

TC Document

I. Basic Information for TC

▪ Country/Region:	COLOMBIA
▪ TC Name:	Are Conditions Still Important for Cash Transfers?
▪ TC Number:	CO-T1778
▪ Team Leader/Members:	Hoffmann, Bridget Lynn (RES/RES) Team Leader; Vera Cossio, Diego Alejandro (RES/RES) Alternate Team Leader; Stampini, Marco (SCL/SPH); Smith, John D. (RES/RES); Bonilla Merino Arturo Francisco (LEG/SGO); Mancilla, Elton Alexander (RES/RES); Escobar Genes, Myriam Helvecia (RES/RES); Sarrazin, Tom (RES/RES)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	
▪ Date of TC Abstract authorization:	04 Nov 2024
▪ Beneficiary:	Colombia; Department of National Planning (DNP)
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Social Development(W2E)
▪ IDB Funding Requested:	US\$150,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	30 months disbursement (24 months execution)
▪ Required start date:	January 1, 2025
▪ Types of consultants:	Individual Consultants; non-consulting services
▪ Prepared by Unit:	RES-Research & Chief Economist
▪ Unit of Disbursement Responsibility:	RES/RES-Research & Chief Economist
▪ TC included in Country Strategy (y/n):	no
▪ TC included in CPD (y/n):	no
▪ Alignment to the Updated to the Institutional Strategy 2024-2030:	Social inclusion and equalityCore Objective: Reducing Poverty and Inequality; Focus Area: Social Protection and Human Capital Development

II. Objectives and Justification of the TC

- 2.1 Numerous well-identified studies demonstrate that conditional cash transfers improve health and schooling outcomes (Filmer and Schady, 2011; Schultz, 2004). Are these positive impacts due to cash, conditions, or the combination? The few studies that focus on the role of conditions in cash transfers, such as Baird et al. (2011), typically study the effect of conditions among new beneficiaries of cash transfers. In contrast, we propose to study the role of conditions among beneficiaries of a long-running conditional cash transfer program. This distinction is important: over time, program beneficiaries build habits and internalize the importance of the co-responsibilities. As monitoring compliance with the co-responsibilities is expensive, reassessing their empirical relevance is crucial.
- 2.2 Familias en Acción and other similar large-scale CCT programs in LAC were first implemented over two decades ago. Conditional cash transfers play an important role in alleviating poverty in the region. By 2011, 18 countries in the region had conditional

cash transfers programs that covered 135 million beneficiaries (Stampini and Tornarolli, 2012). Citizens have extensive experience with these cash transfers programs and their co-responsibilities. It is in this context that we plan to contribute novel evidence that may differ from the evidence in the literature on the role of conditions in newly implemented programs.

- 2.3 This TC will provide knowledge to address a strategic knowledge gap around the role of conditions in conditional cash transfers. While conditional cash transfers have been instrumental in alleviating poverty in the region, removing conditions that are no longer necessary could save the government monitoring costs. Further, the requirement to meet co-responsibilities may screen out some of the families most in need. Re-evaluating the impact of conditions will provide novel strategic knowledge to the Bank and its clients.
- 2.4 Our study will focus on Familias en Acción, a large-scale program in Colombia that includes health and educational conditions and is similar to many other programs across the region. Familias en Acción was first implemented in Colombia over 20 years ago, allowing us to study the role of conditions after long-term experience with conditional cash transfers.
- 2.5 During the covid-pandemic, Familias en Acción suspended the enforcement of co-responsibilities. We will use September 2020 (when mobility restrictions were lifted) to December 2022 as the period of analysis and take advantage of the reinstatement of co-responsibilities in Familias en Acción.
- 2.6 This TC will provide evidence on the impacts of conditions in cash transfer programs and on the mechanisms that influence the effectiveness of conditions. In particular, the proposed study has four research questions: 1) To what extent are co-responsibilities of conditional cash transfer programs effective (in terms of directly incentivized actions and other actions that are not directly incentivized)?, 2) Who is most likely to comply with conditions (those with the greatest need or those in a situation that facilitates compliance)?, 3) How do temporary changes in households' situations affect compliance with co-responsibilities?, 4) What mechanisms (social norms, habit formation, non-monetary costs, etc.) affect households' decision to comply with co-responsibilities if they are not obligatory?
- 2.7 We plan to use two identification strategies that will allow us to estimate two different parameters. First, around the cut-off of eligibility between Familias en Acción and Ingreso Solidario, we will use a difference-in-discontinuity design with beneficiaries of Ingreso Solidario, a non-conditional cash transfer program implemented in April 2020, as a control group. The idea is that the control group would be exposed to a similar transfer size from the government, but because one program is conditional and the other is not, only beneficiaries from Familias en Acción will be exposed to a change in the enforcement of co-responsibilities. Second, we will use an event study design based on the age of children since the co-responsibilities related to medical examinations are faced out when children beneficiaries of Familias en Acción turn 6 years old.
- 2.8 The key outcomes of interest are health services usage from RIPS (administrative universe of health care utilization data for Colombia) and matriculation, drop-out and

grade repetition from SIMAT (administrative universe of data for Colombia). We will utilize eligibility data for Familias en Accion and Ingreso Solidario from the SISBEN, the Colombian social registry. Finally, we plan to use administrative data on compliance with co-responsibilities to create descriptive statistics on conditionality. This research will be conducted collaboratively with Social Prosperity and the Department of National Planning in Colombia and follows several other successful collaborative research projects.

- 2.9 This TC is aligned with the IDB Group Strategy Transforming for Scale and Impact (CA-631). The Familias en Accion program and similar conditional cash transfer programs are designed to alleviate poverty in the region. Therefore, it is aligned with the core objective of Reducing Poverty and Inequality. This TC aims to evaluate the role of conditions in long-running CCTs that conditioned payments on meeting human capital requirements (i.e. health and education requirements). Therefore, it is aligned with the core area of Social Protection and Human Capital Development. This TC will provide valuable knowledge aligned with the IDB Group Institutional Strategy that can inform the design of cash transfer policies across the region. This knowledge is particularly valuable to the Colombian government, with whom we have numerous successful research collaborations.
- 2.10 In addition, this TC is aligned with Priority Area 5 Inclusive Social Development of Window 2 Social Development of the Ordinary Capital Strategic Development Program -OC SDP- (GN-2819-14). In particular, because this TC will provide shed light on whether conditions can be removed from cash transfer programs to increase efficiency without substantial reductions in human capital, this TC is aligned with objective (ii) of Priority Area 5: strengthen public institutions' efforts to become more effective and efficient in social programming, group targeting, and social sector project execution.
- 2.11 Additionally, this TC is aligned with the pillar of strengthening fiscal execution and public management and boost social and territorial inclusion of the IDB Group Country Strategy with Colombia 2024-2027 (GN-3238). Boosting social and territorial inclusion includes access to health and education services, which are related to the conditions of cash transfers. This TC seeks to contribute knowledge on how to improve the efficiency and management of social programs. Furthermore, this TC seeks to shed light on whether these conditions continue to be necessary to encourage access and use of health and education services.

III. Description of activities/components and budget

- 3.1 **Component 1: Research on the design and impact of social programs** (\$140,000). This component will finance an IDB working paper and an IDB discussion paper or policy brief that is a shorter, policy-focused description of the main results and policy implications published in Spanish.
- 3.2 The main activities include checking data, preparing data, data analysis, presenting results in figures and tables, and writing IDB publications. Component 1 will finance an individual consultant for two years who will support the project team. This consultant will have a profile similar to the Research Fellows of the Research Department or of a Post-Doctoral fellow at the IDB. Ideally, this individual consultancy will take place at

Headquarters to facilitate close collaboration between the consultant and the project team.

- 3.3 The timeline for completion of Component 1 is 22 months.
- 3.4 **Component 2: Dissemination (\$10,000).** This component will finance the dissemination of the knowledge generated by this TC. The first goal is to disseminate the results to policy makers and target audiences, including academics and practitioners, in the beneficiary country and other countries in the region. A second closely related goal is to inform the design and implementation of IDB operations. Dissemination of research results within IDB will help to achieve this goal by strengthening the case for operations on social programs.
- 3.5 The main activities include publishing a blog post on the RES blog Ideas Matter and Research Insights in English and Spanish. In addition, we will disseminate the results and knowledge generated through a bilateral meeting with policymakers in the beneficiary country. This component will finance the costs of dissemination, which could include travel for any in-person meetings and the costs of in-person meeting or workshop for the individual consultant.
- 3.6 If the Bank receives, manages, or uses information that may contain personal data or sensitive information, the Bank's Personal Data Privacy Policy (GN-3030) will be followed in coordination with the IDB Privacy Team.
- 3.7 The timeline for Component 2 is 2 months, following the completion of Component 1.
- 3.8 The expected results of this TC include a broader knowledge base to inform the design of social programs in the region. In particular, this TC will provide the beneficiary country with important information about the role of conditions in the design of social programs. This research question has important policy implications for other countries in the region.
- 3.9 The TC's total budget is US\$150,000 financed by the OC SDP Window 2 – Social Development(W2E) (GN-2819-14).

Indicative Budget

Activity/Component	Description	IDB/Fund Funding W2E	Total Funding
Component 1: Research on the design and impact of social programs	Working paper presenting the results of the research project; Shorter, policy-focused description of the results published in Spanish	140,000	140,000
Component 2: Dissemination	Blog post on RES blog Ideas	10,000	10,000

	Matter; Research Insights		
	TOTAL	150,000	150,000

3.10 The UDR for this TC will be RES/RES. The Team Leader is Bridget Hoffmann (RES/RES) and the Alternate Team Leader is Deigo Vera (RES/RES).

IV. Executing agency and execution structure (estimated length: 1 page)

- 4.1 This operation will be executed by the IDB through RES/RES in close collaboration with SCL/SPH given RES and SCL's expertise in research on social programs. The research has complementarities with Bank operations and research. The Research Department (RES/RES) will be responsible for the preparation, execution, and supervision of Components 1 and 2 following the policies established by the Bank. The team leader will be responsible for the execution and monitoring of the operation in collaboration with the alternate team leader and the rest of the team members. The team leader will directly supervise consultants and track that deliverables are completed according to the project's planned timeline with the support of the team members of the project.
- 4.2 The principal reason for this execution structure is that the IDB has expertise, capacity, and experience in similar research projects. A second reason is that the Bank has the capacity and channels to disseminate the knowledge generated by this TC to policymakers and target audiences in the beneficiary country and in other countries in the region. Numerous countries in the region operate conditional cash transfer programs and the knowledge generated by the TC can inform policy across the region.
- 4.3 There will be no supervision by the IDB's Country Offices (COF) for the execution of the TC. However, the COF, and in particular, IDB Country Representatives, will be advised of the results and policy implications. The COF will be informed and consulted about missions related to implementation of the TC.
- 4.4 The research implemented as part of this TC will be in collaboration with the Colombian government (DPS and DNP) and is part of our on-going collaborative research agenda.
- 4.5 The Bank will contract individual consultants and non-consulting services to carry out the activities described. The activities to be executed are included in the Procurement Plan and will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; and (b) GN-2303-33 for other non-consulting services related to dissemination. The knowledge products generated from Bank-executed activities within this technical cooperation will be the property of the Bank and may be made available to the public under a Creative Commons license. However, at the request of the beneficiaries, in accordance with the provisions of AM-331, the intellectual property of said products may also be licensed through specific contractual commitments that shall be prepared with the advice of the Legal Department. The knowledge products that will be generated as part of this TC will be produced and disseminated in accordance with AM-331 and AM-325.

V. Major issues

- 5.1 The main risk to successful and timely execution of this TC is that the team may not receive the data needed to complete the project with enough time to complete the project according to the planned timeline. To minimize that risk, we have already engaged with counterparts in the government to discuss the planned research questions, methodology to be used in the project, and the data required.

VI. Exceptions to Bank policy

- 6.1 This TC does not involve exceptions to Bank policy.

VII. Environmental and Social Aspects

- 7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Request from the Client_2177.pdf](#)

[Results Matrix_60157.pdf](#)

[Terms of Reference_22726.pdf](#)

[Procurement Plan_71767.pdf](#)