not want to work together as documented by Berdegué et al (2016), in the report after one year of the implementation of the program. In other words, the POP not only has not eradicated poverty but has also contributed to fragmenting the social cohesion of the communities, making it difficult to carry out other initiatives. PTP, however, did not consider previous experience with POP, as it did not have a specific mitigation action for addressing this problem, its theoretical assumption of community cooperation was not empirically sustained with specific actions.

It was also found that the design of the program did not clearly define some basic concepts, such as the type of “social organization” that is allowed to participate in the projects encouraged by the program (see for example, Berdegué et al 2016, and Gordillo et al 2016). This could also reflect the individualistic notion that neoliberal policymakers have when designing programs, as they usually take for granted the multiple social expressions that communities have in their territories, which also defines their way of relating and organizing inside and outside their own communities. In the PTP, many of the formal and informal institutions such as community cooperation, the relationship between local authorities and recipients, or the processes to receive a subsidy, were assumed as given with the launch of the program. The power relations within communities, levels of governments and bureaucracies were also taken for granted, and they played an important role in the failure of the strategy. In other words, given the institutional coordination agreements made at the highest level of the public administration, policymakers thought that it would be enough to promote cooperation agreements at the state and local levels. At the lowest levels (state and local) there are actors with interests, norms, rules, and, in general, work logics that are often different from those of the central government bodies, and they are the ones who control the programs in practice. Therefore, the question that arises here is how did the Mexican CCTs work in practice? What were the factors involved in its performance? And in general, to what extent was a coherent operative strategy included?

The analysis of the fieldwork (chapter 4 and 5) will help us to understand empirically some of the above-mentioned weaknesses of the program. For now, it is important to highlight the role played by the concepts and assumptions that informed the design of the program, which as previously stated, did not totally match the characteristics of the territories and the relationship with/among their key actors, including beneficiaries and officials.

CONCLUSION

Over the years, POP has been seen by some actors such as governments, international financial institutions and scholars, as a successful program in the combat against poverty in its own terms. Early studies documented its benefits to tackle some of the main elements of rural poverty in the short term. For example, it has been claimed that POP was effective in

increasing school enrolment and attendance, especially in rural localities with access to basic services. It was also argued that it rose the levels of nutrition and health, especially among infants and pregnant women. POP is also seen as effective to reduce rural poverty, as it increased food consumption in the evaluated localities.

Notwithstanding, nuances are important for this discussion and, therefore, there are areas of opportunity. One of them refers to the lack of quality of services because although POP raise awareness and advocate for their availability, it does not provide any services, but rather coordinates them with the respective sectors (education, and health) to ensure the delivery of services to beneficiaries. Also, the fact that more children are going to school in rural settlements, does not mean that their knowledge is also improving. This should be a big concern as education is considered the key element of human capital accumulation. The impacts on human capital, labor market insertion of beneficiaries and intergenerational mobility have not been as expected, which calls into question the achievement of the objective of breaking the intergenerational transmission of poverty.

In terms of nutrition and health, POP, has mainly, enrolled beneficiaries through Seguro Popular, however, little has been done to improve the quality of the service. Different areas have been neglected, from not increasing the number of medical staff and their training to improving the quality of attention until improving the facilities of hospitals and small clinics in rural areas. Several beneficiaries have been pushed to go to private doctors in order to receive medical attention, carrying higher costs and without the guarantee of better service.

In terms of gender issues, despite claims about its role for improving social status within communities and economic empowerment, POP has helped to reproduce gender stereotypes related to work division and free time use. The fact that POP uses mothers to deliver and manage the cash transfer, always ignoring, the role and responsibilities of men, helps to reproduce the stereotype that women are solely responsible for household chores. Additionally, it has also been documented that while boys have spent more time in school, and less time working, the case for girls is slightly different as although they are also more

time in school, their free time has decreased as they have to do housework while their mothers are busier.

From a wider perspective of poverty, POP has mainly focused on improving income for consumption, and future skills of children for a better job in the future. Poverty, however, is more than lack of income. Rural poverty, in this case, comprises of not only material conditions but a series of relations between society, environment and economy that shape the livelihoods of rural people. If CCTs such as POP and its economic complement PTP do not include in their design more of the social deprivations that the rural poor experience throughout their lives, they will remain only a palliative against rural poverty rather than a sustainable way out of poverty.

PTP tried to fix the lack of complementarities with the economic development of POP but inherited some of its main problems. A short vision of the rural reality, and consequently, the lack of an operative strategy made road difficult for PTP. It reproduced old working practices resulting from the power imbalance among society, state, and bureaucracy. Beneficiaries, accustomed to electoral programs fancy dressed as developmental support; policy fragmentation, and lack of coordination among governmental authorities; and bureaucracies with their own rules, norms and ways of work; were a recipe for disaster for PTP in its attempt to increase productivity and generate autonomous income through territorial development.

Multidimensional measurements were also mentioned during this discussion. Its importance was to show that even when using official (government) methods, POP is far from achieving its main objective. There is not much that it can do if the way in which policies are made does not evolve as well. The multidimensional method is until certain point attached to political will (as we already discussed in chapter 2), and governments are usually focused (putting their efforts) on ease boom indicators, such as enrolment (health, education, etcetera), rather than on delivering infrastructure and expanding rights. For the rural sector, there are dimensions that interact more directly with their livelihoods, such as the environment (natural resources and their use), quality jobs, and social security services. In addition, there is a historical debt with respect to the provision of social infrastructure (for

instance, quality health and education, modern public facilities, and more and better public transportation), which prevents the rural population from having a self-sufficient life and fully developing their potential.

As explained above, the economic method for measuring poverty is popular to governments due to its versatility and ease of data collection. Nevertheless, not all factors that actually shape social interaction can be measured in this way, and therefore, they are not translated into concrete policy actions. In this sense, the national social policy has not fully recognized (deliberately or not) the social interactions that take place in rural settings, and has instead followed this narrow design of cost-effective and short-term relief, given the ideological context in which they were created.

CHAPTER 4. RECIPIENTS: A DEEP PERSPECTIVE ON RURAL POVERTY

INTRODUCTION

This chapter examines the perceptions of recipients as to whether CCT programs such as Progres-a-Oportunidades-Prospera (POP), and Productive Territories Program (PTP) have been effective in eradicating rural poverty in Mexico. The reason for this is to know the extent to which the concepts and assumptions that informed the design of the programs are practical in addressing rural poverty. As discussed in previous chapters, CCT programs aim to reduce the obstacles that impede families to overcome poverty, by providing essential goods and services, while encouraging the development of skills to achieve a self-sufficient life.

To inform this chapter I have conducted fieldwork based on a questionnaire, the main objective of which is gauging the level of fit of CCTs for the lives of the rural poor. To do this, I investigated how far the specific and practical considerations of the reality on the ground were taken into account when designing the programs. The interviews were devised with a view to testing the design of the CCTs according to their achievements, in contrast to the program's stated objectives (reach and relevance). The focus went beyond most field studies which tend to center on whether stated objectives have been achieved. Rather the interviews explored the dimensions of poverty as experienced by the rural poor (that encompasses objective features of their lives and circumstances), how they viewed their own situation and the support they needed.

As explained in the Methodology section, the fieldwork was carried out in poor rural localities in the states of Oaxaca and Puebla in Mexico, which were selected following socioeconomic criteria such as population size, poverty index, degree of marginalization, and rurality, as well as taking into account the economic resources available to the researcher. As a result, two localities were obtained in which the POP and the PTP are/can be implemented: San Cristóbal Tepeotepan, Puebla, and Ixtlán de Juárez, Oaxaca.

San Cristóbal Tepeteopan, Puebla.

Located 17.6km from the city of Tehuacán, Puebla, and 135 km from the state capital, the municipality of Tepeteopan is located in a transition zone between the Eastern Sierra Madre and the Mexican Central Depression, which gives it great biodiversity and natural richness. However, it also faces challenges in terms of deforestation and soil loss. It is bordered to the north by Tepanco de López, to the east by Magdalena Cuayucatepec and Las Garzas; and to the south by San Bartolo Teontepec.

It has an estimated population of 3,187 inhabitants, where 47.7% are men and 52.3% are women, with an annual population growth rate of 1.6% in the last decade. Of the population, 27.5% is between 0 and 14 years old, 65% between 15 and 64 years old, and the remaining 7.5% are over 65 years old. About 1.3% of its population speak an indigenous language, of which 55% are women and the remaining 45% are men, according to INEGI (2020).

In economic terms, the locality has an economically active population (PEA, for its acronym in Spanish) of 1,593 people aged 12 and over, with a higher proportion of men (60%) than women (40%). It has an employed population of 1,587, with an equal disadvantage for women (40%) compared to men (60%). The main economic activities are agriculture, specifically the cultivation of crops such as corn, beans, and chili. Livestock farming, mainly focus on raising cattle and pigs. In addition, there are also some small local companies that offer services such as agricultural machinery repair.

The locality's marginalization index is medium, which indicates that the population faces some economic challenges but is not critical. One of the most significant deprivations in the locality is the lack of water; in this sense, 2.4% of households did not have piped water, and 15.5% of households did not have drainage. In addition, 16.7% of households still had dirt floors, others had no electricity and, although few, there are also those without running water, sewage, or electricity (CONEVAL, 2020).

In terms of education, although the municipality has primary schools and a high school, the quality of education and professional training opportunities are limited. According to INEGI (2020) in Tepeteopan 5.9% of the population over 15 years old is illiterate, of which 66.9%

are women and 33.1% are men. There is 43.6% of the population over 15 years old with incomplete basic education, of which 51% are women and 49% are men. In addition, 124 people over 15 years old did not complete any school grade, of which 68.5% are women and 31.5% are men. San Cristóbal Tepeteopan has an average schooling level of 8.11 (against the national average of 9.74), while for women it is 8.06 (against the national average of 9.64) and for men 8.17 (against the national average of 9.84).

In terms of health services, only 62.4% of the inhabitants (1990 people) of the locality are affiliated with some type of health service, of which 870 people (43.7%) are affiliated with the Mexican Social Security Institute (IMSS), and 984 people (49.4%) with the Ministry of Health, through the Institute of Health for Well-being (INEGI, 2020).

Ixtlán de Juárez, Oaxaca.

Located in the Sierra Norte of the state of Oaxaca, 63km away from the state capital, it is a predominantly forested region. It has 19,319 hectares, of which 35.8% are mesophilic mountain forests, 23% are conservation areas, and another 35.3% are for timber harvesting (Chávez, 2020). It is bordered to the north by Santiago Comaltepec and Ayotzintepec; to the south by Guelatao de Juárez, San Miguel Amatlán, Capulalpam de Méndez, San Miguel Yotao, and San Pedro Yaneri; to the west by San Pablo Macuiltianguis, San Juan Atepec, San Juan Evangelista Analco, and Santa María Jaltianguis; and to the east by Santiago Jocotepec, Santiago Camotlán, Santiago Lalopa, San Juan Yaeé, and Tanetze de Zaragoza.

The community is governed by “usos y costumbres” (a system of community norms and traditional customs), and is organized as follows: the General Assembly of “Comuneros”, which is the highest authority of the village; the Commissioner of “Bienes Comunales”, who evaluates the administration of communal resources; the Surveillance Council and the Communal Council, which are responsible for the financial administration of communal enterprises and the approval of contracts, respectively (see Chávez, 2020).

According to the 2020 INEGI census, the population of Ixtlán de Juárez is 2,718 inhabitants, of which 53.45% are women and 46.55% are men. Around 60% of the population speaks *Zapoteco*, and 4.6% does not speak Spanish.

The economically active population (PEA) is 1,153 people, of which 56.9% are men and 43.1% are women. The employed population is 98.4%, of which 56.7% are men and 43.3% are women (INEGI, 2020); they are distributed among the primary sector (52.9%), secondary sector (10%), commerce (8.9%), and services (27.5%).

The main economic activities in Ixtlán de Juárez are forestry, fishing, and tourism. The forestry industry generates around 250 jobs, ranging from furniture manufacturing and ecotourism services to administrative and technical personnel. Most of the population is employed as unpaid family workers and self-employed workers (Ramales and Portillo, 2010). Livestock breeding ranks first among agricultural and forestry activities.

The main points of product commercialization are local markets, community rural stores DICONSA, as well as a public market in the municipal center every Monday, where daily consumption products are stocked. The locality has transportation services, room rentals, and money and luggage shipping to the United States.

Poverty is a significant problem in Ixtlán de Juárez, as 67.3% of the population faces difficulties in meeting their basic needs. The lack of access to basic services such as drinking water, housing, and electricity is one of the factors contributing to the high degree of marginalization in the area. According to CONEVAL data (2020), of the total number of households in the locality, at least 5% still had dirt floors and 1.4% did not have drainage.

In terms of access to educational services, 1.7% of the population aged 15 and over are illiterate, and 27.9% did not complete basic education (CONEVAL, 2020). According to INEGI, the average schooling level among its population is 9.18 years (compared to the national average of 9.74), with women reaching 9.56 (compared to the national average of 9.64) and men 8.86 (compared to the national average of 9.84).

Health services are also precarious, as they do not have the capacity to meet the population's demand, lack specialized and/or sensitized personnel, and there is no road signage. The share of its population that does not have access to any health services is 25.8%. Furthermore, field observation documented the existence of an IMSS clinic but located in a high-risk area with inadequate facilities for its users. In 2016, 86% of the population was affiliated with the "Seguro Popular" and the "Seguro Médico para una Nueva Generación" (INEGI, 2016).

In addition to this Introduction, this chapter includes three more sections. The first section analyzes the objective features of poverty and the subjective experience of the recipients in order to better understand the dimensions of rural poverty as experienced by the rural poor. The second focuses on testing the relevance and implementation of POP and PTP by analyzing the scope and relevance of the objectives set by the programs and the conclusions drawn from the interviews. Finally, as a conclusion, the main findings, and their relevance in terms of this research (coherence between design and practice) are discussed.

4.1. OBJECTIVE FEATURES OF POVERTY (MULTIDIMENSIONAL POVERTY) VERSUS SUBJECTIVE EXPERIENCE (VIEWS OF THE BENEFICIARIES)

This section's main purpose is to better understand the poverty dimensions experienced by the rural poor, helping to evaluate the coherence between the design of the programs and the real conditions in which rural poor people live. It examines how, despite the improvements in poverty measurement, there are still dimensions that contribute to the mismatch between the design of the programs and the reality of the rural poor.

As discussed in Chapter 2, since 2008, Mexico has measured poverty by a multidimensional approach using a set of social rights criteria including access to education, health, social security, quality of housing and spaces, and sanitation. This approach has meant an improvement in how poverty is seen because it includes many of its different expressions. As it will be seen in this section, this measurement, however, does not reflect the life

experience of the rural poor. Beneficiaries of the CCT programs live and recognize certain dimensions that have not been fully captured by poverty measurements and programs to combat it. This section will shed light on this problem and analyze its relevance in terms of the objectives already established in this research.

4.1.1 A distant vision of poverty

One of the best ways to identify the mismatch that has dominated the anti-poverty policy design is through the day-to-day experiences of the rural poor. During the course of interviewing for this fieldwork, an interesting phenomenon emerged: *an unconscious state of poverty*. That is to say that among the participants there was, among participants, a *distant vision* of what poverty was. They identified certain aspects related to poverty such as lack of income or food, but they did not recognize themselves as poor people. An example of this is Recipient 18, from Puebla, who has been part of the program for seven years. To them, poverty is something that they see in others:

Here (in the town) there are poor people, not many, but there are. It is extreme poverty because they have nothing to eat. This is a small town, so we know each other, we do not all speak to each other, but we know more or less the kind of life we have. So yeah, we have like five or six poor families. They are young families with young children.

Recipient 18 identified and described the living conditions of a neighboring family and town that, according to them, were poor. The characteristics of these families matched many of the common dimensions which are considered as “living in poverty” as specified by the multidimensional approach used by the Mexican government. These dimensions include food insecurity, illiteracy, low income, as well as lack of sanitation and overcrowded housing. Participant 17, from Tepeteopan, Puebla, who makes handicrafts for a living, explains how she identifies people in need:

There are people that have more deprivations than us. For example, we have some neighbors that the man does not work, only the wife works. It is not like they do not have jobs. We produce ‘tenates’ [handicrafts] in the town that we sell very cheap in the capital [\$50 pesos per dozen). So, they have, but they are ignorant people. Then

they just work a little bit, and they think that the money they make is going to be enough to live.

This information confirms the stigma that prevails in relation to poor people even within their own communities. This fact could add to the explanation of why there is some skepticism among certain sectors towards the social programs and the people they serve. In other words, the often- misguided perception is that the most disadvantaged people do not deserve support from the government because they do not strive to overcome poverty. The truth of the matter is that there could be several reasons which are beyond their control to explain their situation. One such example is the fact that as of 2002, POP introduced a self-selection mechanism to receive a subsidy. In addition to this is the fact that the information is often not friendly to the most vulnerable people. This is because they are not always familiarized with the language or the way the program explains the processes.

Recipients also contrasted those regions where the main activity is subsistence farming with the dynamism faced by their own town whether it was rural or semi-rural. These testimonies suggest that they perceive poverty as a phenomenon that is far from them, something that they have heard about on TV but that is not personal to them. However, if we consider objective dimensions that can be used to classify a town as “poor”, these participants are living in a poor town. This is because they live their daily lives in remote towns (in Oaxaca and Puebla) with various limitations in terms of basic social infrastructure such as no pavements, poor quality housing, and even a lack of clean water.

This distant vision of poverty can impact the way they perceive governmental support. It is commonly accepted that the government money received is not part of a strategy to help them to overcome their social conditions, but it is believed to be one of their rights, or as a gift many local governments give them in exchange for their electoral support. Gordillo et al (2016) have also documented this attitude and it can be explained through a long tradition of patronage of rural government programs in which public resources have been used for electoral purposes. Therefore, their behavior follows the inertia of the former programs in which they see themselves as recipients of small sums paid by fragmented programs.

As previously mentioned, this also could have helped to spread stigmatization of the rural poor, in the sense that many people claim that others are poor because they are lazy without realizing that they themselves are living in more or less the same conditions. In terms of psychosocial effects of the CCTs, there is a condition identified in Oaxaca by Recipient 3 who considers herself resilient as she claims to have overcome many difficulties in her life:

People don't recognize that there are different ways of being poor or its consequences. When someone is poor it also means that they are weak in spirit. That is the fact that you know that you cannot do much to overcome your social situation.

In other words, for some of the participants, their understanding of “poverty” was not being able to overcome their socioeconomic condition. This “weak spirit” or ‘learned helplessness’, was also identified by Pick and Sirkin (2010) who analyzed the psychosocial aspects of poverty. Therefore, the fact that poverty is also seen as a result of the inability to control or change their situation has contributed to stigmatizing the poor.

4.1.2. Economic dimension and labor

To be considered poor, there are certain economic dimensions that have usually been used among countries in the world (see for example, WB, 2000). In Mexico the population that does not have enough resources to acquire goods and services necessary to satisfy their needs and this has been identified by a Welfare Line (WL). The Minimum Welfare Line (MWL) allows the government to identify those people that have used all their income to buy food but could still not acquire those indispensable products to have adequate nutrition. Therefore, for rural settings, the poverty line and the extreme poverty line were set \$1,930 and \$1,060 Mexican pesos^{72,73} per person on a monthly basis, respectively (CONEVAL, 2014).

According to the answers given by the respondents of the interviews, they were receiving \$200 Mexican pesos per day which corresponds to \$4000 Mexican pesos per month per person. Once the amount is divided among a household, which is on average five people,

⁷² They are equivalent to 96.5 and 53 American dollars, respectively.

⁷³ These are valid values for the period of time that the interviews were conducted.

these amounts of money are not only lower than the poverty line but also the extreme poverty line.

In this sense, some participants claimed that they had two jobs, including housework in order to contribute economically to the household. For example, recipient 14, from Tepeteopan, Puebla, who washes other people's clothes and sells bread, explained what a normal day is like for her:

I wake up in the morning to prepare the things my family needs to start their day, like preparing breakfast, the things that my partner needs for their work (given the case), and then I prepare myself for working. I go to work and then in the afternoon I come back and do some housework too". As a housewife, we have to contribute economically to the house, because nowadays everything is very expensive. But not all the time the money we earn is enough to have the minimum necessary, that is why we have restricted ourselves from something.

According to the interviewees, despite some of them having two or three jobs (when housework is included) the amount of money they earn is in many cases insufficient to have a decent life. The fact that they recognize having had to stop buying some necessities because of their economic situation confirms their condition of poverty as a result of their low income.

Although the design of the program has sought to improve their social condition through a cash transfer, this has been insufficient for them when they want to undertake a productive option and to be economically autonomous. As seen in the previous section, the fact that the POP did not have an institutionalized way of encouraging economic options and testimonies of the beneficiaries, pushed the government to complement the program with an economic/productive component through the PTP.

The lack of the mentioned economic/productive component, the low salaries in rural areas and the limited access to established banking institutions have pushed the participants to resort to alternative strategies to overcome a lack of money. These include incurring a debt with friends or neighbors. For example, Participant 8, from Ixtlán, Oaxaca, who sells food on the street, explained their plight:

Sometimes when I do not make enough money to pay the bills, I have to ask the neighbors for a loan, who do not always want to, but when they do, they charge me high interest. It is more expensive, of course, but I do not have many other options. This also happens to other people because sometimes people come here and ask me for some food, but they tell me that they will pay me later when they get paid because at that time, they had no money.

The above is particularly interesting because it shows the precariousness of wages in the rural sector and that having a job is not directly related to being economically sound, at least in terms of income. Participants claimed that their “work is undervalued”, and even that “having a job does not guarantee that there is enough money to buy food”. Therefore, they have had to improvise strategies to “survive” which in many cases involved, amongst others, having two jobs, getting into debt, following a poor diet resorting to alternative medicines and the social infrastructure.

This means that despite the program being designed to develop basic requirements and needs (knowledge and health), it has neglected to provide sufficient income in the short term to invest in a small business or another economic activity that would help them generate an autonomous income. Therefore, the conditions of the rural poor show that they do not only need a program based on a social component but also an economic complement to strengthen their ability to overcome poverty by themselves.

Those interviewed also considered that the work of small farmers was not valued and not protected against risks. For example, participant 8, from Ixtlán, Oaxaca, who left her hometown ‘Zogochi’ in the Sierra Oaxaqueña 10 years ago, explains what it was like to be a farmer:

My father works as a small farmer so everything he harvests is for his personal consumption, like many other farmers here. If he needs to buy some clothes or another kind of product that he does not have, he has to sell his products (usually corn, coffee, beans), which are not well paid for in the area and moreover, this type of transaction does not offer any kind of [social] protection.

In addition, due to the size of the land being small and its quality at times being less than satisfactory (see for example, Robles, 2010), there are not many people that can grow products that yield a good price. This situation also confirms the incoherence between the design of the programs and the nature of rural poverty. This is reflected in the lack of access to credit to undertake improvements in their farming equipment and products as they are not offered any kind of guarantee from the banks or investors (see Fox & Haight, 2010; Robles, 2013; Scott, 2010). The poor do not have access to financial services (credit, loans), so they have to revert to informal financing strategies (e.g., loans between friends, family or neighbors) which are less efficient and more expensive. This testimony confirms the consequences that the economic openness and globalization has brought to the rural sector. This is particularly true for small producers as they were considered “not viable” to support, which means they were not supported with accurate incentives to better produce and sell crops which in consequence would have generated more income, (Berdegué et al, 2015; Gordillo et al, 2016. Robles, 2013).

In cases of catastrophic expenditure, they remain unprotected because such cases do not have a social protection network. These answers confirm that although the rural poor are seen as recipients of social assistance, like the POP program, there are few incentives for them to be productive. This is also reflected in their lack of access to financial services and technology as they are also usually classified within the disadvantaged sector of the economy. In addition, practitioners have practically ignored the changes that rural societies have experienced in many areas such as their economic diversification and migration patterns. In terms of economic diversification, rural settlements are not only based on an agriculture economy but there are now links between rural and urban areas which have expanded their income structure towards the service sector. Over the years, and as a consequence of the economic reforms implemented in the eighties, the third sector has expanded. This expansion is reflected in the proliferation of non-salaried or low-productivity jobs, usually in micro-businesses in the informal sector where working conditions are precarious.

4.1.3. Access to food

One of the main components of the POP programs is the promotion of healthy nutritional habits which has now been incorporated into the official measurement of poverty. This dimension was also a key element discussed during the interviews with the beneficiaries. The findings will contribute to the thesis that there is an incongruity between the design of the CCT programs and the real conditions experienced by the beneficiaries of the programs.

According to the participants during the interviews, being poor is not having enough money to buy food. While conducting fieldwork, it was observed that the participants had access to local markets where they could acquire a variety of products. However, participants recognized that there had been moments in their lives in which they had eaten only once a day. Despite having physical access to food, the money they earned was not enough to satisfy their needs at all times. Below are two examples of the situation faced by some beneficiaries of the program. First, Recipient 7, a 33-year-old woman and mother of four children living in Ixtlán, Oaxaca, explains her plight when it comes to a lack of food:

Actually, to eat or whatever, we are surviving day-to-day [...] Our children, sometimes, want to have a piece of meat or cheese, but one of two, there are not these products in the town, or we do not have enough money to buy them.

On the other hand, Recipient 4, a 42-year-old woman and mother of two teenagers from Oaxaca, expresses gratitude despite her situation.

It is true that we do not always buy meat like chicken or pork, but it does not matter, we always have beans with eggs and tortillas at least, because there are other people that are not lucky enough. For example, I have a cousin who lives about 30 minutes from here (Ixtlán, Oaxaca), who is always telling me that her family only eats soup, and she feels a bit sad because of that. There are sometimes times in which I can buy more chicken and ask her to come and have dinner with us. She says that my food is delicious, and that it is good to eat something different to soup. We are very lucky". Thank God, our family always has something to eat!

These testimonies suggest that although CCTs have a food component that promotes healthy eating habits, it has been taken for granted that the supply of certain kinds of products in the

rural areas would be available and accessible. People in these areas are struggling to achieve food security, which according to CONEVAL's definition is related to having a varied diet or not skipping meals which is the case for many participants. It is also important to note that though this dimension refers to the consumption and access to food, participants' answers suggest that their consumption is closely related to economic access because to acquire or enrich their diets, they need extra money. This finding does not oppose the evidence from impact evaluations that argue that the program has increased the nutrition levels of the beneficiaries.

4.1.4. Access to health services

It is important for this research to have a more in depth understanding of the state of access to healthcare through beneficiaries' perspectives, especially in terms of their perceptions of the quality of these services. This dimension as well as education and food elements have been incorporated into the way the government measures poverty. All of this will help to test the coordination between the POP design and the real living conditions of the rural poor.

Since 2003, all beneficiaries of the POP program have enrolled in Seguro Popular. Seguro Popular is the main initiative from the government to provide basic health services to the less advantaged people in the country. The fieldwork showed that areas had at least one public health clinic, as well as many private medical offices in their territories. The interviews permitted me to verify the functionality of these facilities and an assessment as to the quality of the service provided.

The interviewees, in this sense, have had both positive and negative experiences with the health services they visited. For example, in Tepeteopan, Puebla, Recipient 13, a 39-year-old woman who is happy with the health services, said:

The service at the clinic is good, they help you when you do not feel very well, although they do not always have medicines. I take my children there whenever they do not feel well.

However, other participants were not very happy with it. For example, in Ixtlán, Oaxaca, Recipient 5, a 37-year-old housewife, preferred to use alternative methods of care:

The facilities are clean. They give us medicines, but sometimes they recover and sometimes they do not. There are days in which I prefer to take my children to a private doctor because here [at Seguro Popular] sometimes there is nobody. There have been days in which I prefer to cure them myself, with home remedies”.

The arguments above suggest that despite the participants having access to health services, these seem to be of a low quality and do not provide sufficient standards of care and treatment just as some studies have found (see, for example, Yaschine, 2015). The design of the program took for granted the conditions of the health services in rural areas and neglected to focus on quality as Hernández et al (2005) and González de la Rocha (2008) have already documented. There have not been any improvements in this regard in relation to POP, despite the government increasing the coverage of health services through the scheme Seguro Popular and Nueva Generacion. Therefore, where the quality is low or there are not enough medical staff, people have had to refer to private institutions which cover the gap left by the formal institutions, thereby making the access more expensive for the beneficiaries. It has also been documented that there is a lack of provision of medicines which makes medical care more expensive for them.

For participants it is clear that being poor also results in poor health affecting their ability to undertake economic and recreational activities. In Oaxaca, Participant 8, for example, argued that within a household, if one of the adult members is sick, this impacts the overall wellbeing of the family because everyone contributes economically:

it is difficult for us when we have someone sick because that means that they cannot work so we also stop receiving their salary, which is very important to support family's expenses. This means that we have to decide between buying medicines or food.

According to existing literature (see Araujo, 2006; Gordillo and Plassot, 2016; and Gutiérrez, et al 2008) rurality is usually characterized by a low quality of health care, and it is usually

seen through a lack of medical supplies or staff. Being healthy is not always easy for everyone as participants claim as they have to choose between buying food or medicine. The health service in their areas is of poor quality and there are not enough doctors or nurses. Although there have been improvements in terms of health since the initial design of the program, in practice universal coverage and effective access to health services have not been achieved. Moreover, as some researchers point out (see, for example, Rodríguez, 2019), physical access to primary health care for the entire population has not been achieved.

4.1.5. Education

In the design of the program, the education component (as well as health and nutrition components) was key for developing skills that people would need in order to be productive and have a self-sufficient life in the future. The reality on the ground was, however, different. Although in some regions there are schools, in more marginalized rural areas, access to education is more complicated. In those cases where there were schools, the quality of education provided has been criticized as many national and international evaluations have confirmed the low education quality.

The interviews revealed that participants were in educationally backward, according to official standards in Mexico. Given the low access that rural settings have to schools, it is something that was expected in the findings. The surprising fact was that around 10% of the participants had actually completed high school, meaning that they had more than 9 years of formal education, and yet they were still living in poverty.

Participants as well as the designers of the program recognized that education is a key element for expanding skill sets and then generating better opportunities in life. However, their low socioeconomic condition did not permit them to continue to study. Recipient 1 in Oaxaca, for example, had discontinued her studies because her family did not have the money to fund her education. Being poor for many of them involves a lack of opportunities to go to school, and as a consequence, not being able to get a better job. Although the program helped to increase enrollments in rural areas as was widely documented (IFPRI 2000; Todd et al, 2005; Parker and Behrman, 2008), it was assumed that merely having better access to a

school, would improve the skills of beneficiaries. However, this neglected to take into consideration the real conditions of rural schools in terms of quality.

In summary, despite participants perceiving education as an important condition for improving their lives by finding better jobs, their economic situation obliged them to quit school. The lack of economic opportunities made them start working in low skilled jobs (e.g., cleaning, cooking) to help cover their house expenses, thereby stymying their opportunities for improvement in the future. This finding also suggests that the absence of a productive component in the program that absorbs human capital into the labor market is key to effectively eradicate poverty.

4.1.6. Additional or/and missing dimensions

This research is also important to help us understand the importance of local infrastructure when analyzing aspects of poverty. In this sense, participants identified that due to a lack of pavements and public transportation, access to basic services was severely compromised. This lack of suitable infrastructure has direct implications in people's wellbeing. Without public transportation, they need to walk long distances to take their children to the school or to reach their jobs. In other words, infrastructure improvements reduce costs and increase access to all types of public services and markets and improve employment opportunities in general. These findings are helping us better understand not only the access to basic social rights that POP sought to give but also the conditions in which the PTP is working (facilitating or hindering the implementation of productive projects).

Although the PTP is seeking to create synergies between the different sectors and geographical regions, it will be difficult to achieve this under the described conditions. In order to have made the projects work, it would have been necessary to take into account the conditions of the physical infrastructure in which they would be working. In conditions that the rural poor are experiencing, it will be difficult for any productive project to succeed. The social condition of the rural poor does not allow them to take risks.

Additionally, this finding can confirm the argument in the related literature which claims that modernization, resulted from the economic reforms implemented during the eighties in Mexico and that continue to some extent today, was selective and based only on economic viability criteria (Berdegué et al, 2015; Gordillo et al, 2016). The regions visited during this fieldwork evidently lacked infrastructure, not only to undertake sustainable economic activities, but also basic social infrastructure as it was seen in previous sections.

To sum up, the interviews permitted us to see that despite the participants recognizing different aspects of poverty, they do not always identify themselves as poor people. They see poverty as a distant phenomenon that is usually related with “ignorant or lazy people”. This can also be a consequence of the way that rural programs have worked in the past and that can affect their performance in the present.

It was interesting to find that despite the identification of a variety of dimensions of poverty by both beneficiaries and government, the economic dimension is still playing a key role in their lives. For example, although they usually associate access to food and education as valuable assets provided by the government, they say that when they cannot access them, the best way to compensate them is through money so they can have access to private services instead.

It is also important to note that one of the main weaknesses in the design of the program is the lack of an economic/productive component (not only a cash transfer). The role of a decent job is crucial due and, in some cases, having two jobs is not enough to increase their income because of the low wages they receive thus making it clear that social policy itself cannot help them to overcome their social conditions. In other words, despite the program helping to improve, to some extent, the capabilities of the beneficiaries through improving health and education access, there is still a missing element that can absorb the human capital generated. In this sense, the PTP aimed to cover the gap by implementing actions that promote economic activities and generate autonomous income. Nevertheless, the participants showed that it was necessary to keep investing in developing skills so they could undertake successful projects

which took into account their resources, skills, needs and their way of seeing life and progress.

4.2. RELEVANCE AND IMPLEMENTATION OF THE PROGRAMS

This section's main purpose is to test the relevance and implementation of the main anti-poverty program (Progresa/Oportunidades/Prospera) launched in Mexico and its complementary strategy to achieve economic inclusion (Productive Territories Program). In order to do so I analyzed the reach and relevance of the objectives of the programs together with the results from the interviews.

4.2.1 Progresa/Oportunidades/Prospera (POP)

During the second half of the nineties, the Education, Health and Nutrition program (Progresa) was launched in Mexico, which would be also known as Oportunidades (2002) and/or Prospera (2014). This was in response to the economic recession in the country and the corresponding increase in poverty levels. The program started operating in rural areas where poverty was more intense. It was built under the argument that:

the poor do not only lack income but also, they have low access to education, a reason why their school performance is low, and also have precarious health and nutrition conditions which in addition to scarce employment opportunities and the absence of public services, it restricts their opportunities for self-improvement (Progresa, 1997: 5).

So, in order for poor families to overcome the obstacles that prevent them from escaping poverty, they must be supported. This can be done by increasing their basic capabilities (structural effect) through the provision of goods and services which will help them acquire the much-needed skills to achieve a self-sufficient life (Progresa, 1997: 40). This strategy included a monetary support scheme that had attached to it certain conditions that sought to change the behaviors of the beneficiaries. The support scheme would promote consumption among poor families in order to meet their basic needs (redistributive effect) (Progresa, 1997:50)

4.2.1.1. Health and nutrition

Within the scope of the program, to overcome poverty it was important to provide access to a preventive health package for the whole family including educational sessions around health. The fieldwork helped to verify that the localities visited have one or two health centers (Seguro Popular) that provide basic health services. The quality of the service varies depending on the day and time of the appointments as well as “the mood of the doctors and nurses”. Although most recipients in both locations agreed that the clinics offered only basic treatment and did not always provide the necessary medications, there was the case in which a 35-year-old woman and single mother of three children (Recipient 1) from Oaxaca, considered that “given the circumstances (they are living in an isolated rural town)”, the health service was “okay”.

Here in the area (mountains of Oaxaca), there are two health clinics, one in town and the other a bit further, close to the exit for the main highway. The service is okay. Of course, we have to wait but I think it is normal. I have heard that some people are not happy with the service but for me it has worked well. Of course, it is up to you, as health promoters have told us. If we do not take responsibility for our health and that of our families, no one is going to take care.

In contrast, Recipient 2 (a 41-year-old woman with three children) also from Ixtlán, Oaxaca, complained about the quality of the health services in her locality and understood why people visit private clinics:

We have a health clinic, but the service is low quality. Every time you need to see the doctor, it takes them too long to see you. Sometimes the doctor cannot see you, so you have to see the nurse instead. The worst thing is that they do not have medicine, they give you only paracetamol for everything, so we have to buy the medicine at a private pharmacy.

From these two kinds of testimonies, it is possible to highlight that although the design of the program assumed a suitable provision of health services, this was not totally accomplished. Just as other studies have documented, given the structural conditions of the rural settings,

there are deficiencies in terms of infrastructure, medical supply and asymmetries in terms of quality of the services (see Hernández et al, 2005; González de la Rocha, 2008; Yaschine, 2015).

While it is true that the quality of medical care could be subjective (therefore, it can be good or bad according to individual experience), there are deficiencies associated with rural settlements such as the absence of well-prepared medical personnel that impacts on the quality of services provided as it usually happens in this kind of territories. In this sense, for example, Gutiérrez et al (2008) documented that in rural areas 49% of the medical procedures are low quality and the remaining 51% are medium-low.

According to most recipients' testimonies, the program is accomplishing the objective to provide access to basic health services for the beneficiaries. According to early evaluations made of the program and the testimonies of the beneficiaries, their children are healthier than children in the past (see for example, Gertler, 2000; and Behrman, and Hoddinott, 2000). There are, however, as some studies have suggested, important questions in terms of the quality of the services (see, for example, Soto, et al 2012; Yaschine, 2015). For example, while it is true that more than ever, beneficiaries are using more preventive health services, it is also true that their low quality leads them to use private health services occasionally. The rurality is associated with lower access to third level medical care (hospitals that give full medical care). This signifies greater costs to the beneficiaries given that to access these services, they have to travel longer distances. For example, Recipient 11, a 43-year-old woman from Oaxaca, who has been a beneficiary of the programs for 17 years, stated that whenever they needed special medical treatment they had to go to the city. This was not only time consuming, but it also meant spending more money on transportation.

Here in the area (Ixtlán, Oaxaca), we have a clinic that helps you with basic medical care. If you have a cold, they can give you medicine and you will be better. However, if you need special treatment, like what happened with my husband in the past. They do not provide full treatment, and usually, they tell you that they cannot give you anything. So, we had to go to the city (Oaxaca capital), which is two hours from here in order to receive suitable treatment. There, however, you have to wait a lot too, and you have to come back several times, incurring more expenses.

In terms of nutrition, participants claimed that they had learnt plenty of strategies for having a healthy diet, including food supplements and talks to improve their nutritional habits such as “*el plato del buen comer* (the eat-well plate)” which promotes healthy habits and a varied diet. In this sense, Recipient 1 from Ixtlán, Oaxaca, who has been part of the program since 2004, explains the kind of nutritional information they receive:

As part of the conditions for receiving the money (cash transfer), we have to attend bimonthly talks, where the health promoters teach us how we can improve our health and eating better. In our talks, the health promoter teaches us about “el plato del buen comer (eat-well plate)”, so we can know which type of food we have to give to our families, especially children in order to grow healthier. The problem is that we do not always have those products because we do not have the money. The “El plato del buen comer (eat-well plate)” includes a variety of meats and dairy products, but either we do not always have them in the area, or they are expensive for us. Our diet is basically beans, spicy sauce and tortillas.

The interviews showed the harmony between the design of the program and the practice on the ground in terms of the promotion of healthier nutrition habits. For example, according to the Opportunities Component of the National Health and Nutrition Survey (2006) conducted by the National Public Health Institute of Mexico, this component of the program reduced the stunting of growth in rural children and the prevalence of anemia in children and pregnant women. Nevertheless, there also seems to be a decontextualization in terms of the provision of food according to their own culture and customs. Therefore, although they say their area usually has a variety of food (physical access), it is not always easy for them to buy (economic access) certain types of nutritionally rich products like meat or milk.

Although there have been positive results in terms of nutrition derived from the program (see for example, Andalon, 2011; and Parker and Todd, 2017), there was still a significant prevalence of malnutrition (including wasting, stunting, and underweight) in children which also can explain their low levels of academic performance (Berhman et al, 2008). This information suggests that some elements of the program are not totally contextualized for these territories and are not only impacting the aggregate health and nutrition outcomes of

the rural poor, but also in other dimensions of wellbeing such as education. Moreover, as Rodriguez (2019) documented, although the epidemiological profile on which the POP design was based has changed over time (growth of chronic degenerative diseases), the focus of the program is still on nutrition problems in children under five years old and pregnant and lactating women.

4.2.1.2. Education

According to the objectives of the program, POP tried to provide equal opportunities since it provides children and young people with the essential resources to improve their socio-economic condition (Progresa, 1997: 40).

Regarding education, participants perceived a general improvement in the area. They compared themselves to their children and the opportunities they now have (intergenerational education improvement). For example, recipient 7, who is the mother of four school-age children in Ixtlán de Juárez, Oaxaca, explained the improvement:

The locality has primary and secondary schools. As part of the conditions of the program, we have to take our children to school so they can receive their scholarships and continue being part of the program. However, some of these schools do not have enough classrooms and teachers, so children have to share them.

Nevertheless, some interviewees believed that the quality of education had decreased as children were using outdated study materials and that they usually struggled to continue to higher levels of education. For example, Recipient 10, a single mother of a 16-year-old girl who had just finished high school and was looking to continue her studies at a school far from her town, Ixtlán de Juárez, Oaxaca, said:

There have been cases, in which the children want to continue with a higher level of education, but they find it very difficult, not only because the high school or university is far from here, but also because of their low performance in the admission exams. Then, we have to invest money to send them to better schools in the city so they can access a higher level of education.

This information suggests a discrepancy between the design of the program and the reality of the rural poor as well as being aligned to the consensus about the low-quality of education in Mexico. As also documented by Todd et al (2005) and Parker & Behrman (2008), although there has been an increase in the number of years studied as well as the number of children enrolled, international organizations like the Organization for Economic Co-operation and Development (OECD) through the Program for International Student Assessment (PISA), have confirmed the low performance of rural Mexican students in topics like mathematics and reading comprehension.

Another way to see the mismatch between the design of the program and the reality on the ground is that it was assumed that there was a suitable provision of education services as they exist in urban areas such as good levels of educational infrastructure including facilities, furniture, school supplies, sanitation, and sufficient and well-prepared teachers. All these variables affect the learning of rural students, and it was confirmed by both the interviewees and the research on this issue (see, for example, Parker and Behrman, 2008).

Therefore, while the design of the program assumed that the access to quality basic education would increase the opportunities of children and young people, it did not take into account the asymmetries of the quality of educational services which had a detrimental impact in rural areas. This can be seen through the absence of complementary strategies to increase the level of quality basic education in rural settings. There is, however, evidence that shows that these kinds of programs have increased the number of children attending school and the number of years that they study (e.g., Todd et al, 2005; Behrman et al, 2012). However, this improvement has not manifested in the higher levels of education for many reasons such as the fact that the facilities of rural schools are not always in perfect condition, there are not enough rural teachers⁷⁴ or they need more training. Besides even now there are children that still do not have proper nutritional food. All of these elements negatively affect their performance at school.

⁷⁴ The common practice in the rural areas is multi-grade schools, which means that all the six levels of primary education are taught by 1 teacher, in the same classroom at the same time.

4.2.1.3. Gender relations

The program sought to improve the conditions of women and strengthen the role they play in the family and community.

At the beginning of the interviews the participants were asked about a typical day for them. Many said that they start early in the mornings. Some of them prepare breakfast for their children and their partners while others get ready and go to their respective jobs. They also have to take their children to school and prepare things that their partner needs for work. On a daily basis, they clean the house, cook, wash clothes and dishes as “a way to contribute as a housewife”. In those households where there is still a husband or partner who are seen as providers and don't not do housework, they said as a “housewife, one is always working because the work never ends. Recipient 4 from Ixtlán, Oaxaca, gave an insight into her daily routine:

I start my day preparing breakfast for my children and husband, because they have to go to school and work, [respectively]. Then when they are finished, I wash the dishes and start cleaning the house. That is my role as a housewife.

Also, in Ixtlán, Oaxaca, Recipient 5 who is a housewife and informal salesperson explained the work she has to do each morning:

I wake up early in the morning, around 5:30 and start making breakfast for my family. Then I take the handicrafts and I go out to sell them in the town. I usually stay there until the children leave school to feed them and then I start doing the housework.

Recipient 13, who is a housewife and peasant from Tepeteopan, Puebla, said the following about her responsibilities at home:

Every day I make breakfast for my family..., well it is just coffee or tea, sometimes a glass of milk. I wash the clothes and clean the house. I check on the sheep and feed them. Sometimes I cut the “zacate (type of grass)” Then, when my children come home from the school, I help them with their homework when I can. I have to do this because it is a way of helping my husband with the expenses of the house.

Therefore, according to the design of the program, women are the “managers of their families’ needs”. CCTs regulate their domestic responsibilities and confirm gender stereotypes, in which women are seen as the only ones in charge of work at home and taking care of children. This confirms the evidence previously documented by authors like Molyneaux (2007) and Roelen et al (2018). Their partners are seen only as providers, absent from household responsibilities. All the participants did housework and were occupied in a type of economic activity, including cleaning services, cooking, handicrafts, and farming. They reported working 8 hours on average per day, but depending on specific situations, they could dedicate up to 13.5 hours, which is 5.5 hours more than the national average working day. The paradox of this information is that although beneficiaries have more than one job, they are still poor. This means that work (at least the type of work available in rural settings) is not enough to overcome rural poverty, emphasizing the need for better economic options. It also provides empirical evidence on the inconsistencies between CCT program design and the reality of the poor on the ground. By not formally training women (improving their work skills), coupled with the precariousness of the labor market and the few productive options available in their communities, they are trapped in a vicious circle where wages are insufficient to maintain their family.

According to interviews and the information provided by the program, there is a strong focus on girl and women empowerment (through education and participation, respectively). First, there is a gap between young female students who received higher quantities of economic support through scholarships and young male students who did not. Second, the role that mothers have in the program is key because they are the direct recipients of the cash transfers. Also, they are usually responsible for taking their children to school and to their medical appointments. There is practically no mention of the role that fathers have in the program which confirms the problems related to the social proliferation of gender stereotypes. These stereotypes encourage the idea that in addition to their workload outside the home, women solely bear the burden of the household responsibilities. The men, on the other hand, are seen only as providers, absent from household responsibilities.

4.2.1.4. Temporality

The interviewees were asked about how they became beneficiaries of the programs. Many of them became beneficiaries years ago, when the POP's first version (Progresa) was launched under the Presidency of Carlos Salinas de Gortari (1988-1994). Recipient 18 from Tepeteopan, Puebla, who became a POP beneficiary when she was a student and now is a beneficiary as a mother with school-age children, explained how she knew about the program:

I already knew about the program because my mom was a beneficiary as well as myself as a student years ago. Then when they told us about the program, I came with my two children and, thank God! they accepted me.

The beneficiaries have received information about the program, but there are still some mixed thoughts about recertification, as explained by these recipients. For example, Recipient 19, a 28-year-old woman from Tepeteopan, Puebla, who has been part of the program for four years said:

They (POP's promoters) visit the town periodically to verify our living conditions, but they have not come for two years. It is not very clear how they decide who is going to be a new beneficiary and who is going to be out. They say it depends on the survey and we have seen people leaving the program but no new beneficiaries. People that really need the program.

According to Recipient 1 in Ixtlán, Oaxaca, who has entered and left the program a couple of times due to non-compliance, said the following:

Nobody can remove you from the program. If you do not fulfill your obligations, you are removing yourself from the program. [Nevertheless, you can leave the program if] you are upgraded, which means that you are in a better situation, so you do not need the benefit anymore.

These testimonies suggest that the information is either not well disseminated or it is not easy for people to assimilate, or both, because according to the POP's operating rules, "families

are subject to recertification” which means that the National Coordination evaluates periodically their socioeconomic status (DOF, 2018).

The program assumed that after investing in people’s health and education for some years (although it was not very clear for how long), there would be an improvement and a reduction in the number of beneficiaries; however, there are participants who after almost twenty years, still receive the program’s benefits. There are some cases in which they “achieve” an update because their social condition has improved to some extent or because they do not have school-age children anymore. In these cases, the program still gives them some money for food (“*Apoyo Alimentario*”), but the amount is only \$335.00 Mexican Pesos equivalent to \$15 US Dollars⁷⁵. On this basis, people decide to reject it because the benefit is not worth the time invested in claiming it. These testimonies provide evidence that the program underestimates the real living conditions of the rural poor. It was assumed that at some point they would be able to overcome poverty by the means described in the program, however, their skills were not totally developed. In addition to this, their economic opportunities were practically nonexistent (see, for this matter, Berdegué et al, 2015, Gordillo et al, 2016), making it difficult for them to escape poverty. Moreover, the program forced participants to resort to a less than transparent behavior in order to remain being a beneficiary of the programs. Participants have had to hide information about their living conditions in order to continue receiving the benefits, otherwise they would have had to abandon the program.

Therefore, these testimonies provide evidence about the limited success that these kinds of programs have in overcoming poverty. While it is true that it has had some benefits in terms of school enrollment, medical checkups and levels of nutrition, it is also true that its isolation from a truly development-focused policy has prevented it from absorbing the human capital generated and making it more productive and independent. Instead of this, resulted in beneficiaries altering their behavior in order to remain eligible for the program thus making them dependent on their benefits (see, for example, Roelen et al, 2018).

⁷⁵ See DOF, 2017. ACUERDO por el que se emiten las Reglas de Operación de PROSPERA Programa de Inclusión Social, para el ejercicio fiscal 2018. SEGUNDA SECCION, SECRETARIA DE DESARROLLO SOCIAL (Segunda Sección-Vespertina).

4.2.1.5. Social Participation (Conditionalities)

The subjects' participation in POP is passive as they only have to meet its criteria which are: taking children to school and medical check-ups and attending “the talks” where they receive information such as updates on the program and advice about how to improve their physical wellbeing.

Nevertheless, as explained previously, this participation process also has increased their workload. The participants have had to manage their jobs, do the housework, and now undertake the mandated responsibilities of the program. Men, on the other hand, are not taking responsibility in the promotion of healthy habits, the education of the children nor the distribution of household chores to help the women. The kind of sharing of responsibilities that beneficiaries have experienced is thanks to changes in their education, health, and nutrition.

Interestingly, there is no further participation process other than “the talks”. It is important to incorporate real participation mechanisms that have some impact on the improvement of the program, that is, social participation with a binding character. Additionally, and related to the previous section, it seems that CCT schemes are not taking into account the perceptions and opinions that poor people have about their own economic condition.

4.2.1.6. Monetary

The cash transfers only provide families with a basic financial resource from which they could potentially undertake actions to achieve economic self-sufficiency, without interfering with their own individual efforts. However, among the ways to improve the programs, the participants have highlighted the need to increase transfer since this would help them to undertake a business. For example, Recipient 20, who is a housewife and seamstress from Tepeteopan, Puebla, said that:

I would like the government to give us a little bit more money because although we can buy more fruit, vegetables, and sometimes meat now, the amount we receive is not enough to buy the products that we need, not even for our children's school, like

clothes and shoes. It would be useful if we received a bit more so we can undertake a small business in the area.

In this sense, the evidence (see, for example, IFPRI, 2000) has shown that in those places where the program has been operating for longer, its effects on expending, productive investment, employment and income have been positive in the short-term. In line with the testimonies given by the beneficiaries and the related literature (see Angelucci, Attanasio & Shaw, 2005; Gertler, Martínez & Rubio, 2005), the cash transfers have shown that beneficiaries are eating more vegetables and protein-rich foods.

The monetary component included in the design of the program was originally helpful to the rural poor because it gave them some extra money. However, over the years, it has been showing certain limitations such as the fact that it has lost its real value due to inflation and more interestingly, the beneficiaries have expressed interest in getting an amount that allows them to launch a small business. Many of the recipients of POP in the Oaxacan town believe that it is necessary to complement the program with economic options to help them generate a higher income on a sustained basis. However, they lacked knowledge. They were not really aware of the market as well as their own skillsets. This made it difficult for them to choose what type of business they wanted to start.

In both localities visited in Puebla and Oaxaca, beneficiaries wanted to undertake activities for which they were probably not prepared, or an activity that did not have a promising economic future in the area due to, for example, the structural conditions of the rural areas themselves. This fact clearly shows one of the main complexities of the program when trying to adopt the capabilities approach in the Mexican rural context. Following this argument, even though the program creates human capabilities in terms of knowledge and promotes a healthy lifestyle, it fails in how to make use of that the knowledge acquired at work or at leisure. This is a clear example of a lack of complementarity between social development policy and economic development policy. That is why in recent years the Mexican government has testing a productive inclusion component that has tried to bridge the aforementioned gap.

4.2.2 Productive Territories Program (PTP)

One of the main arguments of this study has been the fact that there is a disconnect between the economic and social development policies. In 2015, the Mexican government launched a pilot program in five of the poorest states of Mexico with the aim of complementing the POP program by incorporating a productive element. The following are the main findings of the interviews with the recipients of the PTP.

The interviewees were asked about how they received the information of the pilot program and whether it was accurate and easy to follow. They said they received the information through POP promoters at some of their assemblies and, despite receiving the information first-hand, they found it difficult to meet the requirements (e.g., age, gender). It seems that at the beginning of the implementation of the program, the information seemed to be inaccurate because some of the beneficiaries of POP could not access the PTP incentives because of their age. However, the issue was corrected, and the problem fixed.

The promoters asked the beneficiaries to form groups so that they could have access to the incentives that the program was offering. The pilot program was, in fact, a strategy to coordinate a variety of programs in one (many indeed) territory with the main objective to develop it (them) through the implementation of territorial projects (see Berdegué et al, 2016).

Having said that, the operating rules of each program mandated economic support for a minimum number of people, therefore the beneficiaries made groups of five in order to receive financial support for starting their projects. An interesting point was the fact that many of the participants did not want to work in groups which says a lot about the erosion of the social fabric and a sense of discomfort that they had with each other. For example, Recipient 18, a woman who was part of PTP in Puebla, since its inception but who, after two years has still not received the subsidy, tells of her experience in this regard:

The engineer [as people use to call any kind of governmental promoter] told us to form groups of five with people we know, so some of us decided to work with our relatives. I told the engineer that I prefer to work alone because I know the person

that had to work with me and was not very reliable. The engineer told me, however, that we could not do that because the rules of the program do not allow it. So, against our will, we had to group and work with them.

This situation highlights at least two interesting facts in relation to the design of the program and the experience on the ground. The first one is related to the erosion of the social fabric that the community has suffered due to the inertia in which previous CCT programs had been working (see, for example, Cecchini and Martínez, 2012; Deveraux et al, 2015, Roelen et al, 2018). That is, some people received perks without any greater responsibility, stigmatizing them within the community itself. The second one is despite having similar objectives and target populations, there is an inflexibility of the existing programs to adapt to different contexts. Again, as recent literature has found, this fact confirms that anti-poverty programs are not made to eradicate the problem but to contain their effects (see for example, Gordillo et al, 2016). The main drawback for beneficiaries is that, although the PTP program is supposed to make various productive programs available to them through the coordination of different government agencies, in practice such arrangements did not occur for various reasons. One of them is the informal arrangements that exist at the local level between government agencies and organizations that have co-opted these programs, making it almost impossible for beneficiaries to access productive support.

4.2.2.1. Social Participation

One of the main arguments of the program is that people are not included enough in the different policy processes including design, implementation, and evaluation. This is the reason why PTP is incorporating a proactive participation component.

The interviews with beneficiaries of the program found that in an assembly organized by POP, they were asked about the availability of the resources for their community as well as their wishes in terms of employability and wellbeing for their future. The intention of this assembly was to talk to the beneficiaries and try to build a community development plan. In this regard, Recipient 14 from Tepeteopan, Puebla said that if she did not have the project of raising sheep, she would not have had a way to earn extra money since there were few jobs in her town:

The engineer asked us to think about how we see our environment, what we believe can be done to improve the situation of the community, what kind of skills we possess and our vision of the community and our families for the future.

From that, the promoter helped the beneficiaries to design a local development plan based on the logic of the program: territorial development. At this point, the design and implementation of the program showed a certain degree of coherence in terms of social participation at the very first stage of the projects: their integration. Nevertheless, the interviews also showed that the projects were very small barely linked to other economic activities or regions. For example, Recipient 15, was one among many people that chose a project of raising sheep in Tepeteopan, as they considered them like a saving that they could use in the future:

When promoters asked to think about what kind of business or project we wanted to work on, I chose sheep because I always wanted to have some to sell them in the market, you know? Like... putting them out and selling them, since they are like if we had some savings.

Other participants took advantage of their knowledge in agriculture and as a way to enhance their food security. For example, Recipient 17 from Tepeteopan, Puebla, who already had a small garden, chose a project with PTP to grow vegetables because she already knew how to take care of them and because she could eat them in case she ran out of food.

This information suggests that despite there being a good intention to include the beneficiaries in the design process of the development projects, their current capabilities in terms of organizational planning make it difficult to set long-term projects that follow the territorial approach of the program. As was already suggested by Gordillo et al (2016), their projects are following the inertia of the past programs in terms of implementation. In other words, although there is now a program based on the needs of the area and with a territorial focus, it does not correspond to the real capacities of the people (nor necessarily to the availability of resources in the territory) and their tools to implement it.

Despite this information showing an improvement in the social participation elements of the design and implementation process, it also seems to be underdeveloped and insufficient. It is also important to note that sometimes social participation was of low quality in the sense that on several occasions, beneficiaries wanted to undertake productive projects that would not be very profitable or not suitable in their context due to the kind of problems rural areas experience such as basic infrastructure and access to markets.

4.2.2.3. Productive projects: process and development

Participants did argue that they received training for managing their projects and developing their business skills. Although not always given on time and according to the needs of specific projects, the governmental staff realized the situation and started to provide technical support, before, during and after the projects. These workshops were given by professionals in the specific economic activity that beneficiaries were planning to undertake. Nevertheless, the kinds of activities they were starting did not always correspond to the territorial logic in which the PTP had been designed. For example, Recipient 20, a 60-year-old woman who said she had enrolled in all the programs and projects that governments had brought to her town in Tepeteopan, Puebla, explained her experience with PTP:

So, they [PTP promoters] came to town and said that if we wanted to participate in the program. They collected data, to register us, all again as if it were POP. They returned document to us, we fixed them and that, until finally the projects came out. The engineers told us that we had to choose one project, so they gave us some options according to our talks and their experience implementing projects. People chose projects with animals, mainly sheep, others with vegetables. Since I had experience in the maquiladora, I chose a textile project. They [PTP promoters] said that they had worked with these kinds of projects so they knew what we would need to be successful”.

It was implied that this program would seek to develop the whole territory, not just the immediate environment where recipients were living. Therefore, undertaking the same kind of activities implemented in the past, namely small sheep farms, vegetables, and the like, without any productive machinery at a territorial level, would not achieve the objective of the program. It is fair to say, however, that due to the conditions of the rural areas themselves,

implementing large projects is somewhat difficult (not impossible, but requires much more investment in terms of infrastructure, financing, training and a suitable development plan according to the context).

Recipient 20, a former maquila worker in Puebla, chose a textile project:

When I was younger, I learned how to make clothes, blankets and the like. That was the reason I thought we could start a clothing business if the government supported us. I believe that we could compete against the maquila established close to our area, but we would need industrial sewing machines and people to help us make prettier designs.

However, the expansion of this project to the territory was not viable because they had to compete against a maquila which was manufacturing large quantities and therefore with lower costs. Although it was in the early stages of this project, the information provided by Recipient 20 showed misplaced priorities. They focused on manufacturing just for the sake of it and seemed more interested to compete against the maquila rather than focusing on developing a unique marketable product.

Additionally, they argued that the quality of the projects was low but in the sense that they were receiving poor quality livestock and raw materials for their projects. For example, Recipient 13 from Tepeteopan, Puebla, who started a sheep project for the first time ever, said that:

When the engineers told us that we were going to benefit from the program, we were very happy, and we signed the contract and started looking for all the things we were going to need. However, we were fooled because some other people told us that they were going to help us to buy the livestock, so we trusted them, but they failed us. They gave us sick animals, low-quality animals that did not survive for long.

The above suggest that it is clear that the development of skills such as acquiring knowledge and how it is used in terms of employability is a long and slow process. It is also true that the benefits of the economic reforms implemented during the eighties and its compensatory policies such as CCTs, have failed to balance the existing inequalities among producers and

regions in political, economic, and social terms. Moreover, as was also identified by Hoddinot, Skoufias and Washburn (2000), they have concentrated their actions on mitigating the collateral effects of the previously mentioned economic reforms such as promoting consumption through cash transfers.

Some interviewees were upset with the way in which the PTP was giving economic support for projects. For example, Recipient 19 and her group in Tepeteopan, Puebla said they had applied for benefits for more than two years without a positive response. She further explained that they were tired of attending the workshops and training and blamed the promoters because of the randomness in which benefits were granted:

We sent our documents including our project proposal two or three years ago, but we have not received anything yet. On the contrary, there was a new group of people that received their money almost immediately, like one month after they started working. We were angry and disappointed with the promoter. They [promoters] told us that it was because that group applied to a different agency, but we had applied to the same too before and we did not receive anything. Everybody said it was not fair!

This answer has two interesting points; first, that there are people that want immediate benefits perhaps due to the way in which programs had worked in the past (institutional inertia), but the logic of the PTP and its projects are designed to have long-term outcomes. Therefore, it takes a long time to see positive results. Second, as it explained before, although the PTP program is supposed to make various productive programs available to beneficiaries through the coordination of different government agencies, in practice such coordination did not always occur due to informal agreements on the ground. In this case, participants (including PTP promoters and officials) explained to this researcher that political parties in the area control some productive programs and that they unilaterally decide who receives the benefit of the program, usually based on whether the locality electorally supports that party or not.

Despite the inconveniences, many participants claimed to be happy with the initiative and wanted to continue with the workshops and training. They even suggested that the technical support should continue during and after the implementation of the projects. This suggests

that, despite the slow development of the projects, there are people who are interested in finding productive outlets and generating autonomous incomes with the intention of improving the well-being of their homes and regions.

The fieldwork permitted an examination of the extent of the discrepancies between the design of PTP, as an extension of POP, and the reality on the ground. Briefly, it was found that to some extent, the PTP is now involving the beneficiaries. However, the integration of regional projects with a broader scope has still been difficult because although it was thought that beneficiaries would be able to perform entrepreneurial activities, their skills for business are limited, so they cannot generate autonomous income. The PTP design also assumed that people automatically would work in groups as they had been part of POP for year and so they know each other. On the ground that did not happen as people remained reluctant to work with specific people as either they had a personal issue with another person, or they were perceived to be unreliable to work with.

In terms of PTP's territorial development logic, it was thought that with the appropriate technical support, rural poor people would be able to integrate into regional projects by themselves. On the ground, the structural conditions of the rural areas were again taken for granted. It seems that the designers ignored the fact that some areas were almost completely isolated and therefore their access to basic infrastructure was poor. As a result of this, they had to travel long distances on foot to get to the nearest town which would also impact their access to markets thus increasing expenses and reducing possible profits.

Finally, the design of the program sought to develop projects with a regional logic. On the ground, however, the projects that were possible to undertake lacked integration with other sectors. The logic of small projects was dominant, and there was no productive chaining. This was in part because of the inertia in which beneficiaries and promoters work. On the one side, there are still people that only want to receive an economic incentive without making any effort. On the other side, there are also some promoters (and especially institutions) that still work under the logic of delivering small unintegrated projects.

CONCLUSIONS

This chapter provides some empirical evidence towards the failure of the CCT programs, like the POP and PTP at eradicating rural poverty. Instead of providing an integral and alternative development model based on building human capabilities, these schemes only helped mitigate the collateral effects of the economic reforms implemented in the 1980's in Latin America.

The first part of the chapter focused on testing the coherence of anti-poverty programs, and its complementary strategy to achieve economic inclusion (Productive Territories Program) by analyzing the reach and relevance of the objectives set by the programs and the findings resulting from the interviews.

The fieldwork showed that the POP has, to some extent, improved the education, health and nutrition rates among beneficiaries as their children are studying for more years and are healthier. Nevertheless, it was also showed that those improvements have not translated into better services as they have said sometimes their children failed their admission exams and so could not continue with a higher level of education. Therefore, these findings would also suggest that the design of the program was correct in that the best way to develop human capabilities was through a better access to education, health and nutrition. But at the same time, at the center of the debate is the fact that although it has been improved in those areas, this has not translated into better employment options for the beneficiaries. That is to say, although the capabilities approach contemplates two stages for its realization, these have not been fully accomplished through the programs. For example, although the acquisition of knowledge and a healthy lifestyle seems to be fulfilled, the use that is made of that knowledge to have a self-sufficient life is still up for debate.

Regarding the PTP, the productive component of POP, it was found that its design has positive aspects such as the fact that it includes social participation in some of the stages of the policy's processes and is trying to develop regional projects. However, it seems that as well as the POP, its design is not taking into account some of the main conditions of the rural societies. A good example of this is that it is operating in areas where there is a lack of

infrastructure such as pavements or sanitation. This fact and the inertia inherited from old rural programs could explain the way in which they are working, that is, they are developing small projects without a high probability of being successful.

In the best-case scenario, the projects are working at a local level, but they do not have links to other territories or sectors which could help them encourage territorial development. In this sense, participants are used to working under certain incentives which in general include accepting money and abandoning the group work and the projects. Hence, undertaking the same kinds of activities implemented in the past would not achieve the objective of the program.

The second part analyzed the objective features of poverty and the subjective experience of the interviewees that better help us to understand the dimensions of rural poverty. The main findings suggest that there is a general perception of poverty; the interviews showed that poor people are not always conscious of their socioeconomic situation or the fact that they are in fact, living in poverty (distant vision of poverty). Although they clearly identify main aspects of rural poverty, according to the related literature, they could not recognize themselves as poor people. This can also be a consequence of the way that rural programs have worked in the past and have shaped their way of seeing life, but this can affect the performance of the programs in the present.

It was interesting to find that despite having identified a variety of elements of poverty by both the beneficiaries and the government, the economic aspect is still playing a key role in their lives. For example, the recipients associate access to services as valuable support given by the government, however, when their access is difficult, money is the second-best option as they can use it to exchange it in the private sector

A common criticism is that CCTs lack a complementary program to generate autonomous income among adults. In this sense, the quality of employment is key because at present jobs are so precarious. Indeed, despite having two jobs, some people could not substantially increase their income. This also emphasized that social policy alone is not enough to

overcome poverty. Although CCTs are claimed to help people accumulate human capital, there is no absorption of the labor market and no economic opportunities for adults. The PTP was then the government's response to help fill that gap by promoting autonomous economic activities and income generation.

The fieldwork confirmed the central role that CCTs are giving to women as they are responsible for completing the activities in the program's established criteria which are necessary in order to become a beneficiary. It helps us understand the social aspects related to gender relations within the beneficiaries' households as well as their leading role in undertaking economic activities to support their families.

This chapter also shows that that the benefits of the economic reforms implemented during the eighties and its compensatory policies (in this case, the CCT programs) have failed to balance the existing inequalities among producers and regions in many terms (politic, economic, and social). These findings shed light on some questions related to both POP in terms of capacity building (specifically knowledge), and PTP in terms of how these capabilities are put into place. That is that it has provided evidence that generating capabilities for having a healthy life and acquiring knowledge is a long process which is not always translated into capabilities for employability as it has happened within the Mexican context. While it is true that the adaptation of the capabilities approach into the CCT programs has been only marginal, the fact that the approach works under certain assumptions has not meant that the objectives are fully met in the Mexican context. Moreover, it was seen that the CCT programs working in isolation, have concentrated their actions on mitigating the collateral effects of the aforementioned economic reforms such as promoting consumption through cash transfers.

CHAPTER 5. BARRIERS TO THE EFFECTIVENESS OF CCTS: POOR INSTITUTIONAL COORDINATION AND CAPTURE BY PRIVATE INTERESTS

INTRODUCTION

This chapter examines the perceptions of policy makers and implementers as to whether Mexican CCT programs such as *Progres-a-Oportunidades-Prospera* (POP), and the Productive Territories Program (PTP) have been effective in eradicating rural poverty. The purpose is to know the characteristics and particularities of the program design in practice, and its utility to eradicate rural poverty in Mexico. Since their implementation in 1997, the Mexican CCTs have combined cash transfers and human capital interventions (Levy, 2008; Fiszbein and Schady, 2009). Eighteen years later (2015), its economic/productive complement introduced an income generation strategy with a territorial approach. This approach followed a logic aligned with the economic thinking adopted in the country since the 1980s (see, for example, Valencia, Foust and Tetreault, 2012), in which competitiveness and economic efficiency are privileged over an integrated development model, including rural poverty eradication. This economic logic isolated CCTs from a comprehensive development strategy in practice, since possible complementarities in the sector are scattered and, therefore, lead to the intrusion of private interests that compete and capture resources from the programs, which represents barriers to its effectiveness.

Although the positive results in the short-term goals such as medical checkups and school enrollment, the analysis of rural poverty trends suggests that they have not been effective enough to eradicate rural poverty in Mexico as discussed in Chapter 2. Possible explanations do not exclude that the contraction of the Mexican economy did not help generate the necessary (quality) jobs so that the new “qualified” labor force created by POP could be absorbed, generate their own income, and escape poverty (as argued, for example, by Levy, 2019). However, the incoherence between the concepts and assumptions that informed their design, and the nature of rural societies has also played an important factor in their effectiveness. Previously, I explained the general operation of POP and PTP and their main achievements and weaknesses (see Chapter 3), and now it is important to examine their performance in practice. In order to do so, I conducted a series of semi-structured, face-to-

face interviews⁷⁶ with key policy makers and state and local implementers who work or have worked in the POP and/or PTP policy process⁷⁷, and I complemented the analysis with official documents, external evaluations and reports. I have examined their experiences with the programs to get an empirical view of CCTs' performance.

This chapter is organized as follows: First, I examine the perceptions of the interviewees about poverty, highlighting the main findings and their implications in terms of the programs. In the second section, I examine the experiences of the interviewees about the programs, highlighting the main barriers to the effectiveness of the programs and their implications for the standard of living of the rural poor population.

6. 1. PERCEPTIONS ON POVERTY: MORE THAN A LACK OF INCOME.

In Chapter 2, it was discussed that there is no consensus around a single definition of poverty or the best way to measure it, however, it has been possible to relate it to a series of distinctive elements. From being associated with primary economies and unskilled labor, lack of economic opportunities, the inability to maintain a healthy diet, to the State's inability to provide basic infrastructure and guarantee minimum social rights to the population (see for example, Deaton, 2010; Sen, 1983; Ravallion, 2010; Robb, 2002; World Bank, 2001). Although these expressions may vary in approach, they all represent obstacles for people to have a decent life. Let us remember that in Mexico, the lack of income to acquire a minimum basket of basic services and goods was established as the official threshold of poverty in the nineties, and it remained the same until 2008 when multidimensional poverty method was introduced (CONEVAL, 2014). The multidimensional poverty method considered for the first time, in addition to income, basic social rights, including food security, access to education and health services, housing, and social security (CONEVAL, n/d; and DOF, 2018). In this section I examine the perception of the policymakers and implementers regarding poverty, highlighting their implications in terms of the programs.

⁷⁶ A full description and codification process can be seen in the Methodology.

⁷⁷ The policy process understood as agenda setting, policy formulation, policy implementation, evaluation and termination (see for example, Weible et al, 2012).

The first point to examine is what poverty ‘means’ for policymakers and implementers and whether it is important in the context of programs. Most of the interviewees highlighted the improvements in the official approach to poverty that recognizes its multidimensional nature and institutionalizes its measurement, since it represents a proxy of what they have observed on the ground. For example, PTP implementer 1 claimed that:

Poverty was initially identified in terms of minimum welfare lines [poverty lines], which was helpful but when you go to rural communities, you can see how people live. There are localities with no drinking water or where the drainage system is still being built. There are families with no food or a decent place to live. There is, in general, a lack of basic services provision [...] Multidimensional poverty measurement is better in this sense because it generally matches what we see with the families in the field.

For most of the interviewees, the multidimensional approach represents an improvement in the way poverty is approached (see, for example, OPHI, 2015) and it generally matches with what people experience on the ground. However, they also recognize that there are still dimensions that are more commonly associated with deprived populations and that are not easily captured by the official measurement. For example, according to PTP implementer 2 “natural resources are an important part of rural livelihoods both in economic and environmental terms” but their access is not taken into account in the measurement of poverty. A former Director of the POP Evaluation Area and Expert in Social Development Policy (POP expert 1) agreed that “access to a safe environment is an important absence in the measurement, as well as having a decent job since they are necessary for their development”. In that sense, one member of the PTP’s technical advisory team (PTP Expert 2) pointed out “the lack of access to markets both labor and goods and services”, so even if the recipients had a small productive project, they would not have a place (outside their localities) to sell their products. The problem then, is that, although the method could be seen as a step in the right direction since it measures not only the monetary dimension of poverty, it is still a *minimalist* approach compared to the deprivations experienced by the rural poor during their lifetime, as discussed in the Chapters 2 and 4.

Furthermore, there are dimensions that are ‘not easy to observe’ but, again, they play a key role in the living standards of the rural people. Some interviewees including implementers and policymakers mentioned the fact that the rural poor have no bargaining power or management capacity. For example, the fieldwork documented a case in a locality in Puebla, where recipients developed productive projects supervised by implementers. However, they did not receive any economic support from the agencies, and although they appealed, the agencies argued they did not meet the technical criteria to be beneficiaries. Implementer 7, who was familiar with the case, stated that:

[although] the people demanded support, demanding does not mean influencing and, as we saw in this case, they have no influence on the State. There are actors with more influence in the sector, we all know who they are. They have certain power on the agenda, and of course, on how are resources distributed.

In the same line, other member of the PTP's technical advisory team (PTP Expert 1) claimed that the lack of social networks (social capital) is a key element to consider for a more accurate poverty measurement: “People, outside their communities, have no social ties or networks with which they can organize. This is important because otherwise their influence or impact on public policies is almost null”⁷⁸. Their limited influence on public policies can also be observed in the public spending in the sector, for example, the fact that in Mexico those who have had access to more subsidies are not the poor, but those who are better organized. As analyzed in Chapter 2, the imbalance of political power between large producers in the North and small producers in the South also influenced the imbalance in resource allocation. While in the North, producers received more resources for production and infrastructure including irrigation and technology (e.g., improved seeds and fertilizers), in the South they basically received social assistance (Scott, 2010; Robles, 2010; and Fox and Height, 2010).

⁷⁸ Chapter 2 also offers a discussion on the historical imbalance in the allocation of resources in the Mexican rural sector, where the most industrialized sector has benefited the most to the detriment of the rural poor population (small producers).

Interestingly, a former Director of the POP Evaluation Area and Social Policy Evaluation (POP Expert 2) mentioned that “how limited they feel to do certain things” is a response that usually comes up among the recipients when they visit their localities, and explained that:

sometimes, although there are tools that a rural person could have access to, they cannot access them because they are limited, for example, they do not have complete information, and that limitation means that they do not have access to other benefits that could make them more productive, have access to credits, or another benefit or support that could help them get out of poverty. There are even language limitations, as the information some programs share is not easy for people to understand.

The above are just some of the many dimensions of poverty that are not included in the measurement, and they have been identified by policy makers and implementers in years of experience working with programs and beneficiaries in the territories. Without taking into account the labor dimension that is contemplated, at least indirectly in POP and directly in PTP through its objectives, the rest of the poverty dimensions mentioned by the interviewees are not included in the official measurement or in the objectives of the programs studied here. In the best-case scenario, there are programs in the Public Administration that consider some of these dimensions (work, and environment, mainly) but are dispersed or not specifically designed to favor the development of rural poor families.

As discussed in Chapter 2, one of the main criticisms of the multidimensional approach to poverty is the way in which the indicators are chosen, as it can be considered arbitrary since they are defined by governments, generally following specific agendas (e.g., National Plan) or policy priorities. In Mexico, the selection of indicators was carried out following a development approach based on rights (see, for example, Alkire, 2018; and CONEVAL, 2010) inspired by the Mexican Constitution (Articles 3, 4, 27, 28, 123) and formalized in the General Law of Social Development (LGDS)⁷⁹.

⁷⁹ The General Law for Social Development (LGDS) also created the CONEVAL in 2004 as an autonomous body within the Public Administration, and with the mandate to measure poverty.

According to POP Expert 1, the rights-based approach to poverty should be more than a mere guide on how to measure it:

Poverty is perceived not only as multidimensional, but it is defined as the absence in the realization of a wide spectrum of rights, especially within the Economic, Social and Cultural Rights (ESCR). In this sense, it is not only about unmet needs, but also about the lack of realization of rights, in accordance with human rights regulations.

This is an interesting interpretation of the right-based approach as implicitly gives a more active role to the State, and therefore, it stipulates more responsibilities (positive obligations) in the fulfillment of social rights or eradication of social deprivations (in terms of multidimensional poverty). That is to say through the design and implementation of programs that actively combat multidimensional poverty and improves living standards of people. It also specifies the deficiencies of the State in its active role to eradicate poverty, since in practice the fulfillment of social rights (social deprivations) has barely been achieved at its basic level (access), neglecting the quality of the associated goods and services (as analyzed in Chapters 2, 3 and 4). While it is true that the rights approach used to measure multidimensional poverty is a step in the right direction to analyze and evaluate poverty in Mexico, its operationalization (in public policies) is a bit more complicated. For example, if the principles of interdependence (one right depends on another) and indivisibility (holistic vision) of rights were considered, it would include more poverty dimensions, and therefore, the need to integrate more sectors, agencies, and actors.

The selection of indicators in this case could be labeled as arbitrary because the right to a decent and well-paid job, gender equality, reproductive rights, and even land tenure are also social rights included in the Constitution (DOF, 2021), but they are absent in the poverty measurement indicators. Consequently, poverty measurement results should be translated into specific public policy actions that address all social rights (or deprivations) at the same time with equal importance, at least from a rights perspective. In this sense, CCTs as the main programs to combat poverty in the country, promote the accumulation of human capital, but pursuing economic objectives as their ultimate goal (as discussed in Chapter 3), neglecting the more deprivations from the perspective of social rights.

A CONEVAL, POP and PTP Expert mentioned that political influence and / or pressure around the measurement of poverty is normal since it is generally taken as an indicator of the success or failure of administrations. The informant remembered the pressure that the Technical Committee for Poverty Measurement (CTMP for its acronym in Spanish)⁸⁰, the board that preceded CONEVAL, received when establishing the technical criteria to define income poverty:

Measuring poverty is very political, no government likes it ... I mean, the reason why there is a lot of interest in the concept and measurement of poverty is because it is seen as an indicator of success or failure of administrations. [...] There is always political pressure, for example, when the Technical Committee [CTMP] created two lines for measuring poverty, food and capacities, but the government proposed three, food, capacities, and assets, so they could have a higher reference point. I mean, there was negotiations that in an autonomous body would have not existed. The entity would have said 'look, we are going to use this'.

Thus, incentives for governments to influence poverty measurement are closely related to their political priorities, in the sense that by setting a more appropriate (achievable) threshold, their administrations can be perceived as more effective. The poverty measurement by income was presented preliminarily to the Social Development cabinet on the 13th of August 2002, who would choose the thresholds (CONEVAL n/d) corresponding to the poverty lines explained in Chapter 2. There were “negotiations”, as the CONEVAL, POP and PTP Expert called it, that undermined to some extent the legitimacy of the results presented (although there was a whole technical and documented process) by the CTMP. It also showed the need for an autonomous entity that measured poverty (and evaluated social policy), which eventually resulted in the creation of CONEVAL in 2004 (CONEVAL n/d; LGDS, 2004).

Another example is first, the controversy (2016), between CONEVAL and the National Institute of Statistic and Geography (INEGI) on the data collection process of ENIGH, the

⁸⁰ The CTMP was integrated of seven academics and representatives from the National Institute of Statistic and Geography (INEGI), the National Population Council (CONAPO), the Ministry of Social Development (SEDESOL) and the Presidency.

survey from which data are collected to measure multidimensional poverty; and second, the SEDESOL's "Cartilla Social" that also sought to influence the data collection of ENIGH. On the former, the CONEVAL, POP, and PTP Expert claimed:

CONEVAL is obliged by law (LGDS) to use the information generated by INEGI. INEGI also owns the decision on how to measure and make the changes they consider necessary to improve the quality of the data. They changed the data collection protocol without notifying us. [...] That is, they trained their people on how to ask, and basically, when someone answered that 'they do not remember or do not know', the interviewers intensified the questioning. Then obviously the income reports changed dramatically, they increased but lost comparability! The other problem was that INEGI could not adequately document what happened, and they took almost a year to explain it. The key was to try to observe how much was real, how much could be explained by external factors that changed, how much could be verified by other sources of information, and how much was related to the fact that they changed the way of asking.

At first glance, these modifications would seem legitimate since making improvements is within the powers of INEGI as explained in the Law of the National System of Statistical and Geographic Information (DOF, 2015). The problem was that all this happened in a context in which SEDESOL complained that the multidimensional poverty measurement did not yet capture the effect of anti-poverty policies such as the National Crusade against Hunger (CNCH) and the redesign of POP (see, SEDESOL, 2015)⁸¹. Then, the changes in the data collection of ENIGH would also be reflected on the poverty measurement, basically saying that poverty levels fell, but not necessarily because of the effectiveness of the social programs (CNCH and POP), but in fact due to a change in the way income data was collected.

As for SEDESOL's "Social Card", which was basically a list of the programs in which the beneficiaries were enrolled, and described the resources they received for each program, POP Expert 1 mentioned that prior the ENIGH's data collection, SEDESOL handed it to all beneficiaries:

⁸¹ More information can be found at the [Boletín Quincenal de la Subsecretaría de Planeación, Evaluación y Desarrollo Regional](#), Año 4, núm 104. Agosto 17 de 2015, published by the Secretaría de Desarrollo Social, México.

SEDESOL argued that people do not know well what they receive from the government, so it was a way to make the benefits transparent, and also because people do not understand well what the interviewers ask them, so the “Cartilla” was an instrument to help them give a more informed answer. Then, when INEGI came to ask, the beneficiaries would take out their card and say, I have this much from PAL, this much from POP, and so on for each program. However, it is modifying the household income report, and it had a bias that would affect the comparability of the surveys because it was basically teaching them how to answer.

According to a SEDESOL bulletin (Comunicado No. 345), the Ministry delivered 8.3 million “Cartillas Sociales” in 22 states of the Mexican Republic. They had information on 25 federal program records from 7 agencies and 97 program records from 22 states that provide monetary or in-kind support. This information would suggest that the government did in fact try to influence poverty measurement outcomes, specifically through the “Cartilla”, as it helped beneficiaries to better account for their income through the subsidies they receive from social programs (as also documented by CONEVAL, n / d), but also in a more discreet way with the modification of the ENIGH data collection process.

Although since the creation of CONEVAL the political pressure around the measurement of poverty has not stopped, it has not had the same effect that it had with the CTMP. So far, no indicators or results have been modified. The strength of CONEVAL lies in the fact that it was created as a public body with technical and managerial autonomy, composed mainly of academic researchers without partisan filiation who guide the institution’s tasks independently and with marked technical rigor (see, for this matter, LGDS, 2004; and CONEVAL, n/d).

Thus, while there is some agreement between policymakers and implementers regarding the benefits of the multidimensional poverty measurement, there were also some interviewees who considered that lack of income was still the most important dimension of poverty, especially in rural settings. For example, POP Expert 3 claimed that:

[...] the multidimensional poverty measurement considers that all deprivations have the same value, I do not think it should be that way, and it is complicated when you want to quantify them. These decisions are controversial because you must discuss [and decide] what weight you give each one because they are all rights. I mean, even though poverty has all these characteristics, income is, for me, the factor that can most determine this condition.

This point of view is interesting for at least two reasons. First, because it recognizes the predominance of the economic dimension over any other social deprivation, and second because it attributes this predominance to the complexity of measuring the rest of the social deprivations (or social rights). In other words, it suggests that income is the best proxy to any other deprivation, since it can be exchanged for almost any good or service. This also adds to the fact that there are no quantifiable indicators to measure more complex social rights such as access to a safe environment.

Similarly, POP and PTP Expert argued:

...if income and the economic dimension are not affected, no one will be able to get out of poverty. So even if you improve human capital overall, but you do not have higher household incomes, people will not overcome poverty. [...] You have to see the problem in two ways: the one that is related to human capital that tells you that if you do not have education or health, then you have no income possibilities. The other is related to the economic cycle, which means low income..., that is related to the possibility of not generating income alternatives.

According to this expert, the importance of income lies in the fact that when you do not have it, you cannot access education and health services, and when you cannot access them, your possibilities for generating income are reduced as well. That is to say, it is a poverty trap. Moreover, although it has been shown and agreed (as analyzed in Chapter 2) that poverty is multidimensional, the testimony of the *POP and PTP Expert* makes sense in the context of the programs analyzed in Chapter 3, as POP and PTP are aligned to an economic vision of poverty, and this is reflected in their policy objectives. That is, it is about promoting the accumulation of human capital of children to improve their chances of having a better-paid

job in the future, and to improve access to productive programs so that beneficiary households can generate autonomous income.

Finally, it was interesting to know the rationale for measuring poverty from the perspective of the interviewees. For example, implementers agreed that the measurement of poverty is an important and rigorous accountability mechanism since according to them, poverty in Mexico is measured so well that that is why the levels remain high. This is partially true because although the multidimensional method includes more social deprivations, it only measures them in terms of access, which is their most basic expression. For policymakers, the measurement of poverty is not just a number or a figure, in fact, it is a tool to guide social policies, as highlighted by the CONEVAL, POP, and PTP Expert:

The idea of measuring poverty is not like measuring water. It is not for giving you an objective measure of a well-defined quantity. As I see it, it is more like a social norm for identifying and targeting policies towards the most vulnerable people, and for example, a measure of 90% [poverty] may not help you in that, unless it is an extremely poor society, where indeed 90% of the people is around the subsistence line. Therefore, you want it helps you identify the most vulnerable people, and then, use it to inform the design of public policies, that is that it helps you monitor them. If goes up, goes down, how it is distributed among the territory, which are the most and less deprived groups, and to do that you need a comparable measure over time and space.

The point of view on how poverty measurement could be used for eradicating poverty appears to be interesting. First, it helps to identify the most vulnerable groups (e.g., women, children, indigenous people, rural settings) and to whom programs should be targeted. Second, and specifically related to the multidimensional poverty measurement, it identifies the dimension or dimensions in which a certain group is vulnerable (e.g., food security, access to education and health, housing, etc.). However, in practice, the results of poverty measurement have not been translated into improvements in concrete policy actions. In fact, as POP Expert 1 mentioned “since the multidimensional poverty measurement is conducted in Mexico, there has not been new programs that seek to combat the social deprivations as a whole. Most of the programs (CCTs included) that aim to improve dimensions such as food, education, or health were launched before the multidimensional measurement existed. They

were launched even before CONEVAL was created [2004]⁸², for example, POP itself and “Seguro Popular” (Public Health Insurance) were launched in 1997 and 2003, respectively. Among the explanations as to why the results of the poverty measurement are not translated into concrete public policy actions is the fact that the recommendations issued by CONEVAL are not binding. That is although CONEVAL generates poverty information and issues recommendations⁸³ to improve social programs (LGDS, 2004), which include CCTs, it does not oblige the governments or institutions in charge of operating such programs to obey these recommendations. Although the information is generated by following technical processes, this information is not used in practice. This is because there is no clear link between those who generate and analyze the information and those who design the policies. Generally, those who design policies are politicians, whereas those who generate information are academics. Those two groups of people do not usually share the same policy arena. Moreover, within the neoliberal context, it seems that the multidimensional poverty approach implies more obligations than government institutions are able to cope with, and then the best approach they have undertaken is indirect and based on income rather than direct and holistic (rights-based) in practice. However, Chapter 4 showed that the policy experiments to generate autonomous income among the rural poor such as PTP have not been effective either since, among other factors, the entrepreneurial skills necessary to sustain them have not been yet developed.

6. 2. EXPERIENCES WITH THE PROGRAMS

As discussed before in this thesis, the design of Mexican CCTs followed an economic logic aligned with the development model adopted by the country since the 1980s. POP (1997) sought to eradicate poverty by providing a standardized social package consisting of a monetary transfer and encouraging future investments in households’ human capital in

⁸² As already mentioned in this thesis, CONEVAL was created in 2004 through the General Law of Social Development and began operations in 2006. The first results of multidimensional poverty measurement were published in 2008 and since then, the results at the national level were published every two years (2010, 2012, 2014, 2016, and 2018). Results at the municipal level are published every five years and began to be published in 2010, so the follow-up results were published in 2015.

⁸³ Article 72 of the LGDS states that the purpose of the evaluation is to periodically review the fulfillment of the social objective of the programs, goals, and actions of the Social Development Policy to correct, modify, add, redirect, or suspend them totally or partially.

extreme poverty. PTP (2015) sought to improve POP households' income generation by promoting their productivity and production by increasing their access to productive programs (as explained in Chapter 3).

The last section focused on the perceptions of policy makers and implementers on poverty and showed how improvements in poverty measurement have not been translated into specific policy actions, as they continue to focus primarily on the income dimension. Now, the incoming section examines how this economic logic followed by CCTs has isolated them from a comprehensive development strategy as possible complementarities in the sector are scattered and thus led to the intrusion of private interests that compete and capture resources from the programs, hence representing barriers to their effectiveness.

6. 2. 1. Policy Fragmentation

Public policies can be defined as concrete actions for solving a specific public problem, such as lack of access to education or health services. Although specific, public policies work together if they are coordinated effectively, but this does not happen automatically (see Cejudo and Michel, 2016). Coherence⁸⁴ is key to solve wider problems such as rural poverty where multiple factors intervene but it requires well-designed interventions to produce a desired outcome in the field (see Peters, 2015). Coordination is the process by which members of different organizations define tasks, assign responsibilities, and share information in order to facilitate the implementation of policies and programs aimed at solving a problem (see Cejudo et al, 2017).

⁸⁴ According to Cejudo and Michel (2016) there are three levels of coherence: coherence in policy, coherence among policy, and coherence among policy space. The first one refers to whether the way a public problem is approached is congruent with the problem definition. The second one refers to the relationship between policies that make up the same policy domain and that works as instruments to achieve major objectives of that policy domain. In this sense, each policy does not only coexist with others but interacts with them, either enhancing or blocking them. Finally, the third is in which the objectives of two different policy domains correspond or at least the achievement of the objectives of the first does not affect the achievement of the objectives of the second. In this one, policy domains are broader and more complex, and therefore, less flexible. Policy domains imply the solution of larger problems, which involve the intervention of more actors, with different interests, that respond to different and often contradictory logic. See also Jochim and May, 2010; and May, Sapotichne and Workman, 2007; and Pawson, 2013.

As discussed in Chapter 3, POP and later PTP were founded on the assumption that rural populations lacked income because they did not have access to decent jobs or opportunities to generate autonomous income. CCTs then, undertook actions⁸⁵ to help the rural poor accumulate human capital since it was considered the best way to get a better-paid job in the future, and to give them access to rural productive programs. Their focus on income isolated them from a broader development strategy, making coordination among relevant institutions, agencies, and actors essential to achieve wider policy objectives. However, in practice, this was not always achieved at all levels (national, state, and local).

POP and PTP implementation strategies shared the same inter-institutional coordination logic but with different characteristics as well as results. On the one side, POP were successful in coordinating actions from the Secretariats of Education, Health, and Social Development (where the National Coordination of the program was based) around a single standardized social package for all households. On the other side, PTP failed to articulate the social demand (the specific plans of the households in terms of economic projects) with the existing productive programs from seven government institutions, including Social Development (SEDESOL), Agriculture (SAGARPA), Territorial and Urban Development (SEDETU), National Commission for the Development of Indigenous Peoples (CDI), Ministry of Finance (SE), National Institute of Social Economy (INAES) and the National Financial for Rural Development (FINRURAL).

Programs for the rural sector have been historically fragmented (See, for example, Scott, 2010; and Robles, 2010). That is, they are not linked to offer a comprehensive development strategy for the rural poor (who receive small and scattered social transfers) but to promote productivity and increase exports among the most capitalized sector through production subsidies (see, for example, Fox, 2010, and Scott, 2010). Hence, coordination between institutions, agencies, and actors at the local level is difficult to achieve in practice because

⁸⁵ POP's strategy included three main components: a (bimonthly) cash transfer, and the *provision* of education and health services. The cash transfer was handed to women upon the condition of taking children to school and regular medical checkups. By this means, POP would increase food consumption, prevent child work, and allow children to continue studying and accumulating human capital. On the other hand, PTP focused on helping the rural poor beneficiaries of POP to generate autonomous income by improving their productivity, and production through increasing their access to productive programs.

the design of the programs is not harmonized to do so. Furthermore, they are not coherent since they generally do not share goals, policy instruments and/or target populations with POP and PTP. This does not mean that the rural poor do not receive resources because they do not have the potential to be productive. They do not receive them rather because subsidies are focused on maximizing production, therefore only they can be accessed by the most advanced sector, but not by POP's target population (as discussed in Chapter 2). In this sense, Expert 2, who was part of the advisory team that designed the PTP, has been critical about how subsidies were distributed in practice in the context of the PTP:

In general, the available resources were for small projects, without significant territorial impact or in reducing poverty because there is no articulation to a development strategy. Existing programs have different objectives and are divided into productive programs and social assistance programs, but they are not linked to each other as they follow different working logics.

Then, when institutions at the federal level agree to coordinate (define tasks, allocate responsibilities, and share information), this usually only happens on paper. Programs at the state and local level follow their own formal and informal rules, have their own work logics, and/or their actions may not pursue the same objective or may not be complementary. This information gap makes duplications or complementarities difficult to detect. In practice, this mismatch in information, values, and beliefs makes any coordination difficult and gives rise to the presence of external and private interests as we will see later on this chapter.

There are visible inequalities between regions (north and south) and producers (industrialized and small and medium producers) that the Mexican CCTs seem to have ignored. CCTs design assumes, in practice, a broad homogeneity among rural societies. The reality is that the countryside has changed over time, in sociodemographic and economic terms. Just to illustrate some of these changes, while rural people are predominantly young, property rights, access to credits is limited to older producers (see, Robles 2010). Programs that could help rural poor to improve their living conditions do not always focus on them, as is the case of productive development programs, which are mainly designed for the most developed sectors (see, for example, Fox and Haight, 2010, and Berdegué et al 2015). Those programs that

focus on the rural poor are minimal, scattered, and do not contribute to create a suitable environment in which they can live a self-sufficient life. As discussed in Chapter 3, POP, and recently PTP, are focused on solving their low capacity to generate income, which is only part of their problems. Notwithstanding, in order to have an integral and sustainable anti-poverty strategy, it is necessary to cover more deprivations experienced by the rural poor, not only some cash, and access to education and health services but also those environmental, social, and economic factors that influence their quality of life as well. To resolve this, it would need a reengineering of rural public policy, or an even more intense and well-planned coordination strategy biased towards the rural poor. In this sense, the PTP showed the complexity of institutional coordination in the rural sector at the national, state and local levels, since it involves multiple interests, sometimes outside the objectives of the policy. A reengineering of rural policy could be an interesting approach, as a comprehensive development strategy targeting the rural poor could be designed. However, this solution requires a well-designed development strategy, including its operative strategy, as well as strong political will to effectively navigate through vested interests in the sector.

Created two decades ago, Mexican CCTs have not adapted to the changes experienced in the countryside over time, nor to address the multiple deprivations that the rural population faces during their lifetime (see Chapter 3). The inconsistencies between the CCTs design and the nature of the rural poverty can be analyzed through the above argument. For example, in order to fight against (income) poverty, PTP focused on the elaboration of productive projects. According to the design of the PTP, beneficiaries had to develop a community plan (at the local level but seeking to generate synergies among sectors and territories) based on their needs, available resources, and their own vision of development. Nonetheless, due to different reasons, projects barely follow those characteristics, making them impossible to sustain over time. For POP and PTP Expert, who worked updating the PTP implementation methodology, there were working realities absent in the program operation:

There is no space in public administration for this kind of project [...] the support they receive is small, over-focalized, and without long-term vision. They are merely resource delivery”. “[For example] the subsidy they receive for their projects is much lower than the subsidy normally given by other productive programs, so even

if they have a good idea with a territorial business opportunity, the financing is not enough to sustain it over time.

In the same sense, Implementer 2, who helped PTP recipients to develop a local development plan and a territorial project, highlighted the inconsistency in financing for projects approved in the program:

There is incongruence around the projects and funding, for instance, for a cows project to be profitable, you need at least 10 cows. Here [in PTP], you give 6 cows to 5 people. It is not enough. There is no development vision. There is no link among strategies.

Although Berdegúe et al (2015) do not mention a specific kind of project, they argue that every PTP recipient would receive \$10,300 Mexican pesos annually. An amount that does not seem sufficient to undertake a territorial development project in the long run⁸⁶. Following the example of the cows given by the aforementioned interviewee, the average amount each family receives is barely enough to buy a cow (in the best-case scenario), without considering food and shelter. Berdegúe et al (2016a) also claim that due to the lack of coordination with other ministries and agencies (SAGARPA, for example), which had their resources already allocated and compromised, there was not possible to finance more projects and families. Then, when Implementer 2 and POP and PTP Expert claimed inconsistencies in the financing of the program, and therefore, the absence of a territorial development strategy in practice, external reports seem to confirm their claims.

As we discussed in Chapter 2, rural programs in Mexico do not provide a comprehensive development strategy for the population. Much less they are designed to provide specific attention to the most vulnerable groups. In this regard, the “*Programa Especial Concurrente para el Desarrollo Sustentable (Concurrent Special Program for Sustainable Development) (PEC)*”, a coordination policy tool, which includes public policies aimed at guaranteeing the rural poor (e.g., peasants, small farmers) their participation and incorporation into national

⁸⁶ PTP financed 196 of 574 productive projects presented between 2015 and 2016, investing a total of \$104.4 million pesos for 3,744 families.

development (LDRS, Article 14), does not make explicit the programs and actions that comprise it. According to Fox and Haight (2010), PEC does not coordinate rural programs towards a sustainable development goal, it simply (re) groups and (re) names existing programs by common functions such as productive and social assistance. To provide a comprehensive development scheme, it would be necessary to bring together ministries, agencies, bureaucracy and other related actors. The logic behind is that a proper institutional coordination reduces duplication and fragmentation of the actions, improving efficiency and access to beneficiaries. By this means, proper coordination can not only help address multiple needs and strengthen understanding and trust among institutions and organizations, but also an appropriation feeling in the public space (see, for example, Leyton et al, 2016). Nevertheless, PTP operation was more complex than POP and quite different than it seemed on paper. According to the CONEVAL, POP and PTP Expert, who studied POP closely and was part of the PTP design team (at the beginning), there are key differences in how a social program like POP and a productive one is operated:

It is important to recognize that there is a very different degree of complexity in making a coordinated productive program [PTP] compared to one like POP. POP offers a standardized basic package of human capital through two Ministries, Health and Education, which only provide their services as usual and register attendance. It is very different to offer productive support, where the package provided to each family is different. There is no standardized package.

Despite certain literature (see, for example, Barrientos, 2012, Berdegué et al, 2015, Handa and Davis, 2006) recognizes the possible advantages of “complementing” social programs such as POP with productive programs like PTP in the fight against poverty, there is no agreement on how to make them succeed. In this sense, PTP designers assumed that institutional coordination at the federal level would be sufficient for programs to allocate resources and work in coordination to meet their objectives (Berdegué et al, 2015). The truth is that it was not enough to make them work at lower levels. Possible complementary programs in most cases had requirements that POP and PTP beneficiaries did not always meet, therefore, in practice, they were excluded from their benefits. For example, to be a beneficiary of the Agri-food Productivity and Competitiveness Program of SAGARPA (Agriculture), which aims to increase productivity through investments in physical, human,

and technological capital, they must prove that they own the land where the project will take place (DOF, 2013). This is not easy because PTP beneficiaries are mostly women (POP), who do not have rights over land (with few exceptions)⁸⁷.

Other example is the Fund for Support to Productive Projects in Agrarian Settings of SEDATU (Urban and Territorial Development), which objective is to generate employment and income through productive projects, offers support to groups of 3 to 6 members. Nevertheless, PTP recipients are sometimes reluctant to organize themselves around these programs since it means deviating time and efforts from their family and work in activities with an uncertain future. Besides, recipients do not trust on “organizations promoted from outside [of the communities] with imposed rules” (Berdegué et al, 2016: 7) since experience has taught them that they are easily corruptible. A case was documented in Chapter 4 in which an implementer (7) from a community was prohibited from submitting project proposals to any of the programs “linked” to PTP. The reason was that the community was “supporting” a different political party than the one in power (PRI at that time). This information was also replicated by other interviewees as it was a known case within the program. Implementer 7 stated that they had to seek alternative funding sources to PTP because the prohibition of the POP state delegation discredited his work in front of the community, who had trusted them. This also means that most of the time, implementers worked against a complex bureaucratic apparatus, which is against them because private interests were at stake.

That is why, for POP and PTP Expert, inter-institutional coordination is not just signing agreements at the national level, it also needs a change in work logics at the lower levels:

Sometimes when you put a coordination and articulation effort, it does not occur in reality, ...because [real] agreements have not been reached. Well... you make agreements, and you document them, and through a committee, you follow up and ‘everyone participates’, but in fact, everybody is following their way. The government agencies at the state and local level have their own goals, processes and even, their own beneficiaries, and POP’s [+PTP’s] recipients do not always fit.

⁸⁷ Nationwide, only 25% of the rural women hold a type of land certificate (RAN, 2019).

In this sense, Expert 2 claims that coordination between PTP and some agencies is difficult because they have found a way to avoid changes within their institutional structure since there are vested interests involved:

...For example, SAGARPA has 11 components with different target populations, managed by 7 different areas and not even from the same ministry. They have duplicate services, and they all work like programs. SAGARPA has learned to move its components from one place to another, but they are the same. So, coordination [at the lower levels] is difficult because, for example, if you eliminate a program, the middle-level bureaucrat thinks that you are taking their jobs, so they will do whatever they have to do to avoid it.

The fieldwork showed that trying to coordinate actions among agencies and ministries is useless because they all work under certain logic that is not compatible with a program like PTP. That is, although PTP is focused on promoting productive activities with a territorial approach, many of the 15 possible complementary programs identified (Berdegué et al 2016a) are thought/designed following non-territorial specific objectives, which sometimes can converge with PTP but most of the time they force the convergence. Most of these programs focus on the productive dimension but ignore the needs and capabilities of the rural poor. These programs have made no efforts to coordinate with PTP on the ground. For example, they have not changed/modified their operating rules, which could assign specific tasks, tools, and responsibilities to actors at all levels to generate synergies between programs and thus ease territorial development. In this sense, POP Expert 2, who was Director of POP Evaluation area and was part of the team that evaluated PTP in its first period, claims that agreements at the local level are key but not as important as they are at the highest level. However, these agreements have to be very specific and involve financing promises:

The Coordinators of PTP and some programs of SAGARPA (FAPPA and PROMETE) are very good friends and that is why there was a good collaboration. But since things work in SAGARPA in a certain way, the agreements must be made at the Secretaries level. That is, between the Secretaries of SAGARPA and SEDESOL or HACIENDA, not between national operators. Although the PTP had a general agreement with

several programs, what it needed was a specific written agreement between the secretaries, committing themselves to allocate resources to PTP.

As productive programs have not been historically designed for the rural poor (see, for example, Fox and Haight, 2010) but to boost the large-scale exportation sector. The rural poor receive social assistance at best, which not only has not helped them to overcome poverty but also to some extent it holds them there as is now an assimilated benefit. Here, therefore, the complexity of the articulation between social and productive policies can be understood at a basic level. They do not share the same objectives. Eradicate rural poverty versus increase the production of goods. The latter takes productive skills as an existing asset among its recipients. Therefore, to be compatible, the former (POP in this case) should have helped to develop necessary skills of its recipients so they could use them in labor markets. However, given the quality of the services provided by POP, this seems to be under debate as discussed in Chapter 3.

Then, although there are institutional agreements at the highest level, the incompatibility of objectives between productive and social programs maintains coordination problems at the lower levels (see, for example, Cejudo y Michel, 2016)⁸⁸. For PTP Expert 3, who worked in the National Coordination of POP and PTP, the incompatibility of work logics between social and productive programs was key to understand why PTP did not work as expected:

Although it was thought that the program would bring together the entire institutional offer and match it with social demand, the reality is that many of the programs worked according to their own logic. They followed their own objectives [...] Writing things on paper does not necessarily mean that they will happen in reality. PTP talked a lot about cooperation and coordination with other government agencies, generating synergies, things that in reality did not happen.

Therefore, although PTP's design assumed that the agreed institutional coordination among governmental bodies at the national level would be also valid at the state and local levels,

⁸⁸ Cejudo and Michel (2016), explain that “coherence in the articulation of policies occurs when the achievement of the objectives and the implementation of the components of one policy are reinforced by the achievement of the objectives and the implementation of the components of another policy”.

this did not happen in practice as some evaluations (see CONEVAL, 2018) made to PTP and fieldwork conducted for this thesis propose. The above suggests that while it is good that PTP sought articulation as a central element for territorial development, it is also necessary to involve in the policy-making process people experienced working on the ground, who could add and help the programs and strategies to be coherent, flexible and adapt to a different context. More importantly, the strategy must be comprehensive in every way because when everything is uncoordinated and each agency and actor follows its own interest and work logic, there is no coherence and, therefore, the effectiveness of the programs is reduced. It is important for the success of the (poverty eradication) program that the institutions, agencies, and actors involved share objectives, values, beliefs and information, as well as that responsibilities and clear actions to be implemented are established. Otherwise, we will have an isolated strategy making small and unarticulated (productive) projects, but incapable to address various deprivations experienced by the rural poor, and/or captured by multiple external interest.

6.2.2 Private Interests

Policy fragmentation allowed the intrusion of private interests, that is actors (organizations and/or individuals) with (political and/or economic) interests outside of the program objectives that also affect their management, coordination and ultimately, their effectiveness. Although most rural programs have operation rules that *control* their performance, the fact that PTP is a strategy that depends on more programs⁸⁹ in the sector gives room to resources leakage through its different and uncoordinated stages. In practice, due to the absence of strong local institutions that effectively deliver programs, private and better-organized actors dispute and capture more resources, since their lobby capacity is greater than of the rural poor (see discussion in Chapter 2). Additionally, as discussed before, most rural PTP-related programs work under a logic that is not generally compatible with POP's and PTP's goals. They do not share the same values and beliefs, as they were designed following different objectives such as improving the productive capacity of most developed producers rather than eradicating poverty. It is a vicious circle in which private interests make coordination

⁸⁹ As explained above, the design of the PTP identified 15 programs from 7 government ministries that could potentially converge with PTP to generate synergies and help communities to develop.

among agencies and actors more difficult at different levels due to the resources dispute, making anti-poverty strategies more expensive, and ineffective as resources are allocated where they are not needed.

Over the years, rural societies have seen how the resources of the sector have been captured by interest groups with greater lobbying capacity than the rural poor such as agribusiness of the North (see, for example, Fox and Haight, 2010, and Scott, 2010). Over the years, this disparity in lobbying capacity helped agribusinesses to concentrate a significant portion of production subsidies (in the form of infrastructure, irrigation, research, and technology), and materialize their advantage in the country. Later, in the context of NAFTA, claiming the need to reduce the productive gap between agribusiness and their foreign competitors (the US and Canada), the disparity between the rural poor and agribusiness in their lobbying capacity was exacerbated. Other groups and organizations, with private interests, have also increased their local power and pushed the government to give them some “benefits” in exchange for some “social stability” (see discussion in Chapter 2).

The overconcentration of subsidies does not only make anti-poverty strategies more expensive, but also makes inter-institutional coordination more difficult at the local level due to the dispute for resources. The resource misallocation (see, for example, Scott, 2010: and Robles, 2010) also impede the effective achievement of objectives of the programs. In other words, given that rural programs have focused on subsidizing production of agribusiness and the fact that the rural poor have little influence on policy, they have not been adequately supported to achieve their full potential. In the best-case scenario they receive small and scattered benefits such as social assistance programs. This lack of support is expensive for the sector and the national economy because the rural poor (small farmers and peasants) account for 81.3% of the productive units in the country (SAGARPA, 2012).

As stated, the lack of support for the rural poor not only stems from the economic logic of the development model adopted in the country in recent decades but also because there are better-organized actors, who have concentrated such political power that they can influence the agenda and budget of the sector. According to CONEVAL, POP, and PTP Expert, who

has also conducted research on the concentration of subsidies in the rural sector, and to POP and PTP Expert, who worked in the national coordination of the programs, there are also internal fights that block allocating resources to the poor, reducing coordination as well:

Although it is compulsory [a level of coordination], it is not enough to make SAGARPA give you some money [financing] because, at the end of the day, there is a fight for that money. Then, 'here, there are some million pesos for financing productive projects', and over there, there are million people that are fighting for that money. Additionally, many of them are co-opted because there are unions and interest groups that monopolize a large share of the budget. – CONEVAL, POP, PTP Expert

There are certain agreements, with other visions and another political need. In the end, the resource arrives at people, but it generates a control result that maintains part of the society relatively calmed. – POP and PTP Expert

Coordination agreements are more a political discourse than reality efforts on the ground. Although the program explains the selection process for field workers (community and functional promoters) and their capacities and added value to the operation of the PTP, it also appears that the design of the PTP did not include an adequate strategy for working with other actors in the extended territory. For example, with the State Delegates, who play a key role in the success or failure of projects. In this sense, Experts 1 and 2, who were part of the Advisory team of PTP, mentioned how the working logics of the different actors is important to understand the ineffectiveness of the program:

It is important to recognize that there are not only recipients in the territory but also actors that play a key role in the projects and need to be taken into account to generate a strategy that actually works. - PTP Expert 2

It is necessary to understand how the government structures work. Most agencies have their own working inertias. SEDESOL has one, it does not matter the area, and SAGARPA has different inertia too. Those inertias (along with beneficiaries' inertia) play an important role in the effectiveness of the programs. SAGARPA resists change, for them, the rural poor do not have productive potential because they are used to that. – PTP Expert 1

According to literature (see, for example, Cejudo y Michel, 2016; Gordillo, 2014), in order to solve its complexity, public policies require a degree of intense coordination, where the dynamics and organizational processes of each sector involved generates a new structure for the operation of the program. For POP and PTP Expert, those structures already exist but it is necessary to change the way CCTs interact with recipients, because for years they have been taught to receive a subsidy, rather than generating the elements for their development:

We must change the way POP works, so they do not believe that they are giving money and that is it. The truth is that you end generating operative structures that have a relation and attention strategies. Very well-armed, with maturity and effectiveness after many years, we are talking about 25 to 30 million Mexicans. [...] Also, the structure does not transfer knowledge and accompaniment to your [target] population. It is an attention structure to efficiently deliver the support[...]. POP has an operative structure to deliver [a benefit], not to accompany [technical support] looking for endogenous development.

This was actually confirmed in further reports of the PTP: “The most important lesson of the PTP operation in 2015 was that coordination model did not work. Only 3 out of 15 productive programs linked to PTP adjusted their administrative routines to provide goods and services to POP families” (Berdegué et al, 2016: 6). As a result, POP and PTP families did not have greater access to goods and services aimed at promoting rural production within the federal budget.

Perhaps, one of the most important gaps in PTP’s design, was that it could not sort out the working inertias either among recipients or the bureaucratic structure generated over the years. If PTP wanted to generate a territorial dynamic by encouraging social participation in productive development, it could have done more about the working and processes inertia of POP and plan clearly its mitigation strategy. In this regard, CONEVAL, a POP and PTP Expert claimed that:

the existing public programs have an allocation inertia that PTP could not modify. They open the service window, they take some hours to give it all to the same people of all years, whom most of the time are not particularly poor but particularly well-organized.

Working inertias are present at all levels, from the national one, where Secretariat just sign papers but do not validate information onsite, to the state and local ones, where people follow their beliefs and biased knowledge on a certain problematic. For example, PTP expert 1 pointed out that:

even the National Coordination of the PTP thought of small projects, not because they did not believe in the territorial logic of the PTP, but because that is how they are used to work.

Moreover, according to all implementers and some experts (e.g., PTP Expert 1, POP Expert 1 and 2) mentioned that the National Coordination of the PTP asked its staff to reach a certain number of projects. Not even accepted by the complementary programs. They just wanted to boost the “number of projects submitted” indicator as a way of success so they could expand the program as soon as possible. This “working inertia” contributed to the failure of the territorial logic of the program, as implementers were pushed to finished projects neglecting their quality and viability according to the initial design.

Implementers also recognize that this attitude seems to be a general rule at some stages of programs. They have witnessed how programs have been captured by private interests, impacting on the achievement of PTP goals, as was also documented in additional reports on PTP (Berdegué et al, 2016a). For example, POP beneficiaries who are also working with the PTP, design and develop a written proposal of a productive project with a territorial approach. After this, and supervised by PTP implementers, they submit their projects to specific institutions according to the nature of their projects and wait to be financed. Supposedly, if their project meets the technical requirements, the government deposits them the money in a personal bank account. With that money, they have to buy the livestock or/and supplies they need to start their business, which is later verified by a civil servant, and finally, they implement the project under the assumption it will work. However, implementers claimed that due to beneficiaries’ susceptibility and the lack of trust in the government generated over the years, some beneficiaries are approached by private technicians, who follow their own

benefit, and cheat beneficiaries by promising unreal things about their projects, making them fail. For example, Implementer 2 explains:

Many of the projects have been captured by private consultants, they promise beneficiaries to manage their projects in exchange for a percentage of total financing. However, these private consultants bought low-quality livestock and goods for beneficiaries' projects, resulting in failure of the projects. [...] We found out that INAES and some private technicians colluded to take advantage of beneficiaries. They asked them to avoid working with us [PTP staff] in some communities arguing that only through them the projects would be financed.

As it was discussed in Chapters 1 and 3, although POP's design would help to reduce discretionality, political clientelism and administrative costs (see, for example, Antón et al, 2009, and Tirado-Alcaraz, 2014), these practices are difficult to eradicate as the fieldwork found. According to different interviewees, PTP was captured by some people within the ruling party, controlling them at the local level for benefiting certain 'organizations' despite the law. Through regional offices (UAR for its acronym in Spanish), which is the body that controls the list of beneficiaries, decides which communities are eligible to submit project proposals and to receive funding, according to their political orientation. For example, Implementer 3, told how the state Delegates controlled access to programs through a list, in which they discriminated localities according to the political party that governed them:

The Coordination⁹⁰ told us off for not supporting the ruling party in the presentation of the First Report [of the program]. Then they asked us to give them a list to check it and approve it in the delegation so they could be eligible to be supported. They returned a list with crossed-out names and highlighted with colors: "green = yes, yellow = only in combination with green, red = never" [...] People noticed we were discriminating against them by political colors, which made us look bad with them, we lost credibility and their trust.

As documented in previous chapters, there is a long resource capture tradition (in the rural sector) in Mexico, that has benefited private interest either political organizations or large

⁹⁰ The interviewee refers to the State Coordination of POP as it was the first point of contact/communication outside of the PTP.

agribusiness (see Chapter 2). Due to their greater lobby capacity, the [technical-economic] support has been traditionally concentrated on some actors, whereas small poor producers have received very little, affecting also their willingness to participate in activities that could encourage/promote their development. This has been documented by Fox and Height (2010), Robles (2012), and more recently in PTP external reports (Berdegué et al, 2016) who pointed out this conduct as the main reason for the resistance of families to participate with the program. In this sense, PTP Expert 2, explains how some rural programs work in practice despite agreements reach at higher levels:

Although policymakers sign agreements of collaboration among programs, resources are already reserved by/for interest groups that are not poor but well organized. For example, FAPPA and PROMETE, two programs that should work with us [POP and PTP] open a special service window for organizations, so when POP beneficiaries submit projects the chance to get funding is very low. They prioritize those organizations because there is already a political agreement to do so.

Fieldwork found that even when the ROPs of some programs were modified to say how to work and under what circumstances⁹¹, the government Agencies through programs have “commitments” that need to be accomplished with certain groups of power. Organizations receive special attention from the bureaucrats in charge in order to ensure they will receive funding. POP was more difficult to be captured than PTP, as the former had its own operational structure and provided a standardized package of services, rather than a distinct productive package per household as PTP intended. PTP depended on the different operational structures of rural productive programs, which used to operate under certain formal and informal rules, and norms, making it especially vulnerable to capture. In practice, there are involved a variety of actors, institutions and political forces that are not usually considered in the designing process⁹² of the CCTs (in Latin America at least) as specialized literature has argued (see Borgues, 2011). According to external reports, programs linked to

⁹¹ Some of the changes included: labelled resources for POP families participating with PTP, b) it was created a space for dealing with productive inclusion difficulties through the stablishing a committee on Employment and Savings, c) obligations were introduced for programs which in theory would reduce obstacles for beneficiaries.

⁹² For Borges (2011) given the difference in realities, needs and institutional capacity of Latin American countries the fact that similar design features are present in CCTs among the region suggests that “cognitive heuristics or cognitive shortcuts” may be at work.

PTP “changed” some of their components, simulating they were creating new programs and integral initiatives truly different to the pre-existing ones but only because of political pressure from some Ministries (SEDESOL and SHCP), and in practice as it was documented it was just simulation.

Overall, design and practice were inconsistent in PTP. The fact that it was not actually a program, but a pilot program, because it had no budget or ROP made it dependent on other programs. Therefore, although it had its own objectives and goals, it could not operate independently as it needed to use not only POP’s institutional infrastructure but also depended on the “goodwill” of other 15 rural programs to achieve its goals. Nevertheless, their informal agreements/commitments were stronger and their support to PTP was fictitious, having as a result that only 3 of them transfer few resources to POP and PTP beneficiaries. Also, although it tried to encourage social participation among recipients, this was difficult to achieve because of work dynamics that the government agencies and recipients have. Just few people had or developed the necessary skills to undertake a productive project with the complexity that a territorial approach has. Interestingly, although it was created under the assumption of inter-institutional coordination, which actually articulated a number of Ministries to approve the pilot, there was no coordination among key actors at all at the lower levels. This lack of coordination opened the doors to private interest who infiltrated the strategy at different levels, capturing it and “its resources”. The result was the erosion of social participation within the program, the atomization of the projects due to a lack of integration among actors (beneficiaries), sectors and territories, and the failure of the general objective, which was generating autonomous income.

CONCLUSIONS

Since their implementation, POP and PTP followed a logic aligned to the economic thought adopted since the eighties, in which competitiveness and economic efficiency were privileged over an integrated development model. They kept their initial minimalist design focused on income, suggesting that poverty is a unidimensional problem, and therefore, only needs a unidimensional solution, isolating CCTs from a broad development strategy. However, rural poverty encompasses a variety of deprivations not only economic but also

social, political, and environmental that affect the quality of life of rural societies. These deprivations, systematically experienced by at least 60% of the rural population (as discussed in Chapter 3) have been widely documented in the literature on poverty (see for example, OPHI, 2018) and through the fieldwork conducted for this research.

The fact that CCTs follow a logic in which overcoming income poverty is directly and indirectly (through improvements in beneficiaries' human capital and more access to productive programs) their main objective, has resulted in a limited strategy for poverty eradication. Through a series of interviews with key actors in the policy process, it was found that although there is recognition that governments are improving the way they identify poverty, as they now are incorporating multiple dimensions, there is also concern that these improvements are not translated into concrete public policies actions. CCTs' design has not been adapted to address key elements of rural livelihoods such as sociodemographic changes, inequalities between their regions, gender relations, or their relationship with natural capital. They remain focused on income because not only represents the easiest/cheapest way of measuring government success (at least in social terms) but also because their logic is aligned to the economic thought adopted in the country since the 1980s, which privilege competitiveness and economic efficiency over an integrated development model. That is why, although it could be argued that POP and PTP increase human capital and seek to improve access to productive programs, respectively, the truth is that they are only tools to increase income since there are no complementarities with other programs that could address more vulnerabilities and provide a more sustainable escape from poverty.

Hence, this way of thinking has kept existing rural programs fragmented and usually out of reach of the rural poor. CCTs' isolation from a broad development strategy has made coordination among relevant institutions, agencies, and actors essential to achieve their policy objectives, however, in practice, it is not always achieved at all levels (from national to state and local). Fieldwork helped document that although coordination agreements were made among 15 relevant Ministries for the development of the rural poor, these were not automatically translated into effective actions at lower levels. One of the main reasons was that public policies are designed from the top and rarely incorporate lower-level workers with

more experience with the bureaucracy, the institutional structure, and the recipients on the ground.

Another important explanation was that due to programs for the rural sector are historically fragmented, they are not linked to provide an integral development but to promote productivity and increase exports among the most capitalized sector (as also discussed in Chapter 2). That is to say that productive incentives such as production subsidies have been focused on industrial farmers, whereas the rural poor have received mainly small and scattered social transfers. Therefore, even though agreements were made to coordinate institutions, agencies, and actors at the highest level (federal), the programs that they are tried to link do not share target population, objectives, actions, or values and beliefs with POP and/or PTP. Meaning that coordination agreements were just simulation in practice as programs that were intended to link did not change in essence, but they just rename some of their existing elements.

In other words, since most of the rural programs that intended to complement POP and PTP are focused on maximizing production, only the most advanced sector can access them, but not POP's and PTP's target population. This does not mean that the rural poor do not have the potential to be productive, but due to the way programs are designed (including operation rules), they are currently unable to access them. Consequently, when at the federal level institutions agree to coordinate, this usually only happens on paper as at the state and local level programs do not share information, their actions do not follow the same objective, therefore, they are not complimentary. Moreover, they follow their own formal and informal rules, as well as working logics (inertias), which makes any type of coordination difficult and gives rise to the presence of external and private interests.

The existing policy fragmentation allowed the intrusion of actors (organizations and/or individuals) with political and/or economic interests outside of the program, affecting not only their coordination but also their effectiveness. The fact that PTP is a strategy that depends on more programs in the sector gave room to resources leakage through its different and uncoordinated stages. In practice, due to the absence of strong local institutions that

effectively deliver programs, private and better-organized actors dispute and capture more resources, since their lobby capacity is greater than of the rural poor (see Chapter 2)

Programs have also been captured by individuals (e.g., private technicians) who take advantage of beneficiaries' susceptibility and the lack of trust in the government generated over the years, by promising unreal things about their projects, delivering low-quality inputs, and in general, low-quality technical assistance making their projects fail.

In summary, the lack of adjustment between the design of CCTs and the reality on the ground affects their effectiveness in the eradication of rural poverty, which is also exacerbated by the lack of institutional coordination and the capture of resources by private interests in a neoliberal context.

CONCLUSION

INTRODUCTION

Mexican Conditional Cash Transfer (CCT) programs such as Progresa-Oportunidades-Prospera (POP) launched in 1997 and Productive Territories Program (PTP) launched in 2015 as part of the linkage component (formalized in 2016) of the former, are not effective enough to substantially reduce rural poverty because their design does not match the reality of rural societies. CCTs, as discussed in previous chapters, were designed following the economic thinking of the 1980s in which competitiveness and economic efficiency were privileged over an integral development strategy including rural poverty eradication (see, for example, Cecchini and Martinez, 2012; and Levy and Rodríguez, 2004). POP initially implemented in rural localities with high to very high degrees of marginalization⁹³ (as explained in Chapter 3) was designed to overcome rural poverty by combining cash transfers and interventions for human capital accumulation in children (see Progresa 1997; and SEDESOL, 1998). It was expanded to urban areas in 2002 as a consequence of the supposed achievement of its short-term objectives (see, for example, Cecchini and Martínez, 2012; and Levy, 2008) such as increasing school enrolment and health checks. It was replicated worldwide thanks to the broad promotion by international financial institutions such as the World Bank (see for example, Borges 2011; Saucedo et al 2018; and Tirado-Alcaraz 2014). As an extension of POP inserted within its linkage component, PTP included an economic/productive promotion strategy for POP's families through improving their access to productive programs in order to generate autonomous income (Berdegué et al, 2015; RIMISP, 2017). Notwithstanding, as Mexican CCTs have not been able to adapt to the complexity of rural societies and their changes experienced over decades, they had limited success in substantially reducing rural poverty.

⁹³ Briefly, CONAPO's marginality index measures the lack of social opportunities and the absence of capacities to acquire or generate them, but also the deprivations and inaccessibility of goods and services fundamental to the well-being.

Although POP used the language of the theory of capabilities developed by Sen (1985, 1999)⁹⁴, in practice, it took an instrumental role of education, health and nutrition to improve productivity and achieve economic objectives (see for example, Yaschine, 2015). In other words, seeing development as an expansion of the freedoms enjoyed by society, CCTs in Mexico used the capabilities term only discursively, since, through investments in human capital, CCTs sought to improve opportunities for individuals to access the labor market (as well as firms' profits). This approach is more related to the theory of human capital that refers to the innate or acquired abilities that an individual has to improve their productivity (see, for example, Acemoglu & Autor 2009; Becker 1994; Gardener 1993). This suggests that an economic and minimalistic view of rural poverty still predominates in policy design despite the available evidence as to its multidimensional factors.

This research focused on demonstrating that given that the assumptions and concepts in which CCTs' design was inspired are inconsistent with the nature of rural societies, programs have not been effective enough to substantially reduce rural poverty. This inconsistency also emphasized their isolation from a comprehensive development scheme in which the lack of institutional coordination prevented possible synergies in the sector and allowed private interests to capture the program.

Therefore, the key findings are that CCTs are not effective enough in substantially reducing rural poverty because they follow an economic logic (aligned with the neoliberal development model) that is an incomplete vision of rural poverty. Second, although there is now a wide agreement that rural poverty is much more than a lack of income and its measurement has even been updated, such consensus and improvements have not been reflected in the design of the programs. This is important because CCT programs have been the cornerstone of the national social policy for at least two decades. Third, as is the case with the Mexican context, generating human capital is a long process that is not translated into capabilities for employability if, for example, the provision of services is low quality and there is an absence of complementarities that strengthen them. Finally, the

⁹⁴ The capabilities approach contemplates two stages for its realization. First, the acquisition of knowledge and healthy life that seems to be fulfilled, and second, the use that is made of that knowledge to have a self-sufficient life.

incompatibility between the design of CCTs and the nature of rural societies can also be observed in a fragmented and dispersed rural policy that not only fails to benefit the rural poor but also deepens inequalities within the sector.

This research combined methods including data analysis and semi-structured interviews with key stakeholders in the anti-poverty policy process including policymakers, implementers, and CCT's target population. The purpose of these interviews was to determine whether the level of fit between CCT's design and the nature of rural societies impacts the reduction of rural poverty in Mexico.

7.1. CCTS: MAIN CHARACTERISTICS AND GENERAL WEAKNESSES

As explained in Chapter 3, the idea behind POP was that the poor do not only lack income but also have limited access to education and precarious health and nutrition conditions. This, in addition to scarce employment opportunities and the absence of public services, restricts their self-improvement opportunities. Then, it was necessary to provide the goods and services necessary to acquire the necessary skills to achieve a self-sufficient life. Thus, the strategy included three components: education, health, and monetary support. The education component tried to contribute to equalizing opportunities since it provided children and young people with the essential resources to improve their socio-economic condition. The health component sought to provide access to a preventive health package for the whole family, including educational sessions ("*pláticas*") on health. Finally, the monetary component was a bimonthly cash transfer given to women from poor rural households to promote consumption in order to satisfy their basic needs and to improve the educational and health habits of families (see, for example, Cecchini and Martínez, 2012; Handa and Davis, 2006).

Chapters 1 and 3 showed that CCTs had mixed results. For example, POP's main success lies in its short-term objectives, as claimed by extensive literature (see for example, Angelucci et al, 2010; Behrman et al, 2009; Skoufias and Parker, 2001 among others). It increased the rates of enrollment and attendance of boys between the ages of 12 to 17 between

3.2 and 5.8 percentage points, while in girls, it increased between 7.5 and 9.5 percentage points (Skoufias and Parker, 2001). In terms of health, POP reduced the 25.5% probability of children being anemic, and 25.3% of newborns being ill (reported) in the previous month (see, for example, Behrman and Hoddinott, 2005, and Gertler, 2004).

Eighteen years later (2015), PTP sought to provide the economic approach to POP by improving productivity, production, and autonomous income of the rural poor (small farmers) who play a key role in the social and economic development of their territories. It followed a territorial development approach based on the determination of the influence area in the main municipality (in each state) over other smaller and close by municipalities. The approach was established under three principles: 1) Social Participation, 2) enhancing of productive capacity, and 3) coordination among programs and organizations (Berdegué et al, 2015: 20). Notwithstanding, as it was still early to know the impact on the economic wellbeing of the PTP (three years after it was launched), its achievements are primarily methodological. First, it was an “interesting experiment” to link economic/productive and social programs thus addressing one of the main criticisms that CCTs have experienced over the years -the lack of a productive complement aimed at adults. Essentially there was a failure to provide economic and technical support to POP beneficiary families to undertake a productive project in their locality with territorial impact. Second, it sought to coordinate rural programs (and their institutions, agencies, and actors) around a functional territory with the objective of increasing the economic potential of the beneficiaries and their participation in decision-making at the local level.

Despite the so-called “success” of CCTs, their results must be carefully analyzed. One of the examples is the fact that although POP had positive results for school enrollment and attendance rates, these did not translate into improvements in the quality of education. This means that although more children were attending school for longer, they were probably not learning much as the PISA results show no improvement (as discussed in Chapter 3). According to the fieldwork, this may also have been reflected in the difficulty that POP beneficiaries presented to integrate/manage productive projects in the territory (through the PTP) which means that the skills developed with POP were not yet fully consolidated.

Moreover, official data show (see Chapter 2) that rural income poverty levels have remained practically the same levels for two decades. Something similar occurs if the multidimensional rural poverty figures for recent years are reviewed.

CCTs have not been effective enough to substantially reduce rural poverty due to inconsistency in their design and the nature of rural societies. That is, given the fact that CCTs are aligned to the neoliberal development model, they seek to contribute to economic growth. The revision of the literature on CCT and poverty helped find that the accumulation of human capital was at the center of the discussions since it is the way in which POP and PTP combat (income) poverty. This is done by increasing the opportunities of the poor to have a well-paid job, and/or generating autonomous income. This focus on the economic dimension of poverty is one of the factors that explains why CCTs' impact is moderate. As explained in Chapter 2, rural poverty encompasses not only economic deprivation but multiple deprivations, including social and environmental deprivations, which have a direct impact on people's quality of life. Nevertheless, due to conceptual complexity, poverty has been mainly related to insufficient income to satisfy people's basic needs. This is based in part on the specific historical context of each concept, responding to particular beliefs and needs given at specific times and places (as also explained in previous chapters). Therefore, it is understandable that this is the logic initially followed by CCTs. However, in terms of poverty reduction, it is less understandable as to why after two decades they have not adapted yet to the (socioeconomic) changes experienced by rural societies and to improvements in poverty measurement.

Despite some scholars claiming that CCTs are multidimensional and therefore fighting against the roots of the poverty problem, this research also found that CCTs are mainly focused on improving the economic conditions of beneficiaries and that their health, education, and nutrition elements are only tools to reach their economic goal⁹⁵. In other words, CCTs used the mentioned above elements to help improve employability of the recipients. Although the multidimensional approach gained notoriety in the last decade

⁹⁵ This can be seen through the lack of a "quality component" into the CCTs that only measure access to the services as discussed in Chapter 1 and 3.

because it includes a set of social rights which recognizes its multidimensional nature (see for example, OPHI, 2018), the study of poverty has been largely dominated by the monetary approach due to its operational and pragmatic characteristics (see for example, Borges, 2011; Gordon et al, 2008: 8, UNESCO, 2016). Although this research does recognize the global efforts to better identify poverty (see discussion in Chapter 2), it also argues that greater efforts are required to effectively contribute to the reduction of multidimensional rural poverty. The income approach also dominates the public policy space, despite evidence related to the multidimensionality of poverty, inherited inequalities and the changes experienced by rural societies over the years. Even among POP key components, where some scholars have shown that despite the changes in the epidemiologic profile (increase in chronic degenerative diseases) of the country, the focus has remained on the nutritional status of children and pregnant women. This confirm that Mexican CCT programs have barely been adapted to changes, having a low impact on their effectiveness for reducing poverty as a result.

7.2. BIAS IN THE LITERATURE

Quantitative and qualitative methodologies are included in the literature on the CCTs (see discussion on Chapter 2). The experimental design methods dominate the field as they are considered to be the most rigorous evaluations because it is possible to control a range of variables. Nevertheless, these focused only on the short-term effects (e.g., school enrolment and health checks) as they are easier to identify and measure. These findings have been used to spread the so-called ‘success’ of the CCTs around the world. However, these positive results represent particular/specific outcomes rather than generalized impacts. For example, although transferring money to vulnerable groups automatically increases their consumption capacity (liquidity), it does not necessarily result in a long-term effect on their well-being as no program could sustain that transfer for long periods (and it is not desirable either). More importantly, as the literature and international tests show, the average one-year increase in school attendance and enrollment in rural settings has not been translated into knowledge accumulation or improvement in cognitive abilities for children. That is while it is true that children spend more time in school, it is also true that almost nothing has been done regarding the quality of the education they receive. This can be seen in the difficulty they face in

attaining higher levels of education. Reports and fieldwork confirm this and further shine on a light on the fact that because they don't have access to quality education, they are unable to reap any economic benefits which such an education would have given them. The above shows that CCTs need complementarities or redesign to improve the quality of outcomes and achieve real impacts on all dimensions of poverty. There should not be one indicator more important than others as the rural poor often experience them all at once.

Overall, evidence related to the long-term impacts of CCTs is weak, allegedly because two decades is too soon to know broader impacts. Notwithstanding, the available evidence suggests that the short-term outcomes cannot sustain in the long run because of the way CCTs are currently designed. This means that given that they conceive poverty as a lack of income, they focus only on human capital accumulation for improving (future) chances of children in the labor market thus neglecting other social deprivations that rural poor children and adults experience. The evidence also suggested that there is no complimentary, comprehensive, or sustainable development strategy that focuses on addressing more dimensions of poverty than income. The alleged success of the initial results was more aligned with the overwhelming promotion (e.g., summits, conferences, research) and support by international financial institutions than with achieving broader anti-poverty goals.

Although the literature on CCTs identify more than just the economic dimension of poverty through different stages of their targeting process, neither the research (scholars) or policymakers address those "unmet basic needs" as active elements of the CCTs' design. That is, the literature on CCTs has mainly focused on evaluating their impact on improving human capital, and from that, some other scholars imply that they are combating multiple dimensions of poverty (education, health, and food). This is, to be fair, partially true. Improvements in access to education and health services are more related to future income growth than to the possibility of expanding the reach of CCTs through the provision of quality services, the creation of quality jobs and integration into an overall development strategy.

The literature on CCTs and poverty is biased towards 1) Latin America, 2) evaluating some educational outcomes, and 3) there is no wider discussion on multidimensional poverty. First,

its bias towards Latin American CCTs and especially towards Progres-a-Oportunidades-Prospera (POP) and Bolsa Familia (BF), occurs because they were the flagship programs that integrated short- and -long-term objectives as well as rigorous and more completed evaluations. Secondly, its bias towards evaluating educational outcomes (school enrollment and attendance) which overall have been the most promoted around the world, occurs for at least two reasons, 1) due to the fact that they are the easiest measurable component of human capital accumulation, and 2) due to the active role of international financial institutions and development agencies in the design of the policies as a condition for their financing (and therefore, worldwide promotion). Thirdly, although there are hints of some complementarities for improving the outcomes of CCTs, there is no wider discussion about (multidimensional) poverty and development itself. At best, their link with the literature on poverty is reduced to a few dimensions such as education, health, and income rather than discussing their role in an integrated vision of reducing poverty (e.g., combining human rights, human and natural capital, economic wellbeing) and their interrelations with a sustainable development strategy. CCTs follow the logic of the economic thinking introduced in the eighties and consequently, they are mainly studied from an economic growth perspective. They are designed to help improve the skills of the (rural) poor to provide skilled workers to the labor market (urban). That is to say, the focus is on how to improve income rather than the quality of life per se.

7.3. MEXICAN CONTEXT

This research argues that under the dominant economic thinking, the configurations of the countryside are not taken into consideration by policymakers. CCTs are not designed or adapted to address the multiple (such as social, economic, and environmental) deprivations of rural societies, but to help pursue economic objectives through investments in human capital. Since development and economic growth are seen as synonyms in the neoliberal context, strategies are focused on the most industrialized sectors given that it is thought that they have higher potential to add to economic growth. For the rural poor, neoliberal policymakers have offered programs which do not promote development and competitiveness (in either a minimal or broad sense) but only have given short and incomplete answers to the persisting problems of rural poverty. That is minimal access to

education and health services and a money transfer that sometimes covers their basic needs is insufficient to lift them out of poverty.

I analyzed the Agrarian Reform and the North American Free Trade Agreement (NAFTA), two of the most important reforms at the time to add evidence to this. Even though it was claimed by the government that the 1992 Mexican Agrarian Reform tried to address the inequalities inherited by the distribution of land itself and changes experienced by rural societies (that impacted on the productive structure and production levels of the sector) over the decades, it was more influenced by the liberalization and openness process. This started in the 1980s as evidence discussed in Chapter 2 suggests. The idea behind this was that with the reform, the rural poor would sell their land to the private sector and then they would migrate to big cities where they could improve their income through the new labor market. The launching of NAFTA intensified inequalities inherited from the Agrarian Reform, having, as a result, different economic and social effects on the rural sector including the increase of poverty and inequality.

The eradication of rural poverty has not been at the center of the aforementioned economic reforms, but rather the insertion of the country into the global economy. The government incentivized capitalized actors to compete in the new international markets. The rural poor only received compensatory programs like POP and PTP to soften the effects of economic openness which systematically ignored the persistent inequalities and the changes within rural societies. The imbalance of power between agribusiness and small producers bifurcated the distribution of resources and institutionalized it within the sector over the years. Thanks to their political influence obtained after the Mexican Revolution period, the imbalance of power intensified throughout the last century and consolidated during the economic openness, large-scale producers have captured an important share of public spending. In other words, for almost a century, the government has subsidized the sector that is supposedly more productive and industrialized, and that in theory would not need financial support to produce effectively and compete with its international counterparts in the NAFTA context. The rural poor receive resources from the social assistance budget, and they are also disconnected from a comprehensive development strategy. This means that the sector that would need more

government support to improve its productivity (given the economic model) remains attached to a compensatory scheme that does not help it to develop, but rather addresses to some of the collateral effects of economic liberalization.

Despite the above, POP has been the “star program” for combating poverty in Mexico (from 1997 to 2018). Its importance for the country lies in the fact that it is practically the only program of the entire public administration that has been maintained despite the changes of government including the political transition from the PRI to the PAN in the 2000 and back again to the PRI in 2012. This is partly due to the promotion of international financial institutions and global development agencies. Given POPs co-responsibility component, it has also received the political support from society including citizens and academics. Early studies documented POP’s benefits to tackle some of the main elements of poverty such as the claim that POP was effective to increase school enrolment and attendance, especially in rural localities with access to basic services. It was also claimed that it increased the levels of nutrition and health especially among infants and pregnant women, as well as being effective to reduce (food) poverty as there was increased food consumption in the evaluated localities (see for example, Behrman and Hoddinott, 2005; Fernald et al, 2009; Gertler, 2004)

Notwithstanding, POP has been criticized due to the lack of providing quality services it promotes (it does not directly provide any services but rather acts as a coordinating body to ensure the delivery of necessary services). For example, in terms of education, the fact that school enrollment is increasing and that rural poor children are going to school for an extra year does not have an effect on performance in school and on the amount learned in school, nor cognitive development as discussed in Chapter 3. Fieldwork helped confirm that those improvements in enrolment and attendance have not been accompanied by better quality services as interviewees claimed that their children failed their admission exams to continue with a higher level of education. This is a big concern as education can be considered the cornerstone of human capital accumulation and the main tool of POP for improving the chances of beneficiaries earning higher incomes in the future. Moreover, accumulation of knowledge was a tacit condition to participate in PTP as it assumes beneficiaries hold some basic skills for entrepreneurship. Interestingly, an unexpected finding of the fieldwork was

that having a job does not guarantee overcoming poverty as the beneficiaries' salary was not enough to cover all their basic needs. As a result, some participants reported to have had more than one job in order to acquire a food basket. This also means that jobs of sufficient quality have not been created to absorb the skilled labor supposedly generated by POP.

In terms of health, POP through Seguro Popular enrolled most of the beneficiaries in a health system, which also explains the improve in the indicator 'access to health services' in the measurement of multidimensional poverty. However, little has been done to improve the quality of service or guarantee real access to health. Evidence discussed in Chapter 3 found that different areas have been neglected ranging from increasing the number of medical staff and developing their training to improve the quality of treatment. Another consequence is that due to the low quality in health services, several beneficiaries have been pushed to go to private doctors in order to receive medical attention which burdens them with higher costs and without the guarantee of better service. Moreover, although its design was based on a specific epidemiological profile, after two decades it has not been updated to address the new profile, such as the increase in degenerative diseases.

There is contradictory evidence regarding CCTs' gender issues. Despite the fact that it is claimed that they are improving the social status of women within communities and focusing on economic empowerment, they also help to perpetuate gender stereotypes related to work division and the use of free time. Fieldwork found that women that are part of PTP were working in low-skilled activities and in more than 50% of the cases, they have up to three different jobs. The fact that POP uses mothers to deliver and manage the cash transfer process, ignoring at all times the role and responsibilities of men, it reinforces the stereotype that women are solely responsible for household chores. It was additionally documented that while boys spend more time at school and less time at work, in the case for girls it is slightly different. While they also spend more time at school, their free time has decreased as they have to do housework while their mothers are working. In addition, it was found that although it is argued that CCTs empower women, in practice they are using them as a tool to implement the program, since they bear all the responsibilities associated with the programs.

From a wider perspective of poverty, CCTs have mainly focused on increasing income for consumption and to develop children's skills for a better job in the future. Poverty, however, encompasses more deprivations that are not entirely captured by the income approach. Rural poverty in this case, comprises not only material conditions but a series of relations between society, environment and economy that shape the livelihoods of rural people. If anti-poverty programs, like POP and PTP, do not incorporate these dimensions in their design (not only during the policy process) they are likely to fail.

As part of the linkage component, PTP sought to fix the lack of complementarities with POP specifically seeking synergies with productive alternatives, but it inherited some of its main problems. One of the main problems was its limited vision of the rural, as the PTP's design focused mainly on improving incomes. Moreover, it assumed that the target population had accumulated a minimum of human capital for undertaking a micro-business. In practice, many of the people involved in PTP do not receive any (technical) support by the program because POP's investments in human capital are made for children and not adults, making the road difficult for PTP. Although its design included positive aspects such as some type of social participation and a territorial approach to (economic) development, it seems that like POP, it did not take into consideration the characteristics of the rural environment. For example, it operates in locations that lack basic infrastructures such as paved roads or sanitation, which increases opportunity costs. This, along with the inertia inherited from old rural programs and the hurry by the government for delivering results, explain why small projects are being developed without a high probability of success, given also that the possibilities of territorial linkage are minimal. In the best-case scenario, the projects are working at a local level, but they do not have links with other territories or sectors which could help them detonate territorial synergies. Moreover, the quality of employment is crucial for the rural poor because even though participants work, and in some cases, have two jobs, it is not enough to substantially increase their economic opportunities. This makes it clear that CCTs themselves cannot help them overcome their social conditions. Despite the fact that POP has arguably improved their capabilities, a component that can absorb the human capital generated is still absent. In this sense, PTP tried to bridge that gap by implementing

actions that promote economic activities and generate autonomous income but failed as the actions they undertook were again *short-termist* and isolated.

The reproduction of these old practices is also the result of the imbalance of power between society, the State and the bureaucracy. These old practices include the following: Beneficiaries, accustomed to electoral programs “disguised” as developmental support; policy fragmentation, lack of coordination among governmental authorities and private interest and bureaucracies with their own rules, norms and ways of work. All of these were not only a recipe for disaster for PTP in its attempt to increase productivity and generate autonomous income through territorial development but also a negligible effort to eradicate rural poverty.

Despite claims by some scholars (see for example, Barrientos, 2012), CCTs have not been updated to follow a multidimensional approach to rural poverty, not even when the government has importantly improved the measurement method. Mexico, as important international think tanks with a focus on poverty and inequality have recognized, was a pioneer in introducing a multidimensional approach and an autonomous body for measuring poverty. Even though this is a remarkable advance, it has not been able to incorporate it into its main social policy instrument to eradicate poverty. Rural societies are dynamic and change all the time and there is not too much that can be done regarding poverty eradication, if the national social policy do not evolve as well. Poverty measurement is politically attached (as we already discussed in chapter 3), and governments often prioritize indicators that can yield immediate positive outcomes, such as enrolment (in health, and education), rather than investing in physical infrastructure, quality of services, and expansion of social rights.

Although economic methods for measuring poverty are popular among governments, not all factors that actually shape social interaction can be measured in the way they are designed for. Therefore, they are not always related to concrete policy actions. In this sense, POP and PTP failed to recognize (deliberately or not) the social interactions that take place in rural settings. Subsequently, the limited design of POP and PTP only allows them to focus on seeking cost-effective and short-term relief, given the ideological context in which they were

created. Therefore, POP would be ineffective in providing an escape from rural poverty. At best, they provide a palliative alternative to tackle some of the secondary effects of economic openness and globalization.

Despite the large amount of evidence on the multidimensional nature of rural poverty, CCTs like POP and PTP are still following a limited logic in which the economic dimension seems to be the only deprivation that stunts people's development. Therefore, it is not surprising that despite the fact that interviewees identified multiple dimensions of poverty, the economic dimension is still playing a central role in their lives⁹⁶, and in the policy arena, due to the dominant economic model adopted in the country.

The benefits of the economic reforms implemented during the eighties and its compensatory policies (in this case, the CCT programs) have failed to balance the existing inequalities among regions in many terms (such as political, economic and social). It provides evidence that generating human capital is a long process that is not translated into capabilities for employability if, for example, the provision of services is of low quality and there is an absence of complementarities that strengthen them as has been the case within the Mexican context. Moreover, it was seen that CCT programs working in isolation have concentrated their actions on mitigating the collateral effects of the economic reforms such as promoting consumption through cash transfers in the short term and seeking to increase the chances of beneficiaries of acquiring a better job in the long term. The consequence of these initiatives is that they do not substantially contribute to eradicate poverty.

7.4. FINAL REMARKS

Since their implementation, these kind of anti-poverty programs followed a logic aligned to the economic thought adopted since the eighties in which competitiveness and economic efficiency were privileged over an integrated development model. Their minimalist design focused on income which suggests that poverty is a unidimensional problem, and therefore,

⁹⁶ That is, although they usually associate access to food, education, and health as valuable assets provided by the government, money is still a perfect substitute when the provision fails, as with money they can access them in the private sector.

only needs a unidimensional solution such as isolating CCTs from a broad development strategy. However, in practice, rural poverty encompasses a variety of deprivations not only economic but social, political, and environmental which affects their quality of life. These are systematically experienced by a considerable share (about 60%) of the rural population. Multiple deprivations have been documented in the literature on poverty (see for example, OPHI 2018) and corroborated through the fieldwork conducted for this research.

The fact that CCTs follow a logic in which increasing income is directly and indirectly (through improvements in beneficiaries' human capital and more access to productive programs) their main objective, a very limited strategy for poverty eradication has been created. Through the fieldwork conducted, it was found that although there is recognition that governments are improving the way they identify poverty as they now are incorporating multiple dimensions, there is also concern that these improvements are not translated into public policies. CCTs' design has not been adapted to address key elements of rural livelihoods such as sociodemographic changes, inequalities between their regions, gender relations, or their relationship with natural capital. They continue to focus on income because not only do they represent the easiest way to measure government success (at least in social terms) but also because the logic of the economic model in which they were designed is still valid, and therefore, it continues privileging competitiveness and economic efficiency over an integrated development model. That is why, although it could be argued that POP initially, and PTP (18 years later), seek to increase human capital and improve access to productive programs respectively, the truth is that they are the only tools to (modestly) increase income. This is because there are no real complementarities with other programs that could address more vulnerabilities and provide a more sustainable escape from poverty.

Hence, this way of thinking has kept existing rural programs fragmented and usually out of reach for the rural poor. CCTs' isolation from a broad development strategy made institutional coordination essential to achieve their policy objectives. It worked with POP as involved institutions (Health, Social Development, and Education Ministries) were providing a standardized package. However, with PTP, although coordination agreements were made among 15 relevant Ministries for the development of the rural poor, these were not

automatically translated into effective actions at state and local levels. One of the explanations was that public policies are designed from the top-down and rarely incorporate the expertise of lower-level workers with more experience on the field, with the bureaucracy, and with the institutional structure.

Another important explanation is that because programs for the rural sector are historically fragmented, they are not linked to provide an integral development but to promote productivity and increase exports among the most capitalized sector (as also discussed in Chapter 2). Therefore, even though agreements were made to coordinate institutions, agencies, and stakeholders at the highest level (federal), the programs that they tried to link do not share target population, objectives, actions, or values and beliefs with POP and/or PTP. This means that coordination agreements did not work in practice at state and local levels as “complementary” programs did not change in essence but rather they just renamed some of their existing elements.

In other words, since most of the rural programs that intended to complement POP and PTP are focused on maximizing production, only the most advanced sector can access them, but not POP’s and PTP’s target population. This means that due to the way programs are designed (including operation rules), the rural poor are currently unable to access them. Consequently, when federal level institutions agree to coordinate, this usually only happens on paper as the state and local level programs do not share information and their actions do not follow the same objective, or they are simply not complimentary. Moreover, they follow their own formal and informal rules as well as working logics (inertias), which makes any type of coordination difficult and gives rise to the presence of external and private interests.

Although most rural programs have operation rules that *control* their performance, the fact that PTP is a strategy that depends on more programs in the sector, results in a leakage of resources through its different and uncoordinated stages. The existing policy fragmentation allowed the intrusion of actors (organizations and/or individuals) with interests outside of the program in their management. This affected not only their coordination but also their effectiveness. Due to the absence of strong local institutions that effectively deliver

programs, private and better-organized actors dispute and capture more resources since their lobby capacity is greater than that of the rural poor. Programs are also captured by individuals (e.g., private technicians, intermediaries) who take advantage of beneficiaries' susceptibility and their lack of trust in the government which has been generated over the years. These individuals promise unreal things about their projects, delivering low-quality inputs, and providing, in general, low-quality technical assistance which make their projects fail.

In summary, CCTs are not effective enough to eradicate rural poverty because their design has ignored the inherited inequalities and sociodemographic changes experienced by the rural poor over decades. This means that they are not aligned to the needs of the people on the ground. This lack of adjustment between the design of CCTs and the nature of rural societies is explained by the economic thinking at the time in which it was launched. As a result, a certain logic followed which was privileging economic growth and efficiency over an integrated development strategy. This is having a negative impact on their effectiveness in eradicating rural poverty.

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