
Introduction

In 1997 Mexico launched a new incentive-based poverty reduction program, initially known as Progresa and now as Oportunidades, to enhance the human capital of those living in extreme poverty. The program started under the administration of President Ernesto Zedillo, with initial coverage of 300,000 families in 6,344 localities in twelve states and a budget of US\$58.8 million (see tables 2-1 and 2-5 in chapter 2).¹

At that time, Progresa-Oportunidades was a novel initiative, inasmuch as it

- sought to substitute cash income transfers for income transfers in the form of targeted or generalized food subsidies (through price discounts, price controls, in-kind distributions of food items, and the like), giving beneficiary families complete freedom in their spending decisions

- conditioned the receipt of cash transfers on specific patterns of behavior by beneficiary households

- packaged nutritional, health, and educational benefits together to exploit their complementarities

1. From its beginning in July 1997 to mid-2002, the program was known as Progresa; since then it has been known as Oportunidades. Some papers and publications refer to it by one designation and some by the other. In this text the program is referred to primarily as Progresa-Oportunidades.

- adopted a life-cycle approach to avoid long-term welfare dependence
- included evaluations of program operations and impacts as part of program design
- applied strict guidelines for selecting beneficiaries
- delivered benefits directly to beneficiaries, with no intermediaries.

At the end of 2005, under the administration of President Vicente Fox, Progres-Oportunidades covered 5 million families, representing almost 24 percent of the country's population and practically all households living in extreme poverty. It operated in more than 86,000 localities in all thirty-one states of the country, with a budget of US\$2.8 billion (see tables 2-1 and 2-5). Over the course of this period, many scholars evaluated the program, principally in terms of its impact on beneficiaries' consumption, health, nutrition, education, investment, intrahousehold relationships, use of labor time, and migration patterns. They also evaluated the program's methods of targeting eligible households and its effects on poverty indicators. Results to date have been positive; perhaps one could say very positive. Because of its novel approach and its results so far, Progres-Oportunidades has at times been mentioned as an initiative that may provide useful lessons for reducing poverty in other countries.

Purpose of the Study

This book presents a case study of Progres-Oportunidades, written under the assumption that, at least so far, the program can be considered a successful development initiative. Its purpose is to contribute to knowledge of how successful development initiatives can be designed and implemented so that they are sustained, adapted, scaled-up, and replicated to solve key development challenges. With that aim in mind, the book centers its attention on the

- main factors that have contributed to program continuity and sustainability over almost a decade, including the incentives of the domestic political system and multilateral institutions
- policies that have allowed the program to operate at the national level and attain its large scale
- public information mechanisms that have supported program implementation
- the role of evaluation in program scale-up and continuity and the lessons of the randomized approach used in the evaluation process
- future challenges that the program faces

—potential lessons that the program might provide, including insights on the transferability of programs of this nature to other countries.

Other aspects of the program—particularly the more technical issues of poverty measurement, algorithms for identifying beneficiaries, and techniques for impact evaluations—are either ignored or touched on only as necessary for the purposes of the study.²

Chapters 1 and 2 describe the origins, objectives, and scope of Progres-Oportunidades, drawing from Levy and Rodriguez (2004). Chapter 3 provides a broad assessment of the main program results to date, bringing together the results of quantitative and qualitative evaluations of rural and urban areas carried out from 1998 to mid-2006, including results of reports available only in Spanish. Chapter 4 describes institutional design features of the program. Chapter 5 discusses the primary future challenges that the program faces. Finally, chapter 6 makes some suggestions for poverty programs drawn from the main lessons learned through Progres-Oportunidades.

2. Levy and Rodriguez (2004) provides a poverty profile of Mexico, a description of the country's poverty alleviation strategy and programs, and an analysis of the motivation, design, and results of Progres-Oportunidades up to 2003. Since then the program has expanded its scope and coverage, and more evaluation studies have been (and are being) conducted.