The Next Generation of Conditional Cash Transfers (CCTs) Opportunity 2.0, Bolsa Familia 3.1…

Marcelo Neri – Ipea

Recent Developments in the Role Design of Social Protection Programmes

Brasilia, December 2012
Properties of Anti-Poverty Public Policies
Example: Early Childhood Health & Education Programs

- Targeting
- Speed
- Sustenability
- Social Return
POVERTY COMBAT

HUMAN CAPITAL

SUPPORT TO SMALL BUSINESS

CASH TRANSFERS EX.: BOLSA-FAMÍLIA

INCOME GENERATION

NET INCOME TRANSFERS MOTHERS CHANNEL

SUSTAINABLE POVERTY COMBAT

ENVIRONMENT, HOUSING

TAXES

NON MONETARY TRANSFERS

CONSUMPTION SMOOTHING

INFRA-STRUCTURE

CREDIT, INSURANCE

POLITICAL CYCLES

ELECTRICITY

SEWAGE

CITs

EX.: BOLSA-FAMÍLIA

NET INCOME TRANSFERS MOTHERS CHANNEL

SUSTAINABLE POVERTY COMBAT

ENVIRONMENT, HOUSING

TAXES

NON MONETARY TRANSFERS

CONSUMPTION SMOOTHING

INFRA-STRUCTURE

CREDIT, INSURANCE

POLITICAL CYCLES

ELECTRICITY

SEWAGE

CITs
<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Children</th>
<th>IElderly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>5.46</td>
<td>2.56</td>
<td>0.1</td>
</tr>
<tr>
<td>Non poor</td>
<td>3.96</td>
<td>1.05</td>
<td>0.25</td>
</tr>
</tbody>
</table>

Number of People in the Household

Source: FGV from PNAD/IBGE microdata
Number of Children per Females

\[
\frac{\# \text{ KIDS}}{\# \text{ FEMALES}} = \frac{\# \text{ KIDS}}{\# \text{ MOTHERS}} \times \frac{\# \text{ MOTHERS}}{\# \text{ FEMALES}}
\]
Maternity Rate among (Females %) x HDI:

\[
\text{Tx MAE} = 40.7 + 30.5 \text{ IDH} \\
R^2 = 0.36 \\
t = 56.2
\]

Number of Children per Mothers X HDI:

\[
\text{N FILHOS} = 7.5 - 5.6 \text{ IDH} \\
R^2 = 0.69 \\
t = -111.6
\]
• **Principal-Agent Model** (based on Neri and Xerez (2003, 2004))

Principal

- **Government Budget** = \( Y_F \)

Agent

- **Municipality Budget** = \( Y_M \)

Federal Government

\[ U_F = G_F + N_P \cdot v(Y_P) \]

T = Government Transfer

Municipality

\[ U_M = G_M + N_P \cdot \theta \cdot v(Y_P) \]

Poor

\[ Y_P = \text{Poor's Income Level} \]

References: Besley (1997), Gelbach and Pritchett (1997), and Azam and Laffont (2001)
1. Idiosyncratic Shocks $\rightarrow$ Insurance Provision.

2. Aggregate Shocks $\rightarrow$ Performance Comparison.
INCOME GAP APPROACH TO BENEFITS

Per capita Household Income

R$100,00

R$ 70,00 + USS 1

Federal Poverty Line

Bolsa Familia

Population (%)

0

5

10

15

U$ 2 PPP RENDA MELHOR
Famili aCarioca

Poverty Gap

INCOME GAP APPROACH TO BENEFITS
Renda Melhor & Familia Carioca

Estimated Income Concept:
A renda familiar será estimada a partir de informações contidas no CADÚNICO:

• Physical configuration of dwellings;
• Access to public services (water, sewage, light);
• Schooling (Adults education attainment, Children delay, public, private);
• Adults Labor Market Activities;
• Access to other Cash Transfers;
• Presence of Vulnerabilities (Disabilities, Homeless).

“Identifies who is Permanently Poor”.
Direct impact on the current budget constraint

- The role of International Targets (MDGs)
- New Social Federalism (combine programs from different Government levels)
- Poverty Gap (P1) elimination
- Use of estimated Income
Direct impact on the Well-being through merit goods

- Use of administrative records to target subsidies for the poor (electricity)
- OBA (Output Based Aid) pays for social services upon delivery (sewage & externalities)
Impact on income generation (Long-run production function)

- Output based conditionalities (Grades Improvement)
- Inputs based conditionalities (Parents have to attend school meetings)
- Alignment of Incentives and Synergies (kids, professors and parents)
Impact on consumption smoothing (multiperiod budget constraint)

Credit – Crediamigo, Credit Agents and group lending (Consignation of Social Benefits?)

Savings incentives for the youth

Insurance provision

How to deal with political opportunism (electoral business cycles)
Bolsa Família UpGrades - Links de Referências

**Geração de Oportunidades**

**Redução da Pobreza**

**Alavancar Oportunidade e Amortecer Choques**

Pesquisa: Microcrédito, O Mistério Nordestino e o Grameen brasileiro

O Mistério Nordestino e o Grameen brasileiro

Sem Garantias, nem Crédito

**Educação da Primeira Infância**

Motivações e Metas

**Pré-Escola 0-6**

**Bolsa Qualidade 7-15**

**2ª Bolsa-Escola 16-17**

Pesquisa: Equidade e Eficiência: Motivações e Metas

A Bolsa da Mãe

Crianças, Nossos Párias

Além do Foco

**Focalização**

**Efeito Colateral**

**Colateralizar Bolsas**

Responsabilidade Fiscal e Motivação

Metas Sociais

Descentralização e Contrato Social

**Metas e Crédito Social**