

Evaluation of Long-Running Cash Transfer Programmes: Estimating Cash Transfer Amounts

Introduction:

The running of long-term cash transfer programmes require intricate strategic and planning adaptation to the changing socioeconomic context of countries and needs of beneficiaries. Across the years, the Brazilian Programa Bolsa Família (PBF) introduced different elements to its current running structure of variable benefits. This strategy follows multiple components according the composition and level of poverty perceived in each household. Along with the amount of benefits, the reference of poverty line has gone through adjustments. This also included adjustments to fluctuations of income and economic indicators of the country, such as price index and the minimum wage. The evolution of PBF demonstrates the capacity of a large cash transfer programme to adapt to changing scenarios while responding to the needs of the targeted population. This case study shows in particular the outcome of an elaborated structure of benefit amounts.

Background:

Since its inception, the Brazilian cash transfer programme evolved alongside with the changing socioeconomic context and needs of the country. The first programme of its kind was first launched in the country in the 1990'. However, different programmes overlapped at the time, leading to low performance in coverage and administrative management. It was then restructured into the PBF in 2003, when efforts focused on operational and policy updates to adapt to a unified structure. On the side, the programme followed an adaptation period regarding implementation, sustaining the payments and management of the remaining programme. PBF regulations were revisited in 2005/6, making relevant changes to the procedures of payment of benefits, registration of beneficiary information, institutional capacity and structure to establish decentralised management bases, and defined roles and responsibilities of implementing agents. Across 2007 and 2008, PBF established the need to review eligibility of households every two years in face of the fast growing advancement of the programme and the favourable country's socioeconomic conditions. In this regard, the Variable Youth Benefit (VYB) was created to increase the programme's targeted population and reach households with adolescents from 15 to 17 years-old. During 2009 and 2010, core mechanisms to measure the targeted population and estimate poverty were refined, accounting for income fluctuations among the poor. This paved the way for the consolidation of PBF, with a major

expansion of coverage. In addition, in a strategic move to integrate programmes to fight poverty, PFB was made part of the Brazil Without Poverty Plan (PBM) in 2011. This aimed at combining efforts to guarantee income, access to public services and productive inclusion in the same platform of programme and targeted population.

Details of the Intervention:

PFB was launched to promote poverty alleviation and equality among the poorest and most vulnerable. Three main components were introduced in the programme, namely cash transfers, to act upon immediate poverty reduction; access to rights and entitlements, to facilitate social inclusion, especially for the younger generation; and convergence with other programmes and services, to stimulate development among beneficiaries. As a conditional cash transfer programme, poor households need to have children from the age of 6 to 15 enrolled in school, and younger children duly vaccinated to be eligible to receive benefits. They are given to families instead of beneficiaries individually. PFB evolved to sustain a decentralised implementation, relying mainly on local governments.

PBF is targeted at households living in poverty or extreme poverty defined by their self-declared monthly per capita income. The changes regarding the mechanisms to measure the components of poverty and income were essential to consolidate the reach of the scheme. The line of poverty was established in reference to the minimum wage, being 25 percent for the extreme poor and 50 percent for the poor. Households were categorised according to the level of poverty they face, ranging from priority households, households with lower per capita monthly income, and households with more old children and teenagers. High priority was also given to racial-ethnic groups, indigenous groups, households living off recycling, households in which there is child labour, and households with members liberated from slave labour. The number of households in these conditions would be based on estimates from local governments according to the national Census. The final number of participants per municipality would be a combination of the estimates of the national and each local government. Even when the estimated number of beneficiaries would reach its cap, the priority groups must receive benefits.

The approach to calculating amount of benefits have also gone through changes. Components were incremented and added with time, following the needs of the population and fund availability. It was established based on the line of poverty experienced by the beneficiary. Ultimately, four components were determined, all dependent on the composition and income of the family. Benefit amounts varied according to this. First, the Basic Benefit (BB) was given to extreme poor households. Second, the Variable Benefit (BV) was given to households with pregnant or lactating women and/or with children of up to 15 years-old. Amounts were cumulative up to five benefits per household. Third, was the Variable Youth Benefit (BVJ) for households with children aged 16-17 years. Amounts were cumulative up to two benefits per household. Fourth, the Benefit to Overcome Extreme Poverty (BSP) for families with income that do not exceed the extreme poverty line. The amount in this case was calculated case-by-case. The wide range of benefits under the programme accounted to 18 modalities, considering the accumulation of different components. Amounts could quintuplicate depending on these circumstances, following changes in the socioeconomic conditions of each household. Auditing activities were undertaken to assess both public officials and beneficiaries.

Impact:

The evolution of PBF shows a successful path in adapting the programme to the needs of beneficiaries and the context of the country. This can be demonstrated by the increase in

coverage from 2003 to 2019, jumping from 36 lakhs to almost 1.4 crore households. By 2015, it had contributed to the uplifting of more than 3.6 crore persons out of poverty. In addition, the comprehensive means to estimate the amount of benefit contributed to the positive performance of PBF. By adjusting amounts to the conditions of each household, the programme responded to the particular needs of beneficiaries. Evidence of positive impacts of PBF in the well-being of beneficiaries include direct improvements in health and education of the low-income population, with reduced child labour and infant mortality, increased student passing rates, and improved women empowerment. All these achievements came with a cost as low as 0.45 percent of the Brazilian GDP, and significant stimulus of the economy.

Source: Hellmann, A. (2015). How does Bolsa Familia work? Best practices in the implementation of conditional cash transfer programs in Latin America and the Caribbean. Inter-American Development Bank.