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Conditional Cash Transfer Programs for Vulnerable Youth: Brazil's Youth Agent and Youth Action Programs

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Abstract

This article focuses on how Conditional Cash Transfer Programs (CCTs) can improve the lives of vulnerable youth. CCTs aim at reducing poverty and improve human capital development by giving cash to selected beneficiaries with the requirement that they fulfill certain conditions such as attending school regularly. The article provides an overview of CCT programs globally and then turns to implementation of two specific CCT programs in Brazil, the Youth Agent (*Agente Jovem*) and the Youth Action (*Ação Jovem*) in the city of Campinas, Brazil. These "complementary" CCT programs have been designed to address the needs of the youth after they "graduate" from other social assistance programs. Benefits and challenges will be discussed from the perspective of the municipal administration. While these experiences may not be fully replicated elsewhere, the example of these programs may contribute to the knowledge on how CCT types of programs can be a useful tool for governments to make education and training more affordable, with the aim of helping vulnerable youth escape risky environments, achieve social inclusion, and attain economic independence.

Introduction

Increasingly, Conditional Cash Transfer (CCT) programs are being used to reach vulnerable[1] youth in developing countries. Here we focus on experience in Brazil. CCT programs are demand-side interventions that provide money to poor families, on the condition that families "invest" in human capital by attending school, for example, or seeking health care. (Rawlings & Rubio 2005) Though CCT programs did not originally target youth, complementary programs anchored in existing CCT programs for children and families have been introduced as the needs of youth have become clearer. Vulnerable populations continue to need support after losing eligibility (because of age or completion of basic education). By

[1] Vulnerability as defined by the World Bank "denotes a condition characterized by greater risk to and reduced ability to cope with shock or negative impacts. It may be based on socio-economic condition, gender, age, disability, ethnicity or other criteria that influence people's ability to access resources and development opportunities. Vulnerability is always contextual, and it must be assessed in the context of a specific situation and time. Good practice indicates that interventions should assess vulnerability, and target interventions to reduce risk for the vulnerable". (World Bank Glossary)

targeting the very poor, CCT programs have raised awareness of the special needs of youth previously "invisible" in formal social assistance systems. Brazil's Youth Agent and Youth Action are examples of complementary CCT programs created to foster social inclusion among most disadvantaged youths, helping them to return to school, receive job training and take part in other community development activities.

The article begins with an overview of the context in which CCT programs have been designed, and the known impacts internationally. It describes the two main CCT programs in Brazil, the former *Bolsa Escola* and the more comprehensive *Bolsa Familia*. The next section describes existing complementary CCT programs aimed at youth, focusing on two programs implemented in Campinas City, Brazil. The article concludes with implications for future programs addressing vulnerable youth.

Overview of Conditional Cash Transfer Programs

Conditional Cash Transfer (CCT) programs represent a relatively new approach to social assistance by fostering demand-side use of social services. CCTs are aimed at complementing, not replacing supply-side interventions. (Legovini & Regalia 2001) CCTs often focus on schooling and health services. Research has found that even when services are supplied, they may be too costly for the very poor. Demand-side interventions, besides helping to make these services affordable for low-income families, motivate them towards changes in behavior to improve their health and education. Such interventions can also increase pressure on providers to improve access and quality of public services (de la Brière & Rawlings 2006) Of course demand-side programs only work if the supply side works sufficiently well. (de Janvry & Sadoulet 2005) Still, CCT programs are one of a number of strategies in a broad poverty reduction plan to address constraints facing the poor in accessing assets and services.

The main features of CCT programs are transfer of cash to targeted beneficiaries, a required counterpart to receive the cash benefits, and decentralized administration. Beneficiaries are chosen through a targeting system that identifies the poorest households, usually with children of school age. The family receives a certain amount of cash provided their children enroll and stay in school, and — often — participate in health checkups and workshops.

There are several rationales for CCT programming. First, in locales with few fiscal resources and where universal coverage is not feasible, CCT programs are one way to allocate scarce funds efficiently to social programs. CCT programs also help compensate for the historical exclusion of the poor from most social programs. Finally, CCT programs develop human capital among the poor where health and education deficits are highest. (Lindert 2005) Despite these shared goals and characteristics, CCT programs vary in terms of design, targeting system, and required conditions. To illustrate this, Table 1 presents a sample of CCT programs implemented in Latin America. Looking at the table, several observations can be made: While most of the earlier Brazilian programs focused on education, others

have worked in both health and education. Each program targets a particular age group to be covered, usually school age children. Depending on country context and capacity, different income criteria are used to target potential beneficiaries.

While evaluations have generally shown positive results, program implementation has often not been well coordinated. Typically each program maintains its own beneficiary registry and administration, resulting in duplication of effort and cost. (World Bank 2004) In 2003, the newly-elected government of Brazil, after reviewing these social programs, decided to develop an integrated approach to protection and the creation of behavioral incentives focusing on the family unit. *Bolsa Escola*, *Bolsa Alimentação* together with other subsidies (*Auxílio Gás* - Cooking Gas Subsidy - and *Cartão Alimentação* - Food Card) were consolidated into a single cash transfer program, *Bolsa Família*, which became the basis of Brazil's reformed social protection system. The rationale for integration was to avoid duplication of services, foster better coordination, expand coverage, and achieve greater efficiency and transparency.

Table 1. Conditional Cash Transfer Programs in Latin America

Program	Objectives	Component (type)	Target population	Conditionality
Bolsa Familia (Brazil, 2003)	Reduction of poverty and inequality in short and long term	- Education - Health - Nutrition	Families with children in extreme poverty, with monthly income per capita below R$ 100	- School attendance - Family health-care calendar (inoculations & periodic visits to health centers)
Bolsa Escola (Brazil, 1995-2003)	Extending permanency in primary and secondary education, and prevention of child labor	- Education	Families with children in moderate poverty, with monthly income per capita below R$ 90	- 80% - 85% school attendance
Bolsa Alimentação (Brazil, 2001)	Reduction of child mortality and under nutrition, and linkage to health-care system among families at nutritional risk	- Health - Nutrition	Families with monthly per capita income below half of the minimum wage, with pregnant or nursing women, and children under six years of age at nutritional risk	- Attendance at prenatal & nutritional health check-ups, immunizations & child development

Programa de erradicação do trabalho infantil (PETI) (Brazil, urban since1999)	Elimination of worst forms of child labor, including those that represent health danger, in rural, urban areas	- Education	Children between 6 and 15 years of age, belonging to families with monthly per capita income of up to R$ 90	- 80% school attendance. - Participation in extended school day
Familias en Acción (Colombia, 2001)	Protection and incentives for human capital formation among children from 0-17 in poor households, through support for family investments in health, nutrition, education	- Education - Health - Nutrition	In urban areas, children between 10 and 14 years of age involved in prostitution, drug trafficking, refuse collection and street trade	- 80% school attendance - Attendance at health-care centers for child growth & development check-ups
Programa de Asignación Familiar (PRAF) (Honduras, 1990)	Increase in human capital among children from poor families, to help break poverty cycle	- Education - Health - Nutrition - investment on supply side	Poor families with: - children between six and 12 years of age that have not completed the fourth grade of primary school - children under three years of age - disabled children up to 12 years of age - pregnant women - adults over 60 years of age	- Maximum of seven daysí absence from school - Attendance at health centers
PROGRESA-Oportunidades (Mexico, 1997)	Increase capacity of families living in situations of extreme poverty, through human capital investment in education, nutrition & health	- Education - Health - Nutrition (multidimensional)	Families below the poverty line (18.9 pesos per day per person in rural areas and 24.7 pesos per day per person in cities), with children 8 to 18 years of age enrolled in primary or secondary education, children who are breastfed age 4 to 24 months, children 2 to 5 years of age suffering from under-nutrition, pregnant and nursing women	- 85% school attendance - Visits to health centers - Attendance at health & nutrition workshops

Source: Selection by the author of programs and components adapted from CEPAL (2006) and the Ministry of Social Development and Fight Against Hunger, Brazil

CCT programs usually form part of a country's strategy to provide social safety netting and reduce poverty. They are generally introduced as part of a reform of social assistance systems. In Mexico, for example, *Progresa* and its successor program *Oportunidades* were introduced as part of a major reform of social assistance programs, replacing shorter-term, less well-targeted programs such as tortilla subsidies. Likewise Jamaica's *PATH* and Brazil's *Bolsa-Família* were introduced to replace or consolidate an existing array of income transfer programs, while improving targeting and cost-effectiveness. In Colombia, *Familias en Acción* was introduced as a cornerstone in a new safety net strategy designed to protect the poor during the worst recession in 70 years. (de la Brière & Rawlings 2006, p. 9) The growth of CCT programs in developing countries, particularly in Latin America, can be explained by the successes of early programs in reducing poverty and improving human capital among the poorest.

Impacts

The best evidence of the impact of CCT programs comes from evaluations of Mexico's *Progresa* (later renamed *Oportunidades*), in which evaluation was structured into program design. CCT programs (see Table 2) have shown positive effects on school enrollment and attendance (Schultz 2004; Behrman, Sengupta & Todd 2001; Attanasio *et al* 2005), improvements in the health of beneficiaries (Behrman & Hoddinott 2000; Gertler 2000), and increases in food consumption. (Hoddinott & Skoufias 2003; Maluccio & Flores 2005) Research shows that program effects are larger when transfers are "conditioned" on certain behaviors (e.g. school enrollment) (Schady & Araujo 2006) and for beneficiaries with the greatest needs, as for example, children whose mothers had the least schooling. (Hernández, Orozco & Sotres 2000) CCT impacts go beyond the program's beneficiaries, including linkage effects in the local economy (Coady & Harris 2001), multiplier effects through self investments (Gertler, Martinez & Rubio, 2006), spill-over on the non-poor (Bobonis & Finan 2005), and protection against economic shocks. (Maluccio & Flores 2005; de Janvry, Finan, Sadoulet & Vakis 2005)

In particular, evaluations show that CCT program substantially increase utilization of health services. (Gertler 2000; Hernández et al. 2000) The impact on child labor, however, appears to depend on country context. For example, in Brazil, increased school enrollment due to *Bolsa Escola* programs did not automatically translate into reductions in child labor. This could be due to a short school day, with children managing to attend school and do some work at the same time. Programs such as *PETI* and *Oportunidades* that included organized after-school activities have attempted to address this issue. Ultimately, overall impacts also depend on the availability and quality of services available to beneficiaries. In addition to conditionalities, another key to the relative success and large coverage of programs such as *Progresa-Oportunidades* in Mexico and *Bolsa Familia* in Brazil is the political consensus that led to consolidation and coordination of previously dispersed social assistance programs. (Villatoro 2005)

Table 2. Evaluation Indicators and Impacts of Selected CCT Programs

	Education Indicators	Health and Nutrition Indicators	Child Labor Indicators
PROGRESA—Oportunidades (Mexico)	- decrease in drop-out rates, particularly from primary to secondary education; - no effect on already high enrollment rates; - increased rate of school progress for all ages	- reduced stunting for rural children 2-6 months old - reduction in maternal and infant mortality in selected municipalities - increase in the use of rural ambulatory services	- reduction in child labor with better results in rural areas (15-25% reduction in labor force participation for boys)
Bolsa Escola (Brazil)	- improved school Attendance		- mixed results on impact on child labor
PRAF II (Honduras)	- decrease in grade repetition (from 20% to 13%) - increase in enrollment rates (from 82 to 85%)	- increase in percent of children with updated vaccination - significant increase in pre-natal care & children health check-ups - no impact on food consumption	
Familias en Acción (Colombia)	- increase in school attendance with higher impact for children aged 12-17	- reduced stunting in young children - average food consumption higher in treatment groups - increase in food expenditures in rural areas	- time at school reflects reduction in domestic work for girls

Source: Developed by the authors based on Attanasio et al. (2005), Hoddinot & Skoufias (2003), Cardoso & Souza (2004), Behrman & Hoddinot (2000), and Schultz (2004).

While information on the impacts of CCT have been widely disseminated and used to support CCT programs in different countries, not all aspects may be replicable nor is it necessarily so that different aspects of the program will work as intended with different populations (e.g. indigenous, youth) or in different settings (urban vs. rural). The decentralized implementation of CCT programs in Brazil generates challenges and outcomes influenced by the local context.[2] (de Janvry, Finan, Sadoulet, Nelson, Lindert, de la Brière & Lanjouw 2005) Information of the success of CCT in different contexts may provide valuable insights

[2] A study of the variation of implementation of Bolsa Escola and Bolsa Familia in 261 municipalities in the poorest region of Brazil, the Northeast, showed a wide variation on the criteria for beneficiary selection, differences in monitoring and in required conditionalities and indicated certain political aspects that may have influenced how the program was implemented (de Janvry et al. 2005).While results may not be applied elsewhere in Brazil, findings underscore the need for knowledge of implementation issues that may arise, in order to plan better.

on how these programs can best help more vulnerable populations in different circumstances.

Examination of the two main CCT programs in Brazil, *Bolsa Escola* and the now more comprehensive *Bolsa Familia* will provide a better understanding on how CCT programs have evolved to serve a wider range of beneficiaries, including vulnerable youth.

Evolution of CCT Programs in Brazil

The economic crisis in the1990's made more urgent the need to address the needs of the poor. The *World Bank Development Report 1996* showed Brazil as having one of the most unequal distributions of income in the world: the top 10% of the population captured 51.3% of GDP, while bottom 40% received only 4% (World Bank 1995). In none of the other 85 countries surveyed did the richest 10% receive more than 50% of their country's GDP.

To the extent that the poor had not benefited from the country's development gains, it became increasingly difficult for low-income families to send their children to school. The Brazilian Institute of Geography and Statistics, IBGE, noted that in 1995, there were 7.7 million children between 10 and 17 years old working, nearly 30% of the total cohort. In addition another 447,000 children 5-9 were working an average of 16 hours a week, with many children 15-17 working 40 or more hours a week (Suplicy & Buarque 1997). Many of these children have few chances to complete their education, which may be their only chance to escape from poverty.

In this context and preceding the establishment of *Bolsa Escola* in 1995, there were discussions about whether the government should provide all citizens with a minimum income as a matter of right. Senator Eduardo Suplicy had proposed a law for a Program of Minimum Income which was approved in the Senate in 1991 (but waited four and a half years for Congressional approval). With various additions and changes the program was approved in 1995 to provide cash to low-income families provided they sent their children up to 14 years old to school. *Bolsa Escola* and similar income transfer programs were first implemented in Campinas, in the Federal District and then rapidly expanded to municipalities around the

Table 3. Evolution of Income Transfer Programs of Brazil's Federal Government

Year of Implementation	Program	Number of Beneficiaries in 2005
1996	*Benefício de Prestaçã Continuada*	2.4 million beneficiaries
1996	Program for the Erradication of Child Labor - PETI	930,000 children
1996	Youth Agent - *Programa Agente Jovem*	63,000 youths
2001	*Programa Bolsa Escola*	2.3 million families
2001	*Programa Bolsa Alimentação*	36,000 families
2002	Cooking Gas Subsidy- *Auxílio-Gás*	4.3 million families
2003	Food Card - *Cartão Alimentação*	99,000 families
2003	*Bolsa Família*	7.3 million families

Source: Ministry of Social Development and Fight Against Hunger, Brazil

country. Table 3 list the various income transfer programs implemented in Brazil after the start of *Bolsa Escola*.

Based on evaluations in Brasilia and Recife, which showed strong increases in school enrollment and beneficiaries' income (Barbosa & Lavinas 2000), *Bolsa Escola* became a Federal Program in 2001, rapidly expanding to other cities. The program paid a monthly stipend of R$15 (around $5) per child between the ages of 6 and 15 (up to R$45) to families with per capita monthly incomes below R$90. In exchange, the mothers of those families had to commit to keep all their children in school (Souza 2005). In October 2003, these programs were restructured and included in the *Bolsa Familia* Program, a single cash transfer program now considered the largest CCT program in the world. While retaining the main goals of poverty reduction and human capital development, the *Bolsa Família* program has introduced several innovations: (1) the family unit as the entity receiving the benefit and bearing the responsibility of meeting program's requirement; (2) decentralized partnerships with states and municipalities; and (3) the use of Unified Registry of Social Programs (*Cadastro Unico* or *CadUnico*) as a tool for policy planning and administration (World Bank 2003).

As a result of expansion, *Bolsa Familia* has encountered new challenges. Improvements are needed in terms of following up with beneficiary families and articulating public policies according to families' needs, for example, the coordination between *Bolsa Família*, the Social Service Centers (Centros de Referência de Assistência Social), and the *PETI* program (Ministry of Social Development and Fight Against Hunger, 2005). Complementary CCT programs such as Youth Agent and Youth Action discussed later in this article are also part of such emergent new policies.

Unlike *Progresa* in Mexico, CCT programs in Brazil have not been thoroughly evaluated. The few available empirical studies are based on *ex-ante* and *ex-post* program designs. Bourguignon, Ferreira & Leite (2002) focused on potential impacts of changing program design *ex ante* on two dimensions of the *Bolsa Escola* program, the occupational choice (or time allocation) decisions of children, and the effects on current poverty and inequality. The second study from Cardoso & Souza (2004) investigated the *ex-post* impact of *Bolsa Escola* on school attendance and child labor. Both studies showed the program having a positive impact on school attendance. This is supported by a preliminary study of impacts of *Bolsa Familia* by Azevedo and Heinrich (2006) that concluded that the stipend makes a difference of 11.5 percent in school enrollment among families in the lower income deciles.

It is important to emphasize that the financial incentive to attend school are not extended to children after basic education (8th grade) and that the program calculates the age group of beneficiaries as if they all have progressed through the system without repeating a grade and without dropping out and later returning to school. Thus, while both *Bolsa Escola* and *Bolsa Familia* cover children up to 15 years of age, there are still many children older than 15 who are still enrolled in basic education or who have dropped out earlier but because of their age cannot receive financial support for a second chance. This situation has left a substantial gap

in social assistance programs for the most disadvantaged youth. While *Bolsa Familia* itself has not expanded to include youth from beneficiary families, other CCT programs have been created at the federal, state and municipal levels to address the urgent needs of youth suffering from violence and lack of opportunities, mainly in overgrown urban areas.

Challenges of Vulnerable Youth in Brazil and Campinas

Brazil is one of the youngest nations in the world. In 2002 there were 48 million 15-29 year olds in Brazil (IBGE 2002). Though youth account for 30% of the population, very few social policies target the 15-17 age group. Youth at this age are especially vulnerable to drug trafficking, drug use and violence, particularly those living in poverty, and excluded from educational and labor opportunities (World Bank 2006).

Low levels of education and poverty are the main factors disadvantaging poor youth and placing them at risk of social exclusion. Completing education in a violent and deprived environment is particularly challenging. Most children, even from the poorest populations, manage to start school, yet a great number of them drop out before completing basic education. While access in Brazil is universal, only 84% of students managed to finish 4th grade and only 57% will complete basic education at the 8th grade level. At the secondary level, completion decreases drastically with only 37% of the Brazilian youth completing school. This "funneling" is also economic: in the first year of basic education, two thirds of the cohort comes from the poorest segments of society, while only 5% of the poorest students earn a higher education diploma (IPEA 2006).

In Brazil, economic reasons drive children away from study, forcing them to start work early. The average age of students finishing 8th grade is 16; at least 60% of these students juggle school and work. In 2000, for example, 55% of secondary students attended evening courses.(IPEA 2006) any of these students will have to interrupt their studies, returning to school, if at all, much later. Many who want to continue are unable to profit from "second chance" programs.[3]

The IBGE Census from 2000 showed that the city of Campinas had 270,835 youth from 15 to 29 years old of a total population of 969,386. Campinas, like many other large urban centers, has experienced a rise in crime, with disadvantaged youth most affected.[4] Homicide rates, for example, are highest among youth in low-income areas.

CCT programs are one tool to address the challenges of vulnerable youth. Heinemann and Verner (2006), after reviewing the literature on crime and violence in Latin America concluded that to reduce inequality and the violence it generates, interventions should be

[3] According to some estimates, approximately 120 million individuals in Brazil would not be proficient enough to access and follow technical/vocational courses even if these were offered free of charge (IPEA 2006).

[4] Data from the Municipal Secretariat of Health have shown that from 1985 to 2005, there had been an increase in homicide, with the highest impact for young males, especially young adults from in the 15 to 24 and 25 to 34 age group (Source: Datasus/MS 1985-2003, SIM/SMS, Campinas 2004-2005).