In Latin America, public welfare agencies are turning to cash assistance in the ongoing
campaign to mitigate poverty. Federal initiatives in both Mexico and Brazil apply this strategy on a national scale. Mexico’s Oportunidades (Opportunities) and Brazil’s Bolsa Familia share the same approach in programs that they provide poor families with children monthly stipends. The objective is not only to reduce poverty in the short-term, but also to invest in long-term human capital. Both programs have received international attention for their efforts. This paper presents a qualitative analysis of the program assumptions of Oportunidades and Bolsa Familia. While effective in the short term, the long-term prognosis for poverty mitigation in either case is doubtful. Lastly, suggestions for future program implementation with regards to old-age poverty will be discussed.

In order to evaluate Oportunidades and Bolsa Familia, it is necessary to understand the key concepts behind cash transfer programs. Traditionally, such programs aim primarily to reduce poverty in the short-term. In theory they represent a social contract whereby governments provide financial assistance on a provisional basis; families receive the funds only if they meet the conditions established by the government. Regular school attendance, consistent medical care, and proper nutrition are examples of the conditions governing the distribution of monies to needy families. If a family is inconsistent or noncompliant in any of these areas, it is removed from the program. Government requirements thus turning cash assistance into a means of social control, if not also social engineering.

The second goal of cash transfer programs involves encouraging families to make long-term investments in their children. Long-term investment includes consistent education and medical care. The challenge of survival prevents the poor from generating an economic surplus. This leaves them unable to invest in their children. As a result, poor children live in an environment lacking the resources to encourage healthy development and have little opportunity to escape poverty. Intergenerational poverty breaks only when adults have the resources to invest
in their children. Moreover, at the macro level, human capital investment creates future citizens prepared to contribute to society.

Cash transfer programs utilize “targeting” to extend benefits to specific populations. Targeting ensures that social services reach eligible individuals in a cost effective manner. Governments collect and analyze data to determine the group(s) with the most need. Appropriate data includes household income survey, local economic development, and individual education levels. Levy (2007) argued that seventy-five percent of food subsidies in Mexico during the mid-1990 reached urban areas even though urban poverty accounts for only 40% of total poverty in Mexico. Targeting is problematic because it attempts to delineate the eligible from the non-eligible. Determining eligibility is highly political especially in countries struggling to disburse limited resources (Hoddinott 2007).

Direct cash assistance to families enhances purchasing power. Families receive an injection of predictable cash for direct investment in their families. Direct cash gives poor families the power of choice, something otherwise missing from their economic lives. The money serves as a form of empowerment for families who are accustomed to living without liquidity. Cash payments move away from traditional welfare programs that subsidize basic necessities, such as dietary staples, or simply distributed goods to poor families. Subsidized programs are vulnerable to corruption. The abuse of public welfare programs undermines their purpose and creates an atmosphere of mistrust between poor citizens and their government.

Cash transfer programs claim to empower women by making mothers the beneficiaries of program funds. By making the female head of household the primary beneficiary, it is believed that women gain status and visibility outside of the home and within the community because they cash improves their credit and purchasing power. Some cash transfer programs provide families with an education stipend to send all their children, including daughters, to school. The
education stipend encourages families to keep their daughters in school. Education enhances girl’s self-esteem and life chances (Molyneaux, 2007, p. 2).

Oportunidades and Bolsa Familia embody the key concepts of cash transfer programs. At the same time there are significant differences between the two approaches in combating hemispheric poverty. Case studies of each program will allow for consideration of their similarities and differences.

**Oportunidades**

Oportunidades is the principal public welfare program of the Mexican government. It constitutes 46.5 percent of Mexico’s anti-poverty budget (Parker, 2004, ¶ 1). The program began in 1997 under the name Progresa but changed to Oportunidades in 2002 under the government of President Vicente Fox. Oportunidades uses household surveys from rural and urban poor communities to determine eligibility. The program has three main components. An educational stipend is provided to families with children under the age of 22 years old. Grants range from 105 pesos to 660 pesos per month (Parker, 2004, ¶ 4). The amount of money increases as children progress to higher grade levels. The second component of Oportunidades is health care. Poor families receive preventative health care visits at a local public health clinic. In the event that a parent becomes ill, the welfare of the children is jeopardized. The final component is nutrition. Families receive a nutritional stipend in the amount of 155 pesos. The money can be used for improved food consumption or nutritional supplements for very young children between the ages of four months and two years. Furthermore, the stipend allows families to invest in local foods, thus increasing the market for food production (Parker, 2004, ¶ 5).

The international attention received by Oportunidades led the World Bank to negotiate a new loan to expand the program’s established objectives. Oportunidades is widely viewed as increasing school enrollments. Secondary school enrollments increased over 20% for girls and
10% for boys as a result of Oportunidades scholarships (Parker, 2004, ¶ 11). The program has inspired other poverty mitigation programs. New York’s Commission for Economic Opportunity under the government of Mayor Michael Bloomberg has looked to Oportunidades to inspire it’s own residents to invest in their children (“Paying for better parenting,” 2006).

**Bolsa Familia**

Brazil’s Bolsa Familia is the largest cash transfer program in the developing world. The program covered 26.4 million people in Brazil in 2005 (Lindert 2006). President Luiz Ignacio Lula da Silva implemented structural changes in 2003 as a part of his comprehensive program to address poverty in Brazil. Lula combined three existing cash transfer programs--Bolsa Escola, Bolsa Alimentação, and Cartão Alimentação —into Bolsa Familia (Handa and Davis, 2006, p.3). The integration reduced the administrative costs of running four existing cash transfer programs that targeted the same groups (Lindert, 2006).  Presumably, funds saved from administrative reorganization were utilized for Bolsa Familia. More broadly, Brazil’s commitment to Bolsa Familia aligned the country with the Millennium Development Goals of reducing malnutrition, achieving universal education, and reducing child mortality (Lindert, 2006, p. 68).

Eligible recipients fall into two categories established by the Brazilian government. Families who live on less than 60 reais per day are “extremely poor” and families who live on 60-120 reais per day are “moderately poor.” Presumably, the program separates the “extremely poor” and the “moderately poor” to extend benefits to families who move in and out of poverty frequently. The program depends on families to self-report their household income. All program recipients register in the Cadastro Único, the national database that determines and monitors social services eligibility. A debit card is issued to the female head of household. Funds can be withdrawn from Caixa Economica Federal (Brazilian national bank) automatic teller machines. Automatic access provides families with a level of flexibility and choice. Families utilize the
money to enroll children in school and provide them with routine medical care. Bolsa Familia is considered to have invigorated small local economies such as that of the town of Bacabeira where the majority of townspeople live below the federal poverty line of 120 reais per month (“Rich man, poor man,” 2007). Bolsa Familia provides citizens with a way to monitor cash transfer recipients by maintaining an electronic database of program recipients. Fraudulent behavior can be reported to a national hotline number. This feature allows the citizenry to reinforce program rules within their respective communities. However, program recipients are subject to stigmatization because their reliance on federal benefits is public knowledge (http://www.mds.gov.br/bolsafamilia/).

**Gender Empowerment**

Oportunidades and Bolsa Familia project a social policy that reinforces traditional female roles of mother and caregiver within Latin American society. Both programs focus on the education and upward mobility of children. Girls benefit directly from this program through access to education but women do not. Mothers are considered to be supporters of that goal. As the recipients of the monthly stipend they are expected to meet the conditions established by the government. Program conditions, however, only serve to empower women within the domestic sphere. Mothers are expected to enroll and keep their children in school and assure they receive appropriate medical attention. These tasks assure a better future for their children. Yet it is unclear how reinforcing traditional gender roles will improve the condition of women in Latin America (Molyneux, 2006).

Gender equality is a programmatic goal of neither Oportunidades nor Bolsa Familia. Traditional gender roles hold fathers to be the sole breadwinners and mothers the principal caretakers in Latin American culture. If a woman takes a job outside of the home, her work responsibilities are secondary to her domestic responsibilities. The programs fail to integrate
fathers into the discussion of healthy childhood development. Both programs assume that mothers will take care of the children and meet program objectives alone. They do not incorporate men into sharing domestic responsibilities, such as child-care. Future program expansion should include opportunities for fathers to contribute to childhood development.

**Economic Development**

Cash transfer programs encourage healthy human development in children thus promoting the progressive development of their country. However, Oportunidades and Bolsa Familia lack a clear position on national economic development. Graduates of cash transfer programs need employment to fully transition out of poverty. Government officials should integrate national economic development within cash transfer programs. Without employment, people will migrate to places demanding labor, such as the United States. Migrants are vulnerable to a new cycle of poverty within a new country where they are alone and unfamiliar with the language. They escape poverty in one country only to encounter it in another.

Oportunidades and Bolsa Familia do not make allowances for parental education and employment. The programs focus on children and provide adults with neither job training nor job assistance. It is assumed that parents can seek better work while their children are at school. This is problematic because a better job will require a significant commitment of time. Women cannot attain these objectives if they are expected to first and foremost fill their traditional societal roles. This assumption is an impediment for upward mobility. Without institutional backing in the form of education or training, men and women will struggle supplement program support with employment income.

Neither Oportunidades nor Bolsa Familia evaluate program participants for long-term success. Success is defined as being free of poverty at the time of evaluation. The programs do not track participating families beyond meeting the conditions of the programs. The future of
former recipients is unknown. Tracking former recipients exposes continuing poverty and provides administrators with data on the long-term benefits of cash transfer programs. Administrators could determine the benefits of investing in human capital by measuring levels of education and employment achieved after program completion.

Old Age Poverty

Poverty touches the young and the old. Old age poverty is a significant issue around the world, especially in the developing countries of Latin America. The dismantling of traditional family support networks and pension plan reforms put the elderly at risk of falling into poverty. Elderly people reside in multigenerational homes where the family support network is the strongest. Migration and the global AIDS epidemic have altered these multigenerational support networks leaving many elderly to raise their grandchildren or live alone. Many pension plans meet the needs of individuals in formal sector jobs, such as government and education. The very poor lack pensions because they worked informal sector jobs such as vendors, farmers, and fisherman. Women who spent most of their lives in the domestic sphere as caretakers may not have access to pension programs because they did not contribute to one or outlive a contributory pension plan established by their husbands (James, 2001, p. 163).

Cash transfer programs for poverty stricken older adults is an area of future research. Household survey data reveal that 10.3% Brazilians and 30.5% Mexicans ages 60 years and older experience poverty (Barrientos, 2006, p. 372). The marked difference results from supplemental old age support programs implemented in Brazil that are lacking in Mexico. Clearly, poverty is reduced amongst older populations when cash transfer programs are combined with existing pension plans or other social services. Cash transfer programs have the potential to strengthen the multigenerational family networks that older Latin Americans rely upon. Research conclusions should influence future policy makers to expand cash transfer
programs to include older generations.

**Conclusion**

Mexico’s Oportunidades and Brazil’s Bolsa Familia are two leading anti-poverty programs. Evidence suggests that Oportunidades and Bolsa Familia have increased school enrollment and contributed to healthy child development. Further program development can build on current strengths. Broadening the “gender empowerment” objective to fully include mothers contributes to long-term family success. Fatherhood is an important aspect in that is not addressed within either program. Cash transfer programs should integrate national economic development goals in order to establish jobs for program graduates. Without economic development, the work of programs like Oportunidades and Bolsa Familia is undermined by a new cycle of poverty. Long-term program evaluation will assist policy makers in determining program effectiveness. Program success cannot be stated without research data to substantiate claims that poverty has been reduced. Finally, future research should focus on the implications of cash transfer programs on old age poverty.
References


