

Beyond Information Failure and Misleading Beliefs in Conditional Cash Transfer Programs: A Qualitative Account of Structural Barriers Explaining Why the Poor Do Not Invest in Human Capital in Northern Mexico

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Abstract : The Conditional Cash Transfer (CCT) model gives monetary transfers to beneficiary families on the condition that they take specific education and health actions. According to the economic rationale of CCTs the poor need incentives to invest in their human capital because they are trapped by a lack of information and misleading beliefs. If left to their own decision, the poor will not be able to choose what is in their best interests. The basic assumption of the CCT model is that the poor need incentives to take care of their own education and health-nutrition. Due to the incentives (income cash transfers and conditionalities), beneficiary families are supposed to attend doctor visits and health talks. Children would stay in the school. These incentivized behaviors would produce outcomes such as better health and higher level of education, which in turn will reduce poverty. Based on a grounded theory approach to conduct a two-year period of qualitative data collection in northern Mexico, this study shows that this explanation is incomplete. In addition to the information failure and inadequate beliefs, there are structural barriers in everyday life of households that make health-nutrition and education investments difficult. In-depth interviews and observation work showed that the program takes for granted local conditions in which beneficiary families should fulfill their co-responsibilities. Data challenged the program's assumptions and unveiled local obstacles not contemplated in the program's design. These findings have policy and research implications for the CCT agenda. They bring elements for late programming due to the gap between the CCT strategy as envisioned by policy designers, and the program that beneficiary families experience on the ground. As for research consequences, these findings suggest new avenues for scholarly work regarding the causal mechanisms and social processes explaining CCT outcomes.

Keywords : conditional cash transfers, incentives, poverty, structural barriers

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