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EVALUATION OF THE KAKUAA COMPONENT OF THE CCT TEKOPORÁ PROGRAM IN PARAGUAY

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Tekoporá, Paraguay's main social policy initiative, is a conditional cash transfer program aiming at improving the livelihoods of poor and vulnerable families.² It is implemented by the Secretaría Social de Acción Social - SAS (Secretariat of Social Action) of the Paraguayan government and it reaches 120 thousand beneficiaries. In January 2014, given the need for beneficiaries to access and use the formal financial system, Tekoporá incorporated to its Operational Manual a financial inclusion component, with the support of Fundación Capital. This initiative was named Kakuaa Project and it currently reaches

all Tekoporá's beneficiaries, that is to say, 120 thousand individuals.

KAKUAA PROJECT DESCRIPTION

In 2011, Proyecto Capital, implemented by Fundación Capital, carried out a study in Paraguay to identify opportunities to link a financial inclusion project to conditional cash transfer programs. The Tekoporá program was analyzed in this context. In November 2012, an agreement was signed between Fundación Capital and the Secretaría de Acción Social (Insaurralde, 2014).

The objective of the Financial Inclusion and Education Project "Kakuaa" is to incorporate Tekoporá's families into the financial system so that they can access the wide range of ser-

1 <http://www.desarrollo.org.py/>

2 See: <http://www.sas.gov.py/pagina/54-tekopor.html>



vices it offers and take advantage of them as instruments to better manage their resources and face the risks they are exposed to. It was established that the financial inclusion strategy be the opening and use of savings accounts and other financial services, generating, through financial education, basic abilities for financial decision making. Specifically, this project came into being in November 2013 and in January 2014, the financial inclusion component was incorporated into the Tekoporā program. The Kakuua

project has three components: 1) access and use of financial services, 2) financial education, and 3) savings incentives (See Graph 1).

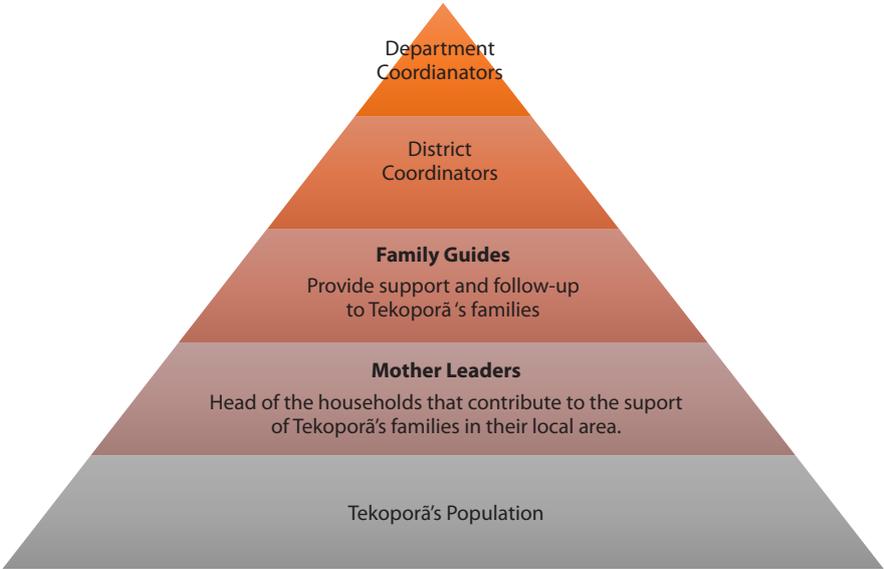
Kakuua’s implementation follows the same structure of the Tekoporā program, which consists in being in contact with each department’s key agents. First, departmental coordinators are contacted. In turn, they contact district coordinators who contact family guides. The guides are in charge of reaching Tekoporā families directly (See Graph 2).

Graph 1
Components of the Kakuua Project

Access and use of financial services	Financial education	Incentives for saving
<ul style="list-style-type: none"> Aims at modifying the CCT’s delivery method to a deposit into a bank account. Account manager: Banco Nacional de Fomento (National Development Bank) in cooperation with Tigo Money and Visión Banco. 	<ul style="list-style-type: none"> Delivered through training. Types of training: in-person workshops, radio audio-clips, plays, texts messages, voice messages for mobile phones and graphic communication. In-person training allows a maximum of 30 attendees. 	<ul style="list-style-type: none"> Aims at strengthening components 1 and 2, providing beneficiaries with incentives such as raffles and prizes.

Prepared by the authors.

Graph 2
Structure of Kakuua



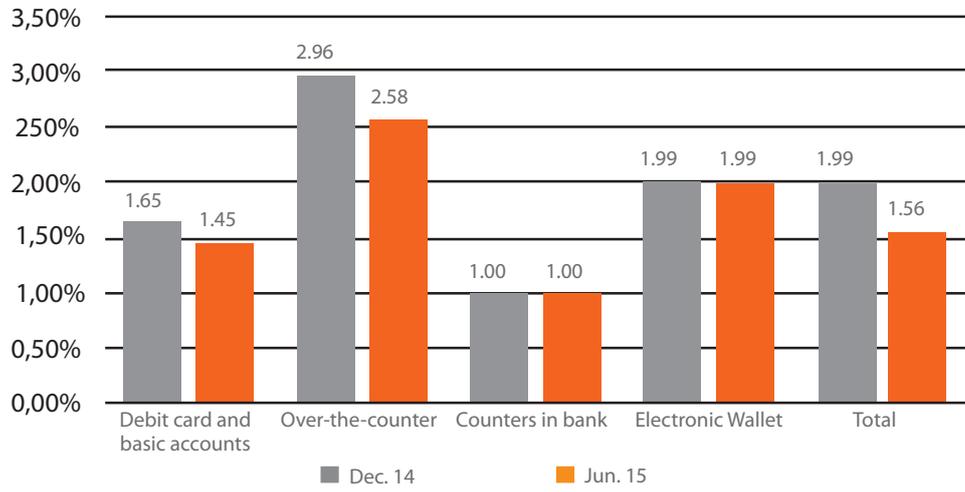
Source: Secretaría de Acción Social



The money transfer given by the Tekoporã program, consisting of an average of PYG 170 000 (USD 44) per household every two months, is delivered to the household for a period of 72 installments, as long the families fulfill the co-responsibilities in health and education. Thanks to the introduction of the Kakuaa project, the financial inclusion component, payment delivery methods have expanded and there are now five: debit cards linked to a savings account, debit cards not linked to a savings account, banking agents, counters at

Banco Nacional de Fomento and electronic wallet. These methods have lowered the costs of delivering transfers, allowing to make them more frequent, from every three months to every two months. In fact, the new payment methods and, in particular, the reduction in the cost of the delivery of the transfer due to the use of banking agents, debit cards and basic accounts, the total cost of the transfers—equivalent to the percentage of the total amount of the transfer—have decreased from 1.99% to 1.56% (See Graph 3)³

Graph 3
Cost of the transfers as percentage of the total amount transferred, per method of payment

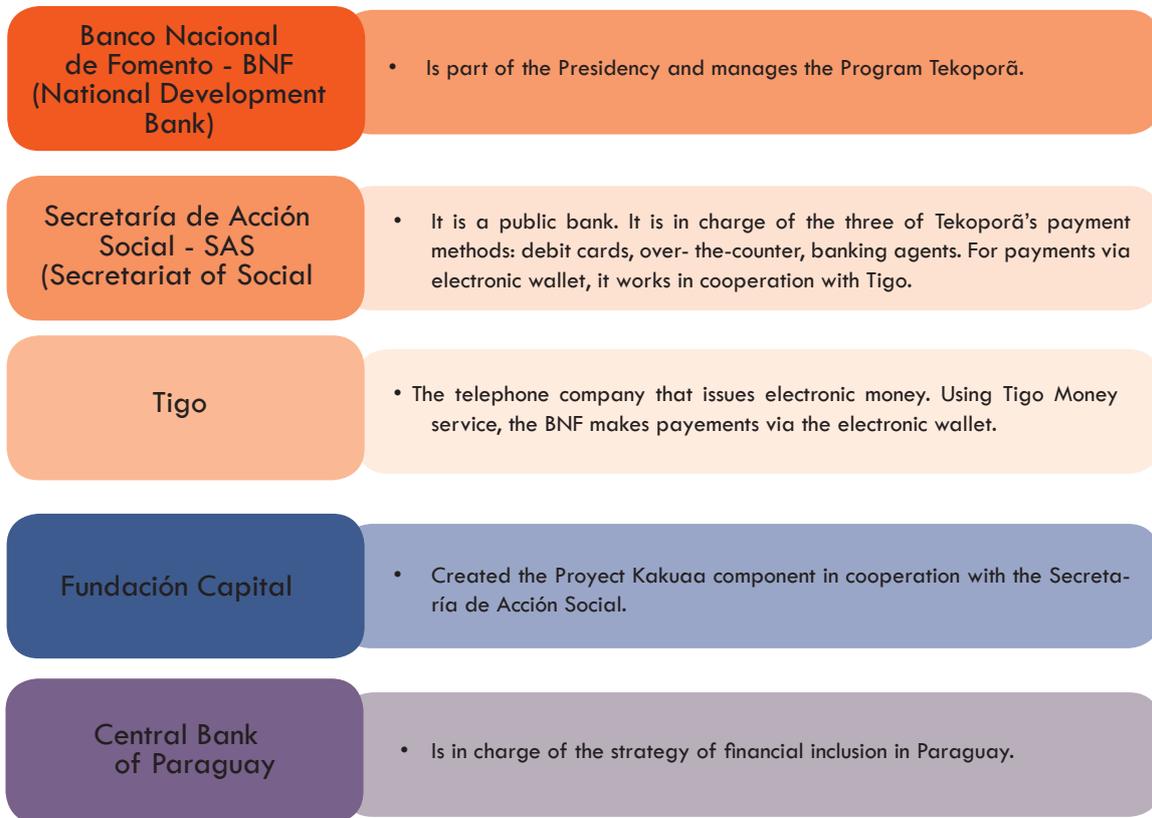


Source: Secretaría de Acción Social. Prepared by the authors.

Finally, four institutions were involved in the implementation of Tekoporã and the Kakuaa project component: Secretaría de Acción Social, Banco Nacional de Fomento, Fundación Capital and the Central Bank of Paraguay. Table I shows each institution's role:

³ One of the Kakuaa's objective is to change the way CCT are paid: from cash to deposits in savings accounts, and to include the beneficiaries into the financial sector by means of debit cards, basic savings accounts and the electronic wallet.

Chart I
Institutions involved in Tekoporã and Kakuaa Project



Prepared by the authors.

CHARACTERISTICS OF THE POPULATION

Most of Tekoporã's beneficiaries are concentrated in the Oriental region of Paraguay, mainly in the department of San Pedro (28%). The majority of beneficiaries residing in the Occidental region or Chaco, most are located in the department of Presidente Hayes (5%). Likewise, most beneficiaries, in all departments, live in rural areas (89%), with the exception of Departamento Central and Asuncion, the capital.

Regarding the composition of Kakuaa households, the number of members ranges from three to seven per household, of which, in ave-

rage, three are younger than 18 years of age. Likewise, the man to woman ratio is similar.

With respect to the prevailing language, more than 90% of Kakuaa beneficiaries only speak Guarani and the rest speak Spanish. As for school attendance, 72% of beneficiaries over five years of age point out that they did not go to school the previous year. Of them, 42% claimed they stop attending school due to lack of resources.

In relation to beneficiaries' health, 99% does not have health insurance. Most beneficiaries do not go to health centers because of the services' high costs, because they are too far away



from their homes or because they do not find it necessary.

Finally, regarding these household's economic activities, 71% of the beneficiaries point out that in the last 30 days, they have not carried out any economic activities. Among the main reasons for not working are: being a student (44%) and doing domestic work (35%). However, the group who does work, mostly sells agricultural products, work as assistants, work in orchards or crops, among other activities. In addition, 75% of beneficiaries receive an income below PYG 500, 000 per month (approximately USD 130), and the most common source of income is agriculture and temporary jobs.

QUALITATIVE STUDY

In March 2016, the qualitative study of the Kakuaa project was carried out. It had five objectives:

- * Identify and analyze the strengths and weaknesses of the intervention's implementation process based on the beneficiaries' perceptions.
- * Identify direct beneficiaries' level of knowledge about Kakuaa Project and its components
- * Identify possible benefits or difficulties resulting from the changes in payment methods.
- * Recognize the level of appropriation of each one of the entities responsible for the implementation of the project.
- * Gather suggestions and recommendations for the project.

Six districts were selected for the study. The selection criterion was having the biggest number of beneficiaries using the payment methods proposed by Kakuaa: basic accounts, debit

cards, and electronic wallet. These six districts were: Caaguazú, San Estanislao, Itakyry, General Isidro Resquin, Presidente Hayes, and Ybycui (See Table 2). Also, beneficiaries were classified in six levels according to their seniority in Tekoporã as it could influence the level of acquired knowledge.

These levels reference the time beneficiaries have been in Tekoporã, as it is presented below.

Table 1

Level 0	0 months
Level 1	1 to 12 months
Level 2	13 to 36 months
Level 3	37 to 60 months
Level 4	61 to 72 months
Level 5	73 or more months

Prepared by the authors

Table 2: Districts selected according to the prevailing new payment method

District	Department	Prevailing payment method
Caaguazú	Caaguazú	Basic accounts
San Estanislao	San Pedro	Basic accounts
Itakyry	Alto Paraná	Electronic wallet
General Isidro Resquin	San Pedro	Electronic wallet
Presidente Hayes	Villa Hayes	Debit card
Ybycui	Paraguarí	Debit card

Prepared by the authors

Regarding the qualitative tools used in this evaluation, both interviews and focus groups were carried out. Family guides, bank officials, local traders, and agents of electronic wallet points of payments were interviewed. Focus groups were only conducted with Kakuaa beneficiaries, per district (See Table 3).

Table 3
Aspects taken into account in the analysis of the interviews and focus groups

Instrument	Area	Indicator
Interviews	Identification	Personal information
	Knowledge about and link to the project.	Level of knowledge about the project.
	Beneficiaries' knowledge about payment methods.	Frequency, effectiveness
	Perception of advantages and disadvantages when using payment methods.	Beneficiaries, risks, suggestions.
Focus groups	Knowledge about Kakuaa Project and its components.	Knowledge about the project, difficulties of the project, training, ways of saving.
	Benefits and difficulties that arise from the change in payment methods.	Methods of payment, method of collection, difficulties in payment methods, expectations regarding payment methods.
	Level of appropriation of every instance responsible for the implementation.	Experience with the instances responsible for the implementation.
	Suggestions and recommendations for the project.	Suggestions for the project

Prepared by the authors

RESULTS

Interviews

a) Knowledge and links to the project

- Bank officials know Kakuaa project because they manage beneficiaries' accounts and have frequent contact with family guides and mother guides.
- Bank officials point out that many beneficiaries do not use their accounts to save.
- Family guides and district coordinators know the project because they are in direct contact with beneficiaries.
- Family guides and district coordinators are crucial for advising beneficiaries about financial education: saving, how and where to save as well as for motivating them to save.

b) Beneficiaries' knowledge about payment methods

- Bank officials claim that debit cards are the most efficient method for withdrawing the transfer because beneficiaries can access their account at any time and in case they still don't know how to use it, they can go accompanied by the family guide or a close relative.
- Family guides and district coordinators point out that beneficiaries who switched payment methods from baking agents to debit cards indicate that these last ones are faster and more convenient, and that they can even make purchases at the stores.
- Also, they find that the electronic wallet is very efficient and find no difficulties when using it.
- Difficulties persist when using the debit card.

c) Advantages and disadvantages of payment methods (See Table 4)



Table 4
Advantages and disadvantages of payment methods

Method	Benefits	Risks	Suggestions
Basic accounts	<ul style="list-style-type: none"> - Fast collection - Possibility of saving in the account. - Creation of a savings account. 	<ul style="list-style-type: none"> - Not knowing the account number to make a deposit. - Fear of making a mistake. - Mistrust due to lack of information. 	<ul style="list-style-type: none"> - Provide more information: some beneficiaries do know that they can save in these accounts, there are authorized accounts that are not used, they still fear using them.
Debit card	<ul style="list-style-type: none"> - Automatic access to a bank account. - Assistance when withdrawing money. - Comfort of being able to withdraw money at any moment. 	<ul style="list-style-type: none"> - Theft or loss of the PIN number or card. - A third person can also collect the transfer and the beneficiary does not access the total amount of the transfer. 	
Electronic wallet	<ul style="list-style-type: none"> - If the beneficiary cannot withdraw the money, a third party may do so. - Accessibility (many point of payments). - User-friendly 		

- It is suggested delivering materials (pamphlets, books) for working with beneficiaries, greater amount of training (i.e.: with flipcharts) that emphasize the BNF's role. Likewise, it is recommended to train family guides in the use of cards too.
- It is recommended to standardize payment dates.

FOCUS GROUPS

- Knowledge about the Kakuaa project and its components
 - Beneficiaries who use debit card and have participated longest in Kakuaa know more about the project.
 - Beneficiaries feel insecure or not completely capable of using the new payment methods.
- Benefits and difficulties arising from the change in payment methods
 - Most beneficiaries agree that training and incentives are useful and have helped them to start saving.
 - Beneficiaries find that cards are convenient and quick.
 - Proximity of ATMs.
 - There are still difficulties because some beneficiaries do not know how to use the cards.
 - Difficulties due to congestion in points of payments, in the case of beneficiaries who collect the transfer over-the-counter.
 - Beneficiaries know they have four chances to enter their PIN right or the card will be blocked. They also know the card has an expiry date.

- d) Level of knowledge of each of the instances responsible for the implementation
- Good communication between beneficiaries, family guides and district coordinators. Beneficiaries appreciate their language, Guarani, being spoken by many as it makes conversations more fluid and creates a more pleasant environment.
 - In some places, meetings between beneficiaries, family guides, and coordinators have a monthly frequency. Furthermore, some guides visit beneficiaries' homes. These meetings do not only address documentation but also education, family planning, extra income generation, etc.
 - Family guides provide support to beneficiaries in points of payment.

SUGGESTIONS AND RECOMMENDATIONS TO THE PROJECT

The study has shown the virtues of Kakuaa's intervention in the program Tekoporã. It has also allowed to highlight some difficulties that prevail as well as recommendations for making the necessary adjustments so that project will keep on improving and helping beneficiaries.

The benefits of the new payment methods implemented by Kakuaa stand out as they allow

for better accessibility, and some are even easier to use. In general, they are all faster in terms of the necessary steps to withdraw the transfer.

Likewise, incentives for saving have had concrete results in relation to savings practices acquired by beneficiaries. Likewise, some beneficiaries have become small entrepreneurs who use their savings to invest in a new business like breeding and selling animals. However, beneficiaries also demand more support for their investment projects (i.e.: better infrastructure for production) because they know that the program will come to an end at some point and that they should be prepared.

The importance of having bilingual family guides who can speak with beneficiaries in Guarani also stands out, given that a significant percentage speak that language.

Finally, it is also important to recognize that there are still difficulties and mistrust with regards to some new payment methods such as debit cards, therefore we insist on the importance of increasing the number and depth of training as well as other activities such as forming committees and working with them.



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