Policies to Spur Growth and Poverty Alleviation in Peru and Latin America

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Public Policies Prospective Agenda

Productivity
Savings
Early Childhood & Youth
Immigration
Evaluation
Conditional Cash Transfers Upgrades
Use of International References (MDGs, now SDGs)

**MDG 1 – Extreme Poverty**

**Social Federalism 3.0 (Country, State and City Levels)**

**Add Forces & Divide Labor to Multiply Results and Make a Difference**

**Incomes Complementation**

Benefits variable across families: Poorer get higher benefits

*Permanent Income Estimate:* using Administrative Records (CadÚnico) info: Education & Labor all HH members, Housing & Public Services coverage, other benefits etc... Identifies who is chronically poor, and not who says is poor
**Equality**: The concentration curve of the Bolsa Família differs from other sources of income = Each R$ generates more Equality
Extreme poverty rate by age and the benefits from Bolsa Família Program (%)

Inovations in **Conditionalities:**

Constructs on top of **Bolsa Família & Local Social Services structures**

- **Mothers Key Role:** Active Search of Students Without Mother

- **Parents Engagement** *(School Meetings on Saturdays)* *(means)*
  - Transmit importance of education & Compensate inter-generational gap

- **Early Childhood Education**
  - Evaluate cognitive & non cognitive impacts
  - Supply: Poor Kids are First in Line *(means)*

- **Incentives to Students Performance** *(ends)*
  - Profficiency Performance Premium Primary Education Bi-Monthly tests Change
  - Alignment Incentives *(Students, Parents & Teachers)*
  - Rio State *(Youth Savings Incentive Mechanisms)*
Channels to Overcome Poverty (Means Approach)

- **Productive Inclusion**
  - Internal Infrastructure (Household)
  - Conditionalities: Demand for Education (Alignment of Incentives)
  - Monetary Transfers: Cash in the Hand of Mothers
  - Income Generation: Productivity $F(K, L, H)$
  - Overcoming Poverty: Leverage Opportunities and Smooth Shocks

- **External Infrastructure**
  - Transportation
  - Supply of Public Services: Housing
  - Social Federalism
  - Financial Education, Consumer Protection
  - Credit, Insurance, and Savings

- **Direct Effect Well-Being $U()$**
  - Direct Effect Family Budget $Y$
  - Supply of Health (+Doctors)
  - Transportation
  - Sewage (OBA)
Inclusive Sustainable Development? (Ends Results)

**Prosperity (Growth)**
Growth in mean income and consumption (not only GDP/National Accounts but also look at Household Surveys data and PIT).

**Sustainability (Assets)**
Ability to maintain the standards of living achieved. Stocks of human, environmental, physical, cultural and social assets.

**Equality**
Looking at the distribution among individuals and social groups of income flows, stocks of assets and rights.

**Sensibility (Perceptions)**
The last dimension is subjective, based on people’s perception about the country, the public services and life quality.
Brazil Social: References & Links

Middle Class:
http://epge.fgv.br/pt/pesquisa/ensaio-economico/75251
http://www.cps.fgv.br/cps/livroncm/ &
http://www.sae.gov.br/site/?p=22297

Social Transformations (portuguese – recent study)

Social Tensions:

Shared Prosperity:

Pro Poor Growth:

Deprivation:
http://www.compasso.com.br/docs/PP_inequality_relative_deprivation_and_social_class_Final.pdf

Bolsa Família Book

Executive Summary:

World Without Poverty
https://www.wwp.org.br/en

Human Development Map - Data Brazilian Cities
http://epge.fgv.br/pt/pesquisa/ensaio-economico/75252

Report on MDGs
http://www.sae.gov.br/site/?p=23258

Social Targets:

BRICS:

Brazilian Microdata & Data
http://www.econ.puc-rio.br/datazoom/
http://www.ibge.gov.br
http://www.ipeadata.gov.br/

Thank you!
Social Accounting Matrix and the Circular Flow of Income obtained with the expansion of a cash transfer
Multiplier Effects of social transfers on:

GROSS DOMESTIC PRODUCT

<table>
<thead>
<tr>
<th>Social Transfer</th>
<th>Multiplier</th>
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<tbody>
<tr>
<td>Total</td>
<td>1.78</td>
</tr>
<tr>
<td>Bolsa Família Program (BFP)</td>
<td>1.19</td>
</tr>
<tr>
<td>Continuous Cash Benefit (BPC)</td>
<td>1.06</td>
</tr>
<tr>
<td>Unemployment Insurance</td>
<td>1.06</td>
</tr>
<tr>
<td>Wage bonus</td>
<td>1.06</td>
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<tr>
<td>RPPS</td>
<td>0.53</td>
</tr>
<tr>
<td>RGPS</td>
<td>0.52</td>
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<tr>
<td>FGTS</td>
<td>0.39</td>
</tr>
</tbody>
</table>

Source: Neri, Vaz e Ferreira (2013) from the MCS of 2009
**Fiscal Sustainability**

**Government social transfers**

**Brazil (2009)**

### Bar Chart

**Relative (% of GDP)**

- **Social Assistance**
  - Continuous Cash Benefit (BPC) (2): 0.6%
  - Bolsa Família Program (BFP) (2): 0.4%

- **Social Insurance**
  - Private sector pensions (RGPS) (1): 6.1%
  - Public servants’ pensions (RPPS) (3): 4.1%

- **Other Transfers**
  - Wage bonus (4): 1.7%
  - Fundo de Garantia por Tempo de Serviço (FGTS) (6): 0.2%
  - Unemployment Insurance (4): 0.6%

### Sources

2. Secretaria de Avaliação e Gestão da Informação (SAGI/MDS).
Happiness: Social Transfers and Changes in Life Satisfaction

“The Bolsa Família beneficiaries were those with lowest grade of past happiness (5 years before), reflecting the higher poverty among the program beneficiaries”

“Present happiness is closer between beneficiaries and non-beneficiaries”

In the ranking made from Gallup among 129 countries going from Denmark (7.3) to Angola (2.6), Bolsa Família beneficiaries were between Pakistan and Paraguay and the non-beneficiaries (6.1) were between England and U.S (in 2006)

Source: SIPS/IPEA October 2012
The Bolsa Família beneficiaries showed the biggest jump of happiness compared with five years before (29.9% vs. 18.1% of the total population) leading to more equity in the present life satisfaction.

Comparing people with the same income today (in addition to gender, age, marital status), receiving the Bolsa Família is associated with gains in present life satisfaction of 0.41 points compared to past life satisfaction.

Source: SIPS/IPEA October 2012

*Vis a vis non-beneficiaries, does not imply causality
### References & Links

**Brazil: Middle Class:**
- [http://epge.fgv.br/pt/pesquisa/ensaio-economico/75251](http://epge.fgv.br/pt/pesquisa/ensaio-economico/75251)
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**Brasil em Desenvolvimento:**

**Bolsa Família Book:**

**Executive Summary:**

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- [http://www.iepadata.gov.br/](http://www.iepadata.gov.br/)

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**Thank you!**