



# Civil Conflict and Conditional Cash Transfers: Effects on Demobilization

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**Summary.** — Cash transfer programs have been successful in helping millions of people afford better livelihoods. While this is well known, little research has yet been conducted to examine the power of such programs to influence outcomes in times of conflict, especially in countries where anti-poverty programs are implemented amidst disputes against illegal armed groups. This paper focuses on the implementation of *Familias en Accion*, a flagship anti-poverty cash transfer program in Colombia, during the early 2000s when the country was still experiencing its long-lasting internal conflict. Impact evaluations have already shown the important effects of this program on household poverty levels and children's time allocation, including a higher incidence of school attendance and a lower incidence of child labor. Our hypothesis here is that such outcomes imply changes in the dynamics of the civil conflict, since 50% of the demobilised combatants are children mostly eligible for the transfers. We take advantage of a natural experiment that occurred during the first stage of implementation of the program in the period 2001–04 when the transfers were gradually rolled out across eligible municipalities. By setting out a difference-in-differences approach, our results indicate that the program had positive effects on the demobilisation of combatants. These findings are observed for a length of three years since the program started.

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**Key words** — conditional cash transfers, anti-poverty transfers, demobilization, civil conflict, difference-in-differences

## 1. INTRODUCTION

It is estimated that nearly one billion people globally participate in anti-poverty transfer programs in developing countries (Barrientos & Villa, 2015). An important number of those participants are surrounded by civil conflicts. According to Cockayne, Mikulaschek, and Perry (2010), by 2010, there were 20 active civil conflicts taking place around the world, all of them in developing countries. The intensity of conflicts in some countries has allowed the emergence of anti-poverty transfer programs. The Colombian Government has been engaged in a low-intensity civil conflict with Marxist guerrillas since 1964. Paramilitary groups have also taken part in the civil conflict, playing a major role during the late 1990s. At the same time, Colombia has developed contributory and non-contributory transfer interventions, aimed at eradicating or preventing poverty. A flagship anti-poverty transfer program in Colombia is a human development-focused conditional cash transfer (CCT) program known as *Familias en Accion*. This program has delivered income transfers in cash to nearly three million families, which equates to 15 million people (30% of the population) in total, a significant amount of whom live in regions dominated by illegal armed groups. While the significant effects of these anti-poverty transfers on income, consumption, and human capital have been widely documented in the last decade, there is very little research that has investigated their effects on conflict-related outcomes or, in particular, on the demobilization of combatants.

*Familias en Accion* was introduced in Colombia as a social policy component of the so-called *Plan Colombia*, which in turn was a strategy designed by the Colombian Government and partially funded by international donors to intensify the war on narcotics trafficking and guerrilla groups (Petras, 2000). The objective of the program was initially the delivery of income to households in extreme poverty in small towns known in Colombia as municipalities.<sup>1</sup> These anti-poverty

transfers were contingent on the compliance of local families sending their children to school and taking them to healthcare facilities to conduct nutritional and growth check-ups. A household with young children under six years old would receive a lump sum of USD 50, regardless of the number of young children, while households with children of school age (between seven and 17 years old) would receive USD 14 per child, as well as USD 28 for primary and secondary education. In the period 2001–05, *Familias en Accion* operated in 775 municipalities, each with a population of less than 100,000 inhabitants. By 2005, the coverage of the program had reached more than 646,000 households with more than one million children.

The existing literature has evidenced a link between civil conflict and the implementation of anti-poverty programs. Anti-poverty transfers can increase the intensity of the conflict because illegal armed groups perceive them undermining the loyalty they receive sections of the population and deterring recruitment.<sup>2</sup> On the other hand, anti-poverty transfers can facilitate the resolution of conflicts through the enhancement of institutional capacity. There is a nascent stream of literature investigating the impact of anti-poverty programs in the development of civil conflict or violence. Crost, Felter, and Johnston (2016) estimated the experimental effect of the Pantawid Pamilyang Pilipino Program (a CCT program known as the 4Ps) on civil conflict. This Filipino version of the program was inspired by the Mexican and Colombian experience of cash transfers delivered to poor households, contingent on health and educational co-responsibilities. In their analysis,

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the authors found that the program reduced conflict-related incidents and insurgent influence in the treated villages. Some of the mechanisms explaining these impacts are related to the fact that the 4Ps weakened the insurgents' capacity to recruit combatants from villages that were randomly assigned to the program. In particular, the evidence shows that the 4Ps increased the electoral support for the incumbent (Labonne, 2013), a finding that is consistent with the willingness of the population to provide information on insurgents to government forces (Berman, Felter, Kapstein, & Troland, 2012). Another mechanism concerns the increase in the opportunity cost of supporting illegal activities, which results from the delivery of cash transfers that boost the local economy, as evidenced with *Familias en Accion* in Colombia (Villa, 2016).

A key aspect in the study of civil conflicts is the research on policies that can facilitate the implementation of disarmament, demobilization and reintegration (DDR) programs for combatants in illegal groups involved in ongoing conflicts (Humphreys & Weinstein, 2007). While anti-poverty transfers are not DDR programs, we believe that transfers can generate positive externalities in relation to this conflict-related outcome. According to statistics from the Colombian Ministry of Defence, nearly five combatants a day were individually demobilized from illegal armed groups in 2014 (MinDefensa, 2015). This process involved disarmament and demobilization, but not necessarily voluntary participation in reintegration interventions.

From the total number of demobilized combatants, more than 50% are children aged between 10 and 17 years. A study of 10,732 demobilized combatants, conducted by Springer (2012), showed that 80% of children declared that they had joined an armed group voluntarily, while only 18% declared they had been forced to join. This voluntary enrollment disguises the fact that 39% of the children were handed over by their (acutely deprived) families to an armed group, while 33% were contacted directly. Children play a pivotal role in illegal armed groups, setting up land mines (55%), handling logistics (67%) and carrying out intelligence activities (93%). Joint research by the *Defensoria del Pueblo* (a public agency that oversees the protection of human rights) and UNICEF found that 86.6% of children in a paramilitary group (United Self-defence Forces of Colombia, abbreviated in Spanish to *AUC*) and nearly 40% of children in a guerrilla group (Revolutionary Armed Forces of Colombia, abbreviated in Spanish to *FARC*) received remuneration in exchange for their work (*Defensoria del Pueblo* and UNICEF, 2006). This implies that our empirical analysis may be stronger in terms of explaining the recruitment and demobilization of children from paramilitary groups than from guerrilla groups.

Children aged between 0 and 17 years, from households that share similar characteristics with those from which illegal armed groups recruit combatants, are the focus of *Familias en Accion*. These households are predominantly rural, with a reliance on agriculture production and poor living standards. An impact evaluation of *Familias en Accion* during its initial phase of implementation revealed that cash transfers increased school registration and almost eradicated child labor (Briceño, Cuesta, & Attanasio, 2011). Similarly, Attanasio et al. (2010) analyzed the time use of children participating in *Familias en Accion*. They focused on the trade-off between the time spent in school and time spent on either domestic or remunerated work. Their findings indicate that domestic work decreased significantly due to the presence of cash transfers. The authors also found that children aged between 14 and 17 years from urban areas and children aged between 10 and 13 years from rural areas experienced the largest reduction in the time

devoted to market activities, due to an increase in school attendance.

Considering these effects and the fact that an important proportion of demobilized combatants are children, it is becoming extremely difficult to ignore the existence of a positive externality from anti-poverty transfers with regard to disarmament and demobilization.

The objective of this paper is twofold. We first describe the role of *Familias en Accion* in the context of the Colombian civil conflict. Second, we empirically take advantage of the natural experiment, which resulted from the gradual introduction of *Familias en Accion* in the period 2001–05. The eligible municipalities in this first stage of the program were those with a population of less than 100,000 inhabitants, with accessibility to a bank through which the cash transfers were delivered. Our identification strategy consists of the specification of a difference-in-differences (DID) setting in the period 1996–2005. With data at the municipal level on the number of demobilized combatants, our first specification allowed us to find positive effects of the program on demobilization. These results are explained by the demobilization of combatants from paramilitary groups, who were more inclined to be motivated by economic reasons rather than strong ideology. The latter is consistent with the descriptive analysis conducted by Arjona and Kalyvas (2011), who revealed that more than 40% of demobilized combatants from paramilitary groups were motivated by economic reasons or extreme poverty, in contrast to only 20% from guerrilla groups. Indeed, none of the demobilized children from the guerrilla groups received a regular salary, while 86% of demobilized children from paramilitary groups received remuneration, albeit lower than that of adult combatants (Springer, 2012). Our second specification allowed us to test the parallel path assumption of the DID and to find the effects of the program on demobilization during different years of exposure. These results revealed that the positive effects of the program on demobilization hold until the third year after the program is introduced in selected municipalities. The findings in this paper should make an important contribution to the understanding of the externalities of the implementation of anti-poverty transfer programs on the demobilization of combatants.

The remainder of this paper is organized as follows. In the next section, we present a synopsis of the history of Colombia's civil conflict, while Section 3 explains the design characteristics of *Familias en Accion*. Next, Section 4 shows our identification strategy consisting of the specification of a DID setting, while Section 5 presents the data and results. Finally, Section 6 concludes the paper and provides an analysis of the implications of our main findings.

## 2. COLOMBIA'S CIVIL CONFLICT

Colombia's civil conflict is one of the longest running in the world. The conflict is politically driven and involves three main actors: guerrilla groups, paramilitary forces, and the Colombian state. Although there are competing claims to the origin of the conflict, the civil war, known as *La Violencia*, is a well-identified cause, which arguably began with the assassination of the center-left presidential candidate Jorge Eliécer Gaitan on 9 April 1948. This event triggered intense bipartisan violence among the followers of Colombia's two major political parties, the Liberals and the Conservatives. During this period, a series of self-defense and guerrilla groups began to emerge in large parts of the country. Communist guerrillas were formed by peasants to resist the official violence, while

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