

The Role of Health in Strategies for Poverty Alleviation: Microfinance and Conditional Cash Transfers in Latin America and the Caribbean

*Faculty Advisor: Dr. Steven Feierman, School of Arts and Sciences,
Department of History*

The development of conditional cash transfers and microfinance institutions represent two very different solutions to poverty alleviation; one is a national-level welfare strategy, while the other was born out of social entrepreneurship in the private sector. However, both are concerned with increasing the flow of capital to the poor. At the same time, research has shown that the experience of poverty encompasses far more than just income inequity. In particular, the health of the poor has emerged as a key factor that is inseparable from the experience of poverty itself.

The capstone project examines the role that health plays in these two strategies for poverty alleviation – not just whether these strategies improve health outcomes, but also how experiences of ill health influence the poor’s engagement with these programs. In order to do so, the paper examines the role that health plays in conditional cash transfers and microfinance institutions in three phases: inception, execution, and evaluation. It also focuses on two programs, providing in-depth case studies of the Mexican conditional cash transfer program, Progresa-Oportunidades, and the microfinance institution Pro Mujer in Bolivia. It finds that conditional cash transfers, due to their design, inherently incorporate health as a main condition for addressing poverty. On the other hand, microfinance, particularly in Latin America and the Caribbean, has generally focused strictly on providing financial services. If microfinance truly aims at playing a role as a valuable poverty alleviation tool, microfinance institutions should consider the significant opportunities that exist for effectively combining the delivery of microfinance and health services. However, due to the constraints of the capital markets that microfinance faces, it may be more likely that governments need to be the most significant player in addressing the health issues in relation to poverty.