

HUMAN DEVELOPMENT INCOME TRANSFERS IN THE LONGER TERM

Working Paper number 116 November, 2013

Armando Barrientos

Professor and Research Director at the Brooks World Poverty Institute,
University of Manchester in the United Kingdom

Copyright© 2013
International Policy Centre for Inclusive Growth
United Nations Development Programme

International Policy Centre for Inclusive Growth (IPC - IG)
United Nations Development Programme

SBS, Quadra 1, Bloco J, Ed. BNDES, 13º andar
70076-900 Brasília, DF - Brazil
Telephone: +55 61 21055000

E-mail: ipc@ipc-undp.org ▪ URL: www.ipc-undp.org

The International Policy Centre for Inclusive Growth is jointly supported by the United Nations Development Programme and the Government of Brazil.

Rights and Permissions

All rights reserved.

The text and data in this publication may be reproduced as long as the source is cited. Reproductions for commercial purposes are forbidden.

The International Policy Centre for Inclusive Growth disseminates the findings of its work in progress to encourage the exchange of ideas about development issues. The papers are signed by the authors and should be cited accordingly. The findings, interpretations, and conclusions that they express are those of the authors and not necessarily those of the United Nations Development Programme or the Government of Brazil.

Working Papers are available online at www.ipc-undp.org and subscriptions can be requested by email to ipc@ipc-undp.org

Print ISSN: 1812-108X

HUMAN DEVELOPMENT INCOME TRANSFERS IN THE LONGER TERM

Armando Barrientos*

1 INTRODUCTION

In the remarkable expansion of anti-poverty transfer programmes in developing countries in the last decade, human development income transfer programmes, popularly known as conditional cash transfers, have played a very significant role. Human development income transfer programmes have been implemented in the majority of countries in the Latin America and Caribbean region.¹ They have also spread to countries in Africa, the Middle East and Asia. Their core feature combines income transfers to households in poverty with measures to facilitate investment in human development, particularly among children. The innovations associated with their design and implementation and the growing evidence base on their effectiveness have attracted the attention of international organisations and national governments. It is fair to say that human development income transfer programmes dominate current anti-poverty policy discussions within the international development community, polarising opinion in ways that other types of anti-poverty transfers — for example, non-contributory pensions or employment guarantees — fail to do.

The task for this paper is to provide some reflections on the future role of human development income transfers. Bolsa Família's 10th anniversary provides a timely opportunity, and a fertile setting, to consider this issue. It provides an opportunity for a detailed assessment of the successes and continued challenges associated with a decade of implementation, to take stock of what has been achieved, the way in which barriers and limitations have been overcome, and the new tasks which have come to light. The contributions to this book undertake this assessment.² The focus of this chapter is on the longer term, on the future role of human development income transfer programmes within the welfare institutions³ emerging in low- and middle-income countries, and especially Latin America. It considers the extent to which a decade of Bolsa Família maps out a route to establishing the long-term institutional framework needed to achieve and sustain the eradication of poverty.

* Professor and Research Director at the Brooks World Poverty Institute, University of Manchester in the United Kingdom:
Email: a.barrientos@manchester.ac.uk

This is of considerable importance to low- and middle-income developing countries. Proposals on the post-2015 development agenda have raised the prospect of a commitment by the international community to work towards achieving a zero target for extreme poverty by 2030.⁴ The sustained fall in global extreme poverty since the 1990s has contributed to raising expectations of what can be achieved in the medium term. The share of the global population living on less than US\$1.25 a day fell from 43.1 per cent in 1990 to 22.4 per cent in 2008, and the numbers of people in extreme poverty fell from 1.9 billion to 1.2 billion (Ravallion and Chen, 2012). Although the decline in the global incidence of extreme poverty has been dominated by trends in China, the Latin America region shows a strong performance, having reduced US\$1.25/day poverty from 12.2 per cent in 1990 to 6.5 per cent in 2008, and US\$2.5/day poverty from 22.4 per cent to 12.4 per cent in the same period. Sustaining a rate of extreme poverty reduction of around 1 per cent a year over the next decade and a half could take us closer to a world free from extreme poverty.

Taking account of the factors associated with the sustained extreme poverty reduction since the turn of the century recommends caution. Significantly, sustaining poverty reduction trends will require high and sustained economic growth as well as effective social policies to ensure a fair distribution of the opportunities and benefits generated by growth.⁵ If anything, stronger policy 'activism' will be required over the next decade and a half to channel the benefits from growth to disadvantaged groups. In this context, assessing the contribution of social assistance — understood as tax-financed programmes and policies addressing poverty, vulnerability and exclusion⁶ — becomes central to achieving zero poverty. The role and contribution of human development income transfer programmes assumes greater significance.

In the context of upper middle-income countries in Latin America and elsewhere that are managing to drive extreme poverty close to zero, sustaining zero poverty will prove challenging, at least as challenging as the efforts to drive poverty towards zero rates. Maintaining poverty at zero or near zero levels requires strong, innovative and dynamic welfare institutions, in addition to economic growth and the provision of quality basic services. In societies and economies which generate inequality and disadvantage as a matter of course, sustaining zero poverty is a permanent challenge which requires effective and adaptable institutions.⁷ The evolution of welfare states in European countries since their 'golden age' in the 1960s and 1970s demonstrates that redistributing consumption is unlikely to be effective without sustained efforts to ensure that human development and opportunity reach all sectors of society, and especially disadvantaged groups.

The central challenge for middle-income countries is to equip their emerging welfare institutions with the capacity to transition from a primary focus on (extreme) poverty reduction to a focus on sustaining poverty eradication. The main argument of this chapter is that, at the very least, addressing this challenge involves managing two key progressions and satisfying one condition. First, addressing this challenge requires a progression from flagship programmes aimed at driving poverty to zero to stable and permanent institutions capable of sustaining zero poverty. Second, this also entails a shift in perspective, placing greater emphasis on the role of social assistance in ensuring human development and opportunity as a means of achieving social and economic inclusion for disadvantaged groups facing poverty and vulnerability. A condition for these two progressions is the presence of positive policy-to-politics feedback effects capable of sustaining political support for social assistance.

For observers of the evolution of social policy in Brazil, and Bolsa Família in particular, developments along these two progressions and the one condition are readily apparent. In fact, the establishment and evolution of Bolsa Família reflects growing institutionalisation and integration across public programmes and agencies, as well as a fertile debate around the conceptual frameworks underpinning social assistance.

Social policy innovation in developing countries has centred on flagship programmes, such as Mexico's Oportunidades, India's National Rural Employment Guarantee Act, and South Africa's Child Support Grant. Over time, these flagship programmes have taken root, expanded their coverage and interventions, and led significant changes in government anti-poverty policy. Human development income transfer programmes, in particular, have helped integrate and strengthen anti-poverty policy. Bolsa Família was established in 2003 as a means to consolidate existing anti-poverty transfer programmes including Bolsa Escola and Programa de Erradicação do Trabalho Infantil. The Ministério do Desenvolvimento Social e Combate à Fome (Ministry of Social Development and Zero Hunger), created in January 2004, provided the institutional basis for the development and coordination of anti-poverty policy in Brazil. More recently, intermediation through Centros de Referência de Assistência Social (CRAS — Social Assistance Referral Centres) and Centros de Referência Especializados de Assistência Social (CRAES — Specialist Social Assistance Referral Centres) is being expanded to ensure an effective response to the specific needs of vulnerable households.

Arguably, Bolsa Família also combined and consolidated a variety of perspectives on the orientation and objectives of the then existing federal transfer programmes (Soares and Sátyro, 2009; Britto and Soares, 2010; Cotta and Paiva, 2010; Sposati, 2010). The 1988 Constitution, which for the first time asserted the State's responsibility for social assistance, was informed by a different perspective. The Benefício de Prestação Continuada and the Previdência Social Rural, established following Constitutional innovation in social assistance, focus on protecting groups whose vulnerability is a consequence of their limited capacity to work: older people and people with disabilities (Jaccoud, Hadjab and Chaibub, 2009). In the case of the Benefício de Prestação Continuada, protection is provided through non-contributory transfers ensuring basic consumption and, in the case of the Previdência Social Rural, through preferential coverage of informal workers within social insurance. Bolsa Escola and Programa de Erradicação do Trabalho Infantil originated in alternative understandings of poverty and how to address it, focused on guaranteed income, accumulation of human capital, and education (Barrientos, 2013b).

This chapter provides some reflections on the two progressions and the one condition in the context of 10 years of Bolsa Família, with the aim of identifying lessons and priorities for other countries. The focus is on what 10 years of Bolsa Família can tell us about the shape of emerging welfare institutions in developing countries. The next section draws out the salient points from the evolution of Bolsa Família, focusing in turn on institutionalisation, intellectual foundations, and political sustainability. The following section identifies and discusses the main implications emerging for the future of human development income transfer programmes elsewhere. A final section draws out the main arguments and concludes.

2 TEN YEARS OF BOLSA FAMILIA

This section provides a brief discussion on the two progressions and the condition against the context of 10 years of Bolsa Família.

2.1 INSTITUTIONALISATION

The establishment of Bolsa Família in October 2003 and its evolution over a decade reflect a process of growing institutionalisation of anti-poverty policy/social assistance in Brazil. Bolsa Família itself emerged from a process of consolidation of the different federal programmes providing direct transfers: Bolsa Escola, Programa de Erradicação do Trabalho Infantil, Bolsa Renda, Bolsa Qualificação, Bolsa Alimentação, Cartão Alimentação, Auxílio-Gás and Agente Jovem. These initiatives developed from different agencies over the period 1995–2003 but shared a focus on direct transfers as a response to poverty and vulnerability. Cotta and Paiva (2010) provide an insight into the process by which these transfer programmes were consolidated within a human development income transfer model. In addition to the horizontal integration of transfer programmes at the federal level, integration of these programmes at the municipal and state levels and consolidation of municipal initiatives has proceeded apace.⁸ The single registry (Cadastro Único) played an important role in facilitating the integration of transfer programmes into Bolsa Família.

The establishment of the Ministry of Social Development and Zero Hunger in January 2004 provided a firm institutional base and leadership to anti-poverty policy. Within the new ministry, several measures were taken to strengthen Bolsa Família, including operational improvements and a significant expansion of its coverage (Cotta and Paiva, 2010; Guerreiro Osório and Souza, 2013). The Secretaria Nacional de Renda de Cidadania (SENARC) oversees the institutionalisation of Bolsa Família as a lead programme within the ministry.

There has been growing awareness among human development income transfer programmes of the need to consider the role of intermediation, an issue highlighted by Chile's Chile Solidario. To an important extent, the influence of Bolsa Família as a flagship programme and its capacity to drive forward the institutionalisation of anti-poverty policy stems from its large and comprehensive target population, but also from its multidimensional approach to poverty and focus on social exclusion. Acute deficits or vulnerabilities and/or social exclusion could limit the effectiveness of income transfers alone. This is evident for households unable to comply with programme conditions. Intermediation might be necessary to reinforce and complement participation in the programme. The Sistema Unico de Assistência Social is an important step forward in devising an institutional and policy framework for intermediation service provision alongside transfers (Jaccoud, Hadjab and Chaibub, 2009). Under this initiative, Proteção Social Básica engages and provides services aimed at poverty prevention through CRAS, while more complex cases come under Proteção Social Especial. Complementary interventions under Brasil sem Miséria aim to strengthen economic inclusion and active labour market policies linked to Bolsa Família (Barros, Mendonça and Tsukada, 2011). Intermediation and complementary interventions strengthen and extend Bolsa Família, and contribute to growing institutionalisation and improved effectiveness.

These developments demonstrate important steps towards an effective institutionalisation of anti-poverty policy in Brazil, and suggest that the progression towards permanent and stable institutions ensuring zero poverty is underway. There remain some

challenges to address, and the road ahead is more complex. The focus of anti-poverty policy following the 1988 Constitution was on old age and disability, through the establishment of the Benefício de Prestação Continuada and the Previdência Social Rural. The two social pension schemes have greatly extended the coverage of social protection among households with older people and people with disabilities in urban and rural areas. These programmes have been shown to be effective in reducing poverty, but arguably this is despite their design and orientation, not because of them. Transfers to older people in deprived urban and rural settings have strong effects on poverty because they are shared within households, they smooth out the impact of economic transformation, and they stimulate economic activity in rural areas with declining populations (Delgado and Cardoso, 2000; Barrientos and Mase, 2012).

The legal basis of the Benefício de Prestação Continuada and Previdência Social Rural in the Constitution explains their stronger institutionalisation, especially when compared to Bolsa Família.⁹ Integrating categorical pure income transfers such as the Benefício de Prestação Continuada with human development income transfers such as Bolsa Família is not straightforward due to their different orientation and institutionalisation. In practice, there is very little overlap in the coverage of these programmes, especially as transfer levels under the Benefício de Prestação Continuada effectively rule out entitlement to Bolsa Família (Medeiros, Britto and Soares, 2008).

A downside of the stronger institutional base of non-contributory pension programmes is that they are difficult to reform. By contrast, Bolsa Família is under-institutionalised, insofar as the government has a large measure of discretion to alter the parameters of the programme. An advantage of Bolsa Família's comparatively weaker institutionalisation is its capacity to adapt to an enhanced role within social assistance. This suggests a tension between the need to ensure that entitlements are legally enforceable and the need to make social assistance responsive to political preferences and adaptable to social and economic conditions. With regards to a progression from flagship programmes to permanent and stable institutions ensuring zero poverty, growing institutionalisation led by Bolsa Família is the more likely route.

2.2 BOLSA FAMÍLIA AND THE FOUNDATIONS OF ANTI-POVERTY POLICY

The intellectual foundations of anti-poverty policy in Brazil have been the subject of a sustained and rich debate (Jaccoud, Hadjab and Chaibub, 2009; Kertenetzky, 2009; Soares and Sátyro, 2009; Britto and Soares, 2010; Cohn, 2010; Cotta and Paiva, 2010; Sposati, 2010). There are at least three different perspectives on its role and scope of social assistance (Barrientos, 2013b):

- the protection of vulnerable groups as exemplified by the Benefício de Prestação Continuada;
- the universalisation of social insurance as exemplified by the Previdência Social Rural; and
- the guaranteed minimum income/human capital investment perspectives which provided the conceptual basis of income transfers programmes predating Bolsa Família.

To an important extent, discussions about the future of Bolsa Família draw from these three sources (Soares, 2012). Some argue that the evolution of Bolsa Família over its first decade has consolidated the conceptual framework which underpins it (Cotta and Paiva, 2010). The main elements of this discussion are essential to understanding the future evolution of human development income transfer programmes in Brazil and elsewhere.

The 1988 Constitution advanced the principle that governments have a responsibility to ensure a minimum income security to all citizens **independently of their capacity to contribute to social insurance**. This last element has provided the basis for the expansion of social assistance in the following two decades. The Benefício de Prestação Continuada was developed as an instrument for extending the right to social protection to those unable to work — principally, older people and people with disabilities. The Previdência Social Rural extended this principle to informal workers in rural areas. This was initially articulated as a means of equalising access to social protection for urban and rural workers through the temporary suspension of contributory requirements. The main aim of Previdência Social Rural was to universalise social insurance by paying special attention to the specific nature of rural work and employment.

Bolsa Família, on the other hand, has its origins in guaranteed minimum income proposals, complemented by schooling and health interventions. This applies particularly to Bolsa Escola and to the Programa de Erradicação do Trabalho Infantil. In 2001, at the same time as the Programa de Garantia de Renda Mínima Vinculada a Educação became Bolsa Escola, a bill was introduced in Congress aimed at establishing an unconditional basic income. Some common ground exists between a guaranteed minimum income and the transfer programmes preceding Bolsa Família. However, Bolsa Família and an unconditional basic income are very different projects (Britto and Soares, 2010; Cotta and Paiva, 2010).

In recent social policy discussions in Brazil, these existential issues around the intellectual basis of Bolsa Família are never far from the surface. Jaccoud et al. (2010: 22) contrast a rights approach which “implies the immediate or progressive establishment of certain guarantees”, such as those attached to the Benefício de Prestação Continuada, with the government’s discretion over Bolsa Família entitlements. Their conclusion is that there is still some way to go before social assistance fully meets a rights-based agenda. Supporters of a basic income suggest that many of the areas of concern with Bolsa Família, relating to targeting errors, conditions and work disincentives, could be minimised by moving to an unconditional and universal transfer. Sposati (2010) discusses the merits of a more limited move towards a basic income by unifying and consolidating transfers to children.

Digging deeper into the grounding of these approaches, a basic distinction needs to be made between basic income proposals as a citizenship transfer and social assistance focused on poverty reduction and prevention. Proponents of a basic income wish to recognise, through the means of a monetary transfer, the status of recipients as citizens. The transfer is also meant to provide the resources required to ensure full and active political participation. A basic income which is set at a level on or above the poverty line will also eliminate income poverty, but this is contingent on the level of the benefit. Social assistance, on the other hand, is focused on poverty reduction and prevention. It is important to note that poverty and vulnerability should be understood in the broader sense of ensuring minimum levels of social development consistent with full participation in society. There is much sense in the view that

full participation in political life is an important component of an anti-poverty strategy, and some evidence that well-designed transfer programmes will advance inclusion. But one of the main lessons from anti-poverty programmes in Latin America is that income transfers, though important, are not sufficient to overcome intergenerationally persistent poverty. Acknowledging common ground does not do away with the core differences in the underlying perspectives.¹⁰

Where is the existential debate heading? Interestingly, the lack of visibility of *Previdência Social Rural* as a social assistance instrument has drawn attention away from the project of universalising social insurance. Economic transformation has undermined this project, including the liberalisation of the labour market, persistent deficits in social insurance funds, and export-led growth strategies. Social assistance is no longer seen as a potential competitor to social insurance, although it is unclear whether potential linkages and integration could be part of a common future.¹¹ Economic transformation and globalisation also call into question the current relevance of a focus on life course risks which was at the root of 'classical social assistance' of the European type. The vulnerable groups approach, drawing from a 'logic of industrialism' with its hard distinction between individuals able to work and those unable to work, is in urgent need of change and adaptation to the needs of countries in the global South. It is at least questionable how well matched a vulnerable groups approach is to the current pattern of social risks. Recent studies on the labour supply of *Bolsa Família* beneficiaries finds rates of labour force participation among adults not dissimilar to those observed for the population as a whole. Examining the evolution of *Bolsa Família*, as well as legislative initiatives in Congress, Britto and Soares (2010) conclude that the direction of travel is away from basic income and vulnerable groups perspectives as the basis for emerging social assistance institutions. While remaining contested, a growing focus on human development and social and economic inclusion demonstrates the role of social assistance in ensuring human development and opportunity as a means of achieving social and economic inclusion for disadvantaged groups facing poverty and vulnerability.

2.3 POLITICAL SUSTAINABILITY

Has *Bolsa Família* generated positive feedback effects on political processes and institutions? If so, in what ways if any do these potential feedback effects influence the future evolution of social assistance? This is an important piece in the puzzle. Pierson (1993) provided an earlier account of the fact that policies can have feedback effects on political processes and institutions. This point is central to Esping-Andersen's (1999) conceptualisation of welfare regimes. In the latter, welfare institutions generate stratification effects which strengthen path dependence in the very same institutions. The issue for the future role of human development income transfer programmes is the extent to which they can contribute to generate the political support needed for stable and permanent institutions.

In a Latin American context, concerns over the extent to which social assistance can facilitate clientelistic practices would hardly be misplaced. Hall (2008) raises this concern with regard to *Bolsa Família*. To the extent to which social assistance provides an instrument for clientelistic political practices — for example, through particularistic exchanges between beneficiaries and politicians — feedback effects strengthen discretionary and fragmented provision of social assistance. Despite the concerns raised by Hall and others with respect to

Bolsa Família, there is little evidence of large-scale clientelistic practices, and a growing body of evidence suggesting that rules-based social assistance makes political manipulation significantly harder to achieve (Zucco, 2011; Fried, 2012).

The more interesting issue is the potential for large-scale electoral feedback effects from social assistance components. The re-election of President Lula in 2006 has stimulated a growing literature attempting to establish potential electoral effects from Bolsa Família. Hunter and Power (2007) argued that Bolsa Família provided a strong pocketbook justification for his growing support among low-income households. Zucco (2008) relied on municipal data around the 2006 election to argue that Bolsa Família provided Lula with a strong constituency in the northeast of the country — precisely the areas where the programme had a stronger impact on poverty and the economy. Using similar data, Fried (2012) is unable to confirm a positive correlation between measures of the distribution of Bolsa Família benefits and core Partido dos Trabalhadores and governing coalition municipalities, undermining claims of clientelism. Bohn (2011) analyses attitudinal survey data and concludes that the changes in support for Lula from 1998 to 2002 show trends which preceded Bolsa Família. Interestingly, she finds that support for Lula among older persons was disappointing until the 2006 election, suggesting muted political feedback effects from non-contributory pensions. The main finding from this literature is that social assistance, and especially Bolsa Família, does have political feedback effects, but that these are mostly benign in so far as they reward politicians who reduce poverty.¹² A preliminary conclusion from these studies is that effective social assistance has the potential to generate feedback effects which strengthen its political sustainability and institutional basis, as suggested by Esping-Andersen in a different context.¹³

3 LESSONS FOR THE FUTURE OF HUMAN DEVELOPMENT INCOME TRANSFER PROGRAMMES

This brief review of the two progressions and one condition in the context of the first 10 years of Brazil's Bolsa Família provides important pointers to the future of human development income transfer programmes in low- and middle-income countries. This section provides some reflections on the lessons for other countries.

3.1 FROM PROGRAMMES TO INSTITUTIONS

The majority of human development income transfers have been introduced as programmes with limited time-frames. In many cases these time-frames were determined by their external funding. Mexico's Oportunidades began life in 1997 as a five-year project, later extended for a further five years and eventually adopted as a permanent government programme. An outcome of the project orientation of the birth and initial development of social assistance programmes in developing countries is that they are significantly under-institutionalised.

To an important extent, the limited time-frame of human development income transfer programmes reflected the paradigm dominating thinking on international development. An underlying assumption is that once economic development is secured, the main source of poverty and deprivation will disappear. While it is reasonable to expect that economic development will lead to a reduction of poverty, a glance at conditions in high-income countries is sufficient to see that in economies which generate disadvantage as a matter of course poverty, disadvantage and inequality are unlikely to vaporise (Bradshaw and

Mayhew, 2011). Addressing poverty and inequality requires permanent institutions committed to raising human development for all, but especially among disadvantaged populations. This is the reason why social assistance retains an important role in high-income countries (Marx and Nelson, 2012b). Recognition of this fact should alert low- and middle-income countries to the need to build appropriate and effective institutions.

The weak institutionalisation of social assistance programmes places important constraints on their sustainability and effectiveness in the short term. It also reduces the chances of a successful progression from reducing poverty to sustaining zero poverty in the medium term. Weak institutionalisation among human development income transfer programmes can be observed, *inter alia*, when their funding is regulated outside normal budgeting processes; their normative basis is not embedded in legislation but, instead, ruled by governmental discretion; their operations and disbursements are not accountable to parliament; and when decisions on eligibility are not subject to adequate appeal and review processes.

In most cases, institutionalisation emerges through a gradual process. Over time, fixed-term interventions are extended, and legal frameworks are eventually developed to account for them in budgetary processes. Later on, an established dedicated agency or ministry is given responsibility for programme implementation, and entitlements are recognised and protected by law. Governance structures are eventually made permanent. This process of institutionalisation is essential to the sustainability and effectiveness of social assistance.

Appropriate institutionalisation is a real challenge, especially as there are important trade-offs involved. Legislative or constitutional recognition is essential to establishing access to social assistance as an entitlement, not dependent on the discretion of government officials. However, it is important that social assistance institutions are able to adapt to changing economic, social and demographic conditions. An important lesson from pension reforms in Latin American countries, for example, is that changes in the labour market, life expectancy and structure of households can turn an effective pension scheme into an ineffective albatross (Gill, Packard and Yermo, 2004). Entitlements to social assistance can be stronger if protected by appropriate legislation, but at the same time it is important that parliament is able to reflect changing conditions and priorities in the legislation, guiding the scope and implementation of social assistance programmes. There are difficult trade-offs to achieve in conditions where political processes aggregate preferences imperfectly, often to the detriment of lower-income groups. This is why more research is needed on the nature of the policy-to-politics feedback effects discussed in the previous section.

The institutionalisation of social assistance also involves appropriate mechanisms for the horizontal and vertical integration of anti-poverty programmes. Horizontal integration is important in circumstances where there is a proliferation of separate but overlapping programmes.¹⁴ Vertical integration is important in the context of federal and decentralised government structures. Achieving an effective integration of anti-poverty programmes involves in practice difficult trade-offs between the relative power of central and local government agencies and across ministries. More recently, attention is being paid to the need to improve process dimensions in social assistance programmes. Rights-based approaches emphasise the need to ensure that social assistance programmes meet three main requirements: non-discrimination; participation; and accountability. It is important that social assistance programmes do not discriminate among eligible beneficiaries — that is, that the

operation of the programme ensures horizontal equity among beneficiaries. Few social assistance programmes ensure participation by beneficiaries in the formulation and operation of the programme. And parliamentary scrutiny of programme agencies requires that they are institutionalised appropriately in the first place.

The institutionalisation of human development income transfer programmes is to date mixed. Brazil and Mexico can demonstrate the advantages of strengthening the institutional framework for social assistance. In most other cases this is work in progress.

3.2 FROM POVERTY REDUCTION TO SOCIAL JUSTICE

The underlying rationale behind the introduction of human development income transfer programmes in Latin America was to address the large social debt accumulated during the 1980s and 1990s as a result of crises and structural adjustment. Poverty and inequality rates in the region had climbed to unacceptable levels. Human development income transfer programmes developed as a means to tackle extreme and persistent poverty. Their main innovation was to link up income transfers capable of stabilising and raising consumption among households in extreme poverty with measures to facilitate basic service utilisation, particularly health, schooling and nutrition. Regular and reliable transfers combined with conditions enabled participant households to invest in the human development of their children, with the expectation of a medium-term improvement in their productive capacity. This supported, in turn, a sustainable exit from poverty.

Over time, human development income transfer programmes have expanded, first covering the population in extreme poverty and then making inroads into the population in moderate poverty and vulnerability. In low- and lower middle-income countries, progress has been slower (Garcia and Moore, 2012). According to Cecchini and Madariaga (2011), human development income transfer budgets exceed the extreme poverty gap in one third of countries in the region, and on a simple average of all countries in the region, programme budgets cover 22 per cent of the poverty gap.¹⁵ For Latin America at least, there is evidence that human development income transfer programmes have expanded in terms of both the population and the interventions covered.

What explains their growth? In a Latin American context, there is little question that aside from their perceived effectiveness what explains their popularity is the fact that they have reached a good proportion of the population traditionally excluded from social protection systems. This opens a window into the future of human development transfer programmes within the emerging welfare institutions in low- and middle-income countries.

As noted above, poverty should be understood in the broader sense of ensuring minimum levels of social development consistent with full participation in society. It will be productive, in this context, to draw a parallel with Rawls's 'political conception of justice' (Rawls, 2001).¹⁶ Rawls argued that in pluralistic societies in which different notions of the 'good society' coexist and where the main political, social and legal institutions ruling economic cooperation generate large inequalities, a shared concept of social justice can only emerge as the outcome of political processes. In these societies, sustaining commitment to economic cooperation from the least advantaged is a permanent challenge. A social minimum is needed to prevent the 'strains of commitment' from becoming excessive. What is needed is a social minimum which "together with the whole family of social policies, maximizes the

prospects of the least advantaged over time" (Rawls, 2001: 129). The aim of the social minimum is not limited to addressing acute need or shocks, but more broadly to ensure social and economic participation in society.

Rawls describes a broader agenda for a social minimum, which chimes with the lessons from and limitations of traditional social assistance models. In societies which generate inequality and disadvantage as a matter of course, redistributing consumption alone is unlikely to fully address poverty and disadvantage. Full political participation requires preventing the 'strains of commitment' from becoming excessive. Social and economic inclusion involves improving the life prospects of disadvantaged groups. To an extent, the evolution of pioneer human development income transfer programmes increasingly reflects this broader agenda for the emerging welfare institutions in developing countries — admittedly with a long road ahead.

3.3 RENEWED SOCIAL CONTRACTS

The discussion in the previous section broached the issue of political sustainability by exploring the policy-to-politics feedback effects of Bolsa Família. This is an important issue shaping the future of human development income transfer programmes in other countries. Positive feedback effects lead to political sustainability, while negative feedback effects undermine sustainability. In the context of the role of human development income transfer programmes in establishing stable and permanent institutions sustaining zero poverty, it is interesting to go further than feedback effects and consider the contribution of these programmes to renewed social contracts. The issue here is whether human development income transfer programmes, as effective ways to address poverty, vulnerability and social exclusion in developing countries, can contribute to the emergence or renewal of social contracts.

The term 'social contract' opens up a range of possible interpretations. The term is not used here in the classic sense of a compact between conflicting interests or between individuals and government, as in the writing of Rousseau, Locke and Hobbes. Instead, it is employed in the more restricted Rawlsian sense of an overlapping consensus, emerging in pluralistic societies around the need to set in place institutions charged with ensuring equal distribution of primary goods and priority for the least advantaged (Rawls, 2001).¹⁷ It echoes European, but perhaps not Anglo-Saxon, perspectives on the 'social' underlying welfare states, which include both provisioning institutions and a political commitment to ensuring appropriate levels of well-being for all (Leisering, 2003).

In practice, the development of social assistance in Brazil, South Africa and elsewhere in middle-income countries has been grounded in a renewal of their 'social contract' (Barrientos, Moller, Saboia et al., 2013). In Brazil and South Africa social contracts were embedded in new constitutions, which enshrined rights to social protection. Insofar as anti-poverty transfer programmes are perceived to be effective in reducing poverty and exclusion and, therefore, strengthening equity and justice, they can in turn strengthen social contracts in the sense defined in the previous paragraph. In this context, anti-poverty transfers, including human development income transfer programmes, are capable of embedding, and strengthening, renewed social contracts. To an important extent, social contracts are underpinned by fiscal contracts. Emerging research on the distributional effects of tax-transfer systems in developing countries provides another route to study the role of social assistance, and human development income transfers in particular, in generating stronger and more equitable fiscal pacts in developing countries (Lustig, 2011).

4 CONCLUSIONS

This main task for this paper was to provide some reflections on the lessons emerging from 10 years of Bolsa Família for the future role of human development income transfers in developing countries. It focused on the longer term, on the future role of human development income transfer programmes within the welfare institutions emerging in low- and middle-income countries, and especially Latin America. It identified the central challenge for middle-income countries as establishing institutions capable of securing and sustaining poverty eradication.

The main argument, grounded on the evolution of Bolsa Família, was that this required managing two key progressions and satisfying one condition. The two progressions relate to the need for growing institutionalisation of human development income transfer programmes, on the one hand, and to an associated development of the conceptual framework underpinning them. The presence of positive policy-to-politics feedback effects capable of sustaining political support for social assistance provides a fold for these two progressions.

What are the lessons for low- and middle-income countries? Institutionalisation is essential to building the welfare institutions needed to achieve and sustain zero poverty. This involves horizontal and vertical coordination, but it also involves establishing a focal institutional base for anti-poverty policy. To date, the institutionalisation of human development income transfer programmes is far from complete, but the pioneer countries have demonstrated success in establishing dedicated ministries with sufficient influence to lead anti-poverty policy. Human development income transfer programmes need to drive a broader agenda, ensuring a social minimum consistent with full participation in society. This involves improving the life prospects of the least advantaged populations, leading to full economic and social inclusion. Finally, human development income transfer programmes must pay attention to policy-to-politics feedback effects, and beyond that, to playing a role in renewing and strengthening social contracts. Human development income transfer programmes have a rich agenda for the longer term and the potential to become the fulcrum of emerging welfare institutions in developing countries.

REFERENCES

- Barrientos, A. (2013a). 'Politicising poverty in Latin America in the light of Rawls' "strains of commitment" argument for a social minimum', *BWPI Working Paper*, No. 182. Manchester, Brooks World Poverty Institute.
- Barrientos, A. (2013b). 'The Rise of Social Assistance in Brazil', *Development and Change*, Vol. 44, No. 44: 4.
- Barrientos, A. (2013c). *Social Assistance in Developing Countries*. Cambridge, Cambridge University Press.
- Barrientos, A. and J. Mase (2012). 'Poverty transitions among older households in South Africa and Brazil', *European Journal of Development Research*, Vol. 24, No. 4: 570–588.
- Barrientos, A., V. Moller, J. Saboia, P. Lloyd-Sherlock and J. Mase (2013). "'Growing" social protection in developing countries: lessons from Brazil and South Africa', *Development Southern Africa*, Vol. 30, No. 1: 54–68.
- Barros, R.P. de, R. Mendonça and R. Tsukada (2011). 'Exit doors, productive inclusion and extreme poverty eradication in Brazil', *Discussion Paper*. Brasília, Secretaria de Assuntos Estratégicos, Presidência de la República.
- Bohn, S. (2011). 'Social policy and vote in Brazil: Bolsa Família and the shifts in Lula's electoral base', *Latin American Research Review*, Vol. 46, No. 1: 54–79.
- Borges, A. (2011). 'The Political Consequences of Centre-led Redistribution in Brazilian Federalism', *Latin American Research Review*, Vol. 46, No. 3: 21–45.
- Bradshaw, J. and E. Mayhew (2011). *The measurement of extreme poverty in the European Union*. Brussels, European Union.
- Britto, T. and F.V. Soares (2010). 'Bolsa Família e Renda de Cidadania – um passo em falso?', Mimeo. Brasília, IPEA.
- Castro, J.A. de and L. Modesto (eds) (2010a). *Bolsa Família 2003–2010: avanços e desafios*. 2. Brasília, IPEA.
- Castro, J.A. de and L. Modesto (eds) (2010b). *Bolsa Família 2003–2010: avanços e desafios*. 1. Brasília, IPEA.
- Cecchini, S. and A. Madariaga (2011). *Conditional cash transfer programmes. The recent experience in Latin America and the Caribbean*, Report LC/G.2497-P. Santiago, ECLAC.
- Cohn, A. (2010). 'O PBF e seu potencial como política de estado', in J.A. de Castro and L. Modesto (eds), *Bolsa Família 2003–2010: avanços e desafios*. Brasília, IPEA: 215–234.
- Cotta, T.C. and L.H. Paiva (2010). 'O Programa Bolsa Família e a proteção social no Brasil', in J.A. de Castro and L. Modesto (eds), *Bolsa Família 2003–2010: avanços e desafios*. Brasília, IPEA: 57–99.
- Delgado, G.C. and J.C. Cardoso (eds) (2000). *A Universalização de Direitos Sociais no Brasil: a Previdência Rural nos anos 90*. Brasília, IPEA.
- Esping-Andersen, G. (1999). *Social Foundations of Postindustrial Economies*. Oxford, Oxford University Press.

- Ferreira, F.H.G. and D. Robalino (2010). 'Social protection in Latin America. Achievements and limitations', *Policy Research Working Paper*, No. 5305. Washington, DC, World Bank.
- Fiszbein, A. and N. Schady (2009). *Conditional Cash Transfers. Reducing Present and Future Poverty*. Washington, DC, World Bank.
- Fried, B.J. (2012). 'Distributive Politics and Conditional Cash Transfers: The Case of Brazil's Bolsa Família', *World Development*, Vol. 40, No. 5: 1042–1053.
- Garcia, M. and C.M.T. Moore (2012). *The Cash Dividend. The Rise of Cash Transfer Programs in Sub-Saharan Africa*. Washington, DC, World Bank.
- Gill, I.S., T. Packard and J. Yermo (2004). *Keeping the Promise of Social Security in Latin America*. Washington, DC, Stanford University Press and World Bank.
- Guerreiro Osório, R. and P.H.G.F. de Souza (2013). 'Bolsa Família after Brasil Carinhoso: An analysis of the potential for reducing extreme poverty', *Research Brief*, No. 41. Brasília, International Policy Centre for Inclusive Growth.
- Hall, A. (2008). 'Brazil's Bolsa Família: A Double-Edged Sword?', *Development and Change*, Vol. 39, No. 5: 799–822.
- Handayani, S.W. and C. Burkley (eds) (2010). 'Social Assistance and Conditional Cash Transfers. The Proceedings of the Regional Workshop'. Manila, Asian Development Bank.
- Hillebrand, E. (2011). 'Poverty, growth and inequality over the next 50 years', in FAO (ed.), *Looking ahead in world food and agriculture: Perspectives to 2050*. Rome, Food and Agriculture Organization of the United Nations: 159–190.
- Hunter, W. and T. Power (2007). 'Rewarding Lula: Executive power, social policy, and the Brazilian elections of 2006', *Latin American Politics and Society*, Vol. 49: 1–30.
- Jaccoud, L., P.D.E.-M. Hadjab and J.R. Chaibub (2009). 'Assistência social e segurança alimentar: Entre novas trajetórias, velhas agendas e recentes desafios (1988–2008)', in Diretoria de Estudos e Políticas Sociais (ed.), *Políticas sociais: Acompanhamento e análise 17*. Brasília, IPEA: 175–250.
- Kertenetzky, C.L. (2009). 'Redistribuição e Desenvolvimento? A Economia Política do Programa Bolsa Família', *DADOS*, Vol. 52, No. 1: 53–83.
- Leisering, L. (2003). 'Nation state and welfare state: an intellectual and political history: Review Essay', *Journal of European Social Policy*, Vol. 13, No. 2: 175–185.
- Lindert, K., A. Linder, J. Hobbs and B. De la Brière (2007). 'The nuts and bolts of Brazil's Bolsa Família program: Implementing conditional cash transfers in a decentralized context', *Social Protection Discussion Paper*, No. 0709. Washington, DC, World Bank.
- Marx, I. and K. Nelson (2012a). *Minimum Income Protection in Flux*. Basingstoke, Palgrave.
- Marx, I. and K. Nelson (2012b). 'A new dawn for minimum income protection?', in I. Marx and K. Nelson (eds), *Minimum Income Protection in Flux*. Basingstoke, Palgrave: 1–27.
- Medeiros, M., T. Britto and F. Soares (2008). 'Targeted Cash Transfer Programmes in Brazil', *Working Paper*, No. 46. Brasília, International Poverty Centre.
- Pierson, P. (1993). 'When effect becomes cause: Policy feedback and political change', *World Politics*, Vol. 45, No. 4: 595–628.

Ravallion, M. and S. Chen (2012). 'An update to the World Bank's estimates of consumption poverty in the developing world', *Briefing Note*. Washington, DC, World Bank.

Rawls, J. (2001). *Justice as Fairness. A restatement*. London, The Belknap Press of Harvard University Press.

Soares, F.V. (2012). 'Bolsa Família y Oportunidades', in M. González de la Rocha and A. Escobar (eds), *Pobreza, transferencias condicionadas y sociedad*. Mexico, CIESAS: 311–360.

Soares, F.V., S. Soares, M. Medeiros and R.G. Osório (2006). 'Cash transfer programmes in Brazil: impacts on inequality and poverty', *IPC Working Paper*, No. 35. Brasília, International Poverty Centre.

Soares, S. and N. Sátyro (2009). 'O Programa Bolsa Família: Desenho institucional, impactos e possibilidades futuras', *Texto para Discussão*, No. 1424. Brasília, IPEA.

Sposati, A. (2010). 'Bolsa Família: Um programa com futuro(s)', in J.A. de Castro and L. Modesto (eds), *Bolsa Família 2003–2010: avanços e desafios*. Brasília, IPEA: 267–299.

Zucco, C. (2008). 'The President's "New" Constituency: Lula and the Pragmatic Vote in Brazil's 2006 Presidential Elections', *Journal of Latin American Studies*, Vol. 40: 29–49.

Zucco, C. (2011). 'Conditional Cash Transfers and Voting Behaviour: Redistribution and Clientelism in Developing Democracies', Mimeo. Princeton, NJ, Woodrow Wilson School, Princeton University.

NOTES

1. For a comprehensive study of human development income transfer programmes, see Fiszbein and Schady (2009). Cecchini and Madariaga (2011) examine their evolution in Latin America; Garcia and Moore (2012) track developments in Africa; and their growing role in Asia is covered by Handayani and Burkley (2010).
2. See also an earlier assessment in Castro and Modesto (2010b; a).
3. By welfare institutions, I have in mind the institutions responsible for ensuring basic levels of well-being or welfare.
4. See 'A New Global Partnership: Eradicate poverty and transform Economies through sustainable development' The Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda, available from <http://www.post2015hlp.org/the-report/>.
5. Projections of poverty reduction to 2050 in Hillebrand (2011) assuming sustained growth rates indicate that there will still be 7.8 million Latin Americans in extreme poverty by 2050.
6. In the paper I use the term 'social assistance' to include transfers and services (Barrientos, 2013c).
7. The global financial crisis has turned a spotlight on the gaps and limitations of welfare institutions in European countries (Marx and Nelson, 2012a).
8. Diversity at the municipal level has reduced but has not disappeared altogether. The mechanism used for vertical integration — agreements between the federal agencies and municipalities — sets a minimum standard which municipalities are entitled to complement with specific services or transfers (Lindert, Linder, Hobbs et al., 2007). It is important that vertical integration does not discourage this kind of municipal experimentation.
9. For example, the transfer levels are not indexed to price levels in the economy, although they have been upgraded in line with the price index (Soares, Soares, Medeiros et al., 2006).
10. There might be gains from advancing both a citizenship basic income and social assistance, but there are losses from confusing the two.
11. Examining this issue in the context of Latin America and the Caribbean as a whole, Ferreira and Robalino (2010) cannot find evolutionary proposals.
12. To date, the focus of studies on political feedback effects from anti-poverty transfer programmes has been on the short term. At this stage, it is not clear whether there are long-term political feedback effects, but research on the impact of Bolsa Familia on medium-term political processes and institutions raises many productive lines of enquiry (Borges, 2011).
13. Kertenetzky (2009) comes to different conclusions.
14. Fiszbein and Schady (2009: 203) go further and suggest that "CCT [conditional cash transfer] programs have the potential to unleash a broader process of transformation in the development of adequate-quality health and education service to which children from poor households have access."
15. This does not take account of programme budgets for other social assistance programmes such as non-contributory pensions and family and child subsidies.
16. For a more extended discussion, see Barrientos (2013a).
17. It is more about commitment than about bargaining. As Freeman (2007: 33) puts it, "the agreement is not a compromise among essentially conflicting interests. Instead, it represents a joint commitment to certain shared ends or ideal models of interaction which each desires as regulative of his own pursuit of his particular purposes."



International Policy Centre for Inclusive Growth (IPC - IG)

United Nations Development Programme

SBS, Quadra 1, Bloco J, Ed. BNDES, 13º andar

70076-900 Brasília, DF - Brazil

Telephone: +55 61 2105 5000

E-mail: ipc@ipc-undp.org ▪ URL: www.ipc-undp.org