

El papel de la banca de desarrollo en la expansión de los programas de transferencias monetarias condicionadas (TMC): Banco Interamericano de Desarrollo y Banco Islámico de Desarrollo.

Regional development banks and the expansion of conditional cash transfer programs (CCT): Inter American Development Bank and Islamic Development Bank.

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Resumen:

El interés y el radio de acción de las TMC han crecido de manera contundente durante los últimos 12 años. Uno de los principales factores para el crecimiento y desarrollo de estos programas ha sido el papel de la banca de desarrollo para financiar el diseño, la implementación o evaluación de las TMC y promover redes internacionales de aprendizaje. Este artículo presenta una comparación entre el apoyo que para este fin han otorgado el Banco Interamericano de Desarrollo y el Banco Islámico de Desarrollo como una variable fundamental en el desarrollo de las CCT en América Latina y Medio Oriente.

Palabras clave: transferencias monetarias condicionadas (TMC), banca de desarrollo, abatimiento de la pobreza, banca islámica

Abstract:

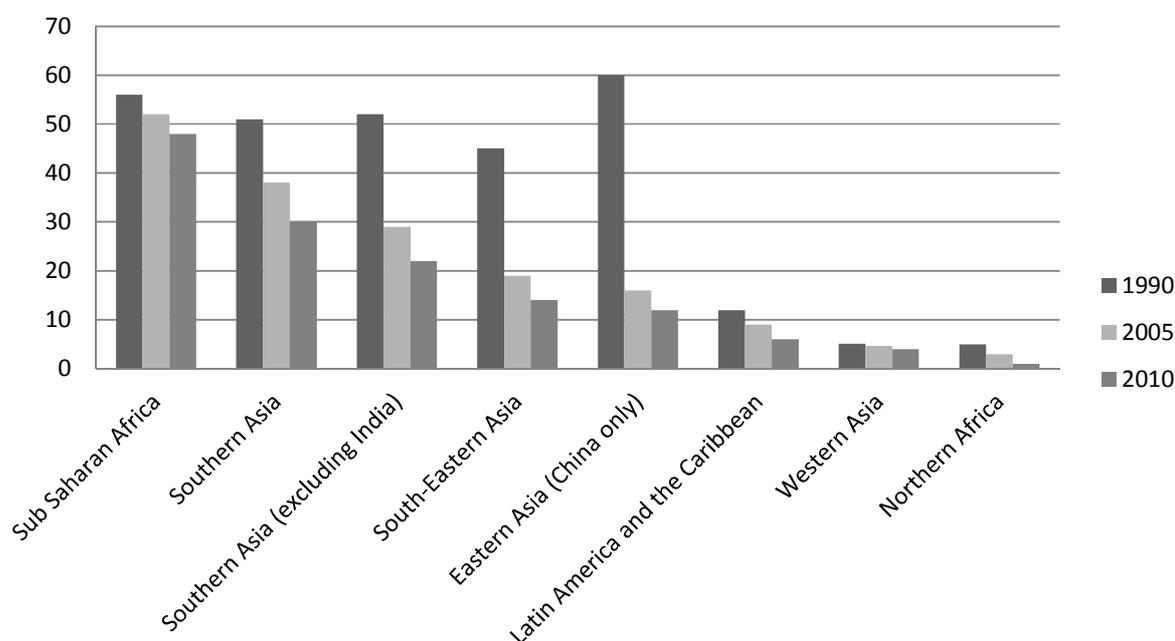
The interest and ratio of action of conditional cash transfer programs has grown significantly in the last 12 years. One of the main factors for the growth and development of CCTs has been the role of development banks to finance the design, implementation or evaluation of CCT and to promote international knowledge networks. This paper presents a comparison between the advocacy that Inter American Development Bank and Islamic Development Bank have given for this objectives as a fundamental variable to explain CCT growth in Latin America and the Middle East.

Key words: conditional cash transfers (CCT), development banking, poverty alleviation, Islamic banking

1. Introduction

Since the institutionalization of a global poverty agenda by the end of the 20th century and materialized in the United Nations Millennium Declaration signed in year 2000, the eradication of extreme poverty became a main goal for the international community and national governments around the world, transforming the global agenda and printing a universal responsibility to end inequity and foster the development of poor populations around the world (Noel, 2006). Since then, this transformed global agenda has focused international efforts and allowed to witness the greatest reduction ever in extreme poverty in every region of the world (United Nations, Millennium Development Reports 2012 and 2013). In fact, it is impossible to elude the great success when struck by the fact that the total number of dollar-a day people in the world fell between 1981 and 2008 by three quarters of a billion (Deaton, 2013).

**Figure 1. Proportion of people living on less that \$1.25 a day.
1990, 2005 and 2010 (percentage).**



Source: United Nations Millenium Development Goals Report 2013.

In this context, innovative and effect-driven strategies were designed to alleviate poverty, promote income growth and reduce inequities. One of these strategies, are the social interventions formerly known as Conditional Cash Transfers (CCT), which have been considered one of the best alternatives to reduce poverty and invest in human capital with exponential growth in the last decade receiving open support (financial, logistical and technical) by international organizations, aid donors and multilateral/regional development banks.

However, the development and implementation of these programs has been uneven in different world regions. For example, by 2013, virtually every country in Latin America was operating a Conditional Cash Transfer Program on a national level. Mexican program Oportunidades (formerly known as Progresa) is considered to be one of the most successful, having received considerable funding from the Inter American Development Bank and the World Bank, in part due to implementing rigorous evaluation in its initial design and showing evidence of positive results reducing poverty. The success of this program and dissemination of positive evidence was clearly a key factor that helped CCT to expand all over Latin America (Banerjee A. & Duflo, E., 2012: 264).

Nevertheless, regions like the Middle East, Asia or Africa have seen a slower growth of Conditional Cash Transfer programs in the region. Despite support from international organizations and some national level funding, CCT programs have not allocated themselves as a main development tool for alleviating extreme poverty in many regions of the world, consolidating only in Latin America with very slow and recent accomplishments in other regions such as Africa or Southern Asia.

When trying to understand the factors that have promoted and contributed to the exponential growth of CCT programs in Latin America, we find that financial support by development banking institutions such as the World Bank and regional development banking institutions as the Inter American Development Bank can be a key aspect to review. Some other multilateral development banking institutions have recently funded some CCT programs, such as the African or the Asian Development Bank. But others, such as the Islamic Development Bank have not

participated at all awarding loans for the implementation of this kind of social interventions.

In this article we process and analyze data regarding Inter American Development Bank and the Islamic Development Bank's policy briefs on poverty alleviation strategies, the approved loans in their member countries for design, operation or evaluation of CCT programs, and open a discussion on whether conceptual constructions of poverty and development have a direct impact on implementing successful poverty alleviation programs. This paper is part of a broader research project on Islamic institutions discursive construction of its poverty agenda, thus, complete answers are not the main objective of this paper, but to expose differences between two regional banking institutions and the implications conceptions on poverty alleviation have in the world's poverty agenda.

2. The global poverty agenda and Conditional Cash Transfers.

There have been two transcendent events that have had an impact on the global development paradigm in the last two decades. On one hand, the 2000 Millennium Development Goals where supranational commitments where signed fixing specific objectives towards world development, with special aim in alleviation of poverty and inequity. On the other hand, the 2005 Paris Declaration for Aid Effectiveness and Development where donor countries and recipient countries signed a series of commitments for results-based projects, evaluation, transparency and monitoring of international aid. These events made poverty alleviation a global concern but forced national governments and international organizations to develop and support programs that could have a measurable impact on beneficiaries. In this context, CCT programs, first established in Bangladesh in 1993 (Food for Education) were implemented successfully in Latin America using cash as an incentive (Fizsbein A., Schady, N., 2009). First, Brazilian municipalities and states developed similar but cash-based transfers in 1995 (Bolsa Escola), then the Mexican government developed a national level program based on the same principles (Progresa) and applied it on a national level in 1997.

In the last two decades, there has been an exponential growth of Conditional Cash Transfer programs due in part by support from international organizations and also by the integration of evaluating methods in the program design that allow to access data regarding the impact of the program and developing global knowledge networks to share information and implement positive practices.

By 1997, only Bangladesh (on a minor scale) Mexico and Brazil were implementing CCT programs as part of their social programs. Followed by dissemination of positive results from Bolsa Familia and Progres-Oportunidades, an estimated additional 40 countries have since followed, prompting the United Nations to describe CCTs as “one of the most significant developments in global social policy since the expansion of social security in industrialized countries” (Devex <https://www.devex.com/news/conditional-cash-transfers-taking-stock-and-looking-ahead-77999>). Large scale national CCT programs are now operational across Central and South America, as well as in Bangladesh, Indonesia, the Philippines and Turkey. Small-scale pilot CCT programs can now be found in sub-Saharan Africa in countries such as Zambia and Angola.

2.1. Conditional Cash Transfer programs and development banking.

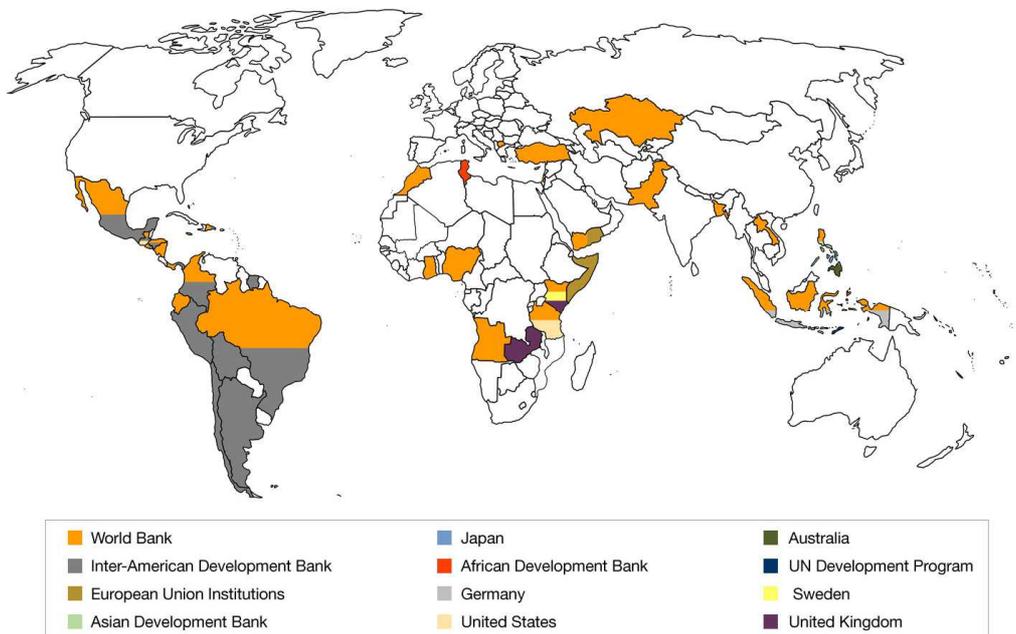
The expansion of Conditional Cash Transfers has nonetheless proven to be uneven in the different world regions and the support shown by national governments and international organizations in Latin America has not been equal to other regions such as the Middle East and, as seen in the Latin America and Caribbean region, the role of development banking has been a key factor in the exponential growth of this kind of strategies in some regions and could account for poor implementation in other regions of the world.

CCT programs in Mexico and Brazil were initially self-financed by national governments with great support from former presidents Ernesto Zedillo (Mexico) and Fernando Henrique Cardoso (Brazil), both in favor of open markets and strategies to increase income and purchasing power for families. However, CCT programs in both countries later relied on considerable funding from development

banking institutions such as the World Bank and Inter-American Development Bank to strengthen their programs and increase the number of beneficiaries dramatically. For example, in the Mexican program, beneficiaries went from 300,000 families in 1997 to 5.8 million families by 2013. According to information from the World Bank, only in 2010, it approved \$200 million in financing for Brazil's Bolsa Familia and \$1.25 billion for Mexico's Progresa-Oportunidades.

Figure 2.

Leading Donors to Conditional Cash Transfer Programs (2001-present)



Source: OECD and Devex Data

Source: Devex and OECD Data, accessed from <http://goo.gl/GRW7mO> on March, 2014

As the Devex/OECD graph shows, other major donors have also stepped up support for CCT programming. In the Philippines, a few of the country's top donors including ADB, Australia and Japan have joined the World Bank in financing CCTs. For example, in Indonesia, Germany has joined the World Bank in supporting Jakarta's CCT pilot program. In Africa, the United States is financing CCT programming in Tanzania while the African Development Bank is supporting the creation of a social development fund in Tunisia (Devex online policy brief <http://goo.gl/ET0bcQ>).

It is important to highlight that CCT programs were also an important focus of international organizations and development banking institutions, since they fitted perfectly into the current mainstream discourse on poverty reduction in a post 2000 Millenium Declaration context. As Britto (2005) had clearly stated in some of her wo, elements and concepts such as gender, human capital, community participation, empowerment and targeting are all included, to varying degrees, in CCT programs.

3. Inter American Development Bank.

The Inter American Development Bank (IADB) was founded in 1959 and is the oldest and largest of the regional multilateral development banks. It is considered to be the largest source of development finance for Latin America grouping 26 borrowing member countries and 20 non- borrowing member countries (Hagbrink, 2003). By 2003, the IADB had approved over U\$ 130 billion in loans with special focus on poverty reduction, social equity, sustainable development, growth and modernization of the State. On July 21, 2010, the IADB's Board of Governors agreed to the terms of the proposed increase of the Bank's Ordinary Capital by \$70 billion, the largest expansion of resources in the Bank's history with special focus on reducing poverty and inequality. The agreement also included a proposal to increase, by \$479 million, the Fund for Special Operations (FSO), which finances operations in the region's poorest nations (2014, IADB website, accessed from <http://www.iadb.org/en/capital-increase/ninth-capital-increase-idb-9,1874.html>) .

3.1. Inter American Development Bank and Conditional Cash Transfers

The IADB published in 1998, its Policy Paper on Poverty Reduction (IADB, 1998) focusing on the bank's guidelines to foster development in its member countries and alleviate poverty in Latin America. By 1997, there were 150 million persons in poverty in the region and the document reflected already, the bank's concern for inequalities rising in the countries and the need to improve measuring methodologies that allowed to analyze these internal differences. There were great reductions on rural poverty but urban poverty was rising, especially in densely

concentrated cities like Mexico City, Buenos Aires and the metropolitan Venezuela area (IADB, 1988). The document focused on viewing poverty as a result of deficient macroeconomic policies and it urged to foster economic growth in the regions with some social safety net programs such as loans for micro enterprises that could at the same time increase the population's consumption power while promoting economic growth and self employment.

Mexico's CCT program (Oportunidades, formerly Progresa) was implemented in 1997 and was the first to be rigorously evaluated by the International Food Policy Research Institute (IFPRI) between 1998 and 2000. The dissemination of the program's results generated interest from development banking institutions such as the World Bank and the Inter American Development Bank that fostered international knowledge networks to promote replication of this kind of projects in other countries (Levy, Santiago, 2006). CCT programs (Britto, 2005). Following these circumstances, international recognition did not take long to arise and due to its innovative strategies, but also to the evidence of positive impacts emerging from carefully planned evaluations like Progresa's, in 2002 the Mexican government contracted its largest loan ever from the IDB, totaling US\$1 billion, for the purposes of expanding Progresa's scope and coverage in the framework of the new Oportunidades program (Britto, 2005; Cohen, Franco and Villatoro, 2006).

Table 1. IADB approved loans to strengthen Mexican CCT , Oportunidades

PROJECT	PROJECT NUMBER	APPROVED LOAN (U\$D MILLIONS)	APPROVAL DATE
Oportunidades Fase I	ME0244	1000.00	16-ene-02
Multifase de consolidación y expansión del programa de desarrollo humano Oportunidades	ME-L1007	1200.00	16-mar-05
Fortalecimiento al Programa de Desarrollo Humano Oportunidades	ME-L1052	200.00	1-ene-09
Fortalecimiento al Programa de Desarrollo Humano Oportunidades. Segundo Proyecto	ME-L1067	600.00	21-may-09
Fortalecimiento al Programa de Desarrollo Humano Oportunidades III	ME-L1080	800.00	18-oct-10
Apoyo al Programa de Desarrollo Humano Oportunidades	ME-L1091	600.00	7-ago-13

Source: Own elaboration, processed from IADB project database online, accessed from <http://goo.gl/NyhF1E>

By 2011, 18 countries in the Latin America and Caribbean region had implemented a CCT program and others were designing pilot programs (see table 1). Beneficiaries, only in this region grew from 38 million in 2001 to 129 million in 2010 (Stampini & Tornarolli, 2012). The IADB has to this day, invested upwards of U\$8 billion in CCT programs over the last decade and financed CCTs in at least 14 countries in Latin America and the Caribbean (IADB project database). Just last December, IDB signed off on a U\$15 million loan to rollout CCT programming in Suriname. Another element to consider is that Santiago Levy, Mexico's former deputy finance minister and credited for having designed Oportunidades (formerly Progresá), Mexico's CCT program and considered to be among the most successful in the region, and is one of the most prominent advocates for CCTs, now sits as a vice president at IDB.

Table 2. Inter America Development Bank member countries that operate CCT programs.

COUNTRY	PROGRAM	YEAR	STATUS	BENEFICIARIES	(USD Millions)	MAIN DEVELOPMENT
		STARTED			BUDGET	BANK FUNDING
ARGENTINA	Programa Familias	2002	ACTIVE	504,784 families (2007)	853.3	IADB
BAHAMAS ***	NOT AVAILABLE	2012	PILOT	100, 000 families	17	IADB
BELIZE	BOOST	2011	ACTIVE	3177 families	NOT AVAILABLE	World Bank/IADB
BOLIVIA	Juancito Pinto	2006	ACTIVE	1.2 million children	30	IADB
BRASIL	Bolsa Familia	2003	ACTIVE	8 million families (2006)	10.7 billion	World Bank/IADB
CHILE	Chile Solidario	2002	ACTIVE	268, 000 families	.08% GDP (2008)	World Bank
	Subsidio Familiar	1981	ACTIVE	1.2 million beneficiaries	70	World Bank
COLOMBIA	Familias en Acción	2001	ACTIVE	1.7 million families (2007)	125	World Bank/IADB
COSTA RICA	Avancemos		ACTIVE	143 households x each 1000	.23% of GDP	IADB
DOMINICAN REPUBLIC	Solidaridad	2005	ACTIVE	461, 446 families	124.94 (2008)	World Bank/IADB
ECUADOR	Bono de Desarrollo Humano	2003	ACTIVE	5 million beneficiaries	194	World Bank
EL SALVADOR	Red Solidaria	2005	ACTIVE	100, 000 families (2008)	51.4	World Bank/IADB
GUATEMALA	Mi Familia Progresa	2008	ACTIVE	250,000 families (2009)	0.2% GDP (2007)	World Bank/IADB
HAITI **	Ti Manman Cheri	2012	PILOT	100, 000 families (2008)	15	Petrocaribe
HONDURAS	Programa de Asignación Familiar	1998	ACTIVE	240,000 families	20 (2008)	World Bank/IADB
JAMAICA	Advancement Through Health and Education	2001	ACTIVE	300, 000 beneficiaries (2008)	245 (2007-2008)	World Bank/IADB
MEXICO	Oportunidades	1997	ACTIVE	5.8 million families	5.3 billion (2012)	World Bank/IADB
NICARAGUA	RPS	2000	ACTIVE	21,000 families	6	IADB
PANAMA	Red de Oportunidades	2006	ACTIVE	70, 000 families	160.1	World Bank/IADB
PARAGUAY	Tekopora/Propaís II	2005	ACTIVE	19, 800	9.6	World Bank
PERU	Juntos	2005	ACTIVE	453, 823 (2008)	100 (2006)	IADB
TRINIDAD AND TOBAGO*	Targeted CCT Programme	2007	ACTIVE	22, 000 beneficiaries	10	National Government
URUGUAY	Asignaciones Familiares	2008	ACTIVE	207 households x each 1000	.48% GDP	IADB
SURINAME	Social Protection Support Program	2011	PILOT	15, 000 families (2015)	15	IADB

Source: Own elaboration, processed from World Bank (2009) and IADB website on social transfers <http://goo.gl/RuCACH> accessed on March, 2014. ¹

¹ Additional sources: * Government of the Republic of Trinidad and Tobago. Ministry of the People and Social Development. <http://goo.gl/6v1bM5> Pemberton (2006). IPC-UNDP <http://goo.gl/1JdNr4>
** Haitian Government announces CCT school attendance program. <http://goo.gl/SUykYk> *** Bahamas CCT. <http://goo.gl/3WtYqd>

Table 3. Approved Inter American Development Bank loans for design/implementation/evaluation of CCT programs in member countries.

COUNTRY	LOAN U\$ millions	YEAR
ARGENTINA	700	2005
ARGENTINA	0.02	2004
BAHAMAS	24	2012
BELIZE	1.73	2009
BOLIVIA	20	2009
BOLIVIA	0.02	2005
BRASIL	1000	2004
BRASIL	0.44	2012
CHILE	0.2	2013
COLOMBIA	306	2007
COLOMBIA	220	2010
COLOMBIA	0.3	2012
DOMINICAN REPUBLIC	100	2013
DOMINICAN REPUBLIC	80	2011
DOMINICAN REPUBLIC	100.75	2010
DOMINICAN REPUBLIC	70	2009
EL SALVADOR	0.15	2009
EL SALVADOR	57	2005
GUATEMALA	0.3	2009
GUATEMALA	200	2009
HONDURAS	100	2013
HONDURAS	55	2010
HONDURAS	20	2008
JAMAICA	30	2012
MEXICO	1000	2002
MEXICO	1200	2005
MEXICO	600	2009
MEXICO	800	2010
MEXICO	600	2013
MEXICO	200	2009
PANAMA	200	2013
PERU	6	2010
PERU	50	2009
SURINAME*	15	2011
TOTAL (2013)	U\$ 7,756.91 million	

Source: Own elaboration, processed from project database at IADB website <http://goo.gl/RuCACH> accessed on March, 2014.

In this exponential growth, were involved donors such as multilateral development banks, specially the World Bank and the Inter American Development Bank, approving loans for the design, implementation and evaluation of CCT programs acting in some of those as the main source of development bank financing (as seen in tables 2 and 3).

Currently, the IADB claims promotes its extensive experience in the design, implementation and evaluation of poverty alleviation programs and the most visible expression of this experience is the support that it has provided since the late 90's to CCT programs. In Latin America by 2014, almost every country in the region has used this type of program as a pillar of its strategy for alleviating poverty and inequality at some time in its development history (in some cases as Brazil and Mexico CCT has become the main social public policy program for alleviating poverty). As tables 1 and 2 show, the IADB has played an important role in just about every one of the CCT programs currently active in its member countries.

4. Islamic Development Bank.

The Islamic Development Bank (IsDB) Group is a multilateral development finance institution formally opened in 1975 whose main purpose is to promote economic development and social progress of member countries following the principles of Shariah, also called Islamic Law (IsDB, 2013). IsDB group is composed of five entities with different objectives such as the Islamic Research and Training Institute (IRTI) or the International Islamic Trade Finance Corporation (ITFC). The Islamic Development Bank (IsDB) groups 56 countries from four continents that are part of the Organization of Islamic Corporation (OIC). Among other activities, the IsDB provides financial resources through different modes of financing to finance development activities in member countries. The major shareholder of the IsDB is Saudi Arabia with 23.61% followed by Libya with 9.47% and Iran with 8.28% (IsDB, 2013). By 2012, the IsDB's Ordinary Capital Resources (OCR) amounted for U\$33.6 billion and on annual basis, net approvals accounted for U\$4.3 billion.

4.1. Islamic Development Bank conceptualization of poverty.

The IsDB, has the characteristic of having integrated the fight against poverty since its initial design. In the Bank's 1440 Vision statement, it established as the second key strategic trust to "alleviate poverty" (IsDB, 2007:6). In its medium-term Strategic Agenda in 1996, the IsDB identifies poverty alleviation as one of its main development themes in the bank's agenda. The agenda identified five interrelated development themes: poverty alleviation, science and technology, human resource development, preservation of the environment and private sector assistance (Abdelmageed, Siddig, 1999). This points out the great interest of the bank to institutionalize poverty alleviation efforts, even in a pre Millennium Development Goals global agenda.

Since the IDB started its activities in 1975, it provided more than \$5 billion to member countries for poverty alleviation strategies and programs such as agriculture, health, literacy water and sanitation. However, unlike other multilateral development banks (IADB for example), which traditionally have dedicated windows for concessionary financing, the IsDB had been depending upon its ordinary capital resources to provide concessionary financing to those activities.

As a result of an internal process of exploration to expand its efforts fighting poverty and as a result of the OIC Summit held in Makkah, the IDB Board of Governors decided to establish a special fund within the IsDB Group for poverty alleviation as its main objective, but also to eliminate illiteracy and eradicate diseases and epidemics in OIC member states (IsDB 2007 and 2013). The Islamic Solidarity Fund for Development (ISFD) started its operations in February 2008 with an approved principal target capital of US\$10 billion, consisting mainly of contributions by the IsDB and its member countries. The ISFD was established in the form of a Waqf (endowment), that is, operations under the ISFD would be financed only from the returns on investment of its capital resources (IsDB, 2011). The establishment of this fund, allowed the bank to formulate and rethink its policy activities to implement this new program, and

clarify the IsDB approach to poverty reduction. This conceptualization of poverty would shape the bank's programs and strategies and establish the guidelines for loan approvals to member countries regarding poverty alleviation strategies and development interventions.

The IsDB recognized the Millennium Development Goals agreed at the United Nations Millennium Summit in September 2000 as "useful" (IsDB, 2007: 8), but made it clear it would establish its own conceptualization of poverty and the ways to end it. Among the most important guidelines of this ideological framework was the conceptualization of poverty through Islam, stating an "obligation on society to help the poor", and not only as a government's obligation. Following Islamic principles and opposed to the mainstream poverty alleviation discourse, the IsDB integrated a spiritual dimension of poverty, considering community informal networks and religious union as an important part of a person's full development (IsDB 2007).

In order to establish principles for the ISFD fund, the IsDB took into consideration not only the consequences of poverty, but most importantly, the "causes" of poverty. In a revolutionary way and in accordance to a multidimensional view of poverty, the IsDB recognized at least four dimensions "beyond income alone": *opportunities, capabilities, security and empowerment*. Separating itself from the mainstream/global development institutions, the IsDB recognized and retained the freedom to adapt any of the MDGs to suit the needs of a project or program avoiding "one size fits all interventions". The first priority for the IsDB, was to finance integrated sector projects aimed at the causes of poverty and not poverty's manifestations. Also, in order to maximize the impact of the bank's projects and the ISFD, the IsDB also established seven guiding principles in its poverty reduction work (IsDB, 2007):

- I. Differentiation
- II. Selectivity
- III. Community-based
- IV. Islamic
- V. Actionable
- VI. Rising awareness
- VII. Measuring Impact

Poverty alleviation strategies in the IsDB are designed according to Islamic principles, first, and the bank's policy regarding poverty alleviation, second. This results in a one of a kind series of guidelines that combine a religious approach and a banking strategy. In the process of developing and designing projects and social interventions, the bank states to support and promote "self-esteem and self-supportiveness of the poorer segments of the population" (Abdelmageed, Siddig, 1999: 62). Based on this prescript, projects such as micro loans were the main focus of the bank, since they fitted perfectly in the Islamic precepts and the bank's focus for poverty alleviation.

By the beginning of the 21st century, the challenge for the IsDB in the fight against poverty was not a minor one. About 40% (around 400 million) of the 1 billion people estimated to be in absolute poverty in 2002 lived in 31 of the 56 IsDB member countries (IsDB 2007; Kanbur, R. & Summer A. 2011 and Summer, A. 2012). 5 countries accounted for at least 250 million of this 400 million with severe poverty problems in Bangladesh, Indonesia, Nigeria, Pakistan and Sudan.

4.2. Islamic Development Bank and Conditional Cash Transfers.

The IsDB has recognized the importance of social safety nets for the poor as a mechanism to help the poor withstand adverse shocks such as economic crises or natural disasters. In this regard and following the Islamic principles, the IsDB considers a great difference in private and public safety nets in the form of income transfers. The Islamic Zakat institution ² is an obligatory responsibility for individuals to promote social justice and to ensure sustenance to the economically unfortunate sections of the society. This institution forces Muslims that have resources beyond certain limits to pay Zakat on an annual basis to help the poor

² For more information on the role of Zakat in poverty alleviation strategies review: Ahmed, H. (2004), "Role of Zakah in Poverty Alleviation", Islamic Research and Training Institute, Occasional Paper No. 8, 2004.
Kahf, M. (2000), "Zakah Management in Some Muslim Societies", Islamic Research and Training Institute, Background Paper, 2000.
Mohibul Haq Sahibzada (1997) (ed.), "Poverty Alleviation in Pakistan", Institute of Policy Studies, Islamabad, Pakistan, 1997.

and underprivileged as the Prophet mandated (Fahim, K., 2006). After analyzing the works of Abdelmageed, S. (1999) for the IsDB, we find that the most important conceptions that shape the IsDB views on CCT are based on the conceptions of private safety nets, particularly on the institution of Zakat.

Abdelmageed (1999), quotes some empirical evidence to corroborate the fact that "Zakat institution can be effective when poverty is strongly associated with family size, inequality or economic transition" (2009: 11) and criticizes public transfers (mainstream CCT) for having extremely high administrative costs as percentage of total budget. This work, mentions that Zakat has led to alleviation of poverty in the past and that an establishment of Sadaqat fund at the Bank complements Zakat institutions promoting compulsory Zakat in member countries and reinforces private transfer programs practiced everywhere informally in Muslim communities, with great positive effects on rural communities. When Zakat institutions don't show positive results, Abdelmageed finds that financing for micro-enterprises is the second best choice for poverty alleviation strategies, this way individuals would be empowered and encourages individuals to work hard to be self-sufficient. This last part is basic, for it makes it clear that the Islamic vision would favor strategies that won't risk dependency on a long term basis, one of the main criticisms to CCT.

As a result of this conceptual guideline and following the IsDB framework for poverty alleviation strategies, CCT programs have not been a priority for the bank's agenda. More than that, there has not been a single loan approved since 2002 for design, implementation or evaluation of a CCT program in IsDB member countries (IsDB Annual Reports 2002/2012 accessed from: <http://goo.gl/lxUYXb> on January/March 2014). Of the IsDB 56 member countries, only 9 operate a CCT program with only Bangladesh doing so for more than 1 million beneficiaries (see table 3). Of these 9 countries, one receives funding from the IADB, 8 from the World Bank and none receives funds from the Islamic Development Bank.

**Table 3. Islamic Development Bank member countries that operate
Conditional Cash Transfer programs**

COUNTRY	REGION	PROGRAM	YEAR STARTED	STATUS	BENEFICIARIES	(USD Millions) BUDGET	MAIN BANK FUNDING
BANGLADESH	South Asia	Female Secondary School Assistance Program	1994	ACTIVE	723, 864 families	40	World Bank
	South Asia	Primary Education Stipend Program	2002	ACTIVE	5.3 million beneficiaries	103.63	World Bank
	South Asia	Reaching Out of School Children	2004	ACTIVE	500, 000 children	63	World Bank
BURKINA FASO	Africa	Orphans and Vulnerable Children	2008	ACTIVE	3, 250 families	1.4	World Bank
INDONESIA	East Asia and Pacific	Program Keluarga Harapan	2007	ACTIVE	750, 000 families	88	World Bank
NIGERIA	Africa	Care of the POOR (COPE)	2008	ACTIVE	100, 000 families (2011)	31.6	World Bank
PAKISTAN	South Asia	Punjab Education Sector Reform Program	2004	ACTIVE	455, 259 families (2007)	9.7 (2006)	World Bank
	South Asia	Child Support Program	2006	ACTIVE	13, 265 beneficiaries (2008)	1.2	World Bank
TURKEY	Europe	Social Risk Mitigation Project	2001	ACTIVE	855, 906 families	360	World Bank
YEMEN	Middle East and North Africa	Basic Education Development Project	2007	ACTIVE	NOT AVAILABLE	NOT AVAILABLE	World Bank
MOROCCO	Middle East and North Africa	Tayssir	2007	PILOT	163, 196 families	2.7	World Bank
SURINAME	Latin America and Caribbean	Social Protection Support Program	2011	PILOT	15, 000 families (2015)	15	IADB

Source: Own elaboration, processed from World Bank (2009), World Bank website and IADB website on social transfers <http://goo.gl/RuCACH> accessed on March, 2014.

5. Conclusion.

As seen in table 4, evidence shows that exponential growth of CCT programs in IADB member countries contrasts with very poor implementation of programs and beneficiaries in IsDB member countries. Loans from multilateral development banks has played an important factor in Latin America and the Caribbean, reflected in the number of countries that implements a CCT program by 2014. Countries like Brazil, Argentina and Mexico that have received substantial funding have been able to multiply their numbers of beneficiaries and contribute to a radical reduction on extreme poverty in rural and urban areas. However, in IsDB countries, only 16% have implemented some kind of CCT and none of these programs has received a direct loan from the IsDB to design, implement, evaluate or undertake studies to review if they would be viable or have a positive impact on poverty reduction strategies.

Table 4. Comparison showing IsDB and IADB member countries operating and/or receiving loans to develop CCT programs.

ISDB TOTAL BORROWING COUNTRIES	ISDB COUNTRIES THAT OPERATE A CCT PROGRAM	ISDB COUNTRIES THAT RECEIVE LOANS FROM ISDB TO DESIGN, OPERATE OR EVALUATE CCT PROGRAMS
56	9	0
100%	16.07%	0%

IADB TOTAL BORROWING COUNTRIES	IADB COUNTRIES THAT OPERATE A CCT PROGRAM	IADB COUNTRIES THAT RECEIVE LOANS FROM IADB TO DESIGN, OPERATE OR EVALUATE CCT PROGRAMS
26	23	21
100%	88.46%	80.76%*

Source: Own elaboration, processed from World Bank (2009) and IADB website on social transfers <http://goo.gl/RuCACH> accessed on March, 2014.

This paper shows the differences both banking institutions have regarding poverty, poverty alleviation strategies and the role formal institutions such as governments or banking groups have to play in reducing poverty. We find that these differences are directly related to implementation of CCT programs and the

different poverty alleviation strategies funded by development banks. New research has to be made regarding conceptual constructions of poverty that consider key aspects as religious views that have a direct effect on government and banking institutions. It is our aim to provide a starting point in this direction and to contribute to new research that could potentially answer these questions and help shape a more inclusive anti poverty agenda in the Post 205 world.

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