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Preferences for conditioning and being conditioned - experimental & survey evidence from Zambia

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Preferences for conditioning and being conditioned – experimental & survey evidence from Zambia

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Abstract

While conditionality is a frequently discussed topic among policy-makers and cooperating partners when it comes to social cash transfers, less attention has been paid to the views of the general public and beneficiaries in low-income countries. Using qualitative, survey and experimental evidence from Zambia, this study contrasts the perceptions of beneficiaries and the broader public with those of policy-makers and assesses the factors that influence choices about imposing conditionality. As long as conditionality is not so rigorously enforced that it leads to greater tension, conditionality meets the interests of policy-makers, the general public and beneficiaries alike, exerting the necessary control for transfer givers and the guidance for transfer recipients. The experiment, however, also demonstrates that conditionality preferences are neither homogeneous nor static and are likely to change with more exposure to social cash transfers and conditionality.

Key words: conditionality, social cash transfers, political economy, empowerment

1. INTRODUCTION

Policy makers struggle with whether or not to opt for conditionality in a social cash transfer program. Conditionality is argued to make a social cash transfer politically more attractive because conditions direct household spending toward the intended use and counterpart action by households as well as greater provision of services by government. On the other hand conditionality can easily diminish the political support of those who are being conditioned because they face higher transaction costs, are forced to adopt a behavior that is not their first preference or are demotivated by the control and lack of trust that conditionality signals.

Although both advocates and opponents agree that there are political economy benefits of conditionality, a closer scrutiny of the evidence shows that only anecdotal evidence supports this argument (Schüring 2010). We have scarce information about the preferences of policy-makers and understand even less to what extent these preferences coincide with the preferences of urban and rural voters or more decentralized governance structures such as communities and beneficiaries themselves. As policies are only sustained if they enjoy decision-makers' support, it is important to understand the political potential and/or cost of conditionality and assess the factors that motivate decision-makers at different levels to opt for or against

In order to enlarge the body of evidence, this paper studies conditionality preferences more intensively and explores their political potential. The different arguments that are advanced with respect to the political economy of conditionality (Section 2) are presented. The paper then introduces the methodology that was employed to elicit people's conditionality preferences and choices, ranging from interviews and surveys to community experiments (Section 3). Section 4 presents the views of decision-makers, followed by stated preferences

of urban respondents (Section 5), revealed preferences of rural respondents (Section 6), conditionality decisions of rural communities (Section 7) and opinions of (potential) beneficiaries themselves (Section 8). Drawing on this mix of preferences, Section 9 concludes with an assessment of the political potential of conditionality.

2. THEORY

2.1 Preferences for conditioning

Decision-makers may prefer conditionality because they fear that without the imposition of conditions, households might take sub-optimal decisions from a personal and a societal perspective (Das, Do et al. 2005; de Janvry and Sadoulet 2006; de Janvry and Sadoulet 2006; Bastagli 2008; Fiszbein and Schady 2009; Schüring 2010). For example, households might not invest sufficiently in the conditioned good and service if they have access to imperfect information, if individuals with greater authority within the household do not behave completely altruistically vis-à-vis other household members (age and gender hierarchies), if they are myopic in their choices or particularly risk-averse. Households also seldom have all the information to accurately factor in the positive spill-over effects of education and health decisions or the social costs of underinvestment in these areas. Conditionality could therefore help to orient individuals' choices toward an optimum for the recipient as well as society.

Even if households already invest at an optimal level, conditionality can still be appealing to decision-makers because it buys political support for welfare programs, which tend to be politically unpopular. Conditionality can transform the image of a transfer going to an "undeserving" individual to an individual who has earned support through his/her counterpart action (Hickey 2006). According to Lindert and Vincensini (2009), this appeal applies to the political right as well as to the political left with the Right appreciating conditionality as a contractual arrangement with clear obligations attached and the Left viewing conditionality as a basic right.

By adding requirements to the transfer, the conditionality introduces an element of control preventing households from consuming "demerit" goods. It also introduces an element of reciprocity, asking the individual to actively graduate out of poverty, to reduce the risk of falling into poverty again and to prevent the coming generation being equally dependent on social welfare. In this way, conditionality can be seen to guarantee for fair burden-sharing within society across generations. In addition, conditionality can have an important signaling effect in terms of the performance of government. By only continuing support if conditions are met, conditionality assists decision-makers in demonstrating success long before the actual impact evaluation has been carried out. This might be particularly crucial in countries which are donor dependent and where donors demand observable measures of performance usually fairly quickly as they are equally accountable to taxpayers in their respective countries (Das, Do et al. 2005).

Consequently, without looking at the administrative challenges attached to the management of conditionality, conditionality appears to have *a priori* significant political appeal.

2.2 Preferences for being conditioned

While some authors have argued that conditionality can actually empower recipients by turning the welfare payment into a contractual agreement and treating the recipient as a partner (Cohen and Franco 2006; de Janvry and Sadoulet 2006; de la Brière and Rawlings 2006) or by increasing the negotiation power of women in the household (Martinelli and Parker 2003), most authors stress the patronizing and disempowering nature of conditionality (Schubert and Slater 2006; Freeland 2007; Standing 2007; Veit-Wilson 2009). Beneficiaries

might feel demotivated by the extra nudge from government, they might perceive conditionality as a lack of trust (Fehr and Gächter 2001; Sliwka 2007; Frey 2008; Kremer, Miguel et al. 2009) and they might attain a higher level of welfare without conditionality being attached to the transfer.

Critics furthermore highlight the possibility that conditionality might reinforce traditional gender roles and responsibilities (Molyneux 2006; Bradshaw 2008), or that it could lead to higher costs for the beneficiary (Coady, Perez et al. 2005) and that eventually recipients risk being screened out where they cannot comply with the conditions. These arguments suggest that conditionality would not be the preferred choice of beneficiaries, in particular where other factors prevent beneficiary households accessing the conditioned services such as unavailability, irregularity or low quality of respective health and education services (Barrientos and de Jong 2006; Handa and Davis 2006).

3. METHODOLOGY

3.1 Experiment with rural communities

Community experiments were conducted in 25 different communities, with a pre-test being carried out in one additional community (see table 1 for the overall set-up of the experiment). The 25 communities were randomly selected through stratified cluster sampling from the list of treatment and control communities of a social cash transfer (SCT) pilot in Monze district, Zambia, which targets extremely poor households with no or limited labor capacity. We clustered communities by their SCT status to test the impact of prior exposure to SCT on outcomes: 15 communities on the SCT pilot and 10 control locations, which had not been integrated into the SCT programme, were selected.

In each study location, two groups of 10 individuals each participated in the experiment. Community members were randomly selected from a pool of volunteers. Information, collected through a pre-survey, helped to assign each member one of the three wealth categories – “very poor”, “poor” and “better off”. Effort was made to ensure that there was representation from each of these strata in every group. Specifically, 3, 4, and 3 community members were randomly selected for each group from the “very poor”, “poor” and “better off” categories respectively.

There were two different treatment conditions in the experiment, which were randomly allocated to different communities. Every individual could only participate in one of the two treatment conditions. For treatment condition 1, group members made decisions for members of their own group including themselves while for treatment condition 2, group members made decisions for members of the second group playing in the community. For each of these treatment conditions, two different rounds were played: the individual round that allowed each participant to make decisions in private and a second round where the group decided jointly.

In the first round, participants individually distributed 20 tokens, each worth ZMK 50,000 (~US\$ 10) with the overall objective of alleviating poverty. For every group member of either their own or the other group in the community, the giver had to decide 1) whether to give any tokens, 2) how many to give, 3) whether to make the transfer conditional, and 4) which condition to choose out of an education, growth monitoring, vaccination, training and community work condition. Most of the participants knew each other; in fact only 3% claimed not to really know the other person. In order to make sure that all group members had at least some basic information about the other participants, every participant was asked to introduce him- or herself before the initial instructions were given.

After all individuals had made their choices concerning the distribution of tokens and conditionality, they were interviewed about their motives for doing so. For the second round of the experiment, all group members decided jointly on how to allocate a total of ZMK 10,000,000 to either their own group members (treatment condition 1) or the members of the other group in the community (treatment condition 2). After the group allocation, each group member was again interviewed individually about his/her satisfaction with the group outcome.

Table 1: Set-up of the experiment (experiment locations, treatment conditions & experiment rounds)

| Communities on the SCT | | Non-SCT Communities | |
|--|--|--|--|
| Treatment condition 1 – intra-group | Treatment condition 2 – inter-group | Treatment condition 1 – intra-group | Treatment condition 2 – inter-group |
| | 1. Pre-survey | | |
| | 2. Instructions & Introduction of participants | | |
| | 3. <i>Individual allocation round</i> | | |
| | 4. Survey I | | |
| | 5. <i>Group allocation round</i> | | |
| | 6. Survey II | | |

Source: Author’s illustration

For the decision-making process to be as close to reality as possible there was a monetary gain attached. Each token-receiving individual was awarded 1% of the value of the tokens received (i.e. ZMK 500 for each ZMK 50,000 token received). In order to make sure that participants understood that there was a cost attached to complying with conditionality, every condition had a separate cost, which was deducted from the real monetary gain, using a conversion factor of 1:100.¹ For the education condition, ZMK 20,000 was deducted per child aged 5 years. This was roughly the price that households had to pay for unofficial school fees. For the training condition, a flat rate of ZMK 20,000 was subtracted as a training fee. For the vaccination condition as well as the growth monitoring condition, ZMK 10,000 was taken for every child below 5 years in order to cater for transport costs to the nearest health post. For the community work condition, no money was deducted but it was explained that community work would demand time and energy. If different participants placed the same conditionality on the same recipient, the costs were only deducted once.

3.2 Political attitude surveys & interviews

In order to test people’s attitudes towards poverty, government assistance and conditionality, a survey was administered among the general urban population, students as well as among rural participants. 435 people were interviewed in public places in Lusaka. Markets, mini-bus and intercity-bus stops and shopping malls were selected as interview sites in order to maximize the likelihood of encountering people of different backgrounds. Enumerators were told to ensure some variation in respondents, approaching people of different gender, age and poverty status. The structure of the questionnaire was partly inspired by the world value survey as well as the questions asked by Graham (2002) on public attitudes towards social welfare.

In order to get a better idea about the attitudes of the next generation of decision-makers, we conducted a survey with university students, which resembled the survey for the urban participants. This allowed us to contrast preferences of present and future policy-makers and see how they might possibly change over time. 1,000 questionnaires were distributed across

¹ A detailed description of the experiment can be requested from the author from esther.schuering@maastrichtuniversity.nl

all departments of University of Zambia (UNZA). Selected lecturers were asked to administer the questionnaires to students in their respective classes. All together 396 questionnaires were returned.

With the aim to avoid an exclusive urban focus, we also interviewed the 500 experiment participants from rural communities about their attitudes towards poverty, government assistance and conditionality.

Interviews were conducted with 44 policy-makers at national and local level to elicit their opinions about conditionality.

3.3 Beneficiary survey

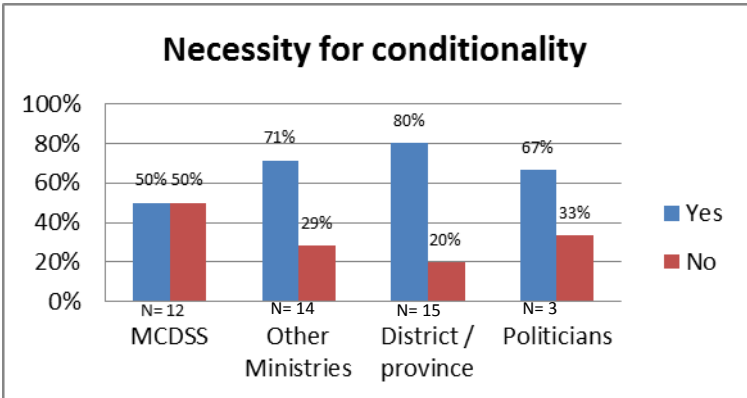
All together 216 beneficiaries from 17 different communities in Monze district were interviewed. The choice of communities was determined by the random selection of locations for the community experiments. The information about the beneficiary interviews was communicated at a community meeting which was used to inform the community about all the research activities taking place. Beneficiaries not attending the meeting were furthermore informed by members of the Community Welfare Assistance Committee. At least 6 beneficiaries were interviewed in each community. Next to their thoughts about conditionality, beneficiaries were interviewed about their awareness of any form of conditionality in the SCT scheme as well as about their preferences and opinions on a range of different topics.

4. CONDITIONALITY PREFERENCES OF POLICY-MAKERS

4.1 Present policy-makers

Altogether 68% of 44 interviewed civil servants at central, provincial and district level as well as Members of Parliament² opted for conditionality, with preferences strongest among civil servants across different Ministries at district and provincial level (see figure 1). The only group of respondents with no majority favouring conditionality is the Ministry of Community Development of Social Services which is in charge of social protection and poverty alleviation programs (50% in favour of conditionality).

Figure 1: Opinion of different policy-makers about the necessity of conditionality

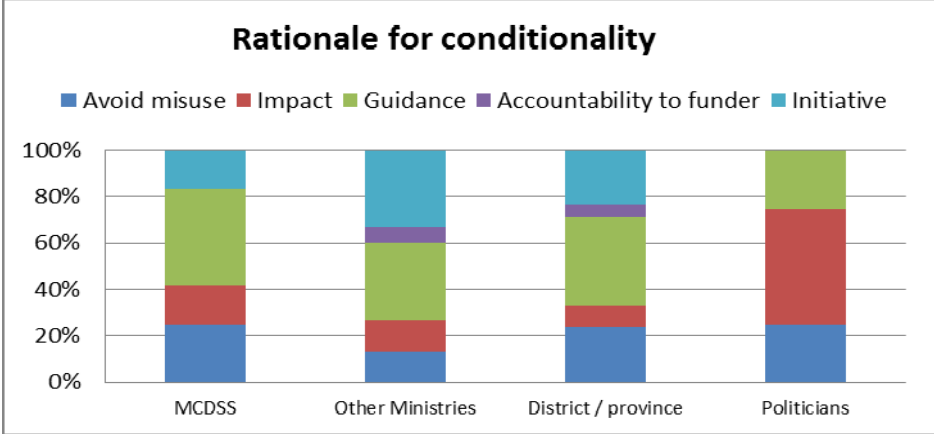


Source: Qualitative interviews

² MCDSS includes all staff members at national, provincial and district level of the Ministry of Community Development and Social Services. Other Ministries includes staff from Ministries other than MCDSS at national and district level. District and provincial staff aggregates civil servants across different Ministries. Politicians include MPs and one person running for MP.

While there seemed to be a general inclination towards conditionality, the rationale for this view varied across stakeholder groups. The need to guide as well as the encouragement to take initiative appeared to be more prevalent among staff members at different levels of MCDSS and other ministries, while the urge to demonstrate impact mattered most for Members of Parliament (figure 2).

Figure 2: Opinion of different policy-makers about the rationale for conditionality



Source: Qualitative interviews

In order to better understand the ambiguity around conditionality for MCDSS and its potential for politicians, we now take a closer look at respondents’ rationale for (not) conditioning. MCDSS staff opposed to conditionality were concerned that conditionality could drive up costs, overtax government capacity and weaken people’s confidence in government’s ability to deliver. There was also concern that conditionality would not be compatible with the MCDSS mandate of rendering assistance unconditionally to those who qualified for support. MCDSS staff members in favour of conditionality saw the need for further guidance of beneficiaries and to avoid nurturing households’ belief that government was in charge of everything and citizens didn’t have to take any responsibility.

Considering that politicians’ primary interest should be that the money reaches the people and has an impact, conditionality is attractive as it ensures a pre-determined outcome and flags the program as progressive and developmental. A number of respondents across all groups referred to politicians’ concerns with their public image to argue that politicians would not be supportive of conditionality. They said that most politicians in their endeavour to win votes would not like programs that are restricted to a particular group in communities and / or lead to a high exclusion rate of qualifying people.

Not only within MCDSS and among politicians were opinions more nuanced than the averages might suggest. The majority of interview partners did not view conditionality as an ‘either or’ question but looked more carefully at the conditions under which conditionality would be appropriate such as the transfer amount, the percentage of the transfer being conditioned, the target group and objective of the program, the management capacity of the country and the nature of conditionality.

4.2 Future policy-makers

About 86% of students were in favour of conditioning transfers, with a higher and statistically significant probability of conditioning the transfers among female and richer students. Consequently, the preference trend among present and future policy-makers for conditionality is similar. Even if preferences of students might change when they get more information about the target group and are faced with trade-offs of conditionality choices, it is not likely for the trend to be reversed.

Motives behind conditionality choices are similar between students and policy-makers. Most students in favor of conditionality argued that conditionality would avoid misuse and laziness on the part of the recipients, create more accountability and instill a sense of responsibility. Some reasoned that everybody in society has to work and that nothing is provided for free, regarding conditionality in social cash transfers as a payback mechanism to the nation. Conditionality was viewed either as a control or a support mechanism: some respondents were only interested in having beneficiaries demonstrate improvement or at least the intention to improve; others believed in the potential of conditionality to help beneficiaries develop, be empowered and assist them to sustain their efforts. People opposed to conditionality argued that beneficiaries know best what is good for them and that government services should be free and accessible to all. One respondent even stressed that “conditions do not show sympathy or willingness to help.” Critics cautioned that conditions might exclude people who need support and they were concerned that the poor would not be able to handle conditions anyhow.

5. CONDITIONALITY PREFERENCES OF URBAN PARTICIPANTS

The majority of urban participants in the public attitude survey (71%) opted for conditionality in SCT programs. Also among those who indicated that they had voted in the last election, a majority of 70% preferred conditional cash transfers. We can therefore see that conditionality not only mirrors decision-makers preferences but would also help politicians in favour of conditionality get more political support. The reasons as to why urban participants were generally more supportive of conditionality, match the reasons that were provided by students.

Given that there is variability in conditionality choices, it is interesting to see whom politicians would have to target if they were in favour of conditionality. In order to explore the impact of different explanatory factors for conditionality choices such as background characteristics and values of respondents, we estimate the following logit model:

$$\text{Prob}(Y_i = 1) = \beta_0 + \beta_1 x_i + u_i$$

with $\text{Prob}(Y_i = 1)$ = probability of respondent i to condition the transfer and x_i = attitudes and characteristics of respondent i

Table 2: Logit regression on determinants for conditioning transfers among the urban public

Dependent variable: Categorical variable on whether transfer was conditioned

| Explanatory variables | Coefficients | |
|---|--------------|-----|
| Respondent is very poor | -1.67 | ** |
| Respondent is poor | -0.32 | |
| Respondent is in the middle-income bracket | -0.54 | |
| Respondent has not completed any education | -1.98 | *** |
| Respondent has completed primary education | 0.46 | |
| Respondent has completed lower secondary | -0.82 | * |
| Respondent has completed upper secondary | -0.18 | |
| Respondent agrees that incomes should be made more equal | -0.58 | * |
| Respondent thinks that poverty is due to a lack of initiative of the poor | -0.42 | |
| Respondent prefers targeting children | -0.77 | * |
| Constant | 2.04 | *** |
| Pseudo R2 | 0.10 | |
| N | 219 | |

* 10% significance level ** 5% significance level *** 1% significance level

Source: Urban attitude survey

Anyone not characterizing him/herself as rich³ is less likely to condition the transfer (see table 2). Having an education, in particular the combination of having a tertiary education and being rich increases the likelihood of conditioning. Poorer respondents might be more sensitive to the cost and time implications of conditioning or they might put more thought to the decision because they could be affected by it themselves. Those with a higher education might have greater expectations of what recipients should do with the money, displaying a more paternalistic attitude. Respondents who think that incomes should be made more equal in society and whose priority target group would be children, are less inclined to condition. This could be related to the fact that those who stress the need for more equality and less competition view a public transfer as an unconditional right and children as deserving unconditional support. We can conclude that richer, better educated and more liberal voters would support conditionality and that the target group indeed plays a role as the stakeholder interviews suggested.

6. CONDITIONALITY PREFERENCES OF RURAL PARTICIPANTS

We now draw on the experimental evidence from rural Zambia to get a better understanding of how people act when choices have real implications.

6.1 Conditionality preferences & choices

In the experiment participants had to decide whether they wanted to condition the transfer and if so, what kind of conditionality they wanted to choose. About 69% of all transfers were conditioned despite the fact that a condition in the experiment translated into a transfer reduction for the respective recipient. If we disaggregate conditionality decisions by community status and treatment condition, we can see variance (see table 3). The difference between individuals with treatment condition 1 in SCT-communities and individuals with treatment condition 1 in non-SCT communities is the greatest, hinting at a possible effect of prior exposure to SCT on the decision to condition.

Table 3: Percentage of transfers being conditioned, by community status and treatment condition

| SCT communities | | Non-SCT communities | |
|-----------------------|-----------------------|-----------------------|-----------------------|
| Treatment condition 1 | Treatment condition 2 | Treatment condition 1 | Treatment condition 2 |
| 58% | 75% | 80% | 64% |
| N 1200 | N 1509 | N 753 | N 958 |

Source: Individual allocation round (experiment)

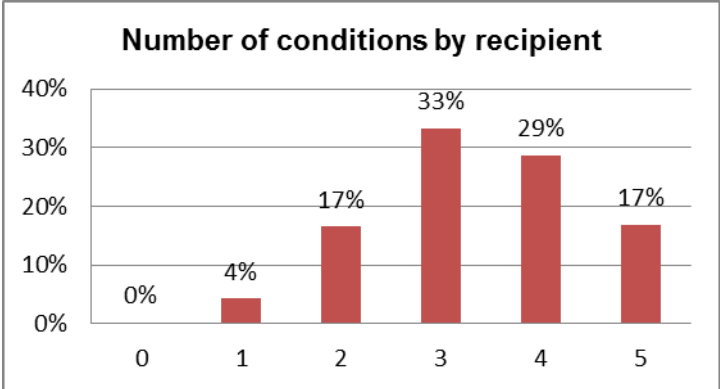
Surprising is the opposite trend within treatment conditions when compared across SCT and non-SCT communities. One possible explanation could be that conditionality in communities without exposure to SCT was more strongly perceived as guidance while in communities with prior exposure it could also been perceived as control or an unnecessary obligation. This would explain the opposite trends between treatment conditions, as positive effects are likely to be reinforced and negative effects avoided for members of one’s own group. For members of the other group, there might be a stronger desire to control rather than to guide.

The majority (in 69% of all transfers) decided to place one condition out of the five conditionality options. 17% placed two conditions. The negligibly small percentage of people

³ Respondents were asked to classify themselves as very poor, poor, middle, upper middle, rich, upper rich. 194 respondents classified themselves as very poor, 33 as poor, 102 as middle-income, 6 as upper-middle, 6 as rich and 9 as very rich. For the analysis, the upper middle, rich and upper rich categories were collapsed.

voting for all 5 conditions (0.2%) is probably due to the fact that five conditions were judged too much for the transfer amount given. Taking the perspective of the recipient, we observe that the majority of participants ended up receiving more than 1 condition. Aggregating conditions that individuals received from other participants, we see that individuals received on average 3.4 conditions of different types (figure 3).

Figure 3: Number of conditions of varying kinds that participants received from other participants



Source: Survey I (experiment)

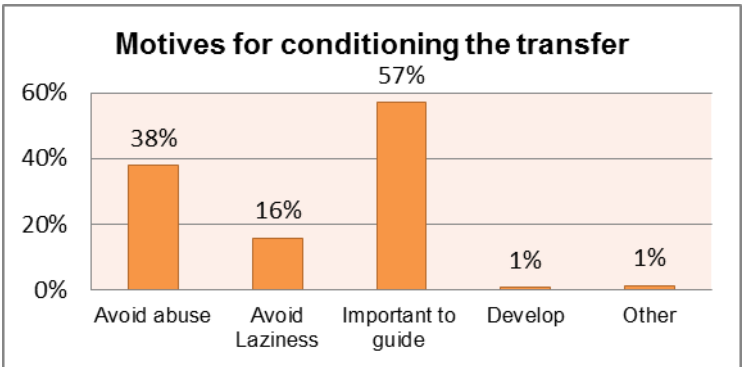
Education was the preferred conditionality. Most transfers (60%) were conditional on education, followed by conditions in health (22% for growth monitoring and 18% for vaccinations) and then public works (17%). The training condition was least used (11%).

6.2 Rationale for conditionality preferences

Stated individual motives

The official reason most often mentioned (in more than half of all cases) for conditioning was “to guide the beneficiary,” followed by “to avoid abuse” in about one third of all cases and “avoid laziness” in about 16% of all transfers (figure 4). This resembles the reasons that were given by voters as well as present and potentially future decision-makers.

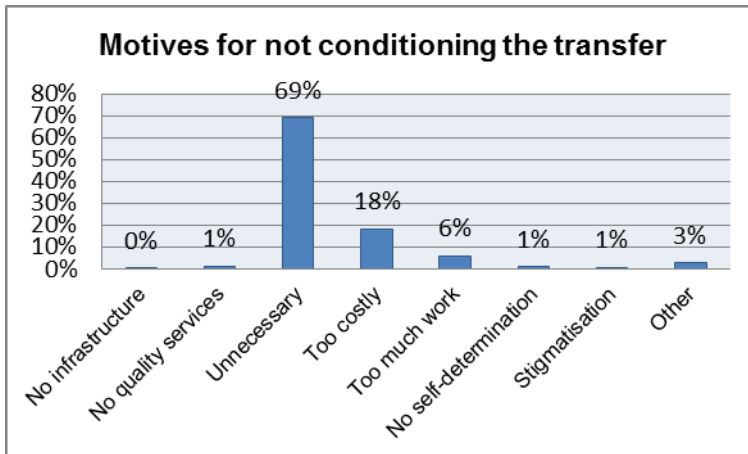
Figure 4: Motives behind conditioning the transfer (multiple answers were allowed)



Source: Survey I (experiment)

Reasons for not conditioning were primarily that it was considered unnecessary in about two thirds of all cases, too costly for the beneficiary in 18% of all cases and too much work in 6% of all cases. Infrastructure and quality service considerations as well as the fear of being patronizing were all at 1% and below and therefore did not figure as prominently as the literature suggests (figure 5).

Figure 5: Motives behind not conditioning the transfer (multiple answers were allowed)



Source: Survey I (experiment)

Keeping in mind that participants might have been reluctant to reveal their true motives and state that they considered to be politically correct or expected of them, we now analyze the motives participants revealed through the experiment.

Revealed individual motives

The most intuitive appeal of conditionality to a central government or decentralized decision-making body such as a community is the possibility to control behavior of those who enjoy low levels of trust and in this way solve the principal-agent problem. We have seen in the attitude survey that people who favored conditionality had low expectations of those receiving the transfer. They believed that without the conditionality, recipients would not be able or willing to improve their standard of living. We therefore expect individuals with low levels of trust to condition more.

We would also expect that fewer conditions are placed on the unproductive and very poor, due to the consideration that conditionality presents a cost to beneficiaries. It is probable that the poor and possibly also women as givers are more sensitive to the costs of conditionality as givers. They are the ones most affected by it, either by risking exclusion from the program or having to bear the (in)direct costs of compliance. Also individuals regarding social transfers as a duty of the community or government might be more reluctant to use conditionality as illustrated by the public attitude survey.

We estimate the following logit model, running different regressions by community status (SCT vs. non-SCT) and treatment condition (condition 1 vs. condition 2):

$$\text{Prob}(Y_{ij}=1) = \beta_0 + \beta_1 x_{Tj} + \beta_2 x_i + \beta_3 x_j + u_{ij}$$

with $\text{Prob}(Y_{ij}=1)$ = probability that giver i conditions the transfer for recipient j , and x_{Tj} = trust of the giver i , x_i = attitude and background characteristics of giver i and x_j = background characteristics of recipient j

Trust appears to be an important factor in conditionality decisions for individuals in SCT as well as for individuals from non-SCT communities, confirming the theory that conditionality is a tool to control uncertain behavior (table 4). Mistrust vis-à-vis the community as well as mistrust of people in general translates into a higher probability of conditioning the transfer. This effect is greatest in groups from non-SCT communities with treatment condition 2. This seems reasonable as more experience – at least when it is positive – and more direct contact and interaction translate into greater comfort and lower levels of mistrust. Givers who are convinced of a certain fairness in the community are less mistrustful and also less likely

to condition the transfer. Assuming that trust levels are higher among people who know each other, we also included a proximity variable in the regression. Transfers going to those who the giver knows (very) well are less conditioned, at least in SCT community groups with treatment condition 1.⁴

Table 4: Logit regression on the determinants of individual conditionality choices

Dependent variable: Categorical variable on whether transfer was conditioned

| Explanatory variables | On SCT | | | | Off SCT | | | |
|---|--------------|-----|-------|-----|---------|-----|-------|-----|
| | TC1 | | TC2 | | TC1 | | TC2 | |
| | Coefficients | | | | | | | |
| Giver agrees that the community cannot be trusted | 0.97 | *** | 0.12 | | 1.18 | *** | 2.40 | *** |
| Giver completely disagrees that overall people can be trusted | 0.19 | | 1.05 | *** | 1.73 | | 2.19 | ** |
| Giver knows the recipient well | -0.13 | *** | 0.07 | | -0.12 | | -0.13 | * |
| Giver thinks that overall people try to be fair rather than to exploit others | -0.35 | *** | -0.39 | *** | -0.81 | *** | -0.23 | |
| Progressive giver with the very poor receiving more than through equal distribution | -0.36 | ** | -0.26 | * | 0.08 | | -0.84 | *** |
| Giver agrees with helping people who cannot do anything in return | 0.71 | *** | -0.69 | *** | 1.41 | *** | 0.29 | |
| Giver completely agrees that the community is responsible for the poor | 0.68 | *** | 0.56 | *** | -0.27 | | -0.38 | |
| Giver agrees that the government is responsible for the poor | -0.66 | *** | -1.59 | *** | 0.15 | | -2.10 | *** |
| Giver completely agrees that the family is responsible for the poor | 0.09 | | -0.49 | *** | -0.97 | *** | -0.44 | *** |
| Gender giver (male=0, female=1) | -0.35 | ** | -0.49 | *** | -0.61 | ** | 0.47 | ** |
| Very poor giver | -0.39 | ** | 0.18 | | -0.11 | | -0.44 | * |
| Poor giver | -0.36 | ** | 0.01 | | 0.49 | * | 0.06 | |
| Age giver | 0.01 | ** | 0.01 | ** | -0.01 | | 0.02 | *** |
| Important position in the community of giver | 0.16 | | -0.24 | | 0.09 | | 0.57 | *** |
| Very poor recipient | 0.17 | | 0.32 | * | 0.13 | | 0.08 | |
| Poor recipient | 0.22 | | 0.12 | | 0.55 | ** | -0.15 | |
| Age recipient | 0.01 | | -0.01 | | 0.00 | | 0.00 | |
| Important position in the community of recipient | -0.15 | | 0.06 | | 0.22 | | -0.33 | * |
| Number of 0-5 in recipient household | 0.13 | *** | -0.02 | | 0.18 | | 0.11 | |
| Recipient is too old/sick to work | 0.21 | | -0.23 | | -1.50 | ** | -0.23 | |
| Constant | -0.06 | | 3.18 | *** | 1.79 | * | 1.99 | |
| Pseudo R2 | 0.07 | | 0.07 | | 0.15 | | 0.16 | |
| N | 1169 | | 1320 | | 709 | | 873 | |

* 10% significance level ** 5% significance level *** 1% significance level

Source: Pre-survey, Individual allocation round, Survey II (Experiment)

Progressive givers⁵ as well as those who thought that the government and/or family are responsible for taking care of the poor, were less inclined to condition cash transfers. This could mean that they had more faith in recipients' capacity to spend the money according to their priority needs in the case of progressive givers and / or that they viewed support from the government and family as an entitlement, which is supposed to be given without any conditions attached. Altruistic givers⁶ with treatment condition 1 showed a greater likelihood of conditioning the transfer. This could be due to the fact that altruistic givers behave more reciprocally and either view conditionality as a contribution on the side of the recipient or

⁴ It is however difficult to say for sure whether unconditional transfers to those one knows are a result of higher trust or reluctance to impose costs on receivers one is close with.

⁵ Givers were considered progressive when the very poor received more than they would have received through an equal distribution

⁶ Giver were considered altruistic when they agreed with helping people who cannot do anything in return

prefer conditionality because they have a particularly strong exploitation aversion. The expectation of reciprocity might be lower for altruistic givers who decided for the other group, potentially because there was no interaction at any point of the experiment. This could explain why the coefficient for groups in SCT communities with treatment condition 2 is positive.

Conditioning behavior among those who completely agreed that the community is responsible for the poor, differed by community status with SCT communities having a higher probability of conditioning. We can only speculate why this is the case. Transfers might be more conditioned when the giver is not seen as having direct and foremost responsibility to support those in need. In SCT communities, the government might now be regarded as the first provider with the community playing a supplementary role. In this case, community support might be more conditioned than in communities where community support is considered more essential for the survival of households.

Giver characteristics also played a role, even though their respective effect differed at times across community status and treatment condition. Having a female giver reduces the probability of a conditional transfer, except for non-SCT groups with treatment condition 2. Very poor givers also seem less inclined to condition. This seems to support our assumption that those who have to bear the highest cost (of exclusion), are most concerned. The inclination to condition increases with age. Possibly older participants saw a greater need of ensuring that other households make the best choices with respect to the household and its members.

Looking at the background characteristics of the recipients, we cannot detect a coherent trend by community status or treatment condition. There is little support for our initial hypothesis that recipients least able to comply with conditionality would be less conditioned. The only exception present individuals from non-SCT communities with treatment condition 1 who decided to condition significantly fewer households whose household head was too old or sick to work.

7. DECENTRALIZED DECISION-MAKING

Fewer transfers were conditioned during the group round of the experiment, where the group members had to reach a consensus on conditionality choices. Only 58% of all group transfers had a condition attached⁷ and no conditions were placed on any participant in 12 out of the 50 experiments. Individual preferences and group outcomes diverge the most in SCT communities, where individuals' preference for conditioning is about 14 percentage points higher than group outcomes (see table 5). This shows that decentralized decision-making would lead to outcomes that are not fully compatible with decision-makers' and individual preferences.

Table 5: Percentage of group transfers being conditioned, by community status and treatment condition (data from the individual round in bracket)

| SCT communities | | Non-SCT communities | |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Treatment condition 1 (intra) | Treatment condition 2 (inter) | Treatment condition 1 (intra) | Treatment condition 2 (inter) |
| 45% (58%) | 60% (75%) | 78% (80%) | 57% (64%) |
| N 139 (1200) | N 155 (1509) | N 100 (753) | N 100 (958) |

Source: Group allocation round (Experiment)

⁷ The difference between the individual and group choice on conditionality is statistically significant.

Why do individual preferences and group outcomes diverge? It could be due to the fact that participants were more reluctant to officially place conditionality on a fellow group member, that a person who did not believe in conditionality dominated the process, that no conditionality was the most common denominator or that the group process led to better information about the characteristics and behaviour of recipients and generated greater trust. We cannot see any evidence for people being ashamed to publicly place a condition on fellow group members. Otherwise we would have expected to generally see fewer conditions for treatment condition 1 where participants had to make decisions for members of their own group. This is not the case as the greatest number of transfers is conditioned in groups with treatment condition 1 (78%). We equally cannot say that fewer conditions are a result of someone dominating the process. 82% of all participants did not feel that the process was dominated by someone within the group and those who sensed the pressure by another group member were equally split across groups with no, few and many conditions.

It is therefore likely that the group process either generated more quality information, lowering the need to condition or that there was more heterogeneity of opinions, turning no conditionality into the default position in case there was no initial group consensus. More exposure to SCT coupled with better information, more trust and / or a greater variety of opinions in the group process probably reduced the likelihood of transfers being conditioned in SCT communities. The fact that more than 90% of all members were satisfied with the group outcome and, hence, with the smaller number of conditions shows, however, that preference for more conditionality on an individual level was not very strong. It also makes us wonder whether more exposure and more information might also change the mind-set of policymakers.

Table 6: Percentage of individuals choosing different conditions

| | Individual choice | Group choice |
|-------------------|-------------------|--------------|
| Education | 60% | 60% |
| Growth monitoring | 22% | 25% |
| Vaccinations | 18% | 11% |
| Community work | 17% | 31% |
| Training | 11% | 11% |

Source: Individual and group allocation round (Experiment)

Similar to the individual experiment choices, the majority of conditioned transfers only had 1 condition (73%), followed by transfers that had 2 conditions (20%). Group decisions also prioritized education as a condition (table 6). However, in contrast to individual choices, vaccinations were ranked lower (3 percentage points) and community work a lot higher (14 percentage points). The increasing importance of community work could be due to the fact that the group might have looked beyond the personal benefits of an individual and recognized advantages for the community.

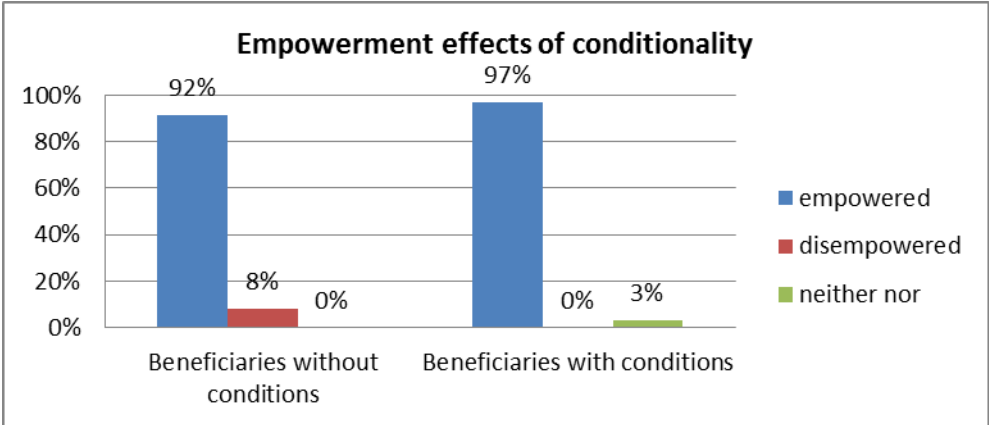
8. PREFERENCES FOR BEING CONDITIONED

8.1 Preferences by beneficiaries & the general public

During the beneficiary interview, beneficiaries were asked about their opinion of conditionality. We differentiated between beneficiaries who actually thought they were subject to conditionality in the social cash transfer program and those who answered the

question about conditionality hypothetically.⁸ Close to all beneficiaries (97%) who believed to be subject to conditionality self-assessed that the conditionality had empowered them (figure 6), meaning that it had enabled them to make choices, access opportunities and have control of their life. Not a single beneficiary perceived the conditionality as disempowering.

Figure 6: Perception of conditionality among beneficiaries with and without conditionality



Source: Beneficiary survey

This empowerment effect is also noted for those beneficiaries who did not believe to be subject to conditionality. The majority (92%) confirmed that conditionality would be empowering, with 8% stating that they would perceive conditionality as disempowering.

Rural participants in the experiment were also asked about their perceptions of being conditioned. When asked hypothetically, rural participants answered in a similar way than beneficiaries, stating for the most part (90%) that conditionality would be empowering. About 9% characterized it as disempowering. The outcome neither differs statistically across poverty groups nor across gender.

This confirms earlier statements by rural respondents regarding their motives for not conditioning, that conditionality is not necessarily perceived as patronizing.

8.2 Robustness check

The perceived empowerment effects by beneficiaries and the rural communities might come as a surprise if we consider that conditionality limits beneficiaries’ choices, is linked with additional costs and could also be seen as a top-down control mechanism. We therefore carried out different robustness checks to ascertain that this empowerment effect was real. First of all, enumerators made sure that respondents referred to the conditionality as such and not the transfer when answering the question. Whether psychologically it is possible for people to neatly separate the two is difficult to say. We can however conclude that conditionality - at the very least - did not evoke any negative feeling.

We also tried to get more information as to why respondents characterized conditionality as empowering. According to interviews with local stakeholders and beneficiaries themselves, beneficiaries appreciated the guidance of the conditionality in making choices. For them, greater flexibility did not necessarily translate into greater utility but greater insecurity as to what would be the best decision to make. Having no official rules, beneficiaries were worried about breaching informal rules and being arbitrarily excluded from the program over time.

⁸ We make this differentiation as the experiment in Monze, which intended to test the difference between unconditional and conditional cash transfers and originally differentiated between conditional and unconditional communities, was not implemented as planned.

Beneficiaries also appreciated conditionality as a negotiation tool in household decision-making processes.⁹

Thirdly, the experiment had built into it a check on the robustness of results because with treatment condition 1, givers also had the chance to condition themselves. If the positive connotation of conditionality was merely presented to please the enumerator and eventually the policy-maker in the survey, we would expect participants to mainly decide against conditionality for tokens allocated to themselves.

70.5% of participants with treatment condition 1 conditioned tokens going to themselves. This either means that conditionality is indeed perceived as positive guidance, that conditionality is used as a commitment device or that givers felt guilty about giving tokens to themselves and therefore committed to do something in exchange. If guilt was the main driver, we would expect a higher proportion of very generous self-allocations to be conditioned. We observe, however, that more generous transfers of 5-20 tokens are less often conditioned (50% on average) than self-transfers of 1-4 tokens (78% on average). It therefore appears plausible that participants who did not want to enrich themselves through the experiment, either viewed conditionality as a positive reinforcement or regarded it as a useful tool for self-commitment.

The conditionality effect is stronger among individuals from non-SCT communities with 85% of self-transfers being conditioned, compared to 62% from SCT communities. This could also mean that guidance was deemed more important in communities that had not experienced the rules as well as the effects of a SCT scheme.

9. CONCLUDING REMARKS

The unique feature of this study is that it provides an opportunity to listen and understand conditionality preferences of multiple stakeholders: those of central vis-à-vis decentralized decision-making structures, urban vs. rural individuals and of individuals conditioning vs. those being conditioned. Contrary to our expectations, conditionality has not only great appeal among policy-makers and richer voters but also among beneficiaries and the broader public. The majority of beneficiaries and rural respondents to an attitude survey experienced conditionality in reality or hypothetically as empowering. The experiment in rural communities confirmed this positive experience with conditionality as about 2/3 of participants voluntarily conditioned the transfers that they had allocated to themselves, despite the fact that it had financial implications. We could nevertheless assume that conditionality in the Zambian context mostly had a signaling effect of orienting beneficiaries' behavior and letting them know that they were in conformity with what was expected of them. If conditionality had been more rigorously enforced, had not been in the interest of the conditioned person and/or had led to greater costs, opinions might have differed.

The majority of urban respondents and the voters among them favored conditionality when placing themselves in the position of policy-makers. This was mainly because of the in-built possibility to control spending and ensure that recipients would take action to improve their situation. Transfers were conditioned in particular by rich, educated urban respondents without a preference for redistribution. Revealed preferences of rural respondents through the experiment matched the stated preferences by urban respondents. About 2/3 of all transfers were conditioned and conditioning was mainly a matter of trust and giver attitudes. Mistrust and a greater desire to control individuals' behavior led to more conditioning. Progressive givers who viewed support as a responsibility of the government and family, saw less need for conditionality. More experience with SCT and transparency around all processes of a SCT program are likely to obviate the need for conditioning to some extent.

⁹ For more information about beneficiaries' experience with conditionality, see Schüring (2010).

Groups conditioned on average fewer transfers, in particular those in SCT communities, deciding for their own members. Decentralized decision-making is therefore likely to produce slightly different outcomes than central decision-making. It is reasonable to assume that prior experience coupled with better information at the group level and greater trust might have led to fewer conditioned transfers. Relatively high satisfaction levels with the group outcome testify that individuals were still content with group choices for fewer conditions and that their preferences for conditionality are not static.

As long as conditionality is not so rigorously enforced that it leads to greater tension, conditionality meets the interests of policy-makers, the general public and beneficiaries alike, exerting the necessary control for transfer givers and the guidance for transfer recipients. One example from Brazil illustrates that conditionality preferences might however change when policy-makers or voters are faced with the consequences of conditionality (de Janvry, Finan et al. 2009). The experiment has also demonstrated that conditionality preferences are neither homogeneous nor static: the influence of greater exposure to SCT is one example for this; the fact that individuals accepted group decisions with lower conditionality rates is another example. Time, experience and future consultations with those who are predominantly concerned will be indicative of whether conditionality remains a political priority.

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