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Politics and Conditional Cash Transfer Programs: Lessons from the Philippines

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Abstract

Poverty reduction programs are known as an effective instrument to produce electoral rewards. As such, they are generally politically appealing. But not all programs are the same from the perspective of a politician—some are more supportable than others. This article identifies the features of a conditional cash transfer (CCT) program that may be less politically appealing. First, the design and implementation features of the CCT program have control and accountability mechanisms that lower the opportunities for manipulation. Second, the cash transfer by itself does not create substantial reduction in poverty incidence in the short-term. Third, the beneficiaries' compliance with program's conditions may reveal the gaps in the local delivery of education and health services. Fourth, the cash assistance has the potential to weaken patron-client relationship. This article argues that even a technically sound poverty reduction program may face political resistance if it has features that are not aligned with political incentives. Rather than ignoring the political factors that are at play in the implementation of the program, they should be understood in order to improve the design of programs to make them resilient or insulated from powerful vested interests.

Keywords: Philippines, conditional cash transfer, poverty, governance, corruption, patronage politics, patron-client relationship, control and accountability mechanism

1. Introduction

What better way to gain political support than to promise lifting many people out of poverty, and to deliver on that promise? Poverty reduction programs are particularly appealing for politicians. Not only can they reveal the intention of a politician to improve the lives of the poor, they can also serve as a vehicle to use public resources to reach out to the poorer population (Cerdeña & Vergara, 2008; Manacorda, *et al* 2011; Nupia, 2011; Baez, *et al*, 2012; De La O, 2013; Labonne, 2013; Zucco, 2013). As such, the implementation of a poverty reduction program is generally politically supportable. However, poverty reduction programs differ in their designs and implications, which make some of them more politically supportable than others.

The motivation of this article is to shed light upon the features of a poverty reduction program that may be less appealing for politicians, using the Philippines' conditional cash transfer (CCT) program as a case study. Specifically, it looks into the factors that may underlie a politician's resistance to implement or expand an otherwise effective program. The CCT program in the Philippines is a good case study because it has been subject to a high public profile, with many politicians questioning its technical merits. Moreover, the country context in which the CCT program operates is highly politicized, with poverty reduction programs reportedly being used to advance political goals.

CCT programs are a form of poverty reduction program whereby the beneficiary receives the cash contingent upon his or her compliance with program conditionalities (Fiszbein & Schady, 2009). In most CCT programs, the beneficiaries are the poorest households with school-aged children. The primary objective of the program is to assist the beneficiary households meet their immediate consumption needs, and to encourage the households take actions to improve the human capital of their children. These actions may include sending the children to school, allowing the children to avail of health services such as vaccinations or deworming pills, attending parental sessions, among others.

The Philippines was among the first countries in East Asia that implemented a CCT program. It was patterned from the more matured CCT programs in Latin America and the Caribbean (Fernandez & Olfindo, 2011). The CCT program has been proven to produce desirable outcomes on health and education of the beneficiaries (Chaudhury & Okamura, 2012; Chaudhury, *et al*, 2013). However, there is an on-going debate on its actual and potential contribution to poverty reduction (for instance, Bello, 2014; Kabling, 2016; Ramos-Araneta, 2016). While there are technical basis to this debate, the political aspects that underlie the debate are often not well understood, although they are capable of directing the course of discussions as well as distorting the real outcomes of the program.

The introduction of CCT programs has paved the way for a social assistance strategy that deliberately lowers political influence. The design and implementation features of CCT programs have control and accountability mechanisms that limit political manipulation (World Bank, 2007). These mechanisms include objective beneficiary selection, efficient payment system, reliable management information systems, feedback

mechanism, and monitoring and evaluation. They are meant to insulate the program from potential external pressures that could lower the benefits that go to the poor.

Another feature of CCT programs is that they are meant to break the inter-generational cycle of poverty. As such, they are not expected to create significant reduction in poverty measures in the short-term (Lomeli, 2008; Fiszbein & Schady, 2009; Acosta & Velarde, 2015). This is because CCT programs are targeted at the poorest households whose per capita incomes are very low that the cash transfer by itself is not enough to cross them over the poverty line. The emphasis of CCT programs is to accumulate human capital of the beneficiary children, and in so doing improve their future employment prospects. However, such significant poverty impacts are expected in the long-term, which may be too far ahead for a politician who expects tangible results during his term.

Moreover, the conditionalities imposed by CCT programs are expected to increase the demand for basic services such as education and health among the poor (Rawlings & Rubio, 2005). This increase in demand is likely to unfold the gaps in the delivery of these services in poor areas. Some beneficiary households may face difficulty in complying with the conditionalities because of the poor delivery of education and health services. Other poor households who are eligible for the program may also be excluded from participation because of the limited supply of education and health services in their areas.

Moreover, targeted social assistance such as the CCT program has the potential to weaken the patron-client relationship between the local political leaders and the poor households (Swamy, 2016). For a developing country like the Philippines, patronage politics is strong especially in poor areas, as most households who live in destitution have limited means to tied them over bad times, and oftentimes the only option is to seek help from the local political patron. But with a professionally managed cash transfer program, poor households have another option for support, which may lead to slowly detaching themselves from the patron-client relationship.

The remainder of this article elaborates more on the above features of the CCT program. It attempts to contribute to the literature on how politics may play a role in affecting the outcomes of a poverty reduction program. Understanding these factors could improve the policy formulation of a poverty reduction program by taking into account not only the technical factors, but also the political ones. While no program is immune from

political influence, innovative approaches in the design and implementation features of the program can keep this influence to the minimum.

The next section presents an overview of the evolution of the CCT program in the Philippines; section 3 presents the features of the CCT program may be less politically appealing; and section 4 concludes and presents policy implications.

2. The evolution of the CCT in the Philippines

The Philippine government under President Arroyo began the implementation of the CCT program in 2007, with technical assistance from the World Bank. The Department of Social Welfare and Development (DSWD) is the government agency that is responsible for implementing the CCT program. It is also responsible for providing the overall policy direction in the area of social protection. Although the delivery of basic social services was devolved to the local government since 1995, DSWD continues to provide direct assistance and intervention that are targeted at the poorest households such as cash transfers, community-driven development, post-disaster response, among others.

DSWD pilot-tested the CCT program in 2007 as part of its reform agenda to improve the cost-effectiveness of its programs. It began with 6,000 household beneficiaries in six municipalities in the Philippines. The pilot-testing of the CCT program was undertaken together with that of the national household targeting system, which uses the proxy-means test (PMT) method to select the program beneficiaries (Fernandez, 2012). The objective of these pilot-tests was to evaluate the feasibility of the following: 1) putting in place a household-based model of service delivery in the form of the CCT program; and 2) setting up a PMT-based targeting system that would help ensure that public resources go to the households who need assistance the most (see Box 1 for program description).

DSWD's reform agenda was part of the Philippine government's broader social protection reform agenda, which aimed to address the weaknesses in the social protection system. The social protection system in the Philippines was characterized by low public spending and high leakage rates. The system itself is highly fragmented, with several government agencies implement their own cash transfer programs with limited coordination (Manasan, 2009). Moreover, most of the Philippine government's allotment for social assistance was spent on sustaining the rice price subsidy program of the National Food

Authority (NFA), which was proven to be less effective in reaching the poorest households in the Philippines (Clarete, 2008; Fernandez & Velarde, 2012).

Box 1. Program description of the Philippines' conditional cash transfer program

The conditional cash transfer (CCT) program in the Philippines, which is currently named as *Pantawid Pamilyang Pilipino* Program or 4Ps. It provides conditional cash grants to the poorest households, to improve the health, nutrition, and the education of their children aged 0-18 years. Since the program inception in 2007 until 2011, the program covered only children aged 0-14 years. The 4Ps has two types of cash grants: 1) health grant of P500 per household every month, or a total of P6,000 every year; and 2) education grant of P300 per eligible child every month for ten months, or a total of P3,000 every year (a household may register a maximum of three children for the program). In order to receive the grants, the following are the responsibilities of the beneficiary households: pregnant women must avail pre- and post-natal care and be attended during childbirth by a trained health professional; parents must attend family development sessions; 0-5 year old children must receive regular preventive health check-ups and vaccines; 6-14 years old children must receive deworming pills twice a year; and all child beneficiaries (0-18 years old) must enroll in school and maintain a class attendance of at least 85% per month. During its pilot stage under the Arroyo administration, the CCT program was named *Ahon Pamilyang Pilipino* Program, and it was changed to *Pantawid Pamilyang Pilipino* Program during the scale-up. Under the Aquino administration, the program name was shortened to *Pantawid Pamilya* but later reverted to *Pantawid Pamilyang Pilipino* Program.

Source: Department of Social Welfare and Development; Authors.

The implementation of the CCT program was seen by the Philippine government as a mechanism to improve the efficiency of the delivery of social protection programs. The CCT programs was viewed to have the potential to support a medium-term social protection and poverty reduction strategy to reduce the risk of shocks to the poorer households. It aims provide an income supplement, which could help protect them from external and intra-household shocks. Moreover, the CCT program would help ensure that the households do not sacrifice human capital development of their children as a means to cope with the shocks.

During the period when DSWD was pilot-testing the CCT program in early 2008, the Philippines was suffering from the food and fuel crisis, and soon after that, from the global financial crisis. These two crises were likely to push many Filipinos into poverty as food prices were increasing sharply and workers were losing their jobs due to slowing down of demand for products from the Philippines. These events prompted the Arroyo administration to have a more aggressive stance in protecting the poor and vulnerable households. Social protection programs, especially those that provide direct benefits to the poor, were expanded. In February 2008, DSWD launched the pilot CCT program with

330,000 household, and then scaled-up in 2009 to cover another 320,000 household beneficiaries (Velarde & Fernandez, 2011).

After the scale up of the pilot CCT program, it has gained attention from the media, civil society, and the opposition parties. The CCT program was being criticized as merely a dole-out rather than a development program. However, the CCT program has also built-in component on communication strategies to better communicate to the population the features of the program and how the program can be an effective poverty reduction program. This component of the program was especially important for the Philippines, having been exposed to poverty reduction programs that have been used by politicians to garner political support.

The Aquino administration that began in 2010 continued the implementation of the CCT program. By 2015, the program had about 4.3 million beneficiary households. Under the Aquino administration, DSWD expanded the eligibility of the program to cover households with children aged 15-18 years old, from the previous criteria of only 0-14 years old. Some of the features of the CCT program were also modified to accommodate households who do not have permanent residence to cover the street children. To date, the CCT program is the largest social assistance program in the Philippines, with DSWD having the third-highest budget among all government agencies.

With the change in administration in 2016 under President Duterte, the CCT program continues to be on a high public profile. There are reports that the CCT program will no longer be expanded to cover new beneficiary households (for instance, Alvarez, 2016; Pasion, 2016). Almost eight years since its implementation, the CCT program is now being criticized of not delivering on its promise to reduce poverty in the Philippines (for instance, Ramos-Araneta, 2016; Casayuran, 2016). While there are technical basis to this debate, the political factors behind it remain undisclosed, and therefore not well-understood. But one can infer that from the design and implementation features of the CCT program, there is less room for political manipulation and therefor less opportunity to reap electoral rewards by supporting its implementation. The following section will discuss more on these features.

3. Politically less appealing features of the Philippines' CCT program

A growing body of literature on the political aspects of CCT program indicates that the program has the potential to produce electoral rewards (Cerdeña & Vergara, 2008; Manacorda, *et al* 2011; Nupia, 2011; Baez, *et al*, 2012; De La O, 2013; Labonne, 2013; Zucco, 2013). Direct cash assistance, such as the CCT program, is particularly attractive among poorer voters, especially in developing countries where a significant proportion of the population live below the poverty line. Supporting the CCT program makes a politician “look good” because it appears that he or she understands what the poor households need. Yet, many politicians are still opposed to it despite its seemingly political appeal. This section identifies that features of the CCT program that may explain why the program is less appealing for a politician, using the Philippines as an example.

3.1 Program design is less prone to manipulation

The CCT program was designed in a way that eliminates discretion on the part of program implementers and lowers the opportunities for political manipulation. The following features of the CCT program makes the program less appealing for a politician who expects to use an anti-program to garner political support:

Centrally managed. The CCT program in the Philippines is directly managed by DSWD central office, unlike other social programs whose delivery has been devolved to the local government units. The rationale for the centralized delivery is the complexity associated with the implementation procedures that require standardization (e.g., beneficiary selection, payment system). Because of this, the CCT program offers limited room for manipulation at the local level compared to other decentralized social assistance programs (Fizshbein & Schady, 2007). Moreover, a centrally managed program tends to breed discontent among the local communities, especially when people do not understand how the program is actually implemented. However, while a centrally managed program may not be appealing for a local politician, it may be still be so for a national politician who has clout over the central office, and over those who design the program at the national level.

Objective beneficiary selection. The selection of beneficiary households is based on an objective process. First, a household is evaluated based on the program eligibility criteria (i.e., having children aged 0-18 years and being poor based on the *Listahanan*).¹ The list of potential beneficiary households is validated at the community-level to ensure that the information about the households was correct. The objective approach to beneficiary selection limits the discretion of a politician to direct program benefits to his preferred constituents, who may not be eligible for the program (Arulpragasam, *et al*, 2011). However, although the objective process limits political influence, CCT program remains politically attractive, as studies have shown that the program beneficiaries associate the assistance to the whoever implemented the program (Labonne, 2013).

Computerized processing of information. The CCT program is supported by a management information system (MIS) that handles all program information and has the capability of generating all data requirements for the program. The MIS manages all flows of information at the national, regional, and municipal levels, and has a built-in mechanism to detect and help correct potential errors in the system. For instance, the MIS helps ensure that all listed beneficiary households have passed the eligibility criteria and receive the correct amount of cash grant depending on their current status (active beneficiary or exited) and their compliance on the program conditionalities. With the MIS, data inconsistency may be easily detected, and as such, may help improve transparency and combat corruption. However, challenges remain in the Philippines' CCT program, as the system is not fully automated especially in rural areas with weak infrastructure, which may open up window for political manipulation.

Direct payment of benefits. The cash transfers are paid directly from the government to the beneficiary households. The government transfers the grants to beneficiaries electronically via the cash card program of the Land Bank of the Philippines (LBP), a government depository bank. The release of payments undergoes several verification points to help ensure proper checks and balances. Even if the payroll has been verified and approved on

¹ The *Listahanan* is the Philippine government's national household targeting database that stores information on households and identifies whether or not the household is poor based on a proxy-means test (PMT) methodology.

the DSWD side, it still needs to be verified by LBP. The LBP checks the account names and account numbers of the beneficiaries before the payments are released. The direct payment of benefits to the beneficiaries may prevent a politician to change the benefit levels in favor of his preferred constituents.

Accessible feedback mechanism. The CCT program has a grievance redress system (GRS) that aims to capture, resolve, and analyze grievances about the program. The GRS tracks the nature, origin, location and status of complaints such as targeting errors, payment irregularities, fraud, and corruption. DSWD set up complaint reporting mechanisms, including Text Hotline using SMS platform, email, Facebook, Google Site, and Twitter. The GRS allows for the participation of the civil society in program implementation. It provides a feedback mechanism as to which part of the control mechanisms is weak and needs strengthening. It also poses a threat to a politician who attempts to control the program as the community may send complaints against him and make his corrupt practices public. Moreover, the systemic feedback mechanism holds government accountable for the implementation of the program (Hayakawa, *et al*, 2015).

Regular verification and monitoring. The CCT program has a compliance verification system that checks whether or not the beneficiaries comply with the conditionalities of the program. The verification is undertaken on a regular basis, which are undertaken by the schools and health centers. The compliance data are submitted to the person-in-charge at the municipal level and are encoded to the MIS, which will be reviewed by the regional DSWD offices and be submitted to the MIS in the central office. To further improve the internal quality control and correction mechanisms in the CCT program, DSWD conducts monitoring and spot checks, which are a key to enhancing governance, transparency, and accountability of the CCT program as they validate the range of players involved in the program delivery.²

² Spot checks are rapid evaluation instruments that seek to determine quality, effectiveness and efficiency of the program such as design, operational management, institutional structure, payments, and the monitoring system. Spot checks provide information about the execution of the different processes of the program, which can serve as the basis for a deeper analysis of the program operation at different levels and among the stakeholders involved.

3.2 Limited reduction in poverty incidence in the short-term

The cash transfer by itself does not create significant reduction in poverty incidence. Estimates of the impacts of CCT programs in Colombia, Honduras, Mexico, and Nicaragua, for instance, showed that the reduction in poverty incidences across time periods was between zero to 7 percentage points only, with larger impacts when the amount of transfer are more generous (such as in Nicaragua) (Fiszbein & Schady, 2009). For the Philippines, it was estimated that the poverty incidence in 2013 would have gone up by only 1.4 percentage points without the CCT program (Acosta & Velarde, 2015).

The nearly negligible impact of the CCT program on poverty incidence is due to its targeting design, which selects the poorest households in the Philippines with very low household per capita income. As such, the amount it takes to raise their per capita income above the poverty line is also large. Still, the amount of the cash transfer is not enough to get them out of poverty. This limited short-term impact of the CCT program is not particularly appealing for a politician whose constituents expected him or her to deliver on the promise to reduce poverty during his or her term in office.

To further illustrate the above point, this sub-section presents a simulation analysis of the impact of the cash transfer on the income distribution in the Philippines, using the Annual Poverty Indicators Survey (APIS) (see Box 2 for description of APIS). The simulation analysis presents the changes in the per capita income distribution under the following two scenarios: 1) the case of perfectly targeting of the poorest households, whereby only the households whose per capita income belongs to the bottom 20 percent (5th quintile) are included in the program; and 2) the case of increases in earnings of working members of poor households.³

³ This analysis, however, is only partial. It does not take into account the possible impacts of the cash transfer on the behavior of the household with respect to their consumption patterns, investment decisions, and labor supply decisions. Nor does it take into account the impact of the cash transfer on prices of commodities. Moreover, while the cash transfer encourages the household to send their children to school and avail of health services, the analysis does not capture the quality of services that the children receive and whether or not availing of these services improve their human capital. Nonetheless, this simulation exercise can provide an overall direction of the direct impact of the cash transfer on household per capita income.

Box 2. The Annual Poverty Indicators Survey

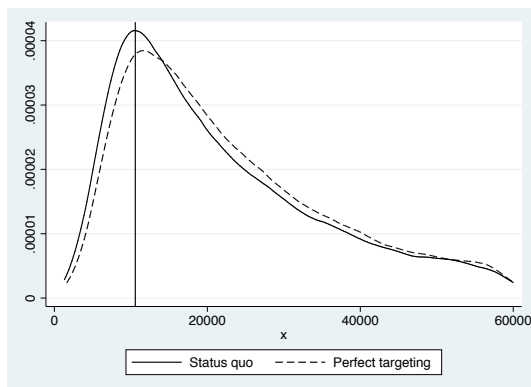
The Annual Poverty Indicators Survey (APIS) that was conducted in 2014. APIS is a nationally representative survey conducted by the Philippine Statistical Authority (PSA) during the years when the triennial Family Income and Expenditure Survey (FIES) is not conducted. It collects information on socio-economic indicators that are strong correlate of poverty such as demographic characteristics, education background, labor market status, living conditions, access to government services, among others. Given the information contained in the dataset, APIS is useful in evaluating the CCT program as it contains most of the variables used in identifying program eligibility. The dataset contains a total of 46,988 individuals who belong to 10,469 households.

Source: Philippine Statistical Authority (2016)

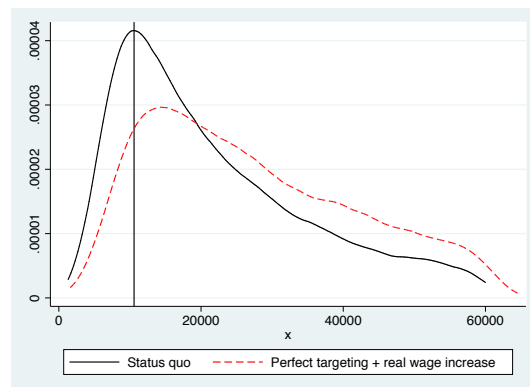
Figure 1 shows the per capita income distribution in the Philippines under scenario 1 (Panel A) and scenario 2 (Panel B), where households on the left of the vertical line belong to the bottom 20 percent of the distribution. Estimates showed that, even in the case of perfect targeting, the cash transfer does not create significant changes in the income distribution (Figure 1, Panel A). Most of the households that were relieved from poverty are those who are already close to the poverty line. The almost negligible impact of the CCT program on poverty incidence can be attributed to the program's targeting design, which is aimed at the poorest households in the Philippines whose per capita incomes are very low that the cash transfer could barely cross them over the poverty line.

Figure 1. Per capita income distribution

Panel A. The case of perfectly targeting the poorest households



Panel A. The case of increases in earnings of working members of poor households



Source: Annual Poverty Indicators Survey 2014; Authors' calculations.

On the other hand, only a significant increase in the per capita income of poor households could create tangible distributional impacts. However, this is beyond the scope

of the CCT program.⁴ There is much larger impact on the income distribution if the earnings of the working members of the poor households are increased (Figure 1, Panel B). This entails raising the labor productivity of the working household members through investments in skills and education. In the long-term, however, such significant changes can be achieved (albeit indirectly) by the CCT program as it incentivize the households to send their children to school in order to improve their future employment prospects.

3.3 Conditionality may highlight gaps in the delivery of basic services

The CCT program is likely to highlight the gaps in the delivery of basic social services, which tend to be particularly wide in areas where most poor households live. These gaps include limited supply of schools and health clinics and while supply exists in some areas the quality of their services is often low. The increase in the demand for these services as a result of compliance with program conditionalities may put pressure on the politician to improve the delivery of such services.

Studies have shown that the CCT program in the Philippines has raised the demand for education and health services among the beneficiaries. School enrollment rate among children aged 6-11 years increased by about 5 percentage points and among beneficiary children aged 12-14 years by about 4 percentage points, compared to the non-beneficiaries who may have been eligible for the program; the attendance rate among beneficiary children's regular growth monitoring sessions also increased by 12 percentage points and receipt of deworming pills by 12 percentage points among children 5 years and younger (Chaudhury & Okamura, 2012).

However, while the demand for education and health services have increased among the beneficiaries, another impact evaluation study has also shown that the CCT program has revealed the weaknesses in the education and health sectors. In the Philippines, for instance, the long distance to schools and health centers in some areas in the country makes it difficult for the beneficiaries to comply with the conditionalities. Moreover, supply-side constraints such as shortage of teachers and low-quality education and health infrastructure prevent some beneficiaries from availing quality services (World Bank, 2014).

⁴ Highly generous cash transfer programs are expensive and have budgetary implications. Hence, the decision on the level of benefit as well as coverage of cash transfer programs are made not only within the implementing agency but together with the government's finance department.

While the above factors are beyond the scope of poverty reduction policies, they uncover the existing constraints that prevent the poor households from improving their human capital. These gaps could put pressure on the local politician to improve the delivery of such services, especially because the delivery of these services in the Philippines has been devolved to the local government units.

3.4 Poor households may veer away from patronage politics

Mainly because of the features of the CCT program, such as being centrally managed and using an objective selection criteria, a local political has no control of the program benefits. Prior to such an assistance, poorer households often seek assistance from the local political patron, who in turn takes the opportunity to provide financial support with the expectation that the recipient households would return the favor by keeping him in office (see for instance, Bucheli, 2015). The implementation of the CCT program poses a threat to such patron-client relationship that provides informal form of support (Table 1).

Table 1. CCT program versus patronage politics

Features	CCT program	Patronage politics
Coverage	Poor households	Primarily political allies and supporters--and they are not necessarily poor
Depth of cash transfer	Adequate to make a difference in child investments; but small enough in order to mitigate dependency	Typically small, and meant as a dole-out
Conditions for access	School attendance, deworming, vaccination and regular health check-ups for children, etc.	Voting for the patron
Targeting	Based on rigorous impact evaluation methods	Based on actual or potential allegiance to the patron
Evaluation of impact	Based on evidence of poverty, as determined by the data	Evaluation not necessary if the patron (and his/her family) keeps on winning in elections
Risk of dependency and moral hazard	Careful effort in the design of the program to mitigate the risk of dependency	Dependency of the client on political patrons is advantageous for the patrons; indeed dependency is probably promoted
Communication: Who is extending help?	Taxpaying citizens helping fellow citizens and their children to live a decent life and increase their chances of breaking free from poverty	Patron is providing the help, which is expected to be re-paid by voting for the patron

Source: Authors

Moreover, the longer-term objective of the CCT program is to improve the education levels of the children from poor households, with a view to raise their future earnings, thereby moving themselves out of poverty. However, evidence indicates that more educated voters choose their candidates more independently, whereby they are less influenced by politicians who attempt to give them a favor in exchange for their political support. Social assistance policies in Latin America also show that wealthier beneficiaries and those with higher education are least likely to support the incumbents than otherwise (Layton & Smith, 2011). More educated voters are therefore a threat for politicians who thrive on patronage politics.

Hence, for a politician who benefit from dependence among the poorer voters, the CCT program has the potential to erode this dependence and weaken patron-client relationships (Zucco, 2013; Corrêa & Cheibub, 2015; Swamy, 2016). It is not likely for CCT programs to develop long-term clienteles associated with parties or a politician. For politicians, particularly long lived political dynasties that thrive on personal indebtedness (or *utang na loob* in Filipino language) a more independent voting population, either in the immediate or longer term, may begin to detach themselves from this relationship. This might increase the possibility of more competitive elections, which are potentially detrimental to political dynasties.

4. Conclusions

Reducing poverty requires a set of policies that takes into account not only economics, but also politics. While it is well recognized that politics play an important role in the outcomes of a poverty reduction program, there is little understanding on how this role takes part in the process. Part of the problem is that the political aspects of policies remain undisclosed and poverty reduction strategies have often been politically naive. Moreover, discussions tend to focus only on the technical aspects, but less so on the political aspects, although they can potentially shape the course of poverty reduction policies.

In a political environment that is mired by poor governance and weak institutions, technical solutions to poverty such as the CCT program are therefore expected to either face political resistance when they have features and implications that are not necessarily aligned with political incentives. Too often, poverty reduction programs fail to deliver their

desired outcomes because political factors plague the delivery of their benefits. When these factors are strong enough, they are capable of keeping ill-designed and poorly implemented poverty reduction programs.

However, any poverty-reduction program is not immune from political factors that may attempt to distort its real outcomes. Rather than ignoring these factors, they should be recognized and be taken into account in the design and implementation of the program. In many parts of the world, progress has been made in building the knowledge base on the control and accountability mechanisms that could help limit the political influence on program implementation. Innovative reforms in the delivery of social assistance that lower the influence of political factors to the minimum have the potential to improve the cost-effectiveness of such assistance.

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