

CONDITIONAL CASH PAYMENT POLICIES IN BRAZIL: THE VIEW FROM BELOW

By

LAURA FONSECA

A THESIS PRESENTED TO THE GRADUATE SCHOOL
OF THE UNIVERSITY OF FLORIDA IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF ARTS

UNIVERSITY OF FLORIDA

2009

© 2009 Laura Fonseca

To my family.

My parents for their support and love, my sisters for constantly challenging me to be myself, and my nieces and nephew who remind me why I've chosen this path.

To my husband whose patience and kindness grounds me in what is true and good.

ACKNOWLEDGMENTS

I thank the Tinker Foundation and the Center for Latin American Studies for awarding me the funds that made this research possible. I also thank my committee members, Charles Wood, Emilio Bruna, and Renata Serra for patiently guiding me towards a better product. Finally, and most importantly, I thank the people of Itaparica Municipality for welcoming me into their community and homes with open arms. Special thanks to Josefa and her grandson Felix whose story served as the inspiration for this research.

TABLE OF CONTENTS

	<u>page</u>
ACKNOWLEDGMENTS.....	4
LIST OF TABLES.....	7
LIST OF FIGURES	8
LIST OF ABBREVIATIONS.....	9
ABSTRACT	10
CHAPTER	
1 THE BEGINNING.....	12
My Inspiration	12
Overview.....	13
2 INEQUALITY IN LATIN AMERICA	15
Combating Poverty and Inequality.....	16
Conditional Cash Transfer Programs in Latin America	19
3 PROGRAMA BOLSA FAMÍLIA	25
Unification of Pre-existing CCTs.....	25
Programa de Erradicação de Trabalho Infantil	26
Bolsa Escola	27
Bolsa Alimentação.....	27
Cartão Alimentação	27
Auxílio Gas	28
PBF Description	28
PBF Goals	28
Eligibility and Conditions	29
Logistics – Federal and Regional Offices	30
Program Reviews and Critiques	31
4 FINDINGS AND INTERPRETATION	43
Itaparica Municipality, Bahia	43
Methodology.....	45
Voices of PBF Participants.....	48

Reliance on PBF Funds	49
Allocation of PBF Payment	51
Household Composition	54
PBF Conditionalities	56
Opinions of PBF Performance	59
5 SIGNIFICANCE AND APPLICABILITY	66
The View from Below	66
Policy Recommendations – PBF and Beyond.....	69
APPENDIX	
A COPY OF <i>CADASTRO ÚNICO</i> ENROLLMENT SURVEY (MDS 2008).....	72
B INTERVIEW GUIDE.....	73
LIST OF REFERENCES	74
BIOGRAPHICAL SKETCH	77

LIST OF TABLES

<u>Table</u>		<u>page</u>
3-1	Programs united under PBF umbrella.....	39
3-2	Bolsa Família benefits menu.....	40
3-3	Implementing the Bolsa Família: centralized and decentralized responsibilities	41
4-1	Grouped household responses	64
4-2	Differences among PBF recipients.....	65

LIST OF FIGURES

<u>Figure</u>	<u>page</u>
2-1 Spectrum of Poverty Alleviation Programs.....	23
2-2 Conditional Cash Transfer Programs in 2008	24
3-1 PBF Benefit Card	38

LIST OF ABBREVIATIONS

BPC	Beneficia de Prestação Continuada
CAIXA	Caixa Econômica Federal
CCT	Conditional Cash Transfer
CGU	General Controllers Office
FEBEM	Fundação Estadual do Bem-Estar do Menor
MDS	Ministry of Social Development and Hunger Eradication
MEC	Ministry of Education
MS	Ministry of Health
NGO	Non-Governmental Organization
NIS	Social Identification Numbers
PBF	Programa Bolsa Família
PETI	Programa de Erradicação de Trabalho Infantil
PNAD	<i>Pesquisa Nacional por Amostra de Domicílios</i>
PROGRESA	Programa de Educación, Salud y Alimentación
SAGI	Secretariat for Information Management and Evaluation
SENARC	Bolsa Família Executive Secretariat
SFC	Federal Controls Secretariat
SIBEC	Sistema de Benefícios ao Cidadão
SNAS	National Secretariat for Social Assistance
TCU	Federal Audits Court

Abstract of Master's Thesis Presented to the Graduate School
of the University of Florida in Partial Fulfillment of the
Requirements for the Degree of Master of Arts

CONDITIONAL CASH PAYMENT POLICIES IN BRAZIL: THE VIEW FROM BELOW

By

Laura Fonseca

May 2009

Chair: Charles Wood
Major: Latin American Studies

With growing inequality and an increased need to alleviate poverty, conditional cash transfer (CCT) programs have become an increasingly popular tool for governments, especially in Latin America. The use of subsidies, accompanied by conditional requirements that encourage behavioral change is an attractive method of dealing with current needs of civil society while establishing the basis for lasting behavioral change that will diminish the intergenerational transfer of poverty.

Brazil's CCT program Programa Bolsa Família (PBF) is one of the most praised in Latin America. The program rewards poor and extremely poor households for keeping children in school and keeping up to date immunization cards and health checkups for children and pregnant/lactating women. However, evaluating the program's performance has proved a difficult task.

This study evaluates the experience of PBF participants in Itaparica Municipality, Bahia. Using data collected through in depth interviews with program participants, the study identifies some of the differences among participating households that alter the experience each household has with the program. This study contributes to the expanding literature on CCTs and their performance by highlighting the importance of differentiating among program participants and

therefore bettering targeting techniques and improving program outcomes. It goes on to suggest policy recommendations necessary to improve the trust, targeting, and complementary institutions that are essential for CCTs to be efficient poverty combating techniques.

CHAPTER 1 THE BEGINNING

My Inspiration

The day I arrived at Itaparica Island I was invited by Josefa and her grandson Felix to a gathering near her house. Josefa looked old and tired as she walked up the muddy hillside. But with the help of her cane, she ascended steadily and with much more ease than I. All of the homes near the top of the hill were under construction; each achieved a balance between scrap metal and cement walls. Josefa's home was no different. She was in the process of rebuilding the back room and was excited about one day adding a cement floor. Josefa lived with her husband, son, and grandson, in what could be described as a chaotic environment. Her husband was recognized as the town drunk and she hid any money she came across in obscure locations so that he would not find it; otherwise, their breakfast would become his bottle of cachaça. The household owned few appliances and each carried its own story of accomplishment.

That night I walked down to my home for the 6 weeks that followed. I rented a room above a family's home. On my way upstairs I was encouraged to join them to watch television. Benita and her three children crowded on their two couches to watch a show on their large screen television each night. They ate popcorn and discussed their plans for the week. Benita's home was beautiful. It was located on a paved road less than half a mile from Josefa's and was surrounded by a tall iron bar fence. During the time I was there, they repainted the outside to give it a new and fresh look. I wondered if Josefa ever thought about painting her house.

What interested me about these two households was that despite how different they were, both received the same treatment under Brazil's Programa Bolsa Família. Each received a monthly stipend and was required to abide by the same educational and health conditionalities. Could PBF successfully target such different households with its one size fits all policy?

Overview

With growing inequality and an increased need to alleviate poverty, conditional cash transfer (CCT) programs have become an increasingly popular tool for governments, especially in Latin America. The use of subsidies, accompanied by conditional requirements that encourage behavioral change is an attractive method of dealing with current needs of civil society while establishing the basis for lasting behavioral change that will diminish the intergenerational transfer of poverty.

The CCT program in Brazil is one of the most praised in Latin America. Since the creation of *Bolsa Escola* in 1995, Brazil developed an array of CCTs to target specific poverty related issues. In 2003 these programs united under one nationalized umbrella project called *Programa Bolsa Família* (PBF). As the world's largest CCT effort, PBF serves as a good example of the capacity, strengths, and weaknesses of this popular poverty alleviation and reduction tool.

While many studies have assessed the performance of CCTs in Latin America, the short life of these programs has limited the amount of information available to researchers. The scarcity of information means that the factors that affect the CCTs are only partially understood. Particularly lacking are qualitative analyses that are able to provide a more in depth understanding of program performance.

This study evaluates the experience of PBF participants in Itaparica Municipality, Bahia. The goal is to identify the differences among participating households that alter the experience each household has with the program. This study will contribute to the expanding literature on CCTs and their performance by highlighting the importance of differentiating among program participants and therefore bettering targeting techniques and improving program outcomes.

Chapter two discusses the issue of inequality and poverty in Latin America. It focuses on the current poverty conditions in the region using available World Bank information. The chapter

further examines the techniques used by governments and NGOs to address the issue, highlighting the adoption of social change techniques in programs such as CCTs.

Chapters three and four explain the theory behind CCT programs and their implementation in various settings. The second chapter focuses on theory behind the CCT programs and gives a brief summary of Chile's *Chile Solidario*, Colombia's *Familias en Acción*, and Mexico's *Oportunidades*. Chapter four describes Brazil's PBF in depth. It explores the program's formation, reviews its operation procedures, and summarizes reviews of its performance.

The fifth chapter describes Itaparica Municipality, Brazil, the research site for this study. It also reports fieldwork findings by comparing and contrasting the responses of households with a dependable monthly income and households without a dependable monthly income. The final chapter summarizes the findings of this study and places them within the context of all CCTs. It uses them to identify policy recommendations necessary in improving the trust, targeting, and complementary institutions that are essential for CCTs to be efficient poverty combating techniques.

CHAPTER 2 INEQUALITY IN LATIN AMERICA

According to the World Bank's (2008) Latin America and the Caribbean Regional Brief, 2007 marked a year of economic growth that had not been seen in the region since the 1970s. This growth of 5.1 percent marked four consecutive years of economic surplus. National surveys also illustrated a slight drop in poverty rates. Latin America's economic progress outshines that of other developing regions but, despite improving numbers, Latin America continues to face deeply rooted inequality and social struggle. The World Bank (2008:1) reports that in Latin America "the richest ten percent of the population receives about 41 percent of total income while the poorest ten percent gets just one percent."

In 2006, the average life expectancy at birth in Latin America was 73, malnutrition rates were 5 percent, and the under-five mortality rates were 26 per 1,000 births (The World Bank 2008). However, these numbers cloud the reality of the poor in Latin America. The small wealthy percentage of the population causes these figures to be inflated due to stark differences in lifestyle. Although the middle class is growing in many Latin American nations, it remains a small portion of the population. An example of this dichotomy between the social classes is seen in many urban regions, like Rio de Janeiro, where some of the wealthiest sectors of the city are located directly across the street from the poorest neighborhoods.

The 2008 World Development Indicators point out that despite possible inflation in numbers, the social standards in Latin America has improved. While this process has been slow, the region is on track to meet most of the Millennium Development Goals set by the United Nations. The regional progress is largely attributed to new poverty alleviating techniques adopted by largest nations in the region, Mexico and Brazil.

Combating Poverty and Inequality

Reducing poverty is not a task born of the twentieth century. Governments and communities throughout history have found different ways of dealing with poverty and inequality. Paul Streeten (1998:8) identifies four concrete reasons for the pursuit of poverty alleviation (besides what he labels the worthy end of “full human development”). These motivations for poverty reduction are “achieving higher productivity”; reducing family size; improving conditions for the physical environment; and achieving “a healthy civil society, democracy and greater social stability” (Paul Streeten 1998:2-3) .

In his study of street children in Latin America, Mark Lusk (1988) conceptualizes action taken to alleviate inequality in terms of a spectrum that ranges from social control to social change. His work on policy regarding street children can be used to examine Latin America’s response to poverty over time. Lusk’s argument focuses on the growing trend in Latin America to move from social control to social change, finally culminating in CCT effort.

In a social control approach, the poor are seen as the root cause of the “poverty situation” (Gustafsson-Wright and Pyne 2002). In other words, the poor are poor because they made conscious decisions that led them there. They are responsible for the majority of crime and they pose a threat to a city’s image of modernity. Social control calls for the separation of this “cause” from the rest of society. At the opposite end of the spectrum is a social change approach. Social change views the poor as victims of a much larger structural problem. As such, policy directed towards social change seeks to alleviate poverty and restructure current laws and policies.

Both government organizations and NGO’s have addressed inequality in Latin America by addressing the situation through approaches ranging from social control to social change (see Figure 2-1) (Lusk 1988). For the purpose of simplicity, these organizations can be classified

under four main approaches: correctional, rehabilitation, outreach, and preventive. The structure and organization of programs depends on which perspective is invoked.

A correctional approach is at one end of the continuum, under social control. It reflects the idea that the poor have control of their own lives and that the conditions in which they live are the result of personal decisions. Under this framework the poor are a fundamental problem within society; as such they must be punished for their actions and reshaped. If the poor cannot be punished for their condition, they must be separated from the rest of society to prevent the spread of poverty or their influence on the rest of society. Examples of this type of approach can be seen in the high concrete walls still surrounding many of Brazil's favelas. These walls are remnants of an attempt to contain the image of poverty that threatened Brazil's pursuit of "Order and Progress" (Schneider 1991).

A rehabilitation approach is a step towards a social change agenda. In a rehabilitation approach, the poor are still seen as a separate entity that causes disruption. Instead of objects of punishment or seclusion, the poor are seen as subjects for change (Gustafsson-Wright and Pyne 2002). This approach derives from the misconception that there is an inherent difference between people belonging to different social classes. NGO's that follow this approach can be found across Latin America.

An example of the rehabilitation approach can be found outside Petropolis, a textile city in the state of Rio de Janeiro. Here, an NGO called *Casa dos Meninos* (Boy's Home), has set up their house and school as a shelter for 25 abused and neglected boys from the area. The organization is designed to resemble a family environment where love and care are constantly present. The boys are able to attend school and engage in relationships with others.

While this kind of approach has proven effective in improving the quality of life of children that go through these programs, there are obstacles that prevent it from improving the situation on a larger scale. For example, the ideology behind the treatment of these children is that they must be shown love and attention because this is lacking in their lives. This approach ignores the fact that most street children have families and homes. According to Hecht (1998), many of them have a very strong connection to their mothers. Moreover, the rehabilitation approach ignores the role that history and inadequate urban development have played in the formation of inequality and low social mobility. By ignoring this, and by placing emphasis on the differences between the social classes, a rehabilitation approach increases the gap between the social classes. This promotes differentiation between treatment of the rich and poor and the rights and privileges to which each is entitled.

Moving further towards the social change continuum, the outreach approach recognizes that there is a problem within society that has caused growing inequality and poverty (Lusk 1988). It does not segregate the poor as a unique group but instead sees all of society as affected by the status quo and seeks a way of changing the circumstances. Feeding and employment programs are good examples of outreach approaches.

A preventive approach is at the opposite end of the spectrum from the correctional approach; it is a form of social change (Gustafsson-Wright and Pyne 2002). Preventive approaches view poverty as the result of improper development planning and policy. As such, a preventive approach tackles what are seen as the root causes of the problem. Many progressive government run institutions and programs fall into this category including expanding CCT programs in over 28 countries across the world (see Figure 2-2) (Fiszbein and Schady 2009).

Latin American nations adopted CCTs at a quick rate. In 1997, only two countries, Mexico and Brazil, had active CCT programs. By 2008, the World Bank (2009) reports that at least 17 Latin American countries use CCT programs to alleviate poverty. The following section discusses CCT programs within the context of Latin America.

Conditional Cash Transfer Programs in Latin America

With many countries facing increasing inequality in the 1990s, policy makers developed a new form of social assistance that they could easily distinguish from the rejected leftist approaches to combating poverty. Policy makers sought a new form of social assistance that would “make democracy work for the poorest of their countrymen” and combat poverty (Noriega 2006:3). CCT programs gained popularity as a non-handout approach to “the eradication of poverty and the substantial reduction to the levels of inequality” (Soares 2006: 21). CCTs provide monetary rewards for households or individuals who agree to and abide by the program’s preset conditionalities. CCTs are based on the assumption that “human capital can be enhanced as a development vehicle by providing money to families to persuade them to invest in themselves through greater participation in education and health services” (Hall 2006:691). By rewarding what is considered “productive” or “contributing” behavior, the goal is to alter the lifestyle of households in poverty to increase investment in human capital. Simultaneously improving the living conditions of the household through the cash benefit and creating different and presumably better opportunities for household members, particularly the younger generations, is expected to break the intergenerational transfer of poverty that exists in these countries.

Sergei Soares (2007) describes the attractiveness of CCTs, specifically in the context of Latin America:

Conditional cash transfer programs in Latin America are increasingly appealing to both governments, which are anxious to do something effective but are facing difficult fiscal constraints and multilateral and bilateral cooperation agencies, which are anxious to rid themselves of the stigma of cumbersome bureaucracies whose work has little impact upon the poor (Soares 2007:2).

Through all the scrutiny and reviews that CCTs have undergone, their popularity has increased through the past two decades. In Latin America alone, 17 countries have institutionalized CCT efforts. Chile's *Chile Solidario*, Colombia's *Familias en Acción*, and Mexico's *Oportunidades* are prime examples of CCT programs currently in effect in Latin America. Although the CCTs vary from one another, they all share three characteristics,

“(a) they were targeted to the poor through some sort of means testing (income ceilings); (b) they paid cash to the families (usually the women); and (c) they required some sort of ‘counterpart responsibilities’ on behalf of the beneficiaries” (Lindert. 2007:12).

The Chilean government established *Chile Solidario* in May of 2002. Although the program differs from the common CCT model in many ways, it focuses on education and health. Also, *Chile Solidario* recognizes the role of the female household head by designating her as the recipient of the monetary benefits. Unique to the program, *Chile Solidario* is highly focused on the particular needs of specific households. It creates individual plans and conditionalities for each household based on meetings between a social worker and the family (they use national goals and guidelines to tailor the plan). Also, there is a time limit placed on the participation of households in order to promote a quick change in lifestyle, to motivate families, and decrease the number of household that depend on transfers from the government.

Colombia put into effect its own CCT in 2002 called *Familias en Acción*. The federal program targeted “the poorest 20 percent of households in selected areas” of the country (Attanasio and Mesnard 2006:422). *Familias en Acción* is divided into three components. The

“nutritional component” awards 40,000 pesos (US \$16.30)¹ each month to households with children under five years old on the condition that the children undergo routine health check-ups, receive all their vaccines and mothers attend hygiene, diet and contraception courses. The other two components are dependent on school attendance; 14,000 pesos (US \$5.70) are distributed per child regularly attending elementary school and 28,000 pesos (US \$11.41) are awarded per child regularly attending secondary school.

Oportunidades, originally named *Programa de Educación, Salud y Alimentación* or *PROGRESA*, was established in Mexico in 1997 under the Zedillo presidency (Soares 2007). *Oportunidades* began as a small project that targeted poverty stricken households in rural municipalities. It grew quickly to encompass households all over the nation. Valencia (2008) reports that by 2005, over 5 million families, or 24 million people, were actively enrolled in the program. *Oportunidades* currently targets urban and rural municipalities with high poverty indexes. Within these municipalities, those classified as most in need are invited to join the program. Local offices are in charge of selecting these households with the help of community members. This procedure is essential for civil society engagement in the formation and management of the institution. The CCT distributes funds to these households through three separate avenues: an unconditional 250 pesos (US \$16.81) per elderly adult in the household, a conditional 189 pesos (US \$12.71) for food support based on household attendance to nutrition and health training classes, and a conditional sum awarded per child in grades three through 12 who maintain high school attendance levels and attend regular health checkups. The amount distributed per child varies by grade level and sex of child (with quantity increasing as grade level increases and girls receiving more than boys). The government awards up to 1855 pesos

¹ All conversions made at Interbank rates as of February 22, 2009

(US \$124.79) to families meeting all conditions. The money is electronically transferred bimonthly to the female household head.

The impact of *Oportunidades* on the development of nationalized CCT programs is difficult to calculate. However, Mexico has not been alone in paving the way for CCTs worldwide; their national project was largely inspired by Brazil's efforts to reduce poverty at the time. In 1996, a Mexican delegation was sent to Brazil to visit the many projects being put forth by municipal governments (Linder 2007). These small scale and locally developed and run CCTs helped inspire Mexico's *PROGRESA* in 1997.

Brazil's small scale CCT programs continued to develop over the years, growing more similar to the Mexican model that it had once inspired. In 2003 the national CCT, *Programa Bolsa Família* (PBF) was put into effect. Since then, the project has evolved into a renowned model for developing programs worldwide. The following chapter outlines PBF's formation, specifics, and critiques of the program's performance.

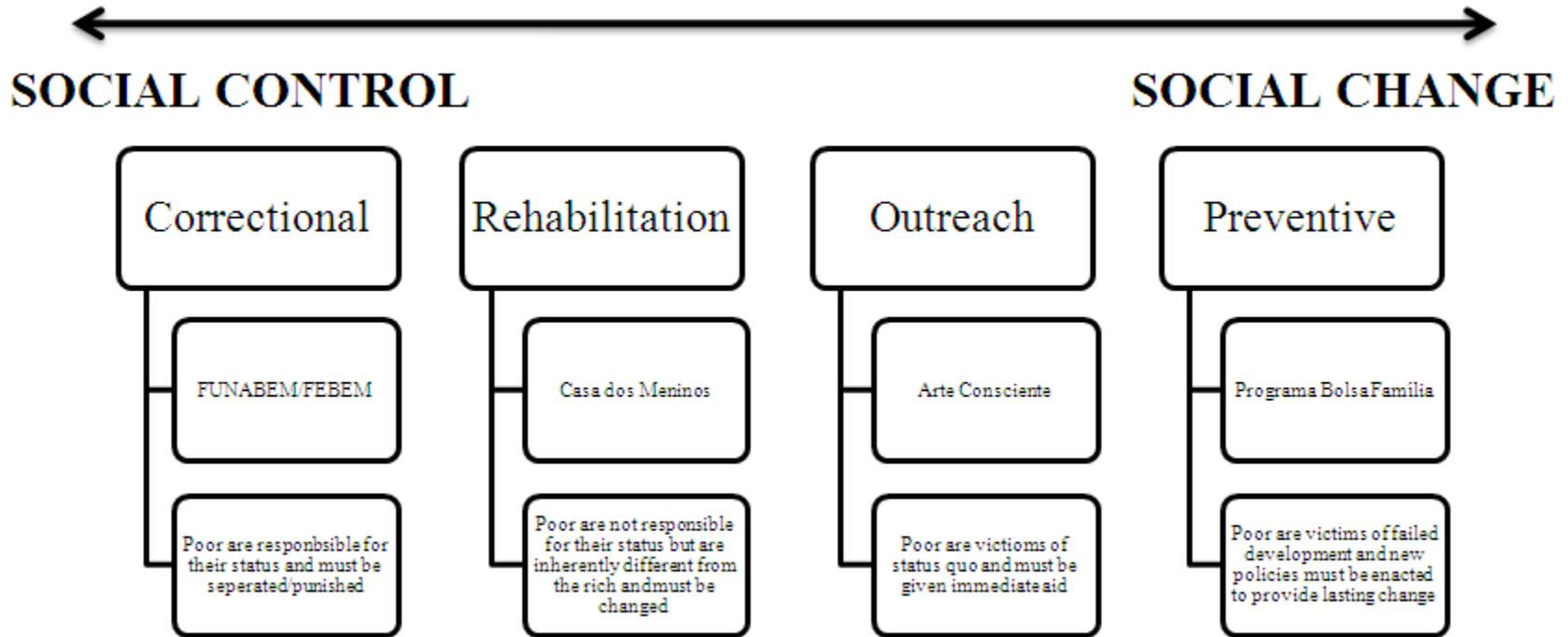


Figure 2-1. Spectrum of Poverty Alleviation Programs (Lusk 1998)

2008

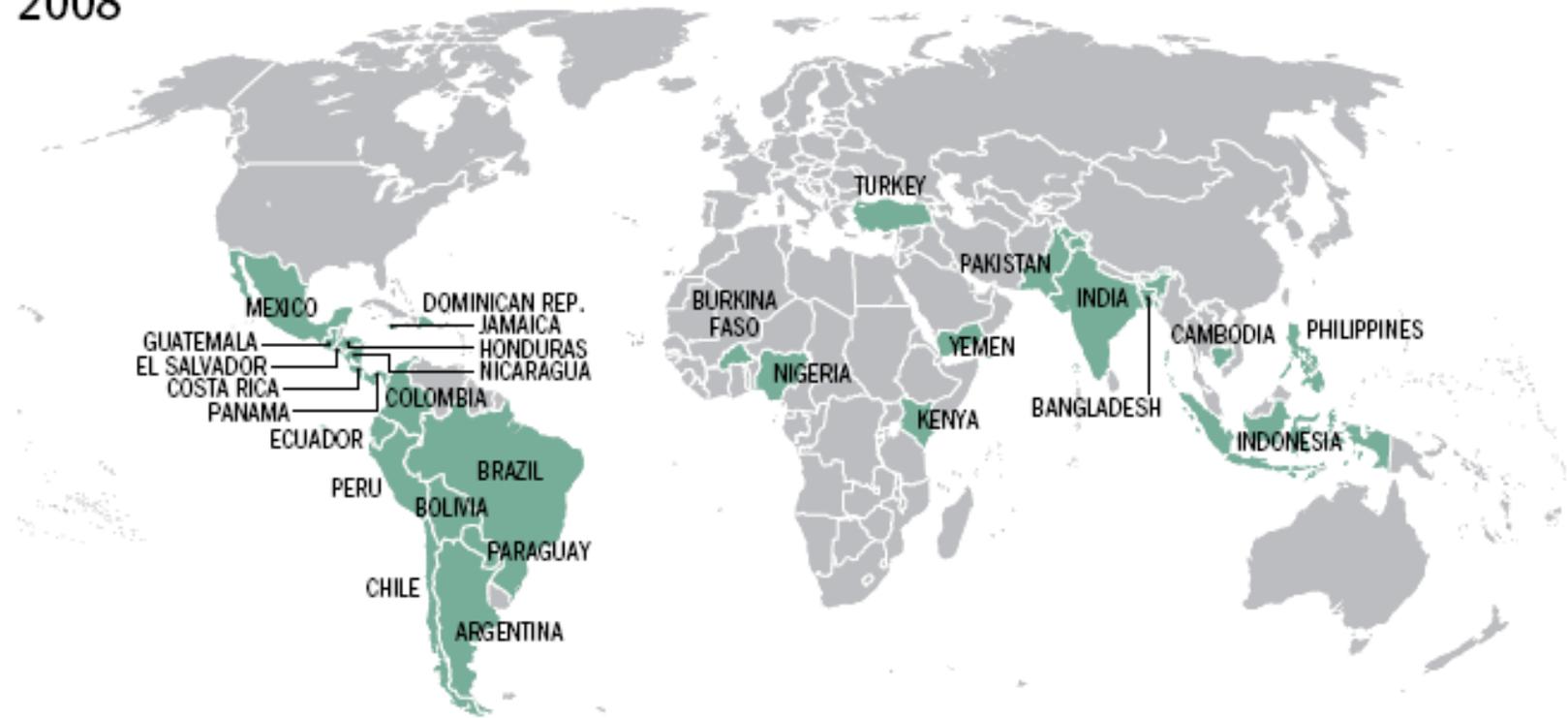


Figure 2-2. “Conditional Cash Transfer Programs in 2008” (Taken from: Fiszbein and Schady 2009:32)

CHAPTER 3 PROGRAMA BOLSA FAMÍLIA

In October of 2003, Brazil's federal government established the national CCT, *Programa Bolsa Família* (PBF), as a means to renovate and improve the system of poverty alleviation that existed in the 1990s. President Luiz Inácio Lula da Silva sought to unify Brazil's existing CCT programs to create a larger CCT resembling Mexico's federal CCT program, *Oportunidades*. Lindert and Linder (2007:14) discuss President Lula's six main objectives when integrating the nations smaller CCTs under a national umbrella project:

consolidating and rationalizing federal conditional cash transfer programs; promoting efficiency in the use of public resources (administrative costs were indeed reduced as a result of this merger); improving the system for identifying the target population; leveraging synergies from jointly promoting education and health incentives; strengthening monitoring and evaluation; and leveraging opportunities to systematize complementarities in the social safety net between federal and sub-national programs (promoting vertical integration).

The new umbrella program, PBF, became the means to achieve all these objectives through a variety of policy implementations. PBF (a) brought Brazil's preexisting CCTs together one by one over the course of three years, becoming the world's largest federal CCT program; (b) established goals by which all PBF offices would run; (c) developed new conditions and rewards for participating households to increase the program's efficiency; (d) created a federal unified roll by which to select and organize potential program participants; (e) organized a system of federal and regional offices to run and implement the program; (f) and achieved international recognition and funding from international organizations while simultaneously reducing costs of implementation.

Unification of Pre-existing CCTs

PBF unifies the other large CCTs in the country: *Programa de Erradicação de Trabalho Infantil* (PETI), *Bolsa Escola*, *Bolsa Alimentação*, *Cartão Alimentação*, and *Auxílio Gas* (Soares,

2006, Soares 2007). Each of these programs was developed separately and therefore had different financing, implementing agencies, conditions, and information systems. By bringing these programs together under one name, the federal government sought to reduce the cost of the programs as well as increase the efficiency of the system. In the course of three years (2003-2006), the programs were consolidated one by one until PBF reached its intended identity as the sole federal CCT within Brazil. In order to understand the formation and goals of PBF, and to determine how these changes helped create a stronger national institution, it is necessary to understand each of the programs encompassed by PBF (see Table 3-1 for description of programs).

Programa de Erradicaçao de Trabalho Infantil

PETI was developed in 1996 in the state of Matto Grosso to combat children's participation in the dangerous charcoal extraction industry (World Bank Institute 2004). The program grew to national expansion over the next five years. PETI was a highly targeted CCT run by the Social Assistance Secretariat of the federal government. It distributed money to poverty stricken households with children ages seven to 15 years of age in exchange for their compliance with the following conditions: children must maintain at least 80 percent school attendance, parents must attend occasional workshops/meetings, and the household must commit to keep the child out of the labor force. In addition to this, PETI funds and operates an extended school day program named *jornada ampliada* which all recipient children must attend daily. The monetary compensation for meeting these conditions varied by municipality. Households in rural areas received R \$25 (US \$10.69) per child and households in urban areas R \$40 (US \$17.11) per child (Soares 2007). PETI remains an active part of PBF and is seen as a complimentary program for children in extreme risk of child labor. However, there is no monetary benefit distributed to participating households beyond the PBF distribution.

Bolsa Escola

Bolsa Escola was created by the *Partido do Trabalhadores* (PT) in January of 1995. The goal was to break the intergenerational transfer of poverty caused by diminishing opportunities for children born to poverty stricken households (Lindert 2007). Bolsa Escola attempted to increase opportunity and social mobility by increasing school attendance and reducing dropout rates for children in low income households. The program was initially implemented in the Distrito Federal. But by 2001 it was expanded nationally by President Fernando Enrique Cardoso, who put it under the administration of the federal Ministry of Education. Under the national program, households earning less than R \$90 (US \$38.50) per capita with children aged six to fifteen were eligible to participate. They were awarded R \$15 (US \$6.42) per child (for up to three children) that maintained at least 85 percent school attendance. The program merged with PBF in January of 2004 (Soares 2006).

Bolsa Alimentação

Bolsa Alimentação was developed by the federal Ministry of Health and put into effect in September of 2001 as part of the larger *Fome Zero* project (Soares 2006). The program sought to combat high infant mortality rates by encouraging households to attend regular health check-ups and obtain all necessary immunizations for infants and pregnant women. Households earning less than half the minimum wage per capita were awarded R \$15 (US \$6.42) per child or pregnant/nursing woman (with a max sum of R \$45 (US \$19.25) per month). In exchange they were required to keep up to date immunization cards for household children and/or attend regular health visits for children and pregnant/nursing women.

Cartão Alimentação

Cartão Alimentação had goals similar to *Bolsa Alimentação*; it sought to combat hunger and malnutrition. The program, first implemented in 2003, awarded R \$50 (US \$21.39) to

households earning less than half the minimum wage per capita on the condition that this money be solely spent on food. This program was different from others in that it did not require a behavioral change on the part of participants, only a condition on how the money could be spent. Also, there was a six month limit to household participation (Soares 2007).

Auxilio Gas

Auxilio Gas compensated for the increased price of gas due to the end to the cooking gas subsidy by awarding households earning less than R \$90 (US \$38.50) per month R \$7.50 (US \$3.21) bimonthly to purchase the gas necessary for cooking and other household activities. The program was put into effect in December of 2001 by the Ministry of Mining and Energy Compensation (Soares 2006).

PBF Description

PBF Goals

Unifying preexisting CCT programs in Brazil meant that PBF had to develop and broaden its mandate to encompass the goals of all previous CCTs while at the same time remaining focused enough to create substantial and lasting change. In other words, the broader based CCT had to be more efficient at accomplishing a wider goal compared to the preexisting CCTs were at accomplishing smaller and more targeted goals. PBF used the common themes of current poverty alleviation and longstanding changes in social inequality to develop its two main goals:

(a) reduce current poverty and inequality, by providing a minimum level of income for extremely poor families; and (b) break the inter-generational transmission of poverty by conditioning these transfers on beneficiary compliance with human capital requirements (Lindert 2007:2).

PBF's goals resemble the objectives that define a CCT program in general. These broad goals make it difficult to monitor PBF's performance; however, the program's conditions are more specific as to what PBF's intentions are and provide means for evaluation.

Eligibility and Conditions

PBF targets households in extreme poverty (earning less than R \$60 (US \$25.66) per capita) with pregnant or lactating women and/or children less than 16 years of age. Moderately poor households (those earning up to R \$120 (US \$51.33) per capita) are also accepted into the program but are not considered a priority (Medeiros. 2008). Extremely poor households were originally defined as those earning less than R \$50 (US \$21.39) per capita and moderately poor households were those who earned between R \$50 (US \$21.39) and R \$100 (US \$42.78) per capita. This was redefined in 2006 to compensate for rising living costs and decreasing poverty rates from 2003 to 2004 (Lindert 2007).

There are two components to PBF monetary benefits, which vary by household (see Table 3-2). A base benefit of R \$50 (US \$21.39) per month is awarded to all participating households considered to be in extreme poverty (earning less than R \$60 (US \$25.66) per capita) regardless of household composition. All participating households receive R \$15 (US \$6.42) each month per child under 16 years old and/or pregnant or lactating woman for up to a maximum of three household members.

To receive program benefits, participating households are required to abide by certain conditionalities. These conditionalities are divided into two categories, health and educational. The health conditionalities require all children aged 7 and under to receive regular health checkups and growth monitoring from local health posts as well as keep an up to date vaccine chart (Lindert 2007). Pregnant and lactating women must attend pre and post natal checkups as well as participate in locally offered health and nutrition seminars. The educational conditionalities for children aged six to 15 is to be enrolled in school and maintain at least 85 percent attendance each month. Parents are required to inform the school of the reason for each absence and keep PBF coordinators up to date if the child switches schools.

Consequences for failing to comply with PBF's conditionalities are applied gradually (Lindert 2007). For the first offense, the household receives a warning. A second offense results in a 30 day suspension from the program. After 30 days, the household receives the accumulated benefit for the current month and the 30 days they were suspended. For third and fourth offenses, benefits are suspended for 60 days without possibility of payment reimbursement after that time. A fifth offense results in expulsion from the program.

Logistics – Federal and Regional Offices

In order to maintain a working and efficient program as well as institutionalize a federal program within a decentralized national context, PBF divided up tasks and management of PBF between federal, regional, and municipal offices. A unified information system (Cadastro Único) was created to inventory all eligible households. The new Ministry of Social Development and Hunger Eradication (MDS) was created to oversee PBF.

The Cadastro Único merges and organizes program participants within a national online database. Households wishing to participate in PBF are required to register all members with Cadastro Único. The information system is used to determine eligibility and to select participants. In an interview, the director of Itaparica Island's PBF office (who wishes his name to remain undisclosed in this study) said that the new nationalized database limited corruption and increased the effectiveness of the program. The online database is easily updated and increases program transparency.

The MDS was established in January of 2004 as a result of the merger of the former Ministry of Food Security, the former Ministry of Social Assistance, and the Bolsa Família Executive Secretariat (SENARC)(originally established in the Ministry of the President) (Lindert 2007). The MDS oversees the overall performance of PBF and regulates policy. The office

coordinates the activities of the many centralized and decentralized offices that comprise PBF (see Table 3-3 for a complete description of offices and tasks).

SENARC is in charge of many of the technical aspects of PBF. The office oversees the registry and selection of participants through *Cadastro Único*. The office is also in charge of payment authorization, training municipal managers, and administering the consequences of failure to meet conditionalities. SENARC also works with other federal agencies such as the National Secretariat for Social Assistance (SNAS) to link recipients to complementary government services

The Secretariat for Information Management and Evaluation (SAGI) gathers and analyzes data for the evaluation of PBF performance in the long term

The *Caixa Econômica Federal* (Caixa) consolidates information in *Cadastro Único* and assigns Social Identification Numbers (NIS) to participants. They also make direct payments monthly to beneficiaries using electronic benefits cards that resemble debit cards (see Figure 3-1)

The Ministries of Education and Health train municipal and state managers and establish rules and regulations regarding health conditionalities and school attendance. They also put together reports on participant conditionality compliance

State governments train municipality officials and provide support for local offices

Municipalities are in charge of most of the on ground work of PBF. They register potential PBF participants into the *Cadastro Único* system, prioritize households, on the basis of need, for government complementary services, and create local social control councils.

The different offices work together to maintain the world's largest CCT program. The mixture of centralized and decentralized offices requires PBF to keep wide-ranging management restrictions and regulations to deal with possible scenarios.

Program Reviews and Critiques

Since its founding in 2003, PBF has grown to include households in all Brazilian municipalities. According to the PBF official website (2008) and the World Bank's 2008 report, *Status of Projects in Executions*, over 11.1 million households are currently active participants of PBF (as of June 2006). According to *Sistema de Benefícios ao Cidadão* (SIBEC), 10,515,224 households in 5564 municipalities received PBF payments in December of 2008 (PBF 2009).

The official PBF website (2008) claims that the program has proved itself to have three important outcomes:

1. The program has been properly designed and targeted. It has successfully reached households that are in need and that meet its conditions
2. The program has significantly contributed to the reduction of extreme poverty and inequality in Brazil
3. The program has improved recipient family nutrition.

The website provides an incomplete analysis to supports these three conclusions about PBF's performance, but the increasing popularity of CCTs has lead to numerous evaluations by scholars around the world. Despite this push, the program's short life (since 2003) makes evaluations of PBF's performance incomplete. The long term effects of the program remain to be seen. Also, there was a three year period (2003 to 2006) when the smaller national CCTs were merged under PBF. This makes it difficult to identify the separate effects of the old programs and the new PBF. For this reason, many of the studies currently available are based on national surveys used to evaluate the effect of CCTs (usually Bolsa Escola and PETI, both of which were brought together under PBF) in increasing school enrollment in Brazil. This section presents a brief description of some of the studies available on PBF's performance. It identifies some of the gaps in available research and helps frame my study within the literature.

Bourguignon, Ferreira, and Leite (2004) present two complimentary methods for evaluating CCTs such as PBF. Ex post facto methods compare receivers of aid to non-receivers. They evaluate the effects of existing program policies. Ex ante methods simulate program effects using household models. These are used to test changes in outcomes and to predict the effect of changes in policy.

Eliana Cardoso and André Portela Souza (2004) used the 2000 Brazilian census to study the effect CCT programs in Brazil have on child labor and school attendance. In their study,

Cardoso and Souza concluded that CCT programs have successfully increased school attendance, but they did not have an impact on child labor. They discuss the possibility that the amount of money distributed by transfer programs was insufficient to encourage households to completely remove children from the workforce. It appears that households are opting to keep children in school and have them work at the same time.

Alain de Janvry, Frederico Finan, and Elisabeth Sadoulet (2006) performed a similar study of what they identified as an “analysis down to the individual level” (3). Their study looked at the “a high dropout rate whereby many school age children start but do not finish the school year; and a high failure rate in making the grade as sanctioned by satisfactory performance during the school year” (Janvry 2006:3). They used administrative records from schools in 261 municipalities in the Northeast between the years 1999 to 2003 to compare the 2 years before Bolsa Escola was implemented to the two years after the program started. The authors found that Bolsa Escola reduced dropout rates by an average of 7.8 percent but recognized that this varies greatly by municipality, ranging from -25.5 to 10.7 percentage points. They attributed most of the variance to differences in municipal management. At the same time the authors noted the 0.8 percent increase in failure rate. In other words, the average score on standardized tests had decreased by 0.8 percent. The increase in failure rate is seen as the effect of unmotivated students, who would have previously dropped out of school, but continue to attend school in order to receive Bolsa Escola benefits.

Janvry, Finan, and Sadoulet (2006) noted that their study (as well as other studies done on Bolsa Família) faced many challenges. First, the few years of the program’s existence outside of PBF do not allow for an analysis of long term effects. Also, since many of the goals of Bolsa Escola (as well as PBF) are long term, the effects of the programs will not be seen until after the

youngest of the targeted generation “graduate”. While their study focused on the performance of Bolsa Escola, the authors discussed the importance of the findings in evaluating PBF’s performance. This is especially true since the educational conditionalities to PBF are very similar to those in Bolsa Escola.

Pianto and Soares (2002) performed an ex post evaluation of PETI using Brazil’s National Household Survey (PNAD). They found that between 1997 and 1999, new PETI targeted municipalities experienced a 6.9 percentage point increase in school attendance, and a decrease of about ten percentage points in all child labor. However, not all their findings are positive. Pianto and Soares found the average number of years a child was behind in school increased by 0.25 percent. This finding is consistent with Janvry, Finanm, and Sadoulet’s (2006) idea that unmotivated children who would have previously dropped out are staying in school. It could also mean that the "Extended School Day" program has not raised the educational level of children nor expanded opportunities to children participating in PETI.

Pianto and Soares (2002) note that due to inadequacies of the surveys, it is impossible for results to be directly linked to PETI instead of another CCT such as Bolsa Escola. This limitation applies to almost every evaluation of CCT performance that uses national surveys for its analysis, particularly those performed before the PNAD 2004 survey (Soares 2006:26).

Soares, Soares, Medeiros and Osorio’s (2006) evaluation of PBF uses data from PNAD 2004 to determine the effect of PBF on the fall in inequality in Brazil from 1995 to 2004. The study finds that over 80 percent of PBF’s income goes to households earning less than half the minimum wage per capita. It also concludes by attributing the 28 percent fall in Gini inequality (from 1995 to 2004) to joint efforts by PBF and *Beneficio de Prestação Continuada* (BPC, a disability grant stipend or old age pension). This percentage is considered high since only 0.82

percent of the total income reported on PNAD was due to one of these cash transfers. According to Soares, Soares, Medeiros and Osorio:

The Brazilian programs for the direct transfer of cash to low income population are important because, without them, it would hardly be possible to eradicate poverty or reduce inequality to tolerable levels within a reasonable time frame... Even though these programs surely do not constitute the only permanent solution for the country's social problems, there is no doubt that they should be part of any proposal that would promote a more just society (Soares 2006:26).

While the PNAD 2004 survey used for this study does differentiate between CCT programs, the authors point out that the surveys are unable to estimate the amount of additional income that can be attributed to each program. It is therefore impossible to determine exactly how much of a household's income is due to government transfers from PBF or BPC.

Other studies of the performance of PBF have faced similar challenges. National surveys do not include sufficiently specific questions to precisely determine the effect program participation has on households. Therefore, many reviews of PBF are flawed by the absence of data and the margin of error is considerably large. This problem is faced by evaluations of CCTs across Latin America, including Mexico's *Oportunidades*.

The many policy changes that have occurred in the past decade is another obstacle faced when evaluating PBF. The merger of smaller CCTs under a larger umbrella project has created many differences among municipalities which are switching to the newer Brazilian model at different rates. Evaluations performed on PBF are likely to include scenarios where it was the smaller CCTs such as *Bolsa Escola* or *Auxilio Gas* that were being implemented. Studies have the difficult task of deciding whether it is more detrimental to include all information on CCT performance in Brazil under the title of PBF (since these programs were eventually encompassed within it) or try to limit their results to include only information where PBF was the sole CCT.

If researchers decide to only study the effects of PBF it limits the information available to them, especially since most municipalities did not manage to successfully merge all programs until 2006 (and even now there remains confusion amongst participants). Because the program is new, it is impossible, as yet, to assess its long term effect. Despite these difficulties, researchers have for the most part agreed that Brazil's CCTs have in fact increased school attendance. They have also shown that since they were first implemented, health standards have increased and child mortality due to preventable causes has dropped (World Bank 2008).

While various studies produced information on the performance of current program participants, they do not explain why some people participate in the programs and others do not. Furthermore, they place all participating households into a single group, thereby ignoring potential differences among households which may have an effect on the program's performance. These assumptions ignore the underlying problems faced by PBF eligible families. The absence of this knowledge limits the potential of the program.

In addition to the limitations associated with absence of data over the long term, it is also the case that survey data is incapable of addressing issues individual to the household. The latter include people's perception of PBF and their assessment of its effectiveness. Related concerns point to the possibility that the effects of PBF may vary substantially when we compare different types of households. Finally, surveys are limited in their ability to document how different types of households use the money that they receive.

One way to address these questions is through in depth interviews with households that participate in PBF. With this in mind, I applied for and received support from the Tinker Foundation funded Summer Research competition to interview people on Itaparica Municipality

about their unique experience as program participants. My research sought to answer the following questions:

1. What differences exist among PBF participant households?
2. How do these differences in household profile influence a participant household's experience with PBF?
3. How do households spend PBF payments?
4. How do households perceive PBF conditionalities?
5. How do participants view PBF's performance?

The following chapter reports the results of this effort.



Figure 3-1. PBF benefit card (Taken from: Lindert 2007: 30)

Table 3-1. Programs united under PBF umbrella

Program	Goal	Monthly Payment	Conditions
PETI	Eliminate child participation in the labor market	Urban areas: R \$25/child, Rural areas: R \$40/child	1) 80% child school attendance 2) 80% child attendance in jornada ampliada 3) commitment to keep child out of workforce 4) parental attendance to workshops/meetings
Bolsa Escola	Break the intergenerational transfer of poverty by increasing school attendance	R \$15/child, maximum of R \$45/month	1) 85% child school attendance
Bolsa Alimentação	Combat high infant mortality rates	R \$15/child or pregnant/lactating woman, maximum of R \$45/month	1) up to date immunization cards for children 2) children and pregnant or lactating women attend regular health visits
Cartão Alimentação	Combat hunger and malnutrition	R \$50	1) Payment must be spent on food
Auxilio Gas	Compensate for increased price of gas	Two payments of R \$7.50	1) Encouraged payment to be used for the purchase of gas, no follow up

Sources: Lindert 2007; Soares 2007; Soares 2006; World Bank Institute 2004

Table 3-2. Bolsa Família benefit menu

Level of poverty	Monthly per capita family income	Number of children 0-15, pregnant or breastfeeding mothers	Quantity and type of benefit	Bolsa Família benefit received
Poor	R \$ 60 – 120	1	(1) variable	R \$ 15
		2	(2) variable	R \$ 30
		3 or more	(3) variable	R \$ 45
Extreme poor	Up to R \$ 60	0	Base benefit	R \$ 50
		1	Base + (1) variable	R \$ 65
		2	Base + (2) variable	R \$ 80
		3 or more	Base + (3) variable	R \$ 90

Taken from Lindert, K., A. Linder, et al. 2007: 18

Table 3-3. Implementing the Bolsa Família: centralized and decentralized responsibilities

Function	Centralized	Decentralized
Management		
• Overall program and policy management	• MDS	
• Local coordination and management		• Municipalities, states
Targeting, Registration		
• Geographic allocation of municipal quotas	• MDS	
• Collection of household registry data		• Municipalities
• Local database management (updates, corrections)		• Municipalities
• Compilation of municipal registry data	• Caixa	
• National database management (Cadastro Único)	• Caixa	
• Eligibility determination (household assessment)	• MDS	
• Cross-checks on database	• MDS, Caixa	
Payments		
• Authorization of the beneficiary roster (folha de pagamento) and monthly payments	• MDS	
• Distribution of electronic benefit cards (EBCs)	• Caixa	
• Transfer of funds to Caixa	• STN (Treasury)	
• Monthly payment of benefits (directly to beneficiaries via credits to EBCs)	• Caixa	
• Monitoring payments	• Caixa & MDS	
Conditionalities – Education		
• Overseeing entire school attendance system and setting attendance policies	• MEC	
• Attending school minimum of 85% time		• Families (children)
• Recording school attendance of children		• Teachers, Directors
• Consolidating school attendance data (for municipal and state schools)		• Municipalities
• Developing and operating current monitoring software	• Caixa	
• Consolidating attendance data and transmitting it to MDS	• MEC	
• Determining consequences of non-compliance	• MDS	
Conditionalities – Health		
• Overseeing entire health compliance system	• Ministry of Health	

<ul style="list-style-type: none"> • Target group for health conditionalities 		<ul style="list-style-type: none"> • Children 0-7, mothers
<ul style="list-style-type: none"> • Monthly health visits to BFP families • Recording compliance with health conditionalities into SISVAN information system • Consolidating information in SISVAN at local level • Consolidating municipal information at national level • Determining consequences of non-compliance 	<ul style="list-style-type: none"> • Ministry of Health • MDS 	<ul style="list-style-type: none"> • Local health teams • Local health teams • Municipalities
<p>Provision of Complementary Services</p> <ul style="list-style-type: none"> • Prioritizing BFP beneficiaries for complementary services 	<ul style="list-style-type: none"> • Line Ministries 	<ul style="list-style-type: none"> • Municipalities, states
<p>Monitoring and Evaluation</p> <ul style="list-style-type: none"> • On-going monitoring of program execution (beneficiaries, payments, conditionalities); IGD • Impact evaluations 	<ul style="list-style-type: none"> • MDS (SENARC), Caixa • MDS (SAGI) 	<ul style="list-style-type: none"> • Municipal and state coordinators
<p>Oversight and Controls</p> <ul style="list-style-type: none"> • Internal and external cross-checks, validations of Cadastro Único • Investigation of complaints, appeals 	<ul style="list-style-type: none"> • MDS • MDS, SFC/CGU, Ministério Público 	<ul style="list-style-type: none"> • Municipalities refer complaints to MDS
<ul style="list-style-type: none"> • Regular bimonthly Random-Sample Quality Control Reviews (Operational Audits) • Annual Financial Audits • Implementation evaluations (random-sample) of the Cadastro Único and the BFP (with interim supervisions and follow-ups over three-year period) 	<ul style="list-style-type: none"> • SFC/CGU • SFC/CGU • TCU 	
<ul style="list-style-type: none"> • Social controls 	<ul style="list-style-type: none"> • MDS (hotlines, website) 	<ul style="list-style-type: none"> • Municipal SCCs

Taken from Lindert 2007: 24

CHAPTER 4 FINDINGS AND INTERPRETATION

I selected Itaparica Municipality, Brazil, as the research site for this study. The municipality has a very active MDS office that experienced many changes due to the integration of PBF. Its unique balance between being an autonomous municipality and its proximity to the large city of Salvador provides an appropriate location to study the urban application of PBF and the way in which households with and without external dependable monthly incomes view the CCT program.

Itaparica Municipality, Bahia

Itaparica Island is located off the coast of the touristic city of Salvador, Bahia (14km or approximately 40 minutes by ferry boat). The island is divided into two municipalities: the mid and southern portion of the island is part of the Vera Cruz Municipality; the northern and more tourist oriented municipality is Itaparica. The island's municipalities are heavily influenced by the historic development of the state of Bahia. As the primary port of entry for slaves into the Americas, Bahia's population is primarily Afro-Brazilian. The legacy of slavery is evident in the area's art and culture.

Of the 10,515,224 households that the *Sistema de Benefícios ao Cidadão* (SIBEC) (2009) reported as having PBF payments in December of 2008, 1,372,763 were residents of the state of Bahia. This makes Bahia the state with the largest number of PBF recipients in the country. Among the state's 417 municipalities, the number of households that received PBF payments varied by a margin of over 120,000. SIBEC (2009) reported 2,194 household recipients in Itaparica Municipality for December of 2008.

In 2000, Itaparica municipality had an estimated total population of 18,945 (SEI 2000). This population is considered 100 percent urban. Using national census information, Carvalho

(2003) reports that 67 percent of the population earned less than a fourth of the minimum wage (calculated using household income/capita); 26 percent of the population earned between one fourth and one half of minimum salary; 6 percent between one half and one times the minimum wage per capita, and less than 1 percent of the population earned between one and a half and two times the minimum wage per capita.

The young age when people begin to work and the low level of education among household heads are linked to this low per capita wage. Studies have shown that there is a direct link between the age people begin to work and their income (Fiszbein and Schady 2009). According to his Carvalho (2003), 67 percent of the population was under seven years of age when they entered the workforce, 26 percent was between seven and ten, six percent between ten and 12, and one percent between the ages of 13 and 14. The education level of household heads is representative of the early entrance to the labor force: 47 percent have no education, seven percent are literate without an education, 68 percent have incomplete *ensino fundamental* or elementary schooling, three percent have complete *ensino fundamental*, and seven percent had achieved more than an *ensino funamental* education. The early age at which people enter the work force, accompanied by the high percentage of household heads with little to no education, is significant in understanding the intergenerational transfer of poverty in the region.

Carvalho (2003) also calculated the family composition of households in Itaparica Municipality. Female headed households constituted 28.5 percent of households, and 71.5 percent had both a father and a mother present. While these proportions are useful in identifying the makeup of households in the region, it is important to note the definition of a 'mother' and 'father' can vary among survey participants. Some participants may consider only biological

mothers and fathers when identifying their presence. Others may include grand-parents or other household members who take on the role of mothers and fathers.

Carvalho (2003) went on to analyze the occupation of the household heads (person responsible for the household) in surveyed households (using CRH/UFBA 2001). He found that 36 percent were either fishermen or shellfish catchers; 28 percent were street vendors; 11 percent were domestic employees; five percent public employees; and two percent reported themselves rural workers. Carvalho used this same survey to find that 71 percent of the population reported that they were self-employed. The work done by Carvalho (2003) for the government's *Estudos e Pesquisas* series is valuable in characterizing the population in the research site.

Methodology

I spent six weeks in Itaparica Municipality (May-June 2008) building relationships with community members and performing interviews with two different groups. The first was a group of selected professionals associated with PBF. The key informants who held positions within, or who were knowledgeable about, PBF were chosen carefully to provide detailed information that was not otherwise available to me. The key informants also helped me set up interviews with PBF participants.

The second group that I interviewed consisted of 25 female recipients of PBF. Two complementary techniques were used to select PBF participants from Itaparica Municipality. I used contacts from local public schools as well as the MDS office to obtain a short list of interviewees. I then used a snowball technique to identify other informants. This study's small sample size (25 households) cannot be generalized to represent the whole of Brazil's PBF participants (or for that matter to the population of Itaparica Municipality); instead, all findings must be interpreted as existing conditions and thoughts of PBF recipients.

I used active semi-structured interviews to collect the data for this project. An “active interview” method refers to a particular way to apply semi-structured interactions with respondents. As described by Holstein and Gubrium (1995), an active interview is one in which “[the interviewer converses] with respondents in such a way that alternate considerations are brought into play. They may suggest orientations to, and linkages between, diverse aspects of respondents’ experience, adumbrating – even inviting – interpretations that may make use of particular resources, connections, and outlooks” (17). This approach was particularly useful in identifying the differences between PBF participant households with a dependable monthly and without a dependable monthly income outside of PBF.

As current PBF participants, the 25 households I interviewed were identified by the Brazilian government (through *Cadastro Único*) as poor or extremely poor. This classification was based on survey questions regarding household income (see Appendix A). While living in Itaparica municipality, I observed many between PBF participants in each group. Some extreme poor households owned a car and their living room were furnished with a large flat screen television. Others shared a one room home with eight other people who took turns sleeping in the same bed. How people were grouped by government standards was not directly representative of how they lived

I questioned key informants from the MDS about these differences. The site director of PBF said that sometimes the targeted groups were difficult to identify because official documents did not always reflect reality. While PBF is well targeted because it accurately identifies people in economic need, he noted that it is difficult to assess the exact economic condition of each household based on surveys because the conditions of the household often fluctuated. In addition, people were afraid of being completely honest. Another MDS worker

hinted that some households excluded indirect income (such as that coming from an individual outside the household) because they felt that it was irrelevant to their family's current condition and did not want to lose their PBF benefit.

During the initial interviews it became evident that the households could be categorized into two groups: households with and without a dependable source of monthly income. This categorization became useful not only when retroactively analyzing interviews but also as a way for households to identify themselves and their relationship to PBF. As my findings will show, a household's access to a dependable source of income had a significant and consistent effect on a number of attributes related to a better understanding of the PBF program.

To begin each interview, I defined a dependable monthly income to interviewees as a sum of money that the family could count on receiving every month. I asked the person I interviewed to classify their household accordingly. Of the 25 households I interviewed, 11 claimed to have a dependable monthly income outside of PBF, 14 claimed PBF to be their only monthly source of income.

A dependable monthly income usually meant that at least one person in the family was steadily employed and received a monthly wage. Most households with a dependable monthly income reported at least one family member who was a motorist, market worker, or maid. In other cases it meant that the household received a monthly pension or inheritance.

This does not mean that households who claimed no dependable monthly income outside of PBF were unemployed; it only means that their monthly income varied greatly and whether the family received this income depended on factors outside their control. Examples of this are street vendors (because their income relies heavily on seasonal influx of tourists), and individuals

who take odd jobs such as construction or cooking for events (their income and employment depends on work availability). Many of these individuals identified themselves as self-employed.

With the research question in mind, and using the advice of key informants, I constructed an interview guide that served as the basis of each interview (see Appendix B). The interview guide identified differences in the attitudes and behaviors between two types of households. In each household, I interviewed the female household head. As H. Russell Bernard (2000) suggests, I used the interview guide to lead the respondent towards the central topics of my research. However, respondents were allowed, and at times encouraged, to expand on their experiences and on their views of the topic at hand. If the respondent permitted, I recorded the interview with a tape-recorder; otherwise I resorted to note-taking.

Voices of PBF Participants

Differences between households with and without a dependable monthly income outside of PBF were apparent with respect to 5 different categories: household composition, reliance on PBF funds (Table 4-1 groups household responses by category), allocation of PBF payments, meeting PBF conditionalities, and views on PBF. Table 4-2 summarizes the comments made by both groups of households. It is organized by each of the aforementioned categories. The remainder of this section examines each category, comparing responses among the two household types. It is important to note that the findings reported in this section are not representative of a larger population. The sample size of those interviewed is not large enough to represent all PBF recipients nor were the informants chosen randomly. The findings nonetheless represent existing perspectives among PBF recipients who belong to households with and without a dependable monthly income outside of PBF.

Reliance on PBF Funds

Whether households have a dependable monthly income outside of PBF does not necessarily imply that a household relied on PBF payments. I questioned all households about their reliance on PBF funds to sustain their lifestyle. Each informant was allowed to interpret what this meant. Most households walked me through their definition of what it meant to rely on something, and explained their personal experience with PBF and how it had affected their life. Their responses tell the individual stories found within the two groups.

When asked about whether her family relied on PBF money, Ana, a woman whose family did not have a dependable monthly income, replied, “Yes, we depend on any money that we can... not that we would die from hunger without it. No one here has ever died from hunger. We are lucky; we have [the ocean]. We can walk down the street and fish or catch crab. There has always been crab.” She noted that she depends on this monthly cash flow because it is available for her family and there is always something that needs to be purchased. She thanks “God and Lula” that she is given PBF funds but makes clear that they could survive without it.

Josefa, another woman with no dependable monthly income, cried as she explained the severity of her dependence on PBF funds. Josefa had heart illness and diabetes which she treated with an herbal remedy sold by a local salesman. She was the sole provider for her household but with her increasing age and declining health it was difficult to find employment. She had worked in construction but hurt herself putting up a cement wall. She said PBF money made it so they could eat every day. However, she was using the money to pay off the loan she had taken out to build her family a home. She told me her debt to the local grocery store exceeded the money she received from PBF. Although times were increasingly difficult, she dreaded the possibility that her family would stop receiving PBF payments if she failed to meet the conditions regarding school attendance.

A household of 7 reported to depend solely on PBF funds. No one in the household worked and they received payments for each of the three children currently at home. Only one household with no dependable monthly income reported that they did not rely on PBF funds. The female head of this household, Paula, said the money was important in improving their quality of life but the family found other ways to survive and did not depend on the money each month.

Responses from households with a dependable monthly income outside PBF presented a different profile with respect to their reliance on PBF funds. Benita said her family did not rely on the PBF income for two reasons. First, her family received a monthly pension from their father, which allowed for them to live well. Second, PBF money was not reliable. Even if she needed the income, she would be hesitant to count on the money each month. Benita stated that the money varied greatly and was not always distributed on time. Her response resembled other households with dependable income who reported that the money was helpful but considered the resource to be “extra” or a supplement.

The responses to the question of reliance on PBF funds introduced two debated issues concerning CCTs: the targeting and reliability of distribution. The issue of targeting appears most commonly in the literature in respect to participant selection. This study identifies issues of targeting within participants; more specifically, PBF’s inability to cater to household’s individual needs and/or circumstances once these have been chosen to participate in the program. Ana, Josefa, and Benita present three completely different experiences with PBF. Despite their different circumstances, all three households are viewed as the same by PBF. They are awarded the same payment and are required to abide by the same conditionalities. Issues that arise from this are made explicit in their responses to questions of payment allocation, household composition, and ability to meet conditionalities.

Ana's response also sheds light on program transferability. The World Bank's 2009 report on CCTs discusses the possibility that CCT programs may not be suited to address the poverty conditions in all nations. However, within a nation as large and diverse as Brazil can 'one size fits all' programs be successfully used to combat poverty? As a national CCT, PBF does not cater to the needs that vary by region. Ana discusses the role of the ocean in sustaining the life of those on Itaparica Municipality. However, the same cannot be said about the Brazilian Northeast whose residents commonly face drought and even famine. PBF would be more successful if it recognized these differences and catered to specific needs.

The second issue raised by my discussion with households regarding reliance on PBF funds is the perceived lack of predictability regarding the payments. According to the World Bank (2009), "When incomes are volatile, reflecting a risky economic environment, cash transfers can smooth (some of) the fluctuations, raising household welfare" (48). If households do not view PBF payments as regular or dependable (like Benita), they are less likely to invest in long term commitments that may be necessary to improve a household's welfare.

Allocation of PBF Payment

Households with and without a dependable source of income spent the money they received from PBF in different ways. Thirteen families without a dependable monthly income stated they used PBF money only for household necessities. Necessities were defined as survival essentials, including rent, household food, electricity, gas, water, basic clothing, and medicine.

In one interview, Carol, the household head of a family of seven which had no source of income other than PBF, stated that she used the money for "everything to live". A smaller household (three adults one child) similarly reported that they used PBF funds "for everything, everything, everything; clothes, food, medicine, electricity, everything, everything, everything." Only four families without a dependable monthly income claimed to use PBF money for luxury

items. Of these four, only one of the households did not claim to spend the money on necessities as well.

All households interviewed who had a dependable monthly income claimed to use some part of PBF money to obtain luxuries. For the purpose of this study, luxuries are defined as items not essential for survival, for example, school supplies, snacks, children's toys, personal businesses, or cars. Benita noted that their PBF money was spent "as indicated" only for their ten year old son. This household had a dependable monthly income from a divorced father who sent them a monthly pension. They have one home, an apartment for rent, a large screen television, and many household appliances. Her ex-husband's income (which sustained them) was not registered with the *Cadastro Unico* because he and Benita were divorced. As such, he was no longer considered a member of the household. Therefore, the money received from his pension was not recorded as a family income. They were awarded PBF money as a family with no income source, even though they lived very well relative to their community. This observation depicts one of the potentially perverse consequences of CCTs. People's lack of trust in the program's stability and fear that they will lose their benefits leads them to omit possible sources of income. In some cases, it is easy to imagine that they may not want to earn additional income for fear that it may make them ineligible to receive payments. In such cases, the CCT actually discourages people from improving their own situation.

The findings further suggest that, for some households (particularly those who have a dependable monthly income outside of the program), PBF funds improved the standard of living of the household and were mostly spent on improving the life of the child or children. In other words, these households reported buying luxury goods with the monthly income and did not consider themselves reliant on the funds. However, these were the same households that reported

little to no change in lifestyle to meet conditionalities. These households sent their children to school and updated their immunizations regardless of whether they participated in PBF. This finding encourages the idea that households with a dependable monthly income are only fulfilling one of the two goals set out by PBF: recipients improve the material quality of life of some of the children in Itaparica Municipality, but they do not change in behavior.

Meanwhile, participant households without any other dependable monthly income reported spending PBF funds on household necessities such as food or rent. Under certain conditions this may be considered an improvement in quality of life. But as Ana noted, PBF made it easier to obtain food and clothing but her lifestyle had not changed. She and her family lived in the same home and ate just as regularly as before; they simply did not have to work as hard to attain these things. Other households were more adamant about their reliance on PBF funds. These households were often non-traditional in composition and encountered difficulties meeting conditionalities such as school attendance.

PBF participant households are issued payments without spending restrictions. The decision on how the funds are to be spent rests on the shoulders of the household head. One of the reasons PBF distributes payments to women household heads is because “mothers’ objectives may be more closely aligned with those of all her children” (Fiszbein and Schady 2009: 9). However, as critics of CCTs note, the way PBF recipients spend the money is not always in line with the goals of the program.

Evidence that some households spend money on luxury goods, and in other ways that are incompatible with program objectives, suggests the need to somehow monitor and control the way resources are allocated. This would appear to present a main challenge to the administration of the PBF.

Household Composition

Household composition is a notable difference between the two groups. Of the 14 households without a dependable monthly income, only 4 included both a mother and father. Meanwhile, eight of the eleven households with a dependable monthly income had both a biological mother and father present. Although I cannot conclude that this proportion is representative of program participants, the analyses that follow leave little doubt that household composition is an important factor.

Many of the households without dependable monthly income were larger and composed of grandparents and their grandchildren. Others were usually run by a single parental figure. The parental figure in these cases was the person in charge of the children's care, as well as the household's PBF recipient. This meant they were in charge of keeping track of PBF money, going to meetings and making sure that the household met PBF conditionalities.

Women from households without both parental figures present and who reported no dependable monthly income outside of PBF described their household composition without being asked. When I asked one of the female household heads, Ana, who made up her household she explained,

I live with Jisa, she calls me 'mai' but she is not mine. Her mother, she is crazy. She has a lot of children running around here... I took Jisa in when she was a baby. My daughter also lives with me and so does her oldest son, but not always. They don't have money and with the baby on the way. The dad is no good, no good. And Bolsa Família doesn't help her. They help me, so now we put more people on the list. I used to be married, but he is a drunk, ill. I sent him away. I take him food when he is sick but I don't want him here.

Josefa also offered her story as an explanation to her household composition.

Gilberto is my son and he lives with me. He is sixteen but is sick in the head. He has to take his medicine but he won't work; he doesn't help. His father lives with us, my husband. He is drunk, always drunk. I can't help him, Jehovah knows. Then there is Felix, I love Felix. He is my grandson but he is not right. His father was my favorite. They shot him in the back and killed him. Now I care for Felix, he was only three then. But he is

unwanted; my husband hates him because he hated my son. That is how we live. I work for everyone, without their help. Jehovah will be good to us.

Josefa's family lives in a two room home that took her several years to build. In the front room there are two couches she made using leftover cement from a construction project. There is no floor, but the ground is always swept and clean. One of the bedrooms belongs to her son, Gilberto. He locks it out of fear that his drunken father will break his belongings, and he refuses to share his room with Felix who he sees as a bad person. Felix therefore sleeps in a rubber mattress in the kitchen/living room area. The other bedroom was shared by Josefa and her husband but she doesn't use it often. Most nights she sleeps on the cement couches outside. She says it is better when her husband is drunk. That way she can prevent him from hurting Felix, who is regularly abused by his grandfather.

I asked the head social worker from the PBF office at Itaparica municipality's MDS office whether there was any special aid available for households that faced difficult situations such as Jisa or Josefa. According to this informant, single parent households (or households with only one caretaker) were difficult to target accurately because in many instances the home situation was so difficult that meeting conditionalities was nearly impossible. When questioned again about possible assistance for nontraditional households the social worker said, "Unfortunately we can't do anything; if we help one we help all, and we can't help all."

The conditions of these two household suggest a need to recognize that, at very low income levels, daily life can be so chaotic and unstable that a monthly cash payment may have no effect, at least in the manner that PBF predicts. By working directly with each participant household, *Chile Solidario* has been successful at accommodating individual circumstances. However, this is a very expensive task, particularly in countries like Brazil where a high percent of the population is in poverty. Brazil must work to find a balance between differentiating

between participating households (both by benefit awarded and conditionalities) and cost effectiveness.

PBF Conditionalities

The way households viewed PBF conditionalities did not vary between the two types of households. The idea that a child had a right to an education, and should be seen by a doctor resonated with all households. Those who attended school as a child said it was fair for their children to have that same opportunity; those who hadn't had the chance to attend school told me their stories and their joy that now things were different. "I started working when I was three," narrated Andrea when I asked her opinion of the program's conditionalities. "My dad needed help on the farm and I carried things for him. I was a hard worker and where we lived there were no schools. I learned to read and write with my church a few years ago." Andrea related what times had been like for her growing up. She said it was good that things were different now. "It is good that children are asked to go to school by Bolsa Família, they can be kids. It is their right; I didn't have that right."

Despite having the same opinion of program conditionalities, the way household heads responded when I questioned them about whether they had difficulties meeting conditionalities varied between households with a dependable monthly income and households without a dependable monthly income. While households from both groups mentioned a child's rights to attend school and be healthy, only those with a dependable monthly income noted that regardless of whether the household received PBF money, the children attended school regularly and made no exceptions to the rule. None of the households with a dependable monthly income reported difficulties meeting PBF conditionalities, nor did they make excuses as to why their children occasionally missed school, or cited having to change their lifestyle to meet set conditionalities.

Meanwhile, half of the households interviewed without a dependable monthly income said they were forced to change their lifestyle to meet PBF requirements but still had trouble doing so. Three of the woman said that they had made it their “job” to ensure the children attended school and all the PBF paperwork was in order since it was the most dependable source of income for the household. In these interviews there were many comments made regarding the difficulties that were sometimes faced in getting a child to go to school, particularly young adolescents. Josefa described the situation with her grandson, Felix.

He spends too much time on the street, and that is where he decides what is important; I send him to school but instead he goes to the beach to play football with the other boys. If I could I would watch him all the time to make sure that he was attending school every day but I am not able to do that. I need to cook and clean and work when I can because no one else is going to do it.

At the time of the interview, Josefa was in danger of losing her PBF benefit due to the Felix’s failed school attendance. Felix had faced difficulties with school for many years. Two years prior to our interview he had been kicked out of Manguinhos’ sole school because “he was trouble.” At the time, Felix had repeated the first grade five times and was accompanied in the classroom by six year-olds. After working with the MDS office, Josefa found another school for him to attend for free but it was a bus ride away. The boy was still with others half his age and was illiterate. She had asked for help from the MDS office many times, claiming the Felix was beyond her control, but they said nothing could be done. “If they take the money away then we will have nothing.”

Other women without a dependable monthly income sympathized with Josefa’s situation. Fatima shared a similar story regarding her nine year old granddaughter who she described as “crazy in her head”. The granddaughter had been caught stealing several times (often from Fatima) and had “severe behavior problems” at school. The school required her granddaughter to attend weekly therapy sessions. Not only did the granddaughter refuse to attend these sessions,

Fatima was unable to take her every week. “It takes many hours off my work, hours I could be making necklaces to sell to tourists.” Fatima also excused her granddaughter’s many absences saying, “she never misses an important class, but sometimes I need her help to collect shells or help me catch crab... she will learn what she needs to survive with me, to work when she is older.”

Other households without a dependable monthly income gave explanations as to when it was acceptable to miss school. Andrea, who had given me a long explanation on why children had the right to go to school, noted the need for children to miss school when their siblings were sick or when the household was going through difficult times. These explanations were often accompanied by claims that “the street made it difficult to control children.” One woman noted, “the older a boy gets, the harder it is to get him to go to school, he leaves the house without breakfast and makes it home for dinner; I don’t know where he has been.”

Two common themes emerged from interviewing households without a dependable monthly income. The first is that some heads of households had to give up other wage earning activities to ensure their children attended school, to meet PBF health conditionalities were met, and to complete the paperwork required by the *Cadastro Único*. This has both positive and negative consequences. On the one hand, it means that PBF has successfully encouraged parental figures to spend more time focused on their children. On the other hand, the money distributed through PBF did not in all cases increase the income or quality of life of the household. When recipients find it necessary to give up productive activities to remain eligible, the net gain is marginal. The World Bank (2009:46) describes this potential shortcoming of CCTs: “Those households that do opt for the benefit may incur a costly distortion to their own behavior for the sake of a little cash in the short run”.

The second reoccurring theme was that households without a dependable monthly income outside of PBF sometimes needed the child to stay home or work. This could mean that the amount of money distributed by PBF is insufficient to completely persuade households to regularly send their children to school. The contribution that children made to the household by staying home and watching their siblings or, in the case of Fatima's granddaughter, contributing to the household income was not outweighed by PBF benefits. "CCTs might be imposing costly distractions on people who are trying to do the best thing for their families under conditions of severe scarcity" (Fiszbein and Schady 2009:46).

Here again, issues concerning the recipient targeting becomes relevant. My findings suggest that for some families (primarily those with a source of dependable income outside of PBF), participation in PBF does not prompt them to change their behavior since they already invest in the human capital of their children regardless of program participation. In their case, PBF is not fulfilling their goal of altering the behavior of recipients.

Families without a dependable source of income are different. Often these households behave in a manner that is inconsistent with their long term ambitions out of necessity or urgency. These households are less likely to send their children to school or keep updated health records if there is no immediate benefit (such as a cash payment). PBF somewhat successfully alters this behavior by encouraging households to invest in their children's human capital. However, participants appear to do so only for the cash benefit. At times even this is not enough to alter their behavior.

Opinions of PBF Performance

When asked their opinion of PBF, households from both groups agreed the program was a progressive step, and a necessary one by the Brazilian government. They also agreed that the recipients would benefit from a larger amount. However, households without a dependable

monthly income argued in favor of support or supplement programs for participants. Several of these women pointed out the necessity for the government to offer more job opportunities. Iris said, “The money helps but we need jobs.” Omaira, another woman without a dependable monthly income agreed, “There is nowhere for people to work here. With the money we eat but there is nothing for us to do.”

These interviews point to the need for complementary investments in order to ensure that CCTs are able to accomplish their goals. “Even the best-designed CCT program cannot meet all the needs of a social protection system. It is, after all, only one branch of a larger tree that includes workfare, employment, and social pension programs” (Fiszbein and Schady 2009: xii). Fiszbein and Schady (2009: xii) identify two types of complementary actions: “policies that improve the quality of the supply health and education services, and policies that help promote healthier and more stimulating environments for children in their homes”. CCT programs cannot be effective unless accompanied by strict restructuring of the public education system. Speaking of a student she had in class, a PETI instructor said, “The child has no reason to attend school. He cannot read or write and he is 14. All this time he copies from the board like a drawing but he does not know what it says. He is not learning. His parents want him to work.” She said that this boy was like many others. The social worker at Itaparica Municipality’s Ministry MDS agreed. If teachers are not equipped with sufficient education and teaching tools, the children and adolescents in their classroom will not increase their human capital through increased school attendance. The education offered at many public schools across Latin America does not provide a good enough education to expand opportunities available to its graduates. Increasing school attendance will only be a successful tool for CCTs to break the intergenerational transfer of poverty if the schools that children attend provide an adequate education.

The comments made by Omaira and other interviewees regarding available employment opportunities suggest a third type of complementary action: policies that encourage self-sustainability. CCTs alone cannot be expected to provide a long term solution to poverty and to the intergenerational transfer of poverty.

Members from both groups disagreed with the way that recipient households were chosen. Ana (recall she has no dependable monthly income outside of PBF) stated, “I am glad that I receive it but my daughter has signed up many times and they haven’t given her the money. She needs it.” Fatima (another woman without a dependable monthly income) said, “There are many families who don’t need the money, they own a business, two houses, and have cars. They get money every month. Meanwhile there are other families that need to eat and they don’t get the money.” She pointed across the street where a family of four lived in an unfinished one room home. “They sit outside all day because they have nothing to do, no windows. But no one helps them; poor children.”

Finally, I read PBF’s statement of purpose to interviewees and asked them whether PBF was successful in accomplishing its goals. All interviewees were sympathetic in saying that the government was “at least trying”. However, as Josefa put it, “this can’t be fixed overnight. Only God can fix this.” On this matter, both households with and without a dependable monthly income agreed. The government is showing concern by aiding the poor but the problems are too deeply rooted to be fixed through a monthly distribution of money.

The interesting thing about their responses to this question was that no households spoke of the importance of PBF’s conditionalities. In their opinion, the important part of PBF was the payments. Josefa, whose grandson, Felix, refused to attend school and whose son, Gilberto, was

sent to a special school for children with disabilities, did not believe that the school system was going to help her children have a better life but that the money would.

Felix doesn't know to read or write and he's been in the school for seven years. But Gilberto, he loves to read and write but because he goes to the special school all they do is color. He does not want to go anymore because he is bored but they say he has to go there because of the problems in his head. It is important that they go because we have to have the money, one day I will die and they need a home. I have to build the home for them; I need to have the money.

According to Josefa, the future of her children depended on what she could leave them when she passed, not what they could accomplish through schooling. Most households without a dependable monthly income agreed. Despite their position on a child's right to attend school, they believed that what a child needed to succeed in life would be supplied outside school. Fatima shared the importance of her granddaughter working with her on the beach, "She can miss school on Saturday because with me she will learn how to work and make necklaces so when she is old she can eat."

These interviews point to misguided beliefs about the nature of the process of investment in child education or subsequent returns. Participants, like Josefa, see the immediate benefits to participating in PBF but do not fully understand the necessity of conditionalities or the long term benefits of adhering to them. These households believe that earnings respond to education less elastically than they actually do. In order to correct this, PBF must work to teach participants about what actions increase human capital. Improving awareness could increase participant compliance with conditionalities, thus generating greater interest in investment in human capital of children.

Not all households shared the same opinion. Luciana, a woman whose household had a dependable monthly income, said that her children knew that going to school was their job, she noted the importance of schooling in "getting ahead in life" and being able to find a "good job

when older”. However, Luciana’s children attended a school outside their town and each had a private tutor that helped supplement their schooling. She did not trust the local school system to provide adequate schooling. To her, PBF was a way to supplement people’s income, not change their lifestyle.

Table 4-1. Grouped household responses

	Households					
	Without dependable monthly income			With dependable monthly income		
	Yes	No		Yes	No	
Rely on PBF	13	1		0	11	
Allocation of payment	Necessities	Luxuries	Both	Necessities	Luxuries	Both
	13	0	1	0	9	2
Household composition	Surrogate mother	Surrogate mother & father		Surrogate mother	Surrogate mother & father	
	10	4		3	8	
Meeting Conditionalities	Problems	No problems		Problems	No problems	
	9	5		0	11	
Total		14			11	

*These numbers are not statistically representative of all PBF participants in Itaparica Municipality

Table 4-2. Differences among PBF recipients

	Households	
	With dependable monthly income	Without dependable monthly income
Household Composition	Both parental figures present	One or no parental figures present
PBF Expenditures	\$ spent on luxury items; school supplies, toys, clothing, snacks, savings	\$ spent on home necessities: rent, utilities, food
PBF Conditions	No problems meeting conditions	Difficulty meeting conditions
	No change in lifestyle	Meeting conditions requires behavioral changes in both children and adults
Child Education	Child expected to finish school on time	Child not expected to finish school on time
	Few problems with school	Regular complaints from school
Views on PBF	Cite not enough money being distributed as PBF's main setback	Cite absence of supplement programs (such as employment offices) as PBF's main setback

CHAPTER 5 SIGNIFICANCE AND APPLICABILITY

My interviews with PBF participant households on Itaparica Island shed light on many of the debated topics surrounding CCT programs: trust, payment distribution, conditionalities, and targeting. As portrayed through the interviews, each of these themes plays an important role in highlighting many of the potential strengths and weaknesses of CCTs. This chapter places these issues in the context of available literature and recommends potential policy changes that would improve the performance of CCTs around the world.

The View from Below

Several of the households I interviewed showed distrust in the regularity of PBF payments. This was evident in both their unwillingness to count on monthly distributions and their omission of information from *Cadastro Único*. In order for the cash transfers to reach their full potential in improving the lifestyle of participant households, payments must be viewed by participants as dependable. As discussed by the World Bank (2009), in theory, cash transfers provide a steady source of income that helps stabilize the economic situation within the home. If households do not view payments as a stabilizing agent they are less likely to use it for long term investments that help build human capital. Second, if households are unclear in their responses to *Cadastro Único* surveys, PBF will not be able to attend to the household's needs or properly measure the performance of the program. Both these problems shed light on distrust for government aid. One reason for this could be that not enough information is made available to participants on where the money is coming from or why households are chosen. This issue is further discussed under policy recommendations.

Households showed differences in the way they spend PBF payments. While the program allows households to invest their money in whatever they see as worthy, it is clear that PBF goals

are not always in line with those of individual households. For some households, payments may have become an alternative to working, and therefore do not improve the quality of life. Some CCT programs have shifted to using food vouchers or similar things instead of cash transfers in order to ensure that the money is allocated correctly. While this could potentially address issues concerning improper allocation of funds, it must not discourage households from participating in the program.

Another issue concerned the amount of the PBF payment. Most households suggested that the program needed to increase its stipend (particularly to the very poor) in order to more effectively accomplish its goals. By doing this, PBF could make up for the households who have given up other possible income opportunities in order to participate. However, an increase in the monthly payment could cause increased dependence on the money. *Folha de São Paulo* (2005), a leading Brazilian newspaper, reported that dependency on government handouts had drastically increased since 1994. “Analysis of census data shows that whereas in 1995 earnings from employment contributed 89 percent of poor household incomes, by 2004 this proportion had dropped to 48 percent” (Hall 2006:707).

My research showed a difference regarding PBF conditionalities between households with a dependable monthly income and between households without a dependable monthly income outside of PBF. Households with a dependable monthly income had few problems meeting educational or health conditionalities. Sending their children to school and having regular medical exams were things they would do regardless of PBF participation. In this sense PBF has failed to alter the behavior of these households to invest more in their children’s human capital. The story was different among households without a dependable monthly income. They reported having to alter their behavior greatly in order to meet program conditionalities. In some

instances, households felt that meeting conditionalities was outside their control. Similarly, these households questioned the reasoning behind the education conditionalities. They expressed both the need for children to contribute concretely to the household as well as their idea that participating in household labor would teach children what they needed for the future.

It is important to the performance of CCT programs that conditionalities have the desired effect of increasing human capital. The interviews point out that PBF has not efficiently targeted their conditions to program recipients. Expecting too steep of a change may discourage households from participating in the program. The immediate benefit (cash) must be sufficient to completely entice a household to meet the conditionalities. Also, households who fail to do so may not understand the benefit of conditionalities.

Targeting was a reoccurring theme during my interviews. Although the idea that PBF has not been completely successful at selecting participants was an issue that came up during interviews, households saw the selection of participants as an issue. While Brazil's PBF is regarded as one of the best targeted CCTs in terms of choosing program participants, the program's performance suffers because of its lack of on site targeting or differentiations amongst participants. As a "one size fits all" CCT, PBF awards households equally and expects the same conditionalities to be met by all participant households regardless of household composition or other circumstances.

PBF categorizes participants into two groups, the poor and the very poor. However, the only difference in PBF participation between the two is the amount of money they receive as a monthly stipend. This process makes PBF more cost efficient than *Chile Solidario*. However, it makes the program less effective in achieving its goals. Certain households may require more than a simple cash transfer each month to invest in their children's human capital. Along the same

lines, other households could be motivated to invest more in their children's human capital than simply take their children to school (a task they were already committed to). PBF's inability to target the specific needs and living conditions of households could be its downfall. This raises the larger theoretical question of whether conditionalities are necessary for all households.

The following section applies the finding of this research to the broader issue of policy building. It acknowledges the successes of CCTs but supplies a series of policy recommendations that could make them more effective tools in “[reducing] current poverty and inequality... and [breaking] the intergenerational transmission of poverty” (Lindert 2007:2).

Policy Recommendations – PBF and Beyond

While my research does not allow me to make generalizations about CCT participants, it does raise issues that are useful in assessing the needs of participants and changes that must be made to make CCTs more effective tools to target poverty.

First, the findings show a need for further studies of the differences among recipients in order to create better targeted and more effective programs. An extended qualitative study of differences between participating households across countries with CCTs could provide sufficient information to effectively target participants. Further qualitative studies could provide more information for two purposes. First, they would be useful in developing a proper survey instruments to evaluate the performance of CCT programs, a much needed tool since currently national censuses are used and their questions do not give an accurate portrayal of CCT households. Second, further insight could be useful in adjusting program policy to improve the experience of participating households, make the programs more cost effective, and aid in achieving the goals outlined by these programs.

Also, CCTs must work harder to “sell” their program to participants. It is not sufficient to simply distribute monthly payments to households. They must understand the goals of the

program and the importance of investing in children's human capital. By doing this, CCTs would not only reduce the opportunity cost of participating in CCTs, they would also increase trust between the program and its benefactors.

Targeting program participants is necessary to improve results. I believe that the conditionalities placed on CCT program participants should vary by household income in order to truly stimulate behavioral change that will improve/increase opportunities for the younger generations. By working directly with each household to formulate their own with goals and conditionalities, *Chile Solidario* has been successful at accommodating to household's circumstances. However, this is a very expensive task, particularly in countries like Brazil where a high percent of the population is in poverty. Countries must work to find a balance between differentiating between participating households (both by benefit awarded and conditionalities) and cost effectiveness. In large countries like Brazil, setting region specific conditionalities and payments may improve performance without making it cost ineffective.

The final policy recommendation is largely discussed by critics of CCTs. The long term success of CCT programs will largely depend on complementary investments in education, health, and job creation. If children are required to attend school, it is essential that they receive a quality education. If they are required to have medical attention, it is essential that the government invests in health care. And if CCTs are understood to be a transition to productive employment, then the growth of job opportunities is the only way to avoid a long term dependency on government provided payments. Complementary institutions must be better funded and regulated to improve CCT performance.

In effect, although little information is available about the long term performance of CCT programs, their popularity is increasing rapidly. However, it is important that implementing

countries continuously improve and reframe the programs as new information becomes available. Moreover, policy makers must keep in mind that eligible households vary greatly in not only income but lifestyle and household composition. Programs must be targeted appropriately to ensure the greatest possible benefit for participant and to encourage the greatest growth in human capital.

APPENDIX B
INTERVIEW GUIDE

- I. Dependable monthly income
 - a. Occupation of household members
 - b. Other possible income generators
- II. Household Composition
 - a. Who lived in the household
- III. Reliance on PBF
 - a. Definition of reliance
- IV. Payment allocation
 - a. Purchases
 - i. Necessity
 - ii. Luxury
- V. Conditionalities
 - a. What are they?
 - b. Ability to meet them
- VI. Program Performance
 - a. Objective
 - b. Is it working?
 - c. What is missing?

LIST OF REFERENCES

- Alvarez, C., F. Devoto, and P. Winters. (2007). "Why do Beneficiaries Leave the Safety Net in Mexico? A Study of the Effects of Conditionality on Dropouts." World Development **36**(4): 64-658.
- Attanasio, O. and A. Mesnard (2006). "The Impact of a Conditional Cash Transfer Programme on Consumption in Colombia." Fiscal Studies **27**(4): 421-442.
- Bernard, H. R. (2000). Handbook of Methods in Cultural Anthropology. Lanham, Altamira Press.
- Bourguignon, F., F. H. G. Ferreira, and P.G. Leite. (2003). "Conditional Cash Transfers, Schooling, and Child Labor: Micro-Simulating Brazil's Bolsa Escola Program." The World Bank Economic Review **17**(2): 229-254.
- Carvalho, I. M. M. d. and S. M. d. R. Maia (2003). PETI: Trajetoria e Beneficiarios no Estado da Bahia. Salvador, Universidade Federal da Bahia.
- Cardoso, E. and A. P. Souza (2004). The Impact of Cash Transfers on Child Labor and School Attendance in Brazil. Nashville, Vanderbilt University.
- Fiszbein, A. and N. Schady (2009). Conditional Cash Transfers: Reducing Present and Future Poverty. T. W. Bank. Washington D.C., The World Bank: 361.
- Franko, P. (2007). The Puzzle of Latin American Economic Development. Lanham, The Rowman & Littlefield Publishing Group, Inc.
- Gustafsson-Wright, E. and H. H. Pyne (2002). Gender Dimensions of Child Labor and Street Children in Brazil, The World Bank.
- Hall, A. (2006). "From Fome Zero to Bolsa Família: Social Policies and Poverty Alleviation under Lula." Journal of Latin American Studies **38**: 689-709.
- Hall, A. (2008). "Brazil's Bolsa Família: A Double-Edged Sword?" Development and Change **39**(5): 799-822.
- Hecht, T. (1998). At Home in the Street: Street Children of Northeast Brazil. Cambridge, Cambridge University Press.
- Holstein, J. A. and J. F. Gubrium (1995). The Active Interview. Thousand Oaks, Sage Publications.
- Janvry, A. d., F. Finam, E. Sadoulet, D. Nelson, K. Lindert, B. de la Brière, and P Lanjouwo. (2005). Brazil's Bolsa Escola Program: The Role of Local Governance in Decentralized Implementation. Social Protection Discussion Paper. S. Protection, The World Bank.

- Lindert, K., A. Linder, J. Hobbs, and de la Brière. (2007). The Nuts and Bolts of Brazil's Bolsa Família Program: Implementing Conditional Cash Transfers in a Decentralized Context, World Bank.
- Lusk, M. (1988). "Street Children Programs in Latin America." Journal of Sociology and Social Welfare **26**(1).
- Martin, C. E. and M. Wasserman (2005). Latin America and its People: Volume I - To 1830. New York, Pearson Education Inc.
- Medeiros, M., T. Britto, and F. V. Soares. (2008). "Targetted Cash Transfer Programmes in Brazil: PBC and the Bolsa Família." Working Paper(46).
- Noriega, R. F. (2006). "Struggle for the Future: The Poison of Pupuism and Democracy's Cure." Latin American Outlook **6**.
- O'Donnell, G. (1994). "Delegative Democracy." Journal of Democracy **5**(1): 55-69.
- Pianto, D. M. and S. Soares (2004). Use of Survey Design for the Evaluation of Social Programs: The PNAD and PETI, UFPE
The World Bank.
- Pobres se Distanciam de Ricos e Dependem Mãos do Governo (2005). "Pobres se Distanciam de Ricos e Dependem Mãos do Governo". Folha de São Paulo. 25 December.
- Programa Bolsa Família (2008). "Programa Bolsa Família." Retrieved 5 October, 2008, from <http://www.mds.gov.br/bolsafamilia/>.
- Programa Bolsa Família (2009). "Programa Bolsa Família." Retrieved 10 January, 2009, from <http://www.mds.gov.br/bolsafamilia/>.
- Prefeitura Municipal de Itaparica. (2008). "Itaparica. Bahia. Brazil." Retrieved 10 December, from <http://www.itaparica.ba.gov.br/>.
- Rawlings, L. B. (2005). "A new approach: to social assistance: Latin America's experience with conditional cash transfer programmes." International Social Security Review **58**(2-3): 133-161.
- Schneider, R. M. (1991). Order and Progress: A Political History of Brazil. Boulder, Westview Press.
- SEI (2000). Anuario Estatístico da Bahia. v.14. Salvador.
- Soares, F. V., S. Soares, M. Medeiros and R. Osorio. (2006). "Programas de transferência de renda no Brasil: impactos sobre a desigualdade." IPEA Texto para Discussão **1228**.

- Soares, S., R. G. Osorio, F. Soares, M. Medeiros, and E. Zepeda. (2007). Condition Cash Transfers in Brazil, Chile and Mexico: Impacts upon Inequality. W. Paper, International Poverty Centre. United Nations Development Programme.
- Streeten, P. (1998). "Beyond the Six Veils: Conceptualizing and Measuring Poverty." Journal of International Affairs **52**(1-31).
- Valencia, E. (2008). "Conditional Cash Transfers as Social Policy in Latin America: An Assessment of their Contributions and Limitations." Annual Review of Sociology **34**: 475-499.
- World Bank Institute (2004). "A New Approach to Social Assistance: Latin American's Experience with Conditional Cash Transfer Programs." Social Safety Nets Primer Notes **15**: 1-4.
- The World Bank (2008). Poverty Data: A supplement to World Development Indicators 2008. 2008 World Development Indicators. Washington DC, The World Bank.
- The World Bank Group (2008). Latin America and the Caribbean Regional Brief, The World Bank. <http://go.worldbank.org/3TIKEV9IQ0>
- Yunus, M. (1998). "Poverty Alleviation: Is Economics Any Help? Lessons from the Grameen Bank Experience." Journal of International Affairs **52**(1): 47-65.

BIOGRAPHICAL SKETCH

Laura Fonseca was born in 1987, in Bogota, Colombia, to Diego Fonseca and Virginia Carbonell. Growing up she lived in Bogota, Colombia; Mexico City, Mexico; Miami, Florida; and Zionsville, Indiana. She graduated from Zionsville Community High School in 2004. She then attended Indiana University where she received a Bachelor in Arts for International Studies with a concentration in human rights and social movements in Latin America. She received her Masters of Arts for Latin American Studies at the University of Florida with a thematic concentration on development. Her studies reflect a special interest in children's rights and their well being.