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# Poverty reduction in your district? On one condition: A Comparative Study of Conditional Cash Transfer Programs in Mexico and Brazil

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Poverty reduction in your district? On one condition: A Comparative Study of  
Conditional Cash Transfer Programs in Mexico and Brazil

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## Table of Contents

I. INTRODUCTION .....	3
II. RESEARCH QUESTION.....	4
III. SIGNIFICANCE.....	5
IV. CONDITIONAL CASH TRANSFERS IN PRACTICE.....	6
V. TARGETING.....	9
VI. DISTRIBUTION .....	14
VII. IMPACT EVALUATIONS .....	17
VIII. ELECTORAL IMPACT .....	21
IX. HYPOTHESIS.....	28
X. METHODOLOGY .....	29
XI. FINDINGS.....	31
XII. CONCLUSIONS.....	39

**Abstract:** In this case study I aim to examine the political vulnerability of conditional cash transfer programs in Brazil. The analysis focuses on differences in program administration in the Brazilian and Mexican programs, specifically in targeting, distribution and evaluation. My research also details complementary literature that analyzes conditional cash transfer impacts on the 2006 elections in Brazil. In demonstrating the significant reallocation of funding after presidential, and to a lesser extent mayoral, elections I have found that Brazilian politicians have indeed “rewarded” municipalities that vote in their favor. This is not vote buying in its most explicit sense, but it does point to some very clientelist behavior.

## I. Introduction

The development community is always looking for the next “silver bullet” that will end poverty and inequality, a bullet that can transcend politics, culture, and economics creating a cheap, efficient, and sustainable impact. However, most programs run into the same systemic problems such as clashes with the host government, misallocation of funds, insufficient understanding of the problem, and/or poor targeting. Conditional Cash Transfers (CCT), a social assistance program conceived of in Latin America, has emerged as the next silver bullet and many governments, development scholars, and international organizations have recognized its potential for success.

In essence federal governments offer cash grants to impoverished families on the condition that they enroll their children in schools, attend regular health check-ups and provide adequate nutrition (Rawlings 31). The conditions vary depending on the program yet they follow fairly similar requirements. Delivering social assistance is an integral part of politicians’ role in government. Without social programming, inequality in Latin America would be worse than it is currently.

However, many politicians use social programs as leverage for votes. Instead of insuring maximum gains for the poorest families, local politicians often implement social assistance programs in areas where they know they can win votes rather than the neediest regions. In a continent notorious for clientelism, exploitation of the poor for political gain and high inequality, conditional cash transfers in Latin America circumvent corrupt local politicians and deliver immediate aid to those most in need. Widespread conditional cash transfer programs offer an alternative to

repeated exploitation while also allowing political gains. Cash Transfer programs are a relatively new solution to the seemingly unsolvable problem of inequality.

I will begin by outlining my research question and its significance for the development field. I will then move through a comparison of program administration in Mexico and Brazil. I will be using an analysis of Mexico's program, Oportunidades, to highlight vulnerabilities in Bolsa Família's administration and to provide possible explanations as to why and how Bolsa Família is more susceptible to Brazilian politics than it should be. This comparison will include differences and similarities presented in the current literature on their approaches to targeting, distribution, impact evaluations, and electoral significance. Next, I will present my hypothesis that the amount of CCT funding allocated per municipality has a positive relationship with the percentage of votes for the Worker's Party (PT) per municipality in Brazil followed by an explanation of my methodology. Finally, I will present what I find in my analysis of the two programs as well as the results from Brazilian datasets and end with some preliminary conclusions about the impact of politics on CCTs in Brazil.

## II. Research Question

I will be examining, specifically, the Brazilian conditional cash transfer program, Bolsa Família, to assess its vulnerability to politics. This analysis is in conjunction with an analysis of how Bolsa Família has influenced politics. I will be using Mexico's program, Oportunidades, to analyze differences between it and Bolsa Família's administration and to provide possible explanations as to why and how Bolsa Família is more susceptible to Brazilian politics than it should be.

I have chosen to compare the Mexican and Brazilian programs for several reasons. First, they were the first countries in the region, and the world, to adopt conditional cash transfer programs and have remained the most successful and largest to date. Brazil's Bolsa Família was created in 1996 and services over 11 million families while Mexico's Oportunidades started in 1997 (as Progresa) and treats 5 million households. Second, both nations have also suffered crippling inequality and experienced many political shortcomings. Brazil had the 10<sup>th</sup> highest GINI coefficient in 2005 at 56.7% and Mexico's hovered around 48% in 2008 (CIA Factbook 2010). The GINI coefficient is an internationally accepted index of social inequality. When examining the impact CCT has on elections, it was important to find cases that had similar political structures as well as party divisions.

### III. Significance

To adequately understand the political vulnerability of conditional cash transfer programs I believe the Brazilian program offers an excellent model for evaluation. In using the Mexican program as a foil for Brazil I can also highlight key differences in similar administrations that will help point towards gaps in the execution of Brazil's CCTs. This may also indicate reasons why the Brazilian program appears easier to manipulate for political gain.

I compare, specifically, the variance in Oportunidades' and Bolsa Família's targeting, distribution, and evaluation strategies. These three aspects of each program are the most integral and involve their national governments most. I analyzed the Brazilian 2006 Presidential election as well as Mayoral elections from 2004 and 2008 in terms of program funding distribution data by municipality. I

have graphed and run several regressions on this data and various configurations, which will be discussed in the findings chapter.

I aim to determine whether Bolsa expenditures are correlated with voting for the Worker's Party and vice-versa. In other words, are pro-incumbent municipalities receiving more Bolsa funding than they should? The election and funding data will illuminate how funding was reallocated after presidential and mayoral elections. This data gives me an idea of the political impact these programs have on their governments, as well as the implications for the integrity of Bolsa Família and other conditional cash transfer programs. The conclusions drawn from this data have large implications for the administration of Bolsa Família and attitudes toward social spending in Brazil. This research could also hold great significance for other countries looking into conditional cash transfers. Additionally, it will offer insight to countries that have already implemented CCTs and how they go about using them for political gain.

#### IV. Conditional Cash Transfers in Practice

The World Bank's book on conditional cash transfers, released in 2009, is a comprehensive guide to the formation, implementation, and evaluation of CCTs across the globe. Ariel Fiszbein and Norbert Schady provide in-depth analyses of how the programs are designed to function as well as detailing the variance between programs and their strengths and weaknesses. Throughout most of their account, Mexico and Brazil appear as models and points of judgment.

The Brazilian Ministry of Social Development best explains the stated aim of

conditional cash transfers:

Their alleged innovation was a capacity to address demand-side constraints for structural poverty reduction, through an incentive scheme, which combined the short-term objectives of safety nets with the long term goals of building human capital and breaking the vicious intergenerational circle of poverty traps (Britto 1).

The literature suggests several problems with the targeting, distribution, and evaluation processes of both Oportunidades and Bolsa Família but also presents several solutions.

Currently, the largest criticism of CCTs is that they do not go far enough. Many argue income-producing programs that allow families to earn money without government assistance would better serve the people (Rawlings 49). Proponents counter that income-generation is not the immediate goal of CCT, although programs in Mexico and Nicaragua have included training and “other income-generating activities” (Rawlings 49). By targeting the poorest populations and delivering regular cash transfers, CCTs have made a larger, more sustained impact on inequality in Brazil and elsewhere than many income-generating projects. Additionally, neither Bolsa Família nor Oportunidades require recipients to use their cash for any specific purpose; it allows them greater freedom than aid programs that offer more “strings-attached” transfers. CCTs’ only requirement is a commitment to certain behaviors (Fiszbein 35). Some critics balk at the thought of government hand-outs and favor more top-down approaches such as increasing economic growth and larger investments in infrastructure. Yet, more often than not, public spending on infrastructure rarely reaches poor. Direct cash injections more efficiently target the poor and avoid price distortions generated by subsidies

(Fiszbein 47).

However, if, or when, CCTs are discontinued, will families continue meeting “societal preferences” when there is no cash return? There has to be a certain level of political commitment to development programs like these to create any sort of lasting impact. Critics say political volatility in Latin America hinders implementation of cash transfer programs and the transfers themselves are conditional on political changes (Rawlings 44). I will establish a clear link between party re-election and political support for CCT to demonstrate that the social benefits from CCT transcend party politics. I will also illuminate the ways in which politicians and political parties in Mexico and Brazil use CCTs to garner votes hinting at the lingering effects of clientelism in these programs.

Final outcomes aside, cash transfers have had an enormous impact on inequality measures in both Mexico and Brazil. Within 4 years, between 2001 and 2005, the GINI coefficient in Brazil decreased by 4.7% “and the share of national income going to the poorer half of society increased by 2.1% between 2002 and 2006” (Sewall 177). In other words, the poorest Brazilians started earning more and inequality decreased. Between 2003 and 2006 minimum wage increased from RS200 to RS350 (\$162US per month) creating a ripple effect of growth throughout the Brazilian economy (Hunter 16).

Similarly, Mexico’s Oportunidades reduced extreme poverty by 3% in its first five years. Additionally, it has been reported that 93% of its recipients actually comply with the conditions (Sewall 177), which implies, but does not say explicitly, that Bolsa Família’s compliance is not as outstanding. Additionally, the programs

are relatively cheap to finance. Mexico spent \$2.2 million in 2003 to service 4 million families (de Janvry 2), which is only 0.2% of current GDP. Brazil spends about R\$8.3 billion (\$4 billion US) annually, which amounts to just under 0.4% of GDP (Lindert 19). These amounts are relatively small compared to the entire social spending budget. In both countries CCTs are funded less than other social assistance programs such as pensions.

In addition, Kathy Lindert (et. al.) offers a thorough examination of Bolsa Família detailing many of the more complex functions of the program. I have used this working paper to explain the targeting, distribution, and evaluation systems of BF as well as many of its measurements for success.

## V. Targeting

From an economic standpoint, conditional cash transfers are the most basic form of incentive. They seek to adjust people's "behavior towards matching to social optimum" (de Janvry 1). Politicians and development agencies are particularly supportive of these programs because "they are efficiency oriented, and yet can also serve to transfer resources to the poor" (de Janvry 2). However, efficiency comes from targeting mechanisms and their ability to identify and treat those most in need.

The manner in which Bolsa Família developed and adapted its targeting system indicates several opportunities for political vulnerability. It is important to note that both the Brazilian and Mexican programs do an excellent job of reaching their target populations, but through different means. Oportunidades does not perform as well in targeting the poorest population, but it is much more rigorous in

making sure that those families that do receive cash fulfill the conditions (Sewall 179). As part of its initiation it used control groups, which did not receive transfers, to demonstrate the scheme's short-term effectiveness (Sewall 180). Both the Brazilian and Mexican programs have been widely praised for their well-targeted programs. However, there are some inefficiencies and significant differences in the two programs.

Bolsa Família uses geographic analysis as their primary targeting mechanism as well as "family assessments based on per capita incomes" (Lindert 34). Since there is no "poverty line" in Brazil, BF uses averages collected from previous programs to make sure no one is losing money after all the initial programs were combined (Lindert 15). Families who benefited in previous programs, such as Bolsa Escola and Bolsa Alimentação, were included in the new system and new families added to that. This means that families who benefited from the earlier programs continue to receive benefits from the new program, Bolsa Família. The system is called the Cadastro Único (CU), a registry of low-income families, and it is crucial in determining which families are eligible for transfers. The CU was created in 2001 as a way to consolidate registry information for several subsidiary CCT programs, Bolsa Escola and Bolsa Alimentação (Lindert 35). The Ministry of Social Development (MDS) then merged the "pre-reform" programs in 2003. Bolsa Família, took over the CU and established an ID number unique to CU members to avoid duplication of benefits, "reduce administration costs, and monitor time limits and graduation criteria" (Lindert 35). Now, with access to a massive registry of low-income families across the nation, the MDS and BF were equipped to begin

interviewing and serving families.

On the federal level, officials establish quotas per municipalities for number of families served using municipal level poverty data such as “threshold criteria, household surveys and censuses” (Lindert 34). Officials from the Caixa Econômica Federal (Caixa), a federal bank contracted by the MDS, consolidate and manage the data collected by municipalities and enters it into the CU. Bolsa Família cannot serve all the families registered in the Cadastro Único but it does reach about 11.1 million families, which totals at about 46 million people. This represents 100% of Brazilian poor and 25% of the entire population (Lindert 18). At the local level, BF targets families in need using “spatial maps of poverty, vulnerability or other synthetic indices of living standards.” These spatial maps and indices of poverty are new innovations to the field and have been extremely useful in other sectors as well.

This quota system presented some vulnerability to politics however. By imposing a quota BF officials could choose which houses to interview based on their political affiliation, excluding those not supporting the “right” party using the quota as an excuse (Lindert 34). Additionally, the quota amplified existing inequality because the poorest households were often too uninformed or disconnected to be included in the quota. Therefore, the quota system was abandoned and municipalities are now allowed to register as many families as necessary. This does not mean all families registered in the CU will receive benefits but any family that requests an interview is granted one knowing they are not guaranteed benefits. BF still maintains a quota for the number of families served per municipality but it does not restrict the number of families registered. The household assessments and

interviews are based on per capita incomes and other registry data collected by Caixa and entered into the Cadastro Único. After the geographic program-quotas are created, BF employs “means-testing mechanisms... to determine family eligibility” for the program (Lindert 35). A list is then generated of families that qualify for cash transfers and sent to the Ministry of Social Development, which then establishes a monthly beneficiary payroll.

The Brazilian program differentiates between moderately poor and extremely poor families. A moderately poor family’s total monthly per capita income ceiling has to be R\$120 (\$57US) and R\$60 (\$29US) for the extremely poor (Lindert 16). Bolsa aims to reach the extreme poor first and then the moderately poor to most efficiently meet the most families by establishing a hierarchy of need. By distinguishing these two levels of poverty, the Brazilian government is better equipped to administer to the needs of its very poorest and set a baseline for improvement. Once they addressed the very poorest population the government extended benefits to those families earning just a little bit more and thus has achieved incredible targeting success thus far.

The Mexican system is very similar. Oportunidades uses geographic assessments collected at the national level to identify qualified families. Mexico does not have a separate registry system for low-income families like the Cadastro Único, so it uses a “proxy-means test” at the local level. Oportunidades uses analysis of socio-economic information at the central government level. In addition, many families are self-selecting, similar to Brazil, meaning they can apply for benefits by showing up at an Oportunidades module near them.

There are several flaws in both targeting systems that prevent either program from reaching all families in need. Brazil identifies 100% of the bottom quintile as eligible for Bolsa Família, but in 2006 only 55% were receiving cash transfers (Fiszbein 76). Fiszbein and Schady identify three reasons for this deficiency. First, the eligibility threshold eliminates families with an income greater than R\$120 in Brazil and \$225 in Mexico, meaning families earning just a small amount more are disqualified but still remain in the bottom quintile. Second, some families are simply overlooked in the initial geographic assessment and the program is not offered in their municipality. Finally, some families choose not to participate because of envy from non-beneficiaries (Fiszbein 78). There is limited information about the “stigma” attached to CCT recipients and, according to the World Bank, most scholars have dismissed both stigma and envy as significant reasons for non-participation in Latin America. Notable exclusions from the program include homeless children, childless adults or others outside the traditional familial structure, as well as many urban migrants (Tucker 4).

That being said Brazil and Mexico cover 60% of the poorest decile in their countries (Fiszbein 73), which is substantial considering most countries only cover about 19%. Though both programs face systemic problems in targeting, some of them will fade with time as the programs gain publicity, and popularity closing information gaps and allocating more funding from international organizations and growing economies to expand their reach. Bolsa Família allows families to renew their membership in the program every two years depending on their poverty status for up to 17 years or until all school-aged children have completed schooling

(Johannsen 24). However, if Brazilian politicians are able to control where BF funding goes, targeting problems may persist because the money will be going to party supporters, not necessarily the most in need.

## VI. Distribution

Targeting is only the first part of the battle, distribution is a trickier feat. How does each program disseminate millions of dollars to predominately rural families without risking corruption and embezzlement by politicians and other middlemen? Here, the programs begin to diverge, taking very different approaches to the dispensation of benefits.

Bolsa Família distributes electronic benefit cards (EBC) that function like a debit card and allow beneficiaries to withdraw their cash transfer from any participating bank or ATM. Caixa submits a Program Financing Proposal (PPF) to the Treasury for the amount it needs calculated from the list generated from the Cadastro Único. The bank order is then transferred from the central bank to Caixa, which then credits the EBCs. Caixa has over 2,000 locations nationwide and is linked to over 9,000 lottery agencies and 2,000 banking correspondents totaling in over 32,000 points for pick-up (Lindert 52). Caixa handles the banking and is also responsible for disseminating the cards, which are sent through the postal system to recipients (Lindert 51).

There are several advantages to this system: transparency, efficiency (no lines and less staff needed), and a reduction in clientelism as there is no intermediary or middleman politician responsible for handing out the money. The beneficiaries are required to sign a delivery receipt and those not signed for are available for pick-up

at any participating location or Caixa agency. After 90 days, un-claimed EBCs are returned to the Treasury (with interest) or recycled in Caixa to other members (Lindert 53). 98% of users withdraw their transfers using the EBCs demonstrating that the system is easily accessible and easy to use. The multitude of distribution and withdrawal points have allowed more people access to BF benefits than ever before and allows cash transfers to 11.1 million families to happen quickly and efficiently. Payments are rolled out over the month in small amounts to ease the impact on local economies. If every family received their transfers on the same day local businesses would bottleneck and demand would be near impossible to meet (Lindert 53).

Mexico, on the other hand, uses a vastly different approach. Oportunidades distributes transfers bimonthly and dispersion of benefits is much more closely tied to the fulfillment of conditions. For example, if the child misses over three days of school in a month the family will not receive cash that month (Parker 7).

Additionally, physicians and teachers record class attendance and health and nutrition visits then forward the records to Oportunidades. The bimonthly transfers can be picked-up at a specific module or can be directly deposited into their bank accounts. The key difference here is that the Mexican program requires a meeting place for recipients and the national program distributes benefits (Britto 8). In this way, only the top-level political parties receive credit for the cash transfers and cut out the middleman. This also allows for political gains at the national party level.

Mexico also limits the amount of time families have to pick-up their reward and this is designed to minimize dependence on the program (Tucker 4).

Additionally, the cash rewards in both programs are relatively low-value which ensures families procure other sources of income and further reduces dependency. Oportunidades offers an average of \$30 per month, which is about 25-30% of rural expenses, and families are only eligible for several years depending on when they signed up (Tucker 5).

Brazil transfers are specifically designed to be “simple to administer, favor the extreme poor, favor families with children – but with limits to avoid promoting fertility, and prevent eligible beneficiaries of the pre-reform programs from losing from the reforms” (Lindert 16). BF only distributes about R\$62 (\$30US) per family per month, a miniscule amount considering the impact it makes. The Brazilian government only spends about R\$8.3 billion (\$4 billion US) annually, which amounts to just under 0.40% of GDP (Lindert 19). The low-value benefits in both Mexico and Brazil make the program much more affordable and reduces budgetary friction in government. Additionally, the transfers are delivered, almost exclusively, to women. In 2006, 93% of legally responsible beneficiaries were women. Kathy Lindert asserts that, internationally, women have been tested and proven to be “more likely than men to invest additional income in improving the education, health and welfare of their family, particularly their children” (17).

Once again, these cash transfers are only awarded if families meet the conditions. The BF health conditions stipulate that all children between the ages of 0 and seven be on a vaccine schedule and get regular health check-ups and growth monitoring. Education conditions require that all children ages six to fifteen be enrolled in school and guarantee at least 85% of daily attendance each month

(Lindert 18). If children do not meet these attendance requirements parents must give the school a reason and/or let BF know if the child has changed schools. BF also requires all pregnant or lactating mothers to get pre and post-natal check-ups and participate in local health and nutrition seminars.

Bolsa Familia prides itself on being a largely decentralized system in that most of the administration is left to municipalities. There are many levels of administration that work together bringing cash to the neediest. The Brazilian Ministries of Health and Education are tasked with constructing the condition guidelines as well as gathering conditionality compliance data. State governments are then responsible for training and technical support to municipal administrators as well as providing identification verification for all beneficiaries living in their state. Finally, the municipal actors do most of the ground work, providing a “local program point-of-contact, registering potential beneficiaries in the Cadastro Único, monitoring health and education conditionalities and consolidating associated information” (Lindert 21).

## VII. Impact Evaluations

Extensive research and analysis has been, and is currently being, done on CCT programs, as they are just over ten years old. Though the 2010 census data is not yet available, numerous evaluations and studies have been conducted from within the organizations themselves as well as numerous third party evaluations to determine their impact. In 2008, Oportunidades commissioned the National Institute of Public Health (INSP) as well as the Center for Research and Higher Studies in Social Anthropology (CIESAS) to evaluate its operations (External

Evaluation). The studies generally show a positive impact on short-term results such as school enrollment and health check-ups, but they don't necessarily translate into final outcomes like cognitive development or nutritional improvement (Fiszbein 3). Many argue that for CCTs to have a lasting impact the institutional quality must improve before families are compelled to use them.

Impact evaluations are indispensable in measuring the growing impact of CCT on rural and increasingly urban populations; however, the Mexican program is much better documented than the Brazilian one. Part of Oportunidades' organizational structure includes regular and thorough evaluations whereas Bolsa Familia assumes a gentler approach to the conditions and focuses more on redistribution than human capital (Fiszbein 6). Bolsa Família sees the conditions as more of an "encouragement", rather than a requirement, for families to take advantage of a free education and health care system. Noncompliance with the conditions is seen more as "a manifestation of some kind of obstacle that the family cannot overcome to access the service rather than an unwillingness to comply" (Fiszbein 89). Instead of reducing benefits right away BF sends a written notice followed by a social worker to investigate the reason for noncompliance. After the third violation benefits are "blocked" for 30 days but after this period, and if families resume meeting conditions, benefits accumulated are distributed (Fiszbein 89).

However, this more lax approach to enforcing conditions may also be a function of the overwhelming number of families served by BF. Each of the 5,564 municipalities has varying levels of administrative and financial capacities for implementation making it hard to produce consistent results across the board

(Lindert 24). Ministry officials have admitted, “most municipalities simply do not have the capacity to monitor new recipients at such a rate” (Hunter 18). Some critics fear *assistencialismo*, or paternalistic handouts, will replace clientelism in Brazil (Hunter 19). Also, all of these municipalities are autonomous entities due to Brazil’s federalist structure. Therefore, these municipalities have no constitutional obligation to administer the program (Lindert 25), nor does it give them any incentive to do exhaustive impact evaluations.

That being said, the Bolsa has made several efforts to support municipalities in their administrative tasks. BF created an “index of decentralized management” that lays out the expected quality of functions each municipality has to perform including conditions monitoring, household registry and social controls (Fiszbein 92). Depending on how municipalities perform on this index determines how much help they receive with costs. Yet, this monitoring system pales in comparison to the tri-partite system used by Oportunidades.

This key difference in impact evaluation and monitoring may explain why fewer families adhere to Bolsa conditions than do under Oportunidades. Oportunidades has three evaluation structures in place. One generates 64 management and monitoring indicators bimonthly (the *Sistemas de Datos Personales de Oportunidades*), the second surveys recipients and administrators for information on service quality biannually, and third is the use of external evaluators (Fiszbein 93). Throughout the development of Progresá and into its reformation as Oportunidades, administrators have been vigilant in documenting the direct impact on recipients making the entire process very easy to track (External Evaluation). In

the first few years of the program, the Mexican government hired the International Food Policy Research Institute (IFPRI) to conduct an external evaluation, which gave its evaluation additional credibility (Parker 4).

The World Bank maintains that families' use of services is an "intermediate outcome" quantified by school enrollment and number of health visits, however the true goal of CCT is to maximize "final outcomes". Final outcomes include children completing more years of school and earning higher wages as adults as well as improving child and adult health and reducing mortality (Fiszbein 141). In Mexico, Oportunidades has not been shown to improve test scores significantly. Scholars interpret this to mean students benefiting from transfers learn no more than students that do not (Fiszbein 142). This does not necessarily mean CCTs have no impact on education, but it has spurred a debate on the best way to evaluate final outcomes as well as the importance of improving the health and education institutions overall. Though I am not specifically concerned with the quality of institutions for this research, it would be interesting to see how, or if, funding for education and health institutions in Brazil change relative to changes in funding for CCTs.

To evaluate program impact the World Bank uses three Foster Greer-Thorbecke (FGT) poverty measures.<sup>1</sup> These are "the headcount index, which is the number of people below the poverty line; the poverty gap, which measures the average distance between the consumption of poor people and the poverty line; and the squared poverty gap, which takes into account the distribution of resources

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<sup>1</sup> For more information on the Foster Greer-Thorbecke indices see "Notes and Comments: A Class of Decomposable Poverty Measures"

among the poor” (Fiszbein 105). These indices suggest that Mexican CCTs generally reduced national poverty, decreasing the squared poverty gap index by 29% (Fiszbein 110). Bolsa’s impact on the headcount and poverty gap indices was not as impressive but it too reduced the squared poverty gap by 15%.

### VIII. Electoral Impact

Latin America is notorious for corrupt politicians. It even has its own word, clientelism, defined by the Oxford English Dictionary as a political system based on exploiting patronage. Throughout most of Latin American politics, social assistance is but a means to an end, reelection rather than a duty to constituents. Conditional cash transfers have revolutionized the way Latin America, and the world, deals with poverty and inequality. However, their impact on party politics has been less revolutionary.

Though Latin American politics have undergone vast reforms, both Mexican and Brazilian leadership have histories of control issues, even within the last decade. Brazil endured over two decades of military rule between 1964 and 1985 punctuated by brutal repression of opposition parties (Brown 121). Power struggles within the military, between the more liberal castelistas and the more repressive linha-duras, and faltering popular support in the late 1970s and early 1980s ultimately resulted in a democratic transition. However, since the 1990s scholars are wary of calling Brazil a true democracy as it continues to suffer clientelism, government corruption, and human rights abuses (Brown 122).

Clientelism has been and still is an integral part of Latin American politics. It is defined as a system involving “asymmetric but mutually beneficial relationships

of power and exchange - a non-universalistic quid pro quo between individuals or groups of unequal standing” (Roniger 2). These relationships are based on “subordination, compliance or dependence” (Roniger 2). Throughout Latin America, politicians or intermediaries for the government, put themselves in a position to manage resources, which they then divert to specific areas in exchange for an election boost or simply just for reputation and prestige (Roniger 2). In other words, jobs for votes. However, Robert Gay, a professor of sociology and Brazilian society, makes a valid point about the nature of Brazilian clientelism.

[T]he problem is that we have become so accustomed to thinking of clientelism as a mechanism of institutional control – often referred as corporatism – or the product of ‘false consciousness’ – often referred to as populism – that we have failed to consider the possibility that clientelism might be embraced as a popular political strategy. ...Under such circumstances, clientelism has less to do with the exchange of votes for favors, than with the exchange of votes for what political actors would like to present as favors but the least privileged elements of the population demand or claim as rights” (Roniger 9).

Is BF a newer form of clientelism, and is that necessarily detrimental? Whether or not scholars choose to classify it as clientelism, the overall impact on Brazilians poorest families is undeniably positive in most respects. My research establishes a significant relationship between the election of incumbent politicians and the distribution of BF funding.

Politicians from both countries recognize the gains that can be made from implementing CCT in their districts. This is not necessarily to the detriment of citizens living in those districts. CCT programs were designed to be immune to corruption due to the circumnavigation of municipal-level politics by using federal ministries to issue benefits. However, this has the potential to allow federal

administrators to make funding decisions based on election outcomes.

Ana de la O, of Yale University, conducted research specifically on the effects of Oportunidades on the incumbent party and it appears that the longer the program is in place the more pro-incumbent the treatment area (de la O 1). She examined the effects of the initial control project on 505 villages and Progresas's effect on the 2000 election. What she found was not another case of well-masked clientelism but a true representation of 'retrospective voting' that heavily favored the incumbent party, the PRI. Sewall's article studies a similar question and concludes that CCT recipients also supported Calderón in 2006 (Sewall 184).

Incumbent favorability is reaffirmed in Brazil as well by Sewall when she posits that Bolsa Família "inculcates significant allegiance to the central government among program beneficiaries" (179). However, many argue this popularity for the central government is due not only to its excellent targeting, but also to its lax policies toward enforcing the conditions. Sewall argues the central government must increase its spending on social institutions, not just families, for Bolsa Família to reach its long-term goals. Wendy Hunter and Timothy Powers also examine BF's affect on Lula's victory in 2006. Their analysis points to Bolsa as a major factor in his election and will be discussed later on.

One of the biggest differences between the two programs is that the Mexican government has allotted a significant amount of funding toward the improvement of health and education facilities (Sewall 184). The Mexican government has invested almost 47% of its poverty budget into Oportunidades, making it the largest single program beneficiary of the state (Parker 5).

However, it is difficult to shield publicly funded programs from public politics, in spite of both programs' best efforts to curb the political impact. For example, the political "mood" may favor or oppose government intervention, which then impacts the amount of social spending allocated by a particular party (Tucker 5). The current trend in Mexico is turning away from government intervention as the structural adjustment fervor ebbs; increased social spending was seen as a reaction to the massive cuts imposed on Latin American administrations in the 1990s. Jennifer Tucker argues that by focusing on poverty reduction, governments often overlook deeper income inequality and social equity. Thus, as the inequality gap shrinks, it becomes more difficult to target those most in need and the budget for poverty reduction programs is reduced because of lessening impact.

Despite this perceived trend, elections in both Brazil and Mexico have indicated that social assistance programs and social spending are still important aspects of a candidate's 'electability'. Consider the presidents in power when both programs were initiated. Progresa started in 1997 under President Zedillo and without the support of his party, the PRI (Partido Revolucionario Institucional). It began as an apolitical organization directed at under-served rural populations that did not have access to food subsidies available to urban populations (Britto 8). The downfall of the PRI in 2000 had no effect on the continuation of Mexico's CCT as the model was gaining popularity throughout Latin America (Britto 9). In the first few years Progresa demonstrated a positive effect, drawing the attention and funding from international organizations such as the Inter-American Development Bank (IDB) which granted the Mexican government US\$1 billion in 2002 to expand the

program, creating Oportunidades (Britto 9).

Even with this clear commitment to the success of Oportunidades there were accusations of clientelism early on. In 2000 Vicente Fox was accused of manipulating the program by threatening to withdraw funding from municipalities that did not support the PAN (Diaz-Cayeros 2). In 2006, Felipe Calderón led his opponents by double digits among beneficiaries in an otherwise tight race; recipients also showed a higher level of partisanship and panismo than non-recipients (Diaz-Cayeros 8). In fact, CCT beneficiaries were found to be 11% more likely to vote for Calderón than non-beneficiaries from almost identical socio-economic backgrounds (Diaz-Cayeros 15).

Alberto Diaz-Cayeros, author of the study on the effects of targeted benefits on the 2006 Mexican presidential race, admits some problems with endogeneity when making assumptions about voter decision-making (Diaz-Cayeros 8). Either way, Oportunidades has definitely had an impact on the way Mexican poor vote. Historically, the poorest have not supported the right-wing PAN but rather the other alternative parties (PRD and the PRI). Though Oportunidades originated (as Progresá) under the PRI, the PAN continued to reap its political benefits by expanding its reach to the urban poor (Diaz-Cayeros 16).

This widespread expansion of poverty alleviation into the cities resulted in a huge boost for the PAN and Calderón in 2006 (Diaz-Cayeros 16). Whether or not this was a power play for the urban poor, it meant millions more needy families received crucial cash transfers. To dispel fears of vote buying, Diaz-Cayeros' research points out that there is no partisan-divide between rural beneficiaries and

non-beneficiaries. If vote-buying was occurring the rural expansion of Oportunidades would have a more partisan effect on beneficiaries (Diaz-Cayeros 17). Nonetheless, he acknowledges the possibility of vote-buying.

While electoral clientelism and vote coercion cannot be ruled out in the campaigns of 2006, the evidence presented here makes it highly implausible that its presence was systematically tied to the operation of social development policies. Favorable beneficiary reaction to the incumbent party, where it occurred, may indicate successful vote-buying by the party in power, but it is likely to be vote-buying of the good sort (Diaz-Cayeros 31).

Overall, Diaz-Cayeros comes to the conclusion that the expansion of social programming, especially Oportunidades, had an enormous impact on the success of the more conservative PAN in 2006.

There is no doubt about Bolsa Família's role in Lula's 2006 re-election. His initial victory in 2002 was preceded by promises of increased social spending and was followed by immediate expansion of BF in 2003 (Lindert 18). In its first year as a combined program BF registered over 1.5 million new families, mostly in urban areas that had not previously been heavily targeted by the old programs.

Wendy Hunter and Timothy Powers analyze the extent to which Bolsa Família helped Lula win the 2006 presidential race. His support among the rural and urban poor is undeniable, winning 69% of the vote from Brazilians with an income of less than two minimum wages, about R\$327 per month (Hunter 4). A majority of those votes came from the Northeastern states whose average Human Development Index (HDI) is one of the lowest in the world; here Lula won between 60% and 85% of all votes (Hunter 4).

Historically, this is Lula's stronghold so it is no surprise that Northeastern

states continued their support in 2006. Despite a serious corruption scandal just before the election, voters focused on the concrete benefits of Bolsa. This focus was reinforced through minimum wage hikes six months before the election, which meant a steady rise in personal income among the poor throughout Lula's first term (Hunter 16). However, this also meant stagnation for the middle classes who then voted against him in 2006. Yet the sheer size Brazil's poorest population vastly overshadows that of the middle and upper classes securing Lula's victory and affirming the benefits of emphasizing social policy (Hunter 16). Bringing immediate and sustained relief to the poor has been an emphasis throughout Lula's political career demonstrated by his programmatic, rather than reformative, approach to politics. Instead of laboring over lengthy and controversial macro-reforms, Lula is famous for social programs that avoid legislative 'wrangling' (Hunter 17). The visible, concrete nature of the CCTs also allows for political gain throughout the political hierarchy providing electoral benefits for local politicians as well as Lula (Hunter 18). Hunter and Power conclude that targeted social policy was the "single most plausible explanation for Lula's re-election" in 2006 (Hunter 20) just as Diaz-Cayeros asserted it was for Calderón in Mexico that same year.

By linking the success of the programs to the political gains by incumbent parties, Diaz-Cayeros, Hunter and Power have ensured that the CCT impact will be sustained and expanded throughout Brazil, Mexico and the rest of the world. With the buy-in of politicians from all sides of the political spectrum, social assistance programs like Bolsa Família and Oportunidades are an electoral necessity.

## IX. Hypothesis

The literature is currently lacking an in depth analysis of the electoral impact on Bolsa Família funding. I will be taking Hunter and Power's analysis a step further and examine the financial changes before and after Lula's election, as well as two mayoral elections. Additionally, by examining the Brazilian and Mexican CCT programs side by side with a focus on their separate approaches to various challenges in administration, I will try to identify the most effective way to maximize the conditional cash transfer model of development and limit its vulnerability to political manipulation. However, I will also turn a critical eye on the possible negative effects of the continuation of large political gains and subsequent reallocation of funding in Brazil. In studying the variance in program administration between Mexico and Brazil I will try to explain why Bolsa Família appears more susceptible to political manipulation.

Presently, there is little risk of reduction, or termination, for CCT programs in either country if power changes hands in the government. If funding allocated by municipality changes after an election, be it presidential or mayoral, that suggests a patron-client relationship between the government and the people. Funding should not be going to municipalities based solely on their support for the PT, it should be going to those most in need. My hypothesis is that there is a persistence of clientelism in Bolsa Família, a program that claims immunity from political interference. Municipalities are receiving a larger share of BF funding based on their support for the incumbent party not on poverty. This is surprising because of the extensive reforms in the targeting quota system and throughout Latin American

politics.

## X. Methodology

The crux of my thesis relies on the correlation between Bolsa Família funding and electoral returns. I used Mexico's Oportunidades as a foil for examining and making conclusions about BF's vulnerability to political manipulation. By examining these programs side by side I can draw some preliminary conclusions as to the potential for political co-optation of CCT programs in Brazil. There are some differences in Mexican and Brazilian government structures, but their electoral and party systems are not what I am seeking to compare, nor do I think they factor into the way that CCTs are administered in either country.

As outlined in my Research Question, I have chosen to compare the Mexican and Brazilian programs for several reasons. These particular cases began their conditional cash transfer models around the same time, 1997 and 1996 respectively and quickly became paragons for social assistance programs across the continent. They remain the two largest CCTs, serving over 16 million families collectively; 11.1 million served in Brazil and 5 million in Mexico. Additionally, they both suffer large income and social inequalities and dismal GINI coefficients as well as a series of political and economic upheavals. The GINI coefficient is an internationally accepted index of social inequality. Brazil has the tenth highest GINI coefficient in the world at 56.7 and Mexico is not far behind at 46.1 (CIA Factbook). I chose to focus on Brazil because it is the largest program of its kind and because of data restraints for a parallel analysis of the Mexican program.

My analysis is constructed as a series cross-sectional analysis using 5,564 cases, the number of municipalities in Brazil. I used ordinary least squares regressions that include robust standard errors because I was worried about heteroskedasticity. All the models use about 5,000 to 5,600 cases however in some mayoral elections there were no PT candidates running so those models are limited to about 1,800 cases. I also included regional dummies to control for unobserved variables that distinguish the different regions of Brazil. This is due to the large socioeconomic differences between different Brazilian states. To treat them all the same would be an oversight of glaring inequalities.

I used Brazilian presidential election data from 2002 and 2006 as well as mayoral election data from 2004 and 2008 all at the municipal level. This data is then combined with funding distribution data, at the municipal level, from 2003 through 2008. The funding data includes how many people received BF aid as well as how much was allocated per municipality in amount of Reais. In running regressions with these two datasets, I controlled for percent of rural population, literacy rates, and income per municipality from data collected in the 2000 census. All data used in this paper was taken from Brazil's IPEADData (Institute of Applied Economic Research).

In essence, I am examining how funding for Bolsa Família is affected by elections and the way recipients vote. The dependent variable is funding per municipality and the independent variable is votes. The goal is to see how the number of votes for the incumbent party at the presidential level, the PT, affects the funding for pro-PT municipalities. I also try to control for several poverty indicators

in municipalities by including several other independent variables. These include literacy rate, the percent of rural population and income. The numbers used for these indices were also gathered on IPEADData as part of the 2000 census. I would have liked to use data from the most recent 2010 census, but the data was not yet available.

Isolating CCT benefits as the sole reasons for voting for the incumbent party is near impossible. There are simply too many factors that play into voter decision-making to make an assumption of that nature. Hunter and Power identify several other factors contributing to Lula's 2006 victory; however, they conclude that targeted social policy, such as Bolsa Família, is the most plausible explanation for his success. Economic factors, including the April 2006 minimum wage increase, contributed, but their impact was overshadowed by BF cash injections. Nonetheless, analyzing fund allocation in conjunction with incumbency votes per municipality will provide a specific enough comparison to make at least some preliminary conclusions about the effect one has on the other. Additionally, the World Bank book supplies a number of criteria for assessing the success of CCTs and I used these criteria as well as external evaluation results when discussing the success of both Bolsa Família and Oportunidades.

## XI. Findings

In analyzing the data explained above, this research provides a new insight into the administration of CCTs and their potential for co-optation by political parties and the federal government. I found that there is a positive correlation

between an increase in funding and the success of the PT in 2006 and 2004. In other words, municipalities that voted for the PT in 2006 were found to receive more Bolsa Família funding in 2007. The same thing happened in mayoral elections of 2004 and funding in 2005 though in less significant numbers.

I expect that the differences in administration will provide the best explanation for why Bolsa Família is more susceptible than Oportunidades to political manipulation, though we will not be able to see similar regression analysis for the Mexican case. A lax approach to meeting conditions and decentralized administration in Bolsa Família along with a larger number of families served provide some reasoning for observed political manipulation of CCTs in Brazil. If we had similar Mexican data, I expect the more regimented Mexican approach would result in less of an electoral boost for the incumbent party (PAN) than it did for Lula and the PT. However, I was unable to collect enough data to run equivalent cross-sectional regressions and do a full comparison between Mexico and Brazil's CCTs.

Nonetheless, the first regression table, Table 1, illustrates the percent of Bolsa recipients that voted in the 2002 and 2006 presidential elections. In both elections BF beneficiary turnout was very significant, and as shown in Table 2 they turned out mostly in favor of the PT. This was expected because of Lula's popularity among poor regions. As has been explained, in 2006 Lula carried 69% of the vote in the poorest northeastern states where an overwhelming number of Brazilians benefit from conditional cash transfers. The number of recipients that voted in 2006 is shown below as a much higher value than it was in the 2002 election. The reason for this increased support is most likely due to the factors that Hunter and Power

point out, such as increases in minimum wages six months before the election.

Table 1. Number of Bolsa Familia beneficiaries that voted in 2002 and 2006

VARIABLES	(1) #BF recipients as % of votes cast 2003	(2) #BF recipients as % of votes cast 2007
Total Votes – Pres 2002	0.00869*** (0.00215)	
Total Votes – Pres 2006		0.0406*** (0.00493)
Literacy Rate	11.09** (4.320)	64.50*** (10.62)
Percent Rural Pop	75.19 (61.41)	-41.33 (117.6)
Total Pop (log)	476.3*** (36.76)	1,347*** (110.0)
Income	-2.326*** (0.515)	-8.820*** (1.166)
regiondum1	-101.6** (47.72)	-304.3** (146.8)
regiondum2	579.8*** (69.66)	1,127*** (205.2)
regiondum4	-124.7** (48.92)	-659.4*** (156.8)
regiondum5	-42.60 (50.25)	-722.2*** (160.0)
Constant	-4,569*** (523.6)	-14,830*** (1,460)
Observations	5,505	5,504
R-squared	0.552	0.814

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

The second regression table, Table 2, examines the percentage of the rural population that voted for Lula in 2006. There is a very significant positive correlation displayed in this table confirming the conclusions that Wendy Hunter

and Timothy Power made in their article “Rewarding Lula: Executive Power, Social Policy, and the Brazilian Elections of 2006”. This outcome was expected as Lula and his party target, and are typically, supported by the poorest.

Table 2 also shows a very significant relationship between where Bolsa funding went in 2005 and the percentage of votes for the PT in 2006. The table also indicates that BF funding in 2007 also affected votes for the PT in 2008 mayoral elections, though not as significantly as the 2006 presidential election. Again, this is not too surprising as we have explored the widespread political benefits of Bolsa Família. However, what is surprising is a strong relationship between how Lula did in 2006 and where funding went in 2007 (see Table 3).

Table 2. Effect of Bolsa Família Funding on Elections

VARIABLES	(1) Percent vote for PT - Mayor 2004	(2) Percent vote for PT - Pres 2006	(3) Percent vote for PT - Mayor 2008	(4) Percent vote for PT - Pres 2006	(5) # BF recipients 2007 that voted in 2006 Pres election
BF Funding 2005		0.0278*** (0.00324)			
BF Funding 2007			0.00621 (0.0161)		
Percent BF recipients voted 2006				0.00345*** (0.000376)	
Percent votes for PT in Pres 2006					5.871*** (0.496)
Literacy Rate	-0.00177** (0.000841)	-0.00124*** (0.000316)	0.000613 (0.000915)	-0.000696** (0.000323)	-0.323*** (0.0110)
Percent Rural Pop		-0.0501*** (0.00872)		-0.0564*** (0.00872)	3.222*** (0.281)
Total Pop. (log)	-0.0182*** (0.00703)	-0.00712* (0.00389)	-0.0182 (0.0178)	0.0187*** (0.00172)	1.235*** (0.0579)
Income	2.50e-05 (7.67e-05)	-0.000771*** (4.66e-05)	-0.000161 (0.000112)	-0.000790*** (4.48e-05)	-0.0296*** (0.00170)
regiondum1	0.132*** (0.0252)	-0.0738*** (0.00803)		-0.0788*** (0.00798)	-1.867*** (0.253)
regiondum2		0.0657*** (0.00775)	-0.0497* (0.0278)	0.0623*** (0.00769)	0.892*** (0.245)
regiondum4	0.112*** (0.0207)	-0.0235*** (0.00745)	-0.0152 (0.0236)	-0.0266*** (0.00746)	-1.991*** (0.223)
regiondum5	0.119*** (0.0227)	-0.0676*** (0.00805)	0.0212 (0.0249)	-0.0713*** (0.00806)	-3.134*** (0.239)
BF Funding 2003	0.0130** (0.00559)				

regiondum3	0.131*** (0.0191)		-0.0381 (0.0272)		
Constant	0.340*** (0.0659)	0.478*** (0.0317)	0.426*** (0.115)	0.518*** (0.0296)	32.29*** (1.030)
Observations	1,891	5,504	1,610	5,504	5,504
R-squared	0.039	0.640	0.021	0.641	0.872

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

The third regression, Table 3, looks at how funding for Bolsa Família changed after the 2006 presidential election and whether or not funding was redirected to more pro-PT municipalities instead of those most in need. If pro-PT areas get more funding than they should that has negative implications for the susceptibility of Bolsa to political manipulation. For each percentage that Lula won in the 2006 vote there was a .62 increase in 2007 funding for those same municipalities. In other words, for every 1% increase in votes for Lula, Reais per capita increases by 62%, holding all other variables constant at the mean. This increase is very significant indicating a clear correlation between the way that municipalities voted and subsequent funding allocation. This table also reaffirms the effectiveness of BF targeting showing a negative relationship between income, education (literacy) and BF funding. In other words as income and education decrease, funding increases, which is exactly how CCTs should function. They should not, however, increase for municipalities that voted the “right” way.

Table 3 also indicates a similar trend after mayoral elections in 2004. Though not as significant, for each percentage of the vote that the PT won in the 2004 mayoral election there was a .098 increase in 2005 funding for pro-PT municipalities. This demonstrates the marginal political gains experienced by local politicians, reinforcing Hunter and Power’s claim that lower-level politicians also

benefit from targeted social policy. It would be a fallacy to assume politics are devoid from all social programming. It is nearly impossible to separate something as public as social spending from political gains. The electoral benefits of providing social assistance are what ensure politicians continue providing it.

Table 3. Effect of Elections on Funding for Bolsa Família

	(1)	(2)	(3)	(4)
VARIABLES	BF Funding 2007	BF Funding 2005	BF Funding 2005	BF Funding 2005
Percent PT votes - Pres 2006	0.622*** (0.0420)			
Percent PT votes - Mayor 2004		0.0988* (0.0516)		
Percent PT votes - Mayor 2004			0.0297 (0.0384)	0.0297 (0.0384)
Literacy Rate	-0.0111*** (0.000863)	-0.0169*** (0.00225)	-0.0126*** (0.00125)	-0.0126*** (0.00125)
Percent Rural Pop.	0.0324 (0.0283)	0.0373 (0.0658)	0.0239 (0.0391)	0.0239 (0.0391)
Total Pop. (log)	1.056*** (0.00553)	1.050*** (0.0125)	1.054*** (0.00781)	1.054*** (0.00781)
Income	-0.00423*** (0.000172)	-0.00373*** (0.000258)	-0.00428*** (0.000178)	-0.00428*** (0.000178)
regiondum1	-0.0541** (0.0226)	-0.155** (0.0786)		
regiondum2	-0.0126 (0.0193)	0.378*** (0.0564)	0.514*** (0.0472)	0.514*** (0.0472)
regiondum4	-0.128*** (0.0182)	0.229*** (0.0528)	0.375*** (0.0386)	0.375*** (0.0386)
regiondum5	-0.279*** (0.0207)	0.223*** (0.0552)	0.319*** (0.0388)	0.319*** (0.0388)
regiondum3			0.0922* (0.0524)	0.0922* (0.0524)
Constant	4.929*** (0.0756)	4.852*** (0.210)	4.477*** (0.124)	4.477*** (0.124)

Observations	5,504	1,927	5,507	5,507
R-squared	0.937	0.871	0.861	0.861

Robust standard errors in parentheses

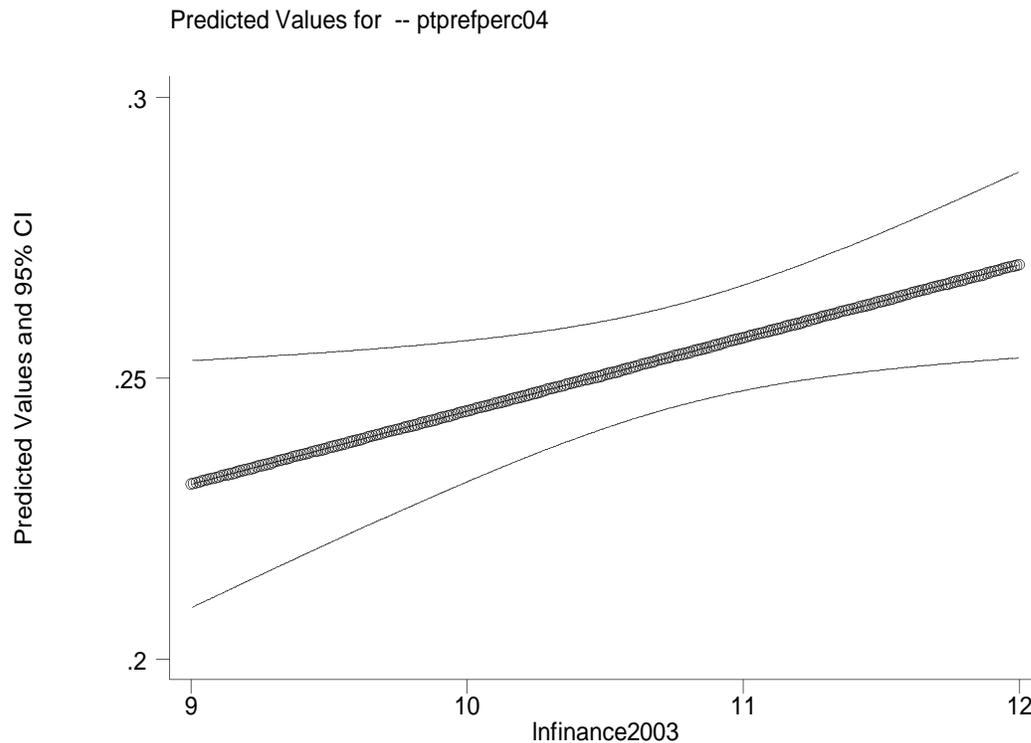
\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

*Regression 2 excludes municipalities without PT candidates*

I ran the same regression using the 2004 mayoral elections to see if local politicians were receiving similar political benefits as the president. I only looked at municipalities where the PT was running so the sample size of municipalities was much smaller but still statistically significant. Local politicians did benefit from a Bolsa Familia presence in 2004, though not as much as Lula did in 2006. There was only a 9% increase in per capita funding after mayoral elections for those that voted for the PT. This is most likely due to the way the system is set up. Because BF mails out the EBCs there is little contact between local politicians and CCT recipients and little reason for Bolsa voters to associate the cash transfers they receive with their local representatives. Local PT advantage may simply be a function of sharing membership with Lula's party rather than credit-claiming for BF programs. In this respect, it seems Bolsa succeeds in avoiding clientelism because local politicians cannot claim credit for cash transfers making it hard to use as electoral leverage.

This data is also substantively significant, as shown in Graph 1., meaning the results are useful and may have implications for policy practice. In demonstrating the significant reallocation of funding after elections I have found that Brazilian politicians have indeed "rewarded" municipalities that vote in their favor. This is substantively significant because the findings indicate potential vote buying. The difference in standard deviation one above and one below the mean is considerable.

## Graph 1. Substantive Results



Though I do not have comparative Mexican data I would expect Oportunidades recipients to associate their cash transfers more with local representatives because of a more community-oriented distribution system. However, it is also possible that the more community-oriented distribution approach of Oportunidades establishes a closer link to the national program and could sway more voters towards the incumbent party. The more decentralized nature of Bolsa Familia may mean that voters do not make an immediate connection between the cash they receive every month and the incumbent party, whereas the connection is reinforced every time Oportunidades agents dole out benefits.

If I had more time and the necessary resources I would like to look into similar regressions for Mexico. However, for this project my access to Mexican

election data was limited and I was not able to compile enough data for an adequate and comparable cross-section to the Brazilian data.

## XII. Conclusions

Though Oportunidades and Bolsa Família were conceived of and implemented around the same time with similar outcomes, there are significant differences in the way they are administered. Analysis of data on poverty and inequality measures in both countries as well as tracking the changes in political usage of these programs has revealed the growing importance of conditional cash transfers in Latin American politics.

In some respects I hope to answer the questions Sewall presents in her conclusion: “Are the behaviors of Lula and the PAN in the 2006 campaigns... acceptable? Are they on the same plane?” (185). In other words, are incumbent political parties in Mexico and Brazil using conditional cash transfers to boost votes by intentionally manipulating the municipal or regional distribution of funding? My findings indicate that this is in fact true, at least for Brazil. In demonstrating the significant reallocation of funding after presidential, and to a lesser extent mayoral, elections I have found that Brazilian politicians have “rewarded” municipalities that vote in their favor. Perhaps this is not vote buying in its most explicit sense, but it does point to some very clientelist behavior.

My argument is that the amount of funds allocated per municipality by conditional cash transfer programs in Brazil is conditional on recipients’ support for the incumbent party. This is supported by studies by Alberto Diaz-Cayeros, Wendy

Hunter and Timothy Power that argue CCTs had a positive effect on the 2006 elections in Mexico and Brazil. The overwhelming support of CCT recipients for incumbents in Brazil translated into increased Bolsa Família funding for their municipalities after the election, demonstrated by the above regressions. In establishing a positive relationship between social assistance funding and votes for the incumbent party in Brazil, there appears to be some vulnerability in Brazil's CCTs to political manipulation. The design of conditional cash transfers should ideally limit the effect of politics on program funding by injecting cash directly from national coffers into family bank accounts.

Throughout I have tried to highlight some key differences in the administration of Mexican and Brazilian CCT programs in order to better understand political vulnerability in Brazil. Targeting systems appeared largely the same in both countries; they both used geographic targeting mechanisms as well as assessments of household income. Both do an exceptional job at targeting the poorest population, however if incumbent politicians can control where funding goes it could mean greater discrepancies in Bolsa's ability to reach those families most in need.

There are also major differences in the distribution of CCT benefits between Mexico and Brazil. Bolsa has a much more relaxed approach to the fulfillment of conditions and facilitation of distribution is very decentralized. By distributing debit cards, known as EBCs, Bolsa remains fairly straightforward in its distribution of benefits and completely cuts out local politicians from the process. This explains Bolsa's reduced effect on local politics as seen in Table 3 and also stronger effect on

national politics. The national government, and incumbent party, can claim more credit for the CCTs than less involved mayors. On the other hand, Oportunidades uses a community distribution centers to disseminate benefits allowing for more involvement by local politicians. For this reason, I would expect Mexican mayors to get more of an electoral boost than Brazilian ones.

Lastly, the two programs have very different approaches to impact evaluations and condition fulfillment. As mentioned in the previous paragraph, Bolsa Familia is much more lenient with families that do not uphold the conditions and uses a three-strike policy. The Mexican program has more immediate punishments for failure to meet condition requirements. Overall, Brazil's evaluation process is lacking and may contribute to a lack of transparency at the national level.

After examining differences in program administration in targeting, distribution, and evaluation followed by an analysis of funding and election data I believe there is strong evidence for clientelist activity in Brazil. In demonstrating the significant reallocation of funding after presidential, and to a lesser extent mayoral, elections I have found that Brazilian politicians have financially rewarded municipalities that vote in their favor. Perhaps this is not vote buying in its most explicit sense, but it does point to some very clientelist behavior.

My intention is not to discredit Bolsa Família or to discourage the implementation of conditional cash transfers. The findings explained in my research do point to some unexpected results considering the pains that Brazilian CCTs take to avoid local-level manipulation. However, the vulnerability of Bolsa Família to political use does not completely undermine the enormous impact it has

had on poverty and inequality in the region. I fully expect Bolsa Família, Oportunidades, and the multitudes of CCTs across the world to continue in expanding their reach and treating many more of the world's poor. BF has reformed previously and I do not doubt there will be more reforms in the future. My hope is that this research will help in directing research for those changes and perhaps in some capacity aid the improvement of these game-changing programs.

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