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TESIS DOCTORAL

The impact of municipal socio-economic characteristics on the implementation of conditional cash transfers (CCTS): a sutdy of the Bolsa Familia Program in Brazil
El impacto de las características socieconómicas de los municipios en la implementación de las transferencias en efectivo condicionadas: un estudio del Programa Bolsa Familia en Brasil

MEMORIA PARA OPTAR AL GRADO DE DOCTOR

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Título de la Tesis Doctoral

THE IMPACT OF MUNICIPAL SOCIO-ECONOMIC CHARACTERISTICS ON THE IMPLEMENTATION OF CONDITIONAL CASH TRANSFERS (CCTS): A STUDY OF THE BOLSA FAMÍLIA PROGRAM IN BRAZIL

Doctoranda

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"Entre o falar e o fazer há um mundo a vencer."

"Del dicho al hecho hay mucho trecho."

"It is easier said than done."

ABSTRACT

Does it really matter to implementation performance whether the implementing jurisdiction is rich or poor? This study aimed at answering this question and building a better understanding of how local socio-economic characteristics impact policy implementation in the context of poverty alleviation policies, such as conditional cash transfers, which are largely carried out in poor areas.

Even though the importance of socio-economic characteristics in influencing performance is widely recognised in the policy implementation literature, existing theoretical frameworks offer only a superficial and limited examination of the role of local socio-economic characteristics in the implementation process. Given this gap in the literature, the first part of this thesis focus on the development of a theoretical framework which explains the relationship between local socio-economic characteristics and implementation performance. This theoretical framework offers a path to analysing the interaction between local socio-economic characteristics and six other intervening variable clusters that influence performance, namely policy objective, policy resources, political conditions, agency capacity, disposition of implementers and intergovernmental relations.

The second part of this work empirically investigates this relationship in the context of the Bolsa Família Program, a Brazilian conditional cash transfer programme which benefits over 13 million families with monthly cash transfers linked to the fulfillment of health and education conditionalities. Bolsa Família's decentralised implementation offers an ideal setting to study performance variation among the 5,565 municipalities implementing this federal programme.

Using a sub-national comparative approach, this study applies a combination of large-n quantitative research with contextualised qualitative research to analysed and compared the performance of municipalities implementing the Bolsa Família Program and their socio-economic characteristics, particularly their levels of income and development. Quantitative analysis of performance data from all municipalities implementing Bolsa Família shows that,

contrary to common sense, poorer, less developed municipalities have a better implementation performance than wealthier, more developed ones. Why is that the case?

Further investigation using qualitative techniques suggests that this is the case because the relative importance of the Bolsa Família Program to municipalities is very different according to their socio-economic situation: the programme is extremely important to poor municipalities and only marginally important to wealthy ones. This in turn influences the level of support and resources available to programme implementation in such areas; wealthy municipalities have largely failed to mobilise existing local resources to support implementation, while poor ones benefited from performance-related federal funds to build their capacity to carry out programme implementation. In sum, poor municipalities are likely to have both the motivation and the capacity to implement the Bolsa Família Program, while wealthy municipalities, in most cases, lack both.

The conclusions of this study challenge the widely accepted assumption that more resources and capacity at local level will invariably lead to better implementation performance and propose a revision of decentralised policy implementation and capacity building strategies in poor areas.

RESUMEN

¿Es realmente importante para la implementación de políticas que la jurisdicción ejecutora sea rica o pobre? Este estudio se centra en contestar esta pregunta y en entender mejor cómo las características socioeconómicas locales pueden influir en la implementación de las políticas, particularmente en las políticas para aliviar la pobreza, como por ejemplo las transferencias monetarias condicionadas, que son en gran parte aplicadas en áreas pobres.

Aún cuando la influencia de las características socioeconómicas en el desempeño es ampliamente reconocida en la literatura sobre implementación de políticas, los marcos teóricos existentes sólo ofrecen un examen superficial y limitado sobre el rol de las características socioeconómicas en el proceso de implementación. Dada esta laguna en la literatura, la primera parte de esta tesis está dedicada a desarrollar un marco teórico que explique la relación entre las características socioeconómicas y la ejecución de políticas. Este marco teórico ofrece un camino para analizar la interacción entre características socioeconómicas locales y otros seis grupos de variables que influyen en la ejecución, éstas son: el objetivo de la política, los recursos de la política, las condiciones políticas, la capacidad de la agencia ejecutora, la disposición de los implementadores y las relaciones intergubernamentales.

La segunda parte de este trabajo investiga empíricamente estas relaciones en el contexto del Programa Bolsa Família, un programa de transferencias monetarias condicionadas en Brasil que beneficia a más de 13 millones de familias con transferencias de dinero mensuales, vinculadas al cumplimento de condicionalidades de salud y educación. La implementación descentralizada de Bolsa Família ofrece un espacio ideal para el estudio de variación de desempeño entre las 5.565 municipalidades que implementan este programa federal.

Haciendo un análisis comparativo subnacional, este estudio aplica una combinación de investigación cuantitativa con amplia muestra e investigación cualitativa contextualizada, y compara el desempeño de municipios que implementan el Programa Bolsa Família y sus características socioeconómicas, particularmente sus niveles de ingreso y desarrollo. El

análisis cuantitativo de datos de desempeño de todos los municipios que implementan Bolsa Família demuestra que, contrariamente al sentido común, los municipios más pobres y menos desarrollados tienen un mejor desempeño que aquellos más ricos o más desarrollados. ¿Por qué sucede esto?

Una investigación más profunda utilizando técnicas cualitativas sugiere que esto se da porque la importancia relativa del Programa Bolsa Família para los municipios varía de acuerdo a su situación socioeconómica: el programa es de extrema importancia para los municipios pobres, y tan solo marginalmente importante para los ricos. Esto, por su parte, influye en el nivel de apoyo y en los recursos disponibles a la hora de ejecutar el programa en dichas áreas. Los municipios ricos han fracasado en movilizar recursos locales existentes para apoyar la implementación, mientras que los municipios pobres se han beneficiado de fondos federales relacionados con desempeño, para prepararse para llevar a cabo la implementación del programa. En suma, los municipios pobres tienden a tener tanto la motivación como la capacidad de implementar el Programa Bolsa Família, mientras que los municipios ricos, en la mayoría de los casos, carecen de ambas.

Las conclusiones de este estudio desafían la creencia ampliamente aceptada de que más recursos y capacidad a nivel local conllevan invariablemente a un mejor desempeño en la implementación de políticas, y proponen una revisión de estrategias de implementación descentralizada y de desarrollo de capacidades en áreas pobres.

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LIST OF ABBREVIATIONS AND ACRONYMS

CCT   Conditional Cash Transfer

DFID   Department for International Development

IBGE   Instituto Brasileiro de Geografia e Estatística (Brazilian Institute of Geography and Statistics

IDEB   Índice de Desenvolvimento da Educação Básica (Basic Education Development Index)

IDSUS   Índice de Desempenho do SUS na Atenção Básica (Health System Performance Index)

IGD-M   Índice de Gestão Descentralizada Municipal (Municipal Decentralised Management Index)

MDS   Ministério do Desenvolvimento Social e Combate a Fome (Ministry of Social Development and Fight Against Hunger)

SENARC   Secretaria Nacional de Renda de Cidadania (National Department of Citizen's Income)

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Chapter I Introduction

Governments all over the world are becoming increasingly horizontal and decentralised and, as a result, policy outcomes are more and more dependent on the success of local government action (Agranoff and McGuire 2001). From the perspective of policy implementation this entails a renewed interest in understanding performance variation at the local level and investigating how local characteristics can facilitate or hinder implementation (Barrett 2004; Hill and Hupe 2009).

It is often assumed that poverty and underdevelopment are characteristics which invariably hinder implementation (van Stolk and Patil 2014; Yoong 2012; Pritchett, Woolcock and Andrews 2012; Rondinelli and Nellis 1986). This assumption is normally based on the fact that poor, less developed areas have inherently limited resources and fragile institutional capacity and as such often lack the means to implement policies successfully. Indeed, there are large numbers of case studies from the development and implementation literatures illustrating the difficulties poor, less developed areas face when implementing policy (see for instance Brinkerhoff 1999; DFID 2011; Ridde 2008) .

However, while resources and capacity are critical elements of implementation success (O'Toole 2004), this somehow intuitive idea that wealthy, more developed areas are better at implementing policies than poor ones is based on a rather simplistic view of implementation, which attributes the outputs of implementation solely to local capacity and resources. It fails to recognise the importance of several other variables affecting implementation, both contextual variables and non-contextual ones, and the interaction between local socio-economic characteristics and such variables.

And yet, the idea that wealth and development facilitates policy implementation while poverty and underdevelopment hinders it sounds so commonsensical and is so firmly established that, despite its significant practical implication to policy design and implementation, and indeed to wider governance, there are, to my knowledge, no systematic

empirical studies which investigate the relationship between local poverty/wealth and implementation performance.

While virtually all policy implementation theoretical frameworks acknowledge the influence of local socio-economic characteristics in the implementation process, they offer only a superficial analysis of the role of this variable cluster, failing to explain how this aspect of the local context interact with other contextual (political conditions, institutional capacity) and non-contextual variables (policy/statutory variables, intergovernmental relations) to produce performance (see for instance, Van Meter and Van Horn's "Model of the Policy Implementation Process" (1975,1976); Sabatier & Mazmanian's "Policy Implementation Framework" (1980); Goggin *et al.*'s "Communications Model of Intergovernmental Policy Implementation" (1990); Winter "Integrated Implementation Model" (1990 and 1994). As Matland (1995) noticed, the implementation literature has "given us a field overflowing with diagrams and flow charts with a prodigious number variables. [However] The conditions under which these variables are important and the reasons we should expect them to be important have been ignored to a large degree or have been treated superficially".

This study aims to fill this gap in the literature and provide a deeper understanding of the relationship between local socio-economic characteristics and performance. It has two main objectives: (i) To develop a theoretical framework which explains the relationship between local socio-economic characteristics and performance in the implementation of intergovernmental policy; (ii) To empirically study this relationship in the context of targeted poverty alleviation policies, such as Conditional Cash Transfers.

By building theory and empirical evidence on this key variable of the implementation process, this study supports the development of implementation, decentralisation and intergovernmental relations studies. It also contributes to the wider debates regarding the implications of new governance arrangements in policy implementation and the dilemmas they create in terms of management, accountability and equitable provision of services.

Investigating such arrangements and the dilemmas they create has been my primary research interest over the past 10 years. I first explored this topic while reading for a MSc in

Development Projects at the University of Reading, when I wrote a dissertation focused on the possibilities and the perils of international cooperation in policy implementation. This work was published in the *Development in Practice* Journal in 2004[1]. A few years later, I wrote a MSc dissertation on Public Private Partnerships, at Birkbeck College, University of London, focusing on the British experience with Private Finance Initiative (PFIs) and exploring how such instruments could be applied in a developing country context.

During the course of this doctorate, I further explored the issues of public-private partnerships in policy implementation in my *Tesina*, but this time I focused on non-governmental organizations (NGOs) with a study that compared the direct and indirect implementation of a cash transfer programme in Mozambique. This work was published in the *GIGAPP Working Papers* in 2010. This thesis, focused on intergovernmental policy implementation, is part of this quest to understand the possibilities and challenges the new governance arrangements open to policy implementation.

1. Research Question

The main research question that guide this investigation is as follows: Does it matter to implementation performance whether the implementing jurisdiction is rich or poor? If so, how?

The specific research questions in this study are:

(1) Do local socio-economic characteristics influence the implementation of intergovernmental policy?

(2) Are the dynamics of policy implementation different in poor and rich areas?

(3) Do poor and rich areas have different implementation performances?

(4) If so, which one has better implementation performance? Do wealthy, more developed areas outperform poor ones; or, on the contrary, poor, less developed areas outperform wealthy ones?

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[1] Galvani, F. and Morse, S. (2004) "Institutional sustainability: at what price? UNDP and the new cost-sharing model in Brazil", *Development in Practice* 14(3): 311-327

2. Research Strategy

This study is carried out from a pragmatic perspective and hence the choice of research approach was guided by its research questions (Creswell and Plano Clark 2011). The research questions addressed in this study call for the analysis of policy implementation in areas with contrasting socio-economic characteristics, rich and poor, suggesting the use of comparative approaches. The comparative approach can be defined as "a method of testing hypothesized empirical relationships between variables (…) in which cases are selected in such way as to maximize the variance of the independent variables and to minimize the variance of control variables" (Lijphart 1975:164). As the primary interest is to investigate the relationship between local socio-economic characteristics and implementation within a decentralised, intergovernmental implementation context, a sub-national comparative method was selected.

The sub-national comparative approach can be defined as the systematic analysis of a small number of territorially-defined sub-national cases, such as cities, provinces, states and regions (Moncada and Snyder 2012). According to Snyder (2001) the sub-national comparative approach has two key strengths with regard to research design. First, it can serve as a powerful tool for increasing the number of observations, mitigating the problem of many variables, small-n and facilitating the use of quantitative methods. Secondly, it makes it easier to construct controlled comparisons which increase the probability of obtaining valid causal inferences, as the focus on sub-national units can greatly strengthen the ability to establish control over potential explanatory variables. This is particularly the case in within-nation comparisons which follow what Snyder (2001) called a "one sector, many places" strategy.

The sub-national comparative method is extensively used the field of comparative politics (Moncada and Snyder 2012). However, there are few comparative studies in studies in the policy implementation literature, as the literature still relies mostly on single case studies to examine the success of failures of the implementation process (O'Toole 2000; Winter 2006).

Some notable exceptions include research on policy implementation variation in the U.K. by Vicki *et al.* (2006) and Choi (1999) . Vicki *et al.* (2006) research used postal survey of local officers to investigate the factors affecting the implementation of a social care policy from the central government in England. Choi (1999) compared implementation by local authorities in the U.K. of the privatasation of local government services. Both studies provide useful methodological and theoretical insights regarding the use of sub-national comparisons to study local implementation variance. The extensive literature on comparative politics in the U.S.A. which examines federal policy adoption by states also offers interesting insights regarding the use of sub-national comparative studies to investigate variation in intergovernmental contexts.

Similarly to Snyder's (2001) "ones sector, many places" strategy, the analysis of the same policy across several sub-national jurisdictions - states in the case of USA focused research or local authorities in the case of the U.K. – can yield significant insights regarding the conditions under which certain variables are important, allowing comparisons to focus on key independent contextual variables and the interaction between the policy and the local context without having to control for all the variables related to policy objectives, design and resources. This study follows this "one policy, many places" research strategy, comparing the implementation of a single programme across poor and wealthy sub-national areas to chart variation and gain a better understanding of the behaviour of implementation performance under these contrasting circumstances.

The policy selected for this comparative study is the Brazilian conditional cash transfer programme Bolsa Família.

2.1 Why Conditional Cash Transfers?

Conditional Cash Transfers (CCTs) are one of the most widely adopted poverty alleviation policies in the developing world. CCTs are regular money payments to poor individuals or households in exchange for compliance with human development conditionalities, with the objective of alleviating poverty in the short run and breaking the cycle of poverty in the long

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run through improvements in human capital. Hailed as the closest one could come to a magic bullet in development, CCTs have, since the 1990s when Brazil and Mexico launched the first programmes, expanded very rapidly and are currently implemented in over 40 countries (Adoto and Hoddinot 2007; DFID 2011).

CCTs are complex to implement and, given their poverty targeting, concentrate beneficiaries in poor areas, imposing a significant management and administrative burden on less developed implementers. This has raised concerns regarding the ability of poor countries and poor areas within high and middle-income countries to implement such complex policies given their limited institutional capacities and resources (Samson *et al.* 2006, Rawlings 2005). Harvey and Holmes (2007) have called this issue "the catch 22 of social protection", where the greater the need for it, the lower government's ability to provide it.

Such concerns have had real implications to programmes' design and implementation strategies. For instance, some countries, such as South Africa and Zambia, opted for less complex unconditional cash transfers, relinquishing a key component of CCTs and potentially compromising its long term objective of breaking the cycle of poverty; others, such as Mexico, Peru, and Mozambique have adopted centralised implementation approaches.

By focusing on the analysis of Conditional Cash Transfer policies, this study aims to enhance the understanding of how the relationship between local socio-economic characteristics and implementation performance works in the context of policies whose implementation largely takes place in poor, less developed areas.

2.2 Why the Bolsa Família Program?

The Bolsa Família Program is the largest CCT programme in the world, currently benefiting 13 million families with an annual budget of over $24 billion reais (US$12 billion). There are three main reasons for selecting Bolsa Famíla for this comparative study.

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Firstly, as a pioneers CCT programme, Bolsa Família is very representative of the policy type focus of this research. It has all the characteristic elements and features of a typical conditional-cash transfer programme and is often the reference (along with Mexico's "Oportunidades") for the development of new CCT programmes.

Secondly, Bolsa Família's decentralised implementation created an ideal setting for a sub-national comparative study. This federal programme is implemented by Brazil's 5,565 municipalities, enabling the analysis of implementation variation across municipalities and their diverse socio-economic characteristics.

Finally, the Programme has developed a unique quantitative indicator of implementation performance – the Decentralized Management Index (Índice de Gestao Decentralizada Municipal- IGD-M, in Portuguese) – which can be used to measure and compare municipal implementation performance. Finding the right proxy for implementation performance is often the key challenge faced by implementation researchers, particularly in the case of quantitative research (Hill and Hupe 2009). Hence, the fact that Bolsa Família's IGD-M enables the quantitative analysis of implementation performance and that information on IGD-M scores was collected and available for all municipalities was a critical reason for studying the Bolsa Família Program.

3. Research Method

Heeding to the advice put forward by Lester and Goggin (1998) to combine large-n quantitative research with contextualised qualitative research when analysing variance in local implementation performance, this research employed a mixed methods strategy with a explanatory sequential design (Creswell and Clark 2011). The use of quantitative and qualitative methods together and in complementary ways provides a richer pool of data and greater analytical power than that gained through either method alone and has long been established theoretically and empirically (Creswell 1994; Tashakkori and Teddlie 1998).

Quantitative methods were used to analyse and compare implementation as an output, while quantitative analysis helped to interpret and explain the quantitative results and to establish the underlying processes which lead to a certain performance. The combination of these two levels of analysis – output and process – offers a more comprehensive view into the "black box" of implementation, increasing our comprehension of the intermediate processes that ultimately determine programmes' impacts.

Snyder (2001) noted that in sub-national comparative studies, the focus of analysis should be lower-level units in which the process entailed by the hypothesis takes place. Hence, in this comparative study, Brazil's municipalities are the sub-units of analysis in both the quantitative and qualitative analyses, as they are the main *loci* of Bolsa Família's implementation.

3.1 Quantitative Analysis

The purpose of the quantitative analysis was to examine the relationship between municipal implementation performance and local socio-economic characteristics and test the following research hypotheses:

H1: Municipalities' socio-economic characteristics affect implementation performance.

H2a: High levels of income and development are associated with good performance, while low levels of income and development are associated with weak performance;

OR

H2b: High levels of income and development are associated with weak performance, while low levels of income and development are associated with good performance.

3.1.1 Variables

Dependent Variable: Implementation Performance

The dependent variable in this study is implementation performance, represented by the Decentralised Management Index (Índice de Gestão Descentralizada – IGD-M, in Portuguese), a synthetic performance indicator developed by Bolsa Família's federal managers (MDS). Performance indicators should, according to Van Meter and Van Horn (1975), assess the extend to which policy targets and objectives (rather than policy outcomes) have been realised. The IGD-M fulfills this criteria, as it measures municipal performance at the output level in all programme areas which are carried out directly by municipalities, namely family registration and enrolment, upkeep of the Unified Registry (*Cadastro Único*) and monitoring of conditionalities' compliance. The IGD-M is calculated on a monthly basis for all municipalities and its value can vary from 0 to 1; the closer to 1, the better the implementation performance of the municipality. The IGD-M is also specific, measurable, attainable, relevant and time bound and hence a good indicator to be used in quantitative research, as demonstrated by Tomazilli *et al.* 2010, Silva *et al*. (2010), and van Stolk and Patil (2013).

Independent Variables: Local Socio-Economic Characteristics

In this study, municipalities' socio-economic characteristics are defined in term of income and development levels and operationalised by two widely used indicators: Gross Domestic Product per capita (GDP per capita) and the Municipal Human Development Index (MHDI).

GDP per capita (also known as income per capita) is calculated by dividing an area's Gross Domestic Product (GDP) by its population. Rich municipalities are those with GDP per capita above the national average; poor municipalities are those with GDP per capita below the national average. A key criticism of this indicator is that it reflects only the "material" aspect of the socio-economic context. Hence, in order to address this limitation, I have also used in this study a multidimensional indicator of development, the MHDI.

"The Human Development Report" and its "Human Development Index" were developed by the United Nations Development Programme (UNDP) as an alternative to money-metric approaches such as GDP per capita. The human development approach, was based on the Amartya Sen's (1970, 1983, 1985) capability approach and introduced a new way of measuring development by combining indicators of life expectancy, educational attainment and income into a composite human development index. The *Municipal* Human Development Index, used in this study, is a composite measure of human development calculated by the UNDP for all Brazilian municipalities based on data provided by the decennial censuses conducted by the Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística-IBGE, in Portuguese). Brazil was one of the first countries to adopt and calculate the HDI for all the municipalities, creating the sub-national index in 1998. The MHDI adjusts the HDI to the municipal reality and reflects specific and regional challenges in Brazilian human development, enabling one to evaluate and compare the performance of municipalities (UNDP 2013).The MHDI is a methodological adaptation of the HDI hence, while both indices consist of the same three dimensions - health, education and income - , some indicators used in MHDI to reflect these dimensions are different.

Control Variable: Population Size

Population size has been shown to be an important factor in performance variation in policy the implementation. Van Stolk and Patil (2014) have also shown that the size of municipal population can potentially play an important role in the implementation of Bolsa Família. Hence municipalities' population size has been used as a control variable in this study, following IBGE's categorisation which divide Brazilian municipalities in three groups: small municipalities with less than 50,000 inhabitants (4,957 municipalities); medium-sized municipalities with population between 50,000 and 200,000 inhabitants (475 municipalities); and large municipalities with over 200,000 inhabitants (133 municipalities).

3.1.2 Data Sources

Data for this research has been obtained through the Ministry of Social Development (MDS), the United Nations Development Programme (UNDP) and the Brazilian Institute of

Geography and Statistics (IBGE). All variables refer to the year 2010. In the case of the dependent variable, IGD-M, which is collected on a monthly basis, the data used is the average score over a period 12 months, January to December 2010.

3.1.3 Data analysis

The data analysis was carried out in several sequential stages. Firstly, a descriptive and geographical analysis of the variables was carried out. This was followed by bivariate analysis of the relationships between the independent variables – municipal GDP per capita and MHDI - and the implementation performance indicator used in this study –IGD-M, taking into account municipal size. Based on the results of the correlation analyses, Ordinary Least Square (OLS) regression analysis was used to examine the relationship between the average IGD-M scores for the year 2010, as the dependent variable, both municipal contextual variables (GDP per capita and MHDI) as independent variables, and population size as a control variable. Four separate regression analyses have been performed; one including all municipalities and one for each subgroup of municipalities according to population size (small, medium and large municipalities). The results of the quantitative analysis are presented and discussed in Chapter VI.

3.2 Qualitative Analysis

The main purpose of the qualitative analysis was to interpret and explain the results of the quantitative analysis by analysing the underlying processes of implementation. This explanatory was guided by a theoretical framework based on Van Meter and Van Horn's "Model of Intergovernmental Policy Implementation" (1975,1976). Van Meter and Van Horn's model explain the implementation process, that is, "the process by which policies are transformed into public services" in an intergovernmental context where various government units exercise legitimate authority with relative autonomy. The "Model of Intergovernmental Policy Implementation" identifies eight clusters of variables, from both the "top" and the "bottom" of the implementation system, which are linked dynamically to the dependent variable "performance", namely, policy standards, policy resources, intergovernmental

communication, intergovernmental enforcement, characteristics of the implementing agency, political environment and the socio-economic environment of the implementing jurisdiction.

Having van Meter and Van Horn's Model as staring point, I applied theoretical and empirical insights from comparative policy analysis, policy implementation and intergovernmental relations literatures to develop a theoretical framework which focus on the local socio-economic context and its relationship with implementation performance. Local socio-economic characteristics is the framework's independent variable cluster, while Van Meter and Van Horn's other independent variables became the intervening variables in this study's theoretical framework, mediating the relationship between local socio-economic characteristics and implementation performance. The resulting framework aims to explain how the independent variable (local socio-economic characteristics) interacts with six intervening variable clusters (policy standards, policy resources, political conditions, agency capacity, disposition of implementers and intergovernmental relations) to produce an effect on the independent variable (implementation performance).

Figure 1: Van Meter and Van Horn's Model and the Socio-Economic Characteristics and Implementation Performance Theoretical Framework
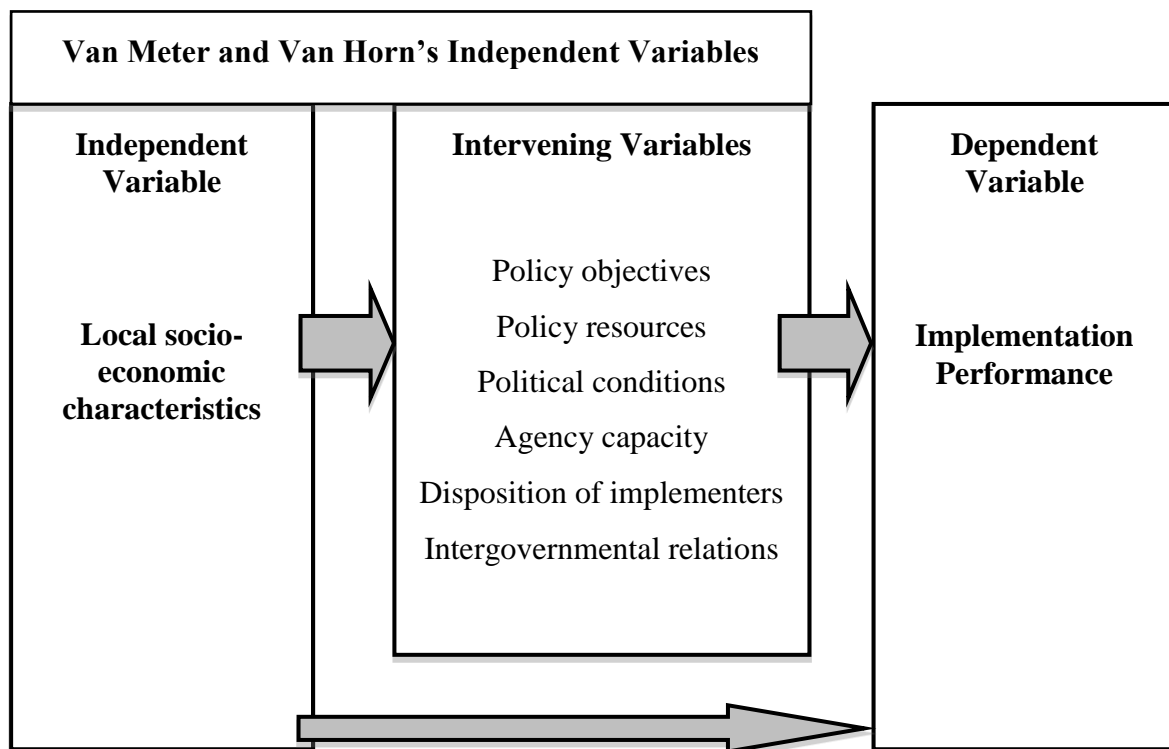
3.2.1 Data Sources

This qualitative work was based on data from a qualitative survey of Bolsa Família's municipal managers, as well as a thorough review of secondary data related to Bolsa Família, which included programme documents and an extensive academic and professional literature focused on Bolsa Família.

Primary data: Qualitative Survey

In order to investigate variation in the implementation of Bolsa Família across rich and poor municipalities, a questionnaire with 14 open-ended questions was sent by email to a sample of municipal programme managers to collect first-hand information on the local implementation context, as well as grasp perceptions and attitudes of municipal managers in relation to the programme.

The questionnaire (Appendix 1) was elaborated based on this study's theoretical framework and covered four areas: 1) political conditions: the importance of the programme at the local level and support from local mayor; 2) institutional capacity: resources for Programme implementation at the local level; 3) disposition of implementers: their views and attitudes towards the Programme's objectives and execution; 4) intergovernmental relations: relationship with state and federal governments (communications, resources, IGD-M).

In order to ensure the representativeness of both poor and rich municipalities, a non-probabilistic quota sampling design was used and the questionnaire was sent to 100 municipalities with MHDI and income per capita above the national average and 100 municipalities with MHDI and income per capita below the national average (Cooper and Emory 1995). The email was used as a means of communication for pragmatic reasons, enabling the research to cover a range of respondents in a wide geographical area at low cost (Cooper and Emory 1995:287). The final sample consisted of 42 completed questionnaires; 21 (3 of which were large ones) from municipalities with MHDI and income per capita above

the national average and 21 from municipalities with MHDI and income per capita below the national average. A profile of respondent municipalities can be found in Appendix 2.

Secondary data

The main types of secondary data used in this study included Bolsa Família specific documents such as laws and decrees, guidelines on several aspects of programme implementation issued by MDS, training material used by MDS, and programme evaluations; and the extensive academic and professional (produced by international organisations and think tanks) literature dedicated to the Bolsa Família Program.

3.2.2 Data Analysis

Primary and secondary data were used complementarily. Content analysis of municipal managers' questionnaires and secondary data was carried out with reference to this study's theoretical framework, taking into account municipalities' different socio-economic contexts. For the purpose of this study, municipalities have been divided in two groups according to their income and development levels.

The "poor municipalities" group was comprised of municipalities with both GDP per capita and MHDI below the national average. Typically, municipalities in this group were small (with less than 50,000 inhabitants), were mainly in the North or Northeast regions of Brazil and had large proportions of their population benefiting from the Bolsa Família Program – on average, over 60 per cent of these municipalities' population directly benefited from Bolsa Família.

The "rich municipalities" group was comprised of municipalities with both GDP per capita and MHDI above or equal to the national average. Such municipalities were mainly in the South and Southeast regions of Brazil and were mostly medium or large-size municipalities, with virtually all large municipalities (population above 200,000) within this group. The proportion of population benefiting from the Bolsa Família Program within this group was considerably smaller, with just over 20 per cent of families benefiting on average from the programme.

Table 1: Rich and Poor Municipalities Compared

2010	Wealthy municipalities (High MIDH and GDP per capita)[2]	Poor municipalities (Low MIDH and GDP per capita)
N	1,848	2,453
Average IGDM	0.7458	0.8552
Average IDH	0.728	0.592
Average IDSUS	5.9846	5.38
Average IDEB year 1-5	5	4
Average IDEB year 6-9	4.2	3.3
GDP per capita (R$)	23,251	5,659
Average number of beneficiary families	2,513 (approx. 11,308 people)	2,257 (approx. 10,156 people)
Average benefit (R$)	2,577,077	2,758,962
Average population	62,431 (approx. 13,873 families)	16,512 (approx. 3,669 families)
Bolsa Família's benefit/population (R$)	41.27	167.02
Number of beneficiary families/population	22% (1/5)	61% (1/1.5)

The results of the qualitative analysis are presented and discussed in detail in Chapter 6.

4. Limitations

The first limitation of this study is the complexity of the topic under analysis. As noted by Hill and Hupe (2009), implementation studies is a "diffuse subject concerned with policies

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[2] 1,264 municipalities are in neither of these groups: 1,077 municipalities have MHDI above the national average, but GDP per capita below the national average; while 168 municipalities have MHDI below the national average, but GDP per capita above the national average.

and administrtative arrangements that differ widely"; this complexity is reflected in the lack of a comprehensive implementation theory and the absence of agreement among academics in relation to several key aspects of implemenation studies such as what constitutes implementation performance and how to measure it. This study has dealt with this by focusing on one policy area and developing a theoretical framework which incorporated the specificities of this policy area, including the the use of a specific performance indicator. Additionally, rather than trying to investigate all possible variables which can impact performance, this study focused on the analysis of one specific variable cluster thought to influence implementation performance – local socio-economic characteristics. Hence, the scope of this study is limited and its conclusions should not be automatically extrapollated to other policy areas or variable clusters.

This reasearch is also limited by its research methods. The quantitative analysis has several limitations. Firstly, as mentioned previously, this study do not capture all the factors that influence implementation performance and as such offer only a partial explanation for performance variation and has little predicative value. Secondly, this analysis is based on proxy variables that only partially capture complex concepts such as municipal's socio-economic environment and implementation performance. Thirdly, the statistical tools used capture associations and cannot be specific on direction of causality. Finally, this is a cross sectional study and as such offers a snapshot view of the relationships and do not reflect trends over time.

In relation to the qualitative analysis, a key limitation is the scope and depth of primary data collected for this research. It would probably have been better to cover a wider sample of municipal managers and conduct a more in depth discussion with each of them, however due to resource constraints this was not posssible. Furthermore, it is important to underline that the quastionnaire responses were in Portuguese, thus their content had to be translated before being incorporated into the research. Despite the author's aim to conduct the translation in the most accurate form, some minor inexactitudes may have remained.

With respect to secondary data, one of the most important limitations is that the sources of information are very few. The majority of Bolsa Família's documents were elaborated by the

Ministry of Social Developmen (MDS), the government Ministry responsible for Bolsa Família's development and overall implementation and hence reflect a particular perspective. Similarly, despite the large volume of studies in the professional literature regarding the Bolsa Família Program, I have noticed a great overlap (crossreferencing) among them, resulting in the same information/evidence being replicated by many different studies. Also, despite the large number of studies addressing the Bolsa Família in general, very few studies have addressed the issues relevant to this study; for instance, there are virtually no studies focusing on local implementor's perspective. I sought to minimise the impact of these limitations by resorting to primary data to complement, contrast and corroborate the secondary sources.

Despite such limitations, this study has been able to fullfil its proposed objectives of developing a theoretical framework which explains the relationship between local socio-economic characteristics and performance in the implementation of intergovernmental policy; and empirically studying this relationship in the context of targeted poverty alleviation policies, such as Conditional Cash Transfers.

5. Structure of the Thesis

The opening chapters of this thesis are dedicated to building a theoretical framework which describes how local socio-economic characteristics can impact on implementation performance, particularly in the case of conditional cash transfers. Chapter 2 starts with a brief review of implementation studies literature, with a focus on the meaning of implementation performance and the relationship between local context and performance. Next, using van Meter and van Horn's Model of Intergovernmental Implementation (1976) as a starting point, I expose the interaction between the local socio-economic characteristics and the other six intervening variable clusters which, according to van Meter and van Horn's Model, impact implementation, namely, policy objectives, policy resources, political condition, agency capacity, disposition of implementers, and intergovernmental relations.

Van Meter and Van Horn's noted that the implementation process will vary depending on the nature of the policy to be carried out (1975:458). Hence, in Chapter 3, the theoretical framework is adapted to the implementation of conditional cash transfers (CCTs). This chapter describes the main characteristics of CCT polices and analyses how CCT's distinctive features impact implementation performance differently in wealthy and in poor areas, proposing very different scenarios for CCT implementation in each of these areas. CCTs concentrate beneficiaries and resources in poor areas and hence the implementation of CCTs in such areas is likely to enjoy strong support from local leaders, bureaucrats and the general population; however, the implementation of CCTs requires significant amounts of inputs and hence is also likely to be hindered by poor areas limited resources and capacity. In wealthy areas, on the other hand, local support for CCTs may not be as forthcoming, but local institutional capacity is less likely to be an obstacle to programme implementation. Moreover, the framework suggests that each of these scenarios can be significantly altered by intergovernmental dynamics. But do these two different scenarios produce different implementation performances? If so, which one results in better implementation? Do rich areas outperform poor ones; or, on the contrary, poor areas outperform wealthy ones?

These questions have been addressed empirically through a mixed-methods comparative study of rich and poor municipalities implementing the Bolsa Família Program in Brazil. This empirical study is presented in Chapters 4, 5 and 6.

Chapter 4 contextualises the empirical study by presenting an overview of the Bolsa Família Program, its main characteristics, scope and achievements; it also describes the programme's institutional arrangements, with a particular focus on its intergovernmental framework. The quantitative analysis, presented in Chapter 5, suggests that indeed different socio-economic circumstances result in different implementation performances at the local level; that is, the statistical study confirms that there is a statistically significant relationship between local socio-economic characteristics variables and implementation performance. The direction of this relationship, however, is somehow surprising, as poor municipalities have been shown to outperform rich ones in the implementation of Bolsa Família. This finding contradicts the view that poverty and underdevelopment are characteristics which invariably hinder

implementation and reaffirms the need of a broader framework to understand performance variation at the local level.

In this sense, in Chapter 6, the variation in Bolsa Família's municipal implementation performance is explained with reference to the theoretical framework on local socio-economic characteristics and implementation of Conditional Cash Transfers developed in Chapters 2 and 3. Based on a qualitative survey of Bolsa Família's municipal managers (*gestor municipal*) from 42 municipalities with both low and high levels of income and development and a thorough review of Bolsa Família's documents and evaluations, the qualitative analysis largely confirms the theoretical framework and suggests that the great importance of Bolsa Família to poor areas, combined with adequate intergovernmental resources and incentives, gave poor municipalities the edge in the implementation of the Bolsa Família Program.

Finally, Chapter 7 draws from both qualitative and quantitative analyses to offer a more comprehensive account of the relationship between local socio-economic characteristics and performance in the context of the Bolsa Família Program and concludes this study by summarising its contributions and recommendations to Bolsa Família and Conditional Cash Transfers research and practice, as well as its contributions to policy implementation, decentralisation and intergovernmental relations literatures.

Chapter II Policy Implementation Performance

This chapter introduces the key conceptual and theoretical issues that underline this study. It starts with a discussion of the place of implementation in the policy process, followed by a brief review of the policy implementation literature, with particular focus on the definition of implementation performance and the importance of the local context in performance variation. The second part of this chapter is dedicated to the development of a theoretical framework which, based on Van Meter and Van Horn's Model of Intergovernmental Implementation, describes and explains the interaction between local socio-economic characteristics and other six variable clusters which affect implementation performance, namely, policy objectives, policy resources, political conditions, agency capacity, disposition of implementers, and intergovernmental relations.

1. The Policy Process

Policy is not a tightly defined concept; it can be defined as both a course of action or, more concretely, as a specific decision designed to carry out such course of action. The terms policy, plan, programme and project broadly refer to the same concept, but are progressively specific in time and place. Public policies refer to a defined course of action or decisions selected by a government or, as defined by Meny and Thoenig (1992:88), by an authority invested with public power and governmental legitimacy.

The process by which governments translate their political vision into a course of action to address a certain issue and deliver desired changes can be "extremely complex" (Sabatier 2007:3). Sabatier described the public policy process as involving hundreds of actors with different values, interests and goals in which "… problems are conceptualized and brought to government for solution; government institutions formulate alternatives and select policy solutions; and those solutions get implemented, evaluated, and revised".

In order to study and understand such complex process, researchers must resort to theoretical frameworks or models which simplify the policy process. The most common and influential framework for understanding the policy process is the "policy cycle" or "stages heuristics", which divides the policy process in to discrete stages.

The idea of modeling the policy process in terms of stages was first put forward by Lasswell in 1956, based on an ideal-type of rational planning and decision making. Lasswell original model of the policy process comprised seven stages: intelligence, promotion, prescription, invocation, application, termination, and appraisal. The policy process in this view is sequential (one stage leads to the next), differentiated functionally (each stage represents a distinct activity) and cumulative (results from one round of activities fed back into the process) (Nakamura 1987). While Lasswell sequence of stages has been contested, the model itself has been highly successful as a basic framework for the field of policy studies and became the starting point of a variety of typologies of the policy process (Fischer *et al.* 2007 :43). There are several variations of the stages of the policy process, but most models typically include: agenda-setting, policy formulation, decision making, implementation, and evaluation (Hill and Hupe 2009).

Agenda-setting is the stage in which a recognised social problem requiring state intervention is put on the "agenda" for consideration. The agenda is defined by Kingdon (1995:3) as "the list of subjects or problems to which governmental officials, and people outside the government closely associated with those officials, are paying some serious attention at any given time" .

The next stages are "policy formulation" and "decision-making", in which expressed problems, proposals, and demands are transformed into government policies and programmes. They involve the definition of objectives— what should be achieved with the policy—and the consideration of different alternatives actions.

Once a policy has been formulated, it is then normally carried out, executed, enforced by the responsible institutions and organisations that are often, but not always, part of the public sector. This "implementation stage" of the policy process is the focus of this study and will be discussed in detail in the next sections.

The last stage of the policy process is "evaluation", during which policies are appraised against intended objectives and impacts, leading to either the termination of the policy or its redesign.

Despite its popularity among researchers, the stage heuristics model has come under increasing criticism. Paul Sabatier, one of the leading critics of the stages approach, points out that the policy cycle or stages heuristic lacks defining elements of a theoretical framework, as it does not identify a set of causal drivers that govern the policy process within and across stages. He also criticises the stage heuristic for being very legalistic and top-down and for focusing on major pieces of legislation. Sabatier (2007) concluded that the "stage heuristic has outlived its usefulness" and even excluded it from the second edition of his book "Theories of the Policy Process" which compiled the "most promising and widely used" theoretical frameworks of the policy process.

Another common criticism of the stages approach refers to the fact that empirical reality does not fit with the classification of the policy process into discrete and sequential stages. Critics have repeatedly pointed out that real world decision-making usually does not follow this sequence of discrete stages, and hence the model is "descriptively inaccurate" (Nakamura 1987). Under real-world conditions, policy processes rarely feature clear-cut beginnings and endings; they do not develop in a vacuum, but rather are adopted in crowded policy spaces. Commonly "new" policies modify, change, or supplement older policies, compete with them or contradict each other. At the same time, policies are perpetually reformulated, implemented, evaluated, and adapted. These processes do not evolve in a pattern of clear-cut sequences; instead, the stages are constantly meshed and entangled in an ongoing process; hence, in many cases it is more or less impossible to differentiate between stages; in others, the sequence is reversed, some stages do not exist or are combined together (Hill and Hupe 2009; Sabatier 2007).

This limitation of the stages heuristics is very significant to implementation studies, as the implementation stage sits uneasily between policy formation and policy evaluation. These artificial barriers create considerable dilemmas for the study of policy implementation and discussions/disagreement among scholars regarding these boundaries have consumed much of the implementation scholarship.

Where does policy formation end and policy implementation begin? Implementation, as a stage of the policy process, assumes the existence of a public policy (product of what happened in the earlier stages of the process) that has to be implemented, carried out, executed. The problem is that the content of the policy may be substantially modified, elaborated or even negated during the implementation – isn't this also policy formulation? Indeed, from the perspective of "bottom-up" researchers there is a continuum between formulation and implementation (the policy-action continuum). This view contradicts the classical hierarchical separation between political and administrative spheres that the division between policy formulation and policy implementation implies. Yet decisions are generally not self-executing, implying the need for a separate stage where they are carried out (Hill and Hupe 2009). This debate regarding the boundaries between policy formation and implementation is particularly relevant in instances where there is a strong interactive process between formulation and implementation such as the cases involving separate layers of governments exercising legitimate authority and autonomy, and cases where policies are too complex or continuously reformulated. Under these circumstances, implementation becomes a "moving target" and may even result "un-researchable" according to Hill and Hupe (2009).

Similarly, the boundaries between policy implementation and policy evaluation can also be blurred. Some researchers take implementation to refer to the part of the process between initial statement of policy and its ultimate impact in the world; others restrict implementation to the actions of those in charge of executing a policy. This issue is reflected in the relationship between implementation and evaluation research and the choice between outputs and outcomes to characterise implementation performance. Implementation studies are concerned with similar questions to evaluation studies, but in many respects the objective of

implementation studies can be more specific. Winter (2006), for instance, argued that implementation research should explore the determinants of policy outputs, rather than explaining outcomes or goal achievement and getting into questions about the "real goals", which can get researchers tangled up with attribution issues and normative debates about what these goals should be.

Despite these complicated and unresolved boundaries issues, I tend to agree with Hill and Hupe (2009:6) that there is "continuing role for the stages framework as a useful analytical and heuristic tool for the study of the policy process" , particularly for its critical role in promoting and supporting the development of research within specific stages. The stages framework fulfils a vital role in structuring the vast amount of theoretical concepts, analytical tools and empirical studies conducted along the lines of single stages. As noted by Hill and Hupe (2009:7) "If there is such a stage, then there is also a good case for the separate analysis of that part of the policy process". Policy implementation studies have developed out of the recognition that implementation has a place as an independent stage in the policy process. Even if its place within the stages framework is not a "comfortable" one, it offers a good starting point for debating what its place in the policy process should be. The next section presents an overview of policy implementation studies and discusses these boundaries issues in more detail.

2. Policy Implementation

Policy implementation can be described as "the carrying out of a policy decision" (Mazmanian and Sabatier 1983:20). Hence, it involves a series of activities undertaken by government and other actors to achieve the goals and objectives articulated by a policy.

The systematic study of policy implementation started in the early 1970s in the United States in an effort to understand the reasons behind the failure of many governmental social programmes of the 1960s. Up to then, the process between policy formation and policy outcomes was taken for granted; it was assumed that once political mandates were enacted,

they would be automatically carried out. Policy implementation studies started to challenge this view and unpack the complexities of this stage of the policy process.

Pressman and Wildavsky's "Implementation: How Great Expectations in Washington are dashed in Oakland; or Why it is amazing that Federal Programmes Work at All", first published in 1973, is the seminal work of this initial period and set the tone for most of the implementation research throughout the 1970s and 1980s. In this book, Pressman and Wildavsky try to uncover the reasons behind the gap between stated objectives of a federal programme "The Oakland Project" - aimed at creating jobs for ethnic minorities in Oakland, California - and the poor results it actually achieved (Pressman and Wildavsky 1984:xxiii).

Pressman and Wildavsky, and other researchers who followed a similar approach (Hogwood and Gunn 1984, Van Meter and Van Horn 1975, Sabatier and Mazmanian 1983), focused on identifying key factors deemed to contribute to these implementation gaps - such as lack of clear policy objectives, limits of administrative control, the large number of agencies and layers involved in implementation - and offering recommendations to political leaders on how to better control the implementation process.

This approach to implementation studies, known as the "top-down" approach, is grounded in the classical view of a hierarchical task division in the policy process between political and administrative actors, in which the starting point of the implementation process is a well defined policy/statute formulated by decision-makers at the top (politicians) which is subsequently carried out by administrators at the bottom (Hill and Hupe 2006).

As a counterpoint to the "top-down" approach, a different approach to implementation analysis started to emerge in the late 1970s, early 1980s. This alternative view of the implementation process - known as "bottom-up" – challenged the "top-down" view of the implementation process and the assumptions about the existence of hierarchical relations between policy making and implementation (Barrett 2004: 252-253). It sustained the view that the content of policies may be substantially modified, elaborated or even negated during the implementation stage; that is, implementation was not neutral administrative process.

The bottom-up approach first emerged when Lipsky (1980) argued that front-line staff's own judgments, values, opinions and experiences shaped the way they carried out policy implementation, in spite of what was stipulated by the policy. This implied that policy-making continued in the implementation stage, contrary to the classical view of public administration.

In "Policy and Action", another seminal work within the "bottom-up" stance, Barrett and Fudge (1981) further elaborated this view and offered a broader definition of policy implementation as "a process of interaction and negotiation, taking place overtime between those who seek to put policy into effect and those upon action depends" (Barrett and Fudge,1981:4).

For most of the 1980s, the academic debate regarding policy implementation was polarized around these apparently competing views. At the normative level, top-down and bottom-up approaches differed on their orientation in relation to policy formation - policy implementation boundaries; the top-down view, which was normatively grounded on the rule of law and representative democracy, argued for a consistent execution of choices made by political leaders; the bottom-up view, by contrast, regarded implementation as an integral and continuing part of the political process and hence expected policies to be modified during implementation to reflect the interests of implementers. At the empirical level, the top-down approach focused on variables controlled by the top of the system, while the bottom-up approach focused on variables related to the bottom of the system (Barrett 2004, Hill and Hupe 2009, O'Toole 1989, O'Toole 2004).

In the late 1980s, a second generation of researchers argued that in order to move the implementation research forward, a balance between the two approaches was necessary. O'Toole (1989:2) argued that the top-down and bottom-up approaches were insufficient in isolation and urged researchers "to combine both the top-down and bottom-up insights in order to recognize the multiplicity of the subsystem's goals".

Some scholars have tried to combine both approaches within the same model (Elmore's forward and backward mapping for instance), while others have tried to specify the

conditions under which one approach may be more relevant than the other (Matland 1995). But most commonly, scholars of this generation meticulously documented specific case studies using a combination of bottom-up and top-down approaches to expose and understand the complexity of implementation. This resulted in a research literature overpopulated by a mass of potential explanatory variables originated from the two perspectives, but lacking in structure (O'Toole 2000, Hill and Hupe 2009, Matland 1995). Goggin (1986) refers to this issue as the "cases-variables problem in implementation research".

Contemporary researchers have been focusing on providing more structure and depth to the field by using theoretical models and empirical methods which allow for broader generalisations, while at the same time dealing with the structural changes in public administration in the last decade which resulted in more horizontal and decentralised governance arrangements.

Within this new way of governing, implementation across agency lines and levels of government have become the very heart of public administration and the traditional concern with the internal operations of public agencies and hierarchical relations became less central (Agranoff and McGuire 2001, O'Toole 2000). In this context, the relationship between "top" and "bottom" has become very complex and Pressman and Wildavsky's (1984) recommendation of "simpler, less complex programmes" as a key to successful implementation has never seem more unrealistic.

This presents important consequences for the way in which the object of implementation research is defined. Indeed, in their latest reviews of implementation studies, Barrett (2004), O'Toole (2004), Hill and Hupe (2009), coincide that the future of implementation research lies in the study of implementation as the operational part of this new governance and should thus focus on the theoretical and methodological challenges of improving performance in a multi- actor and multi-level implementation context.

2.1 Implementation Performance

As discussed above, improving implementation performance within the new governance context has emerged as a core aim of implementation research. But what is implementation performance?

Even if the labels of "top-down" and "bottom-up" are less relevant in the current context, the different normative orientation among implementation researchers in relation to the boundaries between policy formation and policy implementation, and between policy implementation and policy evaluation is still reflected in the lack of agreement among scholars regarding what constitutes implementation performance and how it should be measured.

From one perspective, which sees implementation as an integral and continuing part of the political process, performance is viewed as the achievement of what is possible given a particular scenario (Barrett 2004, Elmore 1980, McGrath 2009).

Barrett (2004) explains that "interactive and negotiative models of implementation tend to see performance as the achievement of what is possible within a particular policy implementation environment (that is, the array of actors and interests, their relative bargaining power, degree of change or value conflict involved, and so on). From this perspective, judging performance is a matter of pluralistic and bottom-up evaluation to assess outcomes in terms of who has gained or lost what and how has this been affected or influenced by policy.

However, what some researchers see as "legitimate" discretion, others see as "deficit" (Hill and Hupe 2009:174). Critics of this approach maintain that the lack of separation between policy formation and policy implementation is problematic in terms of accountability and democratic legitimacy, as unelected administrators should not have leeway to challenge or change the policy objectives established by elected officials.

Furthermore, they argue, the lack of set objectives or the continued reformulation of policy objectives throughout the implementation process poses an important methodological problem - how can performance be assessed without any reference point, with no pre-determined objective? Instead, they advocate that performance should be judged in terms of achieving conformance with established policy targets and objectives. Mazmanian and Sabatier (1983), Van Meter and Van Horn (1975,1976), O'Toole (2000), Hill and Hupe, (2009) among others, argue there must be a connection between policy implementation and the statues that authorise it .

Within this policy-centred (or top-down) approach, the starting point of performance analysis should be the policy decision; the smaller the "gap" between what is stated in the policy and what has been achieved in practice, the more successful the implementation. Deviation accounts as implementation deficit.

There is, however, disagreement among advocators of the policy-centred approach regarding the level at which implementation performance should be assessed. Some scholars, for instance Mazmanian and Sabatier (1983) and Goggin *et al.* (1990), argued that implementation performance should be assessed against policy *outcomes.* Others, such as Van Meter and Van Horn (1975), O'Toole (2000), Matland (1995), Winter (2006), Hill and Hupe (2009), have emphasized the importance of making a conceptual distinction between implementation outputs and ultimate impact on the policy problem (outcomes).

In the first case, policy goals/outcomes are chosen as the dependent variables and the boundaries between policy implementation and evaluation are blurred. For instance, Giacchino and Kakabadse (2003), in their study of policy implementation in Malta, define successful implementation as "a policy implementation initiative in which the strategic action adopted by the administrative arm of government was considered to have delivered the intended policy decision and to have achieved the intended outcomes. To qualify as an example of success, the policy decision under review must, therefore, have been delivered in a manner that addressed its terms of reference as well as achieved the expected functionality to the identified stakeholders". A great deal of implementation literature has followed this

approach and focused on the extent to which policies have addressed the problems they were alleged to address.

The problem with this approach is that the judgment about outcomes is a judgment about appropriateness of the policy, not about its implementation. McGrath (2009) argued that this confusion between policy output and outcomes and the choice of goals/outcomes as dependent variables has contributed to pessimism about implementation, as failed implementation often blamed for when the policy itself was defective. Indeed, both evaluation and implementation literatures sustain that factors other than implementation output affect policy outcomes.

In this sense, Hill and Hupe (2009) concluded that "(....) the distinction between implementation and evaluation as two successive stages in policy process is analytically relevant enough to maintain". Winter (2006) corroborates this view and stresses that the study of whether a policy's goals are fit and proper, or whether they were achieved, should be left to evaluation studies and concludes that "the aim of implementation studies should be to look for output level variables to characterize performance of implementers and explain variation in such performance". Heeding to this advice, this study analyses variation in implementation performance by using an output level performance variable.

The next section reviews research aimed at understanding performance variation, with particular emphasis on studies analysing the role of contextual variables, such as socio-economic variables, in explaining variation.

2.2 Implementation performance and the local context

As discussed previously, more horizontal and decentralised governance arrangements have resulted in increased autonomy of implementers, with local and regional authorities experiencing growing leeway in the implementation of policies (O'Toole and Montjoy 1984, Agranoff and McGuire 2001).

Within this scenario of dispersion of power and control, policy implementation becomes a highly contingent and situated process. As Hupe (2011:172) points out, "The larger the freedom to act, the greater the impact of [local] characteristics will be". In this sense, the local "context" has become an even more important determinant of performance variation, as implementation is more exposed to local characteristics which can facilitate or hinder performance.

It is often assumed that poverty and underdevelopment are characteristics which hinder implementation performance; that is, poor, less developed jurisdictions are expected to be outperformed by wealthy, more developed ones (van Stolk and Patil 2014, Yoong 2012, Pritchett, Woolcock and Andrews 2012; Rondinelli and Nellis 1986). For instance, Yoong (2012:43) argued that "(…) regional inequalities in local government capacity pose a direct challenge to the effective implementation of the Bolsa Família Program in a decentralised context. Because of limited resources such as insufficient physical space, technical difficulties with information systems, difficulties of access to isolated areas and insufficient knowledge, the quality of implementation of the BFP is likely to be lower in smaller and/or poorer municipalities." The assumption here is that poor, underdeveloped jurisdiction lack the resources and the institutional capacity to implement policies; while wealthy, developed jurisdictions have the resources and the institutional capacity to do so. While it is undoubtedly true that local resources and institutional capacity are crucial components of implementation success, this somehow intuitive assumption is based on rather simplistic view of policy implementation as a purely administrative task, reminiscent of early top-down research.

This narrow interpretation of the local context fails to recognise the influence of other contextual and non-contextual elements in implementation performance. For instance, this view assumes that resources available at the local level will be automatically used in policy implementation; this is not necessarily the case, as resource allocation is often a political rather than a technical decision, particularly in the case of redistributive policies, such as CCTs, which normally have high levels of conflict over implementation (Ripley and Franklin 1982).

Some studies have offered a broader interpretation of the local contexts. The literature on comparative state policies in the USA, for instance, has concentrated on identifying the influence of several contextual variables on policy adoption. Researchers in this field often employ statistical techniques (DHS Models[3]) to assess the impact of a series of independent variables related to state/local characteristics on policy adoption (Blomquist 2007:268).

A dominant issue within this literature has been the relative importance of socio-economic versus political variables for determining adoption of federal policies by states; a debate which to-date remains open. For instance, some studies have found that socio-economic variables, such as per capita income and state fiscal conditions, are more important than political variables, such as degree of inter-party competition, in explaining state welfare policy (Dawson and Robinson1963, Dye 1966, Hofferbert 1966). More recently, Jacobs and Callagan (2013) found a link between state economic circumstances and the adoption of state Patient Protection and Affordable Care Act. Interestingly, Record (2013) studying the adoption of the same policy found that political variables were more relevant in determining implementation. Others, have found that both socio-economic and political variables have an impact. For instance, Miller's study of Medicaid nursing facilities suggests that the sub-national policy adoption is moderated both by internal political and socio-economic conditions (2011).

A key limitation of such comparative studies is that they often fail to take into account the dynamics and interaction between independent variables, which often leads to a partial understanding of performance variance at the local level (Berry and Berry 2007, Blomquist 2007, Hill and Hupe 2009). Blomquist (2007:280) noted that "no matter how skilful scholars performing DSH-style comparative studies constructed their models, operationalised their variables, and gathered their data, they were rarely able to explain as much as half of the policy variation among states". Furthermore, the use of policy adoption rather than performance specific variables as the standard dependent variable reduces the

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[3] System theory based models developed by Dawson and Robinson(1963), Dye (1966) and Shrakansky(1970) and Hofferbert (1974) are known collectively as the Dye-Sharkansky-Hofferbert (DSH) approach.

implementation process to a discreet event, significantly restricting the assessment of performance variance.

A broader analysis of the local context has been proposed by policy implementation researchers who developed frameworks which recognise the importance of several contextual variables, including socio-economic variables, on implementation performance. For instance, Mazmanian and Sabatier (1983) in their "Policy Implementation Framework" indicated that "social, economic and technological conditions are some of the principal exogenous variables affecting the output of implementing agencies and ultimately the attainment of statutory objectives". Also, Goggin *et* al.'s "Communications Model of Intergovernmental Policy Implementation" (1990) emphasise that a state's economic, political, and situational capacity, influences its ability and capacity to act and can affect the communication (interpretation of signals) within and between government levels.

However, local socio-economic context has received only limited attention within such frameworks; there is little analysis on how and under which circumstances socio-economic variables are important, how they interact with other variables and how they impact performance. Overall, the existing frameworks offer only a superficial and limited understanding of the relationship between the local socio-economic characteristics and implementation performance.

This study aims to address this gap in policy implementation theory by developing a framework which explains how socio-economic variables interact with other contextual and non-contextual variables and influence implementation performance. The development of this framework builds upon Van Meter and Van Horn "Model of Intergovernmental Implementation" (1976), in which "local socio-economic characteristics" is one of eight variable clusters predicted to impact performance in intergovernmental implementation settings.

3. Theoretical Framework: Socio-Economic Characteristics and Implementation Performance

Van Meter and Van Horn (1976:98) define implementation as "the process by which policies are transformed into public services". Their "Model of Intergovernmental Implementation" (1975,1976) aims to explain the implementation process in situations involving the participation of various government units exercising legitimate authority with relative autonomy. The authors constructed their model on the basis of three bodies of literature, namely organisation theory, public policy and intergovernmental relations, with the objective of integrating the study of policy implementation and intergovernmental relations.

Van Horn and Van Meter suggest that the model is viewed as an heuristic tool designed for the purpose of discovering facts about policy implementation process in a intergovernmental context. Hence, the model also allows one to chart variations and provide explanations for performance variance among the different implementing units.

Van Meters and Van Horn's model is often categorised as top-down because of its policy-centred approach, that is, its starting point of analysis is the policy decision (Hill and Hupe 2009). However, the model also recognises that the actions of local actors are not totally constrained by the directives and mandates that emanate from policy makers; local variables - socio-economic characteristics, political factors and the commitment and capacity of implementing agency/officials - are seem as crucial in determining performance. As such, the model offers a useful conceptual path to analyse how contextual characteristics, particularly, in the case of this study, socio-economic characteristics, influence intergovernmental policy implementation.

The model also recognises the interdependency between the central and local levels, particularly in federal systems, due to the fact that commonly no one actor in the system possesses the information, expertise and political skills to implement policies on its own. Hence the importance of intergovernmental relations in shaping implementation performance, reflected in the Model by variable clusters related to policy resources/incentives, communications and enforcement activities.

Finally, the model analyses implementation performance from the output level. Van Meter and Van Horn (1976:103) argued for a clear distinction between policy implementation performance and policy evaluation or impact research: "Policy impact studies examine the linkage between specific program approaches and observed consequences. The study of policy implementation, on the other hand, highlights one of the forces that determines policy impact by focus on those activities that affect the rendering of public services". Hence, their model is not designed to measure and explain the ultimate outcomes of governmental policy, but rather measure and explain programme implementation performance, that is, the degree to which anticipated services were actually delivered by implementers.

Figure 2: Model of Intergovernmental Policy Implementation (Van Meter and Van Horn 1976)
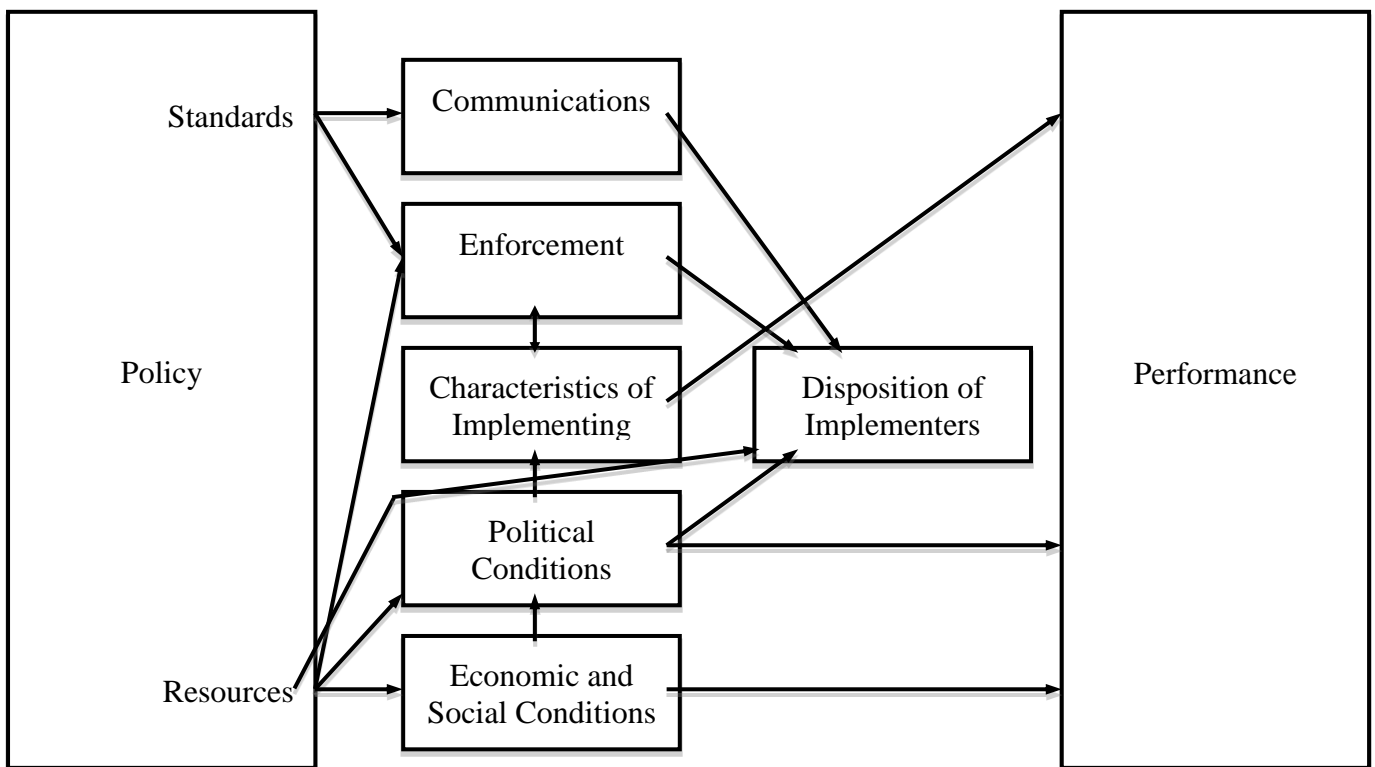
The Model of Intergovernmental Policy Implementation identifies eight clusters of variables which are linked dynamically to the dependent variable "performance". The clusters are:

1. Policy standards and objectives;
2. Policy resources and incentives;
3. Intergovernmental relationships: communication;
4. Intergovernmental relationships: enforcement activities;
5. The characteristics of implementing agency (resources, inter and intra-agency issues);
6. The economic and social environment of the implementing jurisdiction;
7. Political Environment; and
8. The "disposition" or "response" of the implementers, involving their cognition/understanding of the policy, the direction of their response to it (neutrality, acceptance, rejection) and the intensity of that response.

The Model also delineates some of the relationships among these independent variables, as shown in Figure 2. However, the model fails to recognise some important connections among the independent variables, particularly in the case of the cluster "Economic and Social Environment of the Implementing Jurisdiction", which is the focus of this study. In Van Meter and Van Horn's model, the local socio-economic environment is affected by policy resources and affects performance directly and also indirectly by influencing local political conditions. There is no attempt to describe the interaction of this variable cluster with the other seven variable clusters.

In order to overcome this limitation I complement and expand Van Meter and Van Horn's analysis with theoretical and empirical insights from policy implementation, comparative policy analysis and intergovernmental relations literatures to develop a theoretical framework which focus on the local socio-economic context and its relationship with implementation performance.

Van Meter and Van Horn's independent variables become the intervening variables in this study's theoretical framework, mediating the relationship between local socio-economic

characteristics and implementation performance. This framework aims to explain how the independent variable (local socio-economic characteristics) interact with the intervening variables to impact the independent variable (implementation performance).

Figure 3 : Socio-Economic Characteristics and Implementation Performance Theoretical Framework

Independent Variable	Intervening Variables	Dependent Variable
Local socio-economic characteristics	Policy objectives Policy resources Political conditions Agency capacity Disposition of implementers Intergovernmental relations	**Implementation Performance**
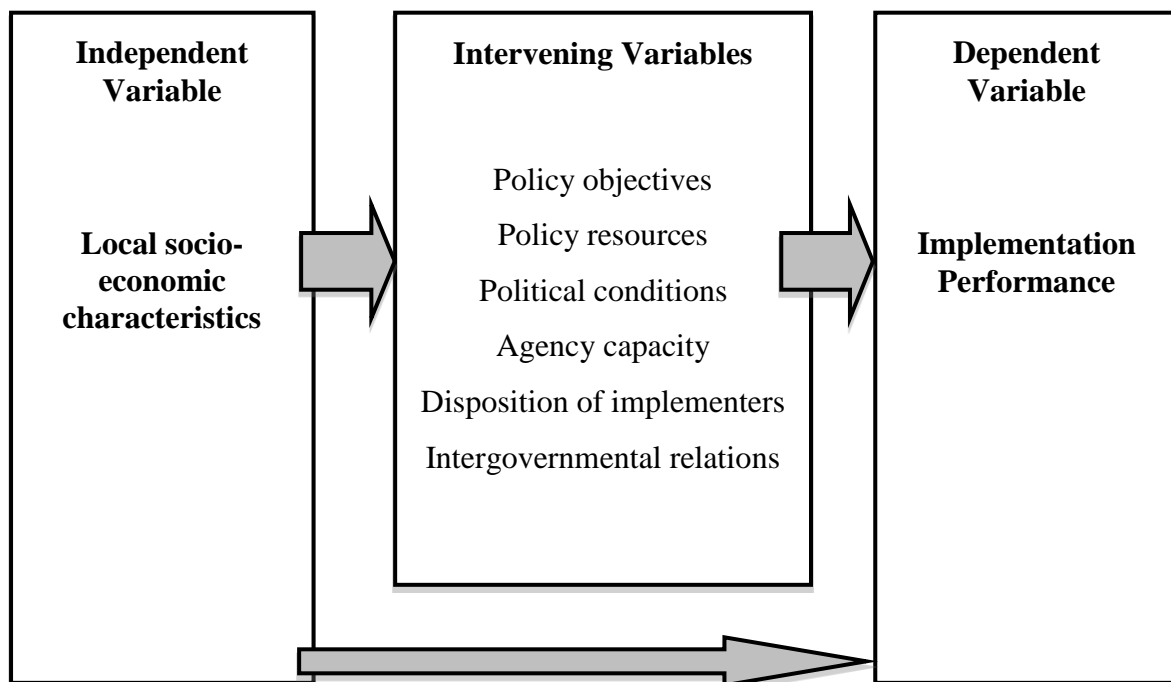
Similarly to Van Meter and Van Horn's model, this Framework analyses implementation performance at the output level. Accordingly, the Framework is not designed to measure and explain the ultimate outcomes of governmental policy, but rather to measure and explain policy implementation performance.

3.1 Relationship between Socio-Economic Characteristics and Intervening Variables

This section further develops Van Meter and Van Horn's analysis of the relationship between local socio-economic context and implementation performance by teasing out the interaction

between this variable cluster and six other variable clusters predicted to affect local implementation performance in Van Meter and Van Horn's model.

3.1.1 Socio-Economic Characteristics and Policy Objectives

Van Meter and Van Horn (1975, 1976) argued that two components of policy decisions influence the implementation process: policy objectives and standards and policy resources.

A good fit between local socio-economic environment (needs and resources) and policy objectives is more likely to result in a positive local response towards the policy/programme, increasing the prospects of policy implementation. Depending on the types of need within the community, the implementers may be led to accept or reject certain objectives of the policy or its approaches; likewise, the extent of the need may influence otherwise negatively oriented officials to embrace the policy in order to respond to public wishes (Van Meter and Van Horn 1976).

Given the different socio-economic characteristics at the local level, it is expected that some policies will be a better fit than others to the local circumstances. For this reason, Van Meter and Van Horn (1976) advised researchers to examine the needs of the jurisdiction for the service that a federal programme is offering and the structure of those needs. They sustained that where the problem to be addressed by a programme is critical, it is more likely that implementers will accept policies goals and objective.

Accordingly, Lester and Bowman (1993) analysis of the implementation of environmental programmes by American states found that the variations in the severity of the problem addressed by the legislation can affect perceptions of the relative importance of the policy and concluded that the greater the severity of the problem, more likely is implementation at local level.

Giacchino and Kakabadse (2003) found that if there is no demand for the policy at the local level, there will be no ownership of the policy at the local level, and hence less commitment to its implementation. Berman (1978) argued that in such cases, where consonance between

local interests and federal programme goals is low, there will be slippage or the local delivery systems may even adopt a project only symbolically. McGrawth (2009) study of state implementation of Medcaid programme in the US corroborates this point. He noted that states have struggled with federal programme rules and provisions designed to promote overall programme objectives which are contrary to states' needs, forcing many to find creative ways of covering populations. Ridde (2008) found a similar scenario in his study of the implementation of a health policy in Burkina Faso. Improving health access for the poorest, a key objective of the national health policy, was not sufficiently perceived as a public problem at the local level. As a result, local implementers prioritised the less challenging aspect of the policy for implementation, while the more challenging objective was ignored.

Ridde's study also highlighted that despite the high levels of poverty in Burkina Faso in general and particularly in the districts he studied, the health needs of the poor were not recognised as a pressing issue by the local government. This is a common observation in poverty alleviation policies or redistributive policies in general whose target beneficiaries have weak political clout. In this sense, high poverty levels do not necessarily translate in increased local support for poverty alleviation or redistributive policies. In such instances, Ridde argued that more specific national level direction translated into well developed policy standards may be necessary to guide implementation at the local level. If they are vague or unclear then all or less attractive parts of the policy may be ignored by local implementers. Equally, intergovernmental incentives and enforcement may be even more relevant in such contexts, as further discussed below.

3.1.2 Socio-Economic Characteristics and Policy Resources

Policy resources is the other aspect of the policy decision which influence the implementation process according to Van Meter and Van Horn's Model (1976).

Policies provide resources, including funds and other incentives, which can encourage or facilitate effective implementation. Additionally, policies vary in terms of the degree of

resources and technical expertise required for their implementation. These features are important in shaping incentive and capacity issues in local implementation.

Policy resources are an important inducement for states and local authorities, particularly in cases where the local jurisdictions are not in full agreement with policy goals and objectives as discussed above. Sabatier & Mazmanian (1983) stressed the importance of policy resources in order to entice both implementers and target groups to comply with policy rules.

Resources made available by the policy may be more or less relevant to a locality depending on its socio-economic circumstances. Some local jurisdiction may be more dependent on federal resources and hence are more open to federal programmes regardless of their objectives and have a greater tolerance to the strings attached to the resources. Jacobs and Callaghan (2013:1035) illustrate this point by describing how Arizona's governor justified the state's implementation of Obamacare despite her party opposing the legislation: "With the realities facing us, taking advantage of this federal assistance is the strategic way to reduce Medicaid pressure on the State budget". Brinkerhoff (1996) makes a similar point in relation to the relationship between international donors and local governments or local NGOs. On the other hand, more affluent jurisdictions, less dependent on federal resources to address local issues, may be less susceptible to such inducements (Van Meter and Van Horn 1976, Sabatier and Mazmanian 1980, Hall 2011).

Furthermore, as discussed previously, the way in which policy resources are distributed locally, that is, which local groups benefit most from policy resources, is also an important aspect in determining political support among local elite, citizens and public officials for policy implementation. The level of local political support will, in turn, determine the resources made available locally for its implementation. For this reason, Mazmanian and Sabatier (1983) observed, "the more prosperous the target groups, the more probable the effective implementation of statutes". In the case of poverty alleviation or redistributive policies, whose direct beneficiaries have no or very limited political influence, it is normally necessary to mobilise wider public support for the policy.

Polices require distinctive levels of resources and expertise for their implementation. Some jurisdictions will be more prepared than others to take on the task of policy implementation, as the local political and socio-economic context will determine the resource levels and operational capacity available at local level to carry out implementation. As Montjoy and O'Toole (1991:51-59) noted, in some cases, poorer jurisdictions cannot even afford the *ex ante* costs involved in joining a federal programme. Jacobs and Callagan (2013) also found that states with the weakest economies were especially sensitive to the marginal additional costs required to receive federal funding. In such cases, the central/federal level may need to play a bigger role in complementing local capacity to facilitate implementation locally.

3.1.3 Socio-Economic Characteristics and Political conditions

A good fit between policy objectives and local problems is an important but not sufficient pre-condition of successful implementation. Ridde (2008) noted that without a favourable political environment, there can be no coupling of the problem and policy streams. Indeed, Lester and Bowman (1989) found that, in the case of environmental legislation in the USA, the greater the commitment of local officials to the realization of statutory objectives the more likely their implementation.

The extent of support or opposition to the policy objectives by public officials depend in large part on their perception of the salience and visibility of the programme (Giacchino and Kakabadse 2003), of public and elite opinion (Ebinger *et al.* 2011), and the potential electoral gains provided by a given policy (De la O 2011; Zucco 2010). Local socio-economic characteristics, and the way in which they determine the array of interests affected by a policy, are important in shaping these perceptions and hence the political scenario of a given policy.

A favourable local political scenario is likely to foster a more positive relationship between local and national governments. It is also crucial for local resources mobilisation, generating a positive impact on the capacity of implementing agency and the motivation of its staff .

For this reason, political will can play an even more important role in contexts where resources are more scarce. Looking at policy implementation in difficult environments, such as in humanitarian emergency situations or in very poor countries, Berry *et al.* (2004) found that where there is political will, there is significantly more scope to amass resources at the local levels for policy implementation than in situations where there is a lack of willingness.

3.1.4 Socio-Economic Characteristics and Agency Capacity

The capacity of the organisation responsible for implementation will tend to limit or enhance the prospects for effective implementation (Goggin *et al.* 1990:38; Van Meter and Van Horn 1976).

Implementing agency capacity is a function of the availability of and access to tangible resources such as financial, material, technological, logistical; and intangible ones such as leadership, commitment, relationship with other government agencies (Brynard 2005).

As discussed above, the level of political support enjoyed by a policy will be an important factor in determining implementing agency level of resources. Additionally, local socio–economic conditions also have a direct and significant effect in determining the level of tangible and intangible resources available for the implementing agency. Poorer jurisdictions may struggle to equip the implementing agency with the physical and human resources necessary to carry out implementation; the more administrative and technically complex the programme, the more challenging it will be for such jurisdictions (Haverland and Romeijn 2007; McLaughlin 2006).

In such cases, intergovernmental resources may be needed to complement locally available resources, boosting the capacity and expertise of implementing agency and improving the prospects of successful policy implementation.

3.1.5 Socio-economic Characteristics and Disposition of Implementers

The disposition of implementers is a function of the content of the policy (policy objectives and resources) and implementers' response to it: their understanding of the policy, the direction of their response to it (acceptance, neutrality, rejection) and the intensity of that response. The intensity and direction of their disposition can lead to different reactions; strong acceptance can generate a positive attitude towards policy with implementers going the extra mile to guarantee implementation; on the other hand, strong rejection may lead to outright and open refusal to participate in the programme. Less intense negative attitudes may cause implementers to attempt diversion and evasion (Van Meter and Van Horn 1975, 1976).

In an intergovernmental context, deposition of implementers can be discussed at two levels: firstly the disposition of local political leaders; and, secondly, the disposition of the bureaucrats directly involved in the provision of programme's goods and services.

As discussed in section 3.1.3, local political leaders will tend to accept/favour policies which deal with problems which are important to their jurisdictions and which have widespread support from local population, particularly the local elite. Conversely, when policies deal with problems which are not severe and/or organised interests are lined up against the it, local political leaders may be encouraged to look on the implementation with disfavour. The levels of resources available for implementation at the local level will vary accordingly. If local politicians are willing to see a policy through in an effective and successful manner, they are more likely to make resources available and also to subject civil servants to greater degrees of pressure (Giacchino and Kakabadse 2003).

This leads us to the second layer of local implementers: civil servants working in the implementing agency. The success or failure of many federal programme has often been attributed to the level of support enjoyed within the agency responsible for implementation (Lundin 2007; Sabatier and Mazmanian 1983).

Implementing agency staff will be more responsive to polices which are a clear priorities to local political leaders. Studies indicate that politicians play an important role in reinforcing the relevance of policy goals and influencing behaviour of the local implementing agency and its staff. For instance, May and Winter (2007) in their study of the implementation of employment policy reforms in Denmark found that the political attention that municipal elected officials give to employment issues made a difference in what caseworkers emphasised. Political attention by local officials signals to civil servants that their actions are being noticed because they are important and that the rewards for success and the repercussions of failure would be more intense (Giacchino and Kakabadse 2003).

Political support will also normally result in increased resources for implementing agency. This will also contribute to implementing officials' disposition, since the context within which they operated - such as availability or lack of resources - also influenced disposition (Lipsky 1980). Van Meter and Van Horn (1976) found, for instance, that staff working in implementing agencies facing budgetary cutbacks perceived and carried out their tasks quite differently from those that enjoy expanding budgets.

Another factor influencing implementers' disposition is bureaucrats own personal values and preferences. Implementers may fail to execute policies because they reject the goals contained in them based on their personal values system or self-interest (Lipsky 1980). Conversely, widespread acceptance will enhance greatly the potential for successful implementation. Wolf-Dieter and Chojnachi (1999) argued that local implementing staff will be more willing to implement policies which they believe make a meaningful contribution to local society. In this sense, the "meaningfulness" of a policy is context specific – hence local features, such as its socio-economic characteristics, can play an important role in explaining willingness/resistance towards implementation. In this sense, if implementers perceive poverty levels to be a problem in their community, it is likely that they will look at policies which address this issue favourably.

3.1.6 Socio-Economic Characteristics and Intergovernmental Relations

At the centre of intergovernmental policy implementation is the relationship between levels of governments. The nature of this relationship in federal systems fits well with Agranoff and McGuire (2001) definition of a "donor-recipient model", in which "the recipient may need money, but donors need fundable applications and implementation ability at the local level. (....). Federal officials need program successes, and those successes depend on state and local government actions". Policy implementation in such context entails securing the compliance of actors whose resources are vital to policy implementation – even those who may disagree with policy goals. In such context, coercive and remunerative mechanisms *(stick and carrot approach)* predominate (Van Meter and Van Horn 1975; Matland 1995; Agrannoff and McGuire2001).

Policy resources are an important incentive (carrot) in intergovernmental implementation, as discussed above. Van Meter and Van Horn (1976) highlight two other important aspects of intergovernmental relations in policy implementation: Communications and Enforcement.

Communications

Policy objectives and standards cannot be complied with unless they are communicated with sufficient clarity. Communication between levels of the federal system is a complex and difficult task. In transmitting messages, communicators inevitably distort them either intentionally or unintentionally, placing their own emphasis and interpretations on what normally begins as uniform statement by federal governments. While good communication will not necessarily contribute to a positive disposition on the part of implementers, variations in their support for the policy may often be partially explained in terms of their understanding and interpretation of the policy standards and the manner they are communicated (Van Meter and Van Horn 1975; Agranoff and McGuire 2001; Goggin *et al.*1990).
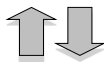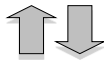
Enforcement
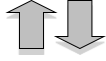
Successful implementation usually requires mechanisms and procedures whereby the federal government may increase the likelihood that state and local officials will act in a manner consistent with policy standards. As there is no hierarchy in the intergovernmental system, many of the enforcement and follow-up mechanisms available within hierarchical relationships are not available, or lack efficacy. In this context, central/federal government often relies on its normative power, issuing regulations and guidelines, and on its remunerative power, through performance related payments, withdrawal or withholding of funds. Reporting and accounting systems, on- site visitations, monitoring, programme evaluations and audits are also important enforcement tools used by the federal government (Van Horn and Van Meter 1976; Agranoff and McGuire 2001).

Jurisdictions which are more susceptible to policy inducements, as discussed above, will also be more vulnerable to policy enforcement. Jurisdictions which rely more heavily on federal funds, are more likely to be more vulnerable to federal government's sanctions.

This section presented a more in depth analysis of the relationship between local socio-economic characteristics and six intervening variable clusters predicted to affect implementation performance, using theoretical and empirical insights from comparative policy analysis, policy implementation and intergovernmental relations literatures. The resulting analysis is summarised in the table below.

Table 2: Socio-Economic Characteristics and Implementation Performance Theoretical Framework: Relationships between Independent and Intervening Variables

Independent and Intervening Variables		Dependent Variable
Socio-Economic Characteristics ⬆⬇ **Policy Objective**	A good fit between local socio-economic characteristics and policy objectives is likely to result in positive local response towards a policy.	**Implementation Performance**
Socio-Economic Characteristics ⬆⬇ **Policy Resources**	Resources made available by a policy may be more or less relevant to an area depending on its socio- economic circumstances.	
Socio-Economic Characteristics ⬆⬇ **Political Conditions**	The local socio-economic context has an impact on how policy resources are distributed locally and the array of interests affected by it; this in turn helps to shape the views of the general population, the local elite and local political leaders about the policy. Local leaders support for a policy will also be contingent on their assessment of potential electoral gains afforded by the policy.	
Socio-Economic Characteristics ⬆⬇ **Agency Capacity**	Local socio–economic conditions have a direct and significant effect in determining the level of tangible and intangible resources available for the implementing agency.	

Socio-Economic Characteristics ⬆⬇ Disposition of Implementers	The disposition of bureaucrats will be influenced by their perception of the meaningfulness of a policy given the local socio-economic context, the political support enjoyed by a policy and the availability of resources for policy implementation.	
Socio-Economic Characteristics ⬆⬇ Intergovernmental relations	Jurisdictions are more or less susceptible to inducements and enforcements depending on their socio-economic circumstances.	

In Chapter 3, this framework is adapted to the analysis of Conditional Cash Transfers (CCTs). Over the last decade, conditional cash transfer programmes have become one of the most widely adopted anti-poverty initiatives in the developing world. Despite CCTs' varying scope and operational details, all policies within this class are targeted at the poorest, and, hence, the implementation of such programmes tend to take place in poor areas. For this reason, it is crucial to develop a deeper understanding of how poverty and low levels of development impact the implementation of CCTs. The resulting theoretical framework should provide a path for analysing the dynamics between local socio-economic characteristics and performance in the implementation of CCTs , contributing to a better understanding of the implementation process in general.

Chapter III The Implementation of Conditional Cash Transfers

The characteristics of a policy have implications for the ways in which it is implemented and hence an important stage in implementation analysis is to understand the distinct features of a policy and how they impact on implementation (Hill and Hupe 2009,Van Meter and Van Horn 1975). This chapter completes the development of this study's theoretical framework by adapting the "Socio-economic Characteristics and Implementation Performance Framework" to the analysis of Conditional Cash Transfers (CCTs). The chapter begins with a brief overview of CCTs, their main characteristics and implementation challenges, followed by an analysis of how such characteristics interact with the Socio-Economic Characteristics and Implementation Performance Framework. It concludes with the presentation of the likely scenarios for the implementation of CCTs in the poor and in rich areas.

1. Overview of Conditional Cash Transfers (CCTs)

1.1 What are Conditional Cash Transfers (CCTs)?

Social cash transfers are increasingly becoming a key pillar of social protection systems in developing countries (Lavinas 2001; Samson 2009). While direct income transfers to families or individuals are used extensively in developed countries, this is a relatively new policy in developing countries where social protection policies have traditionally been based on assistance in kind (such as food or agricultural inputs) or subsidies (Lavinas 2001).

Social cash transfers can be defined as regular non-contributory payments provided by the government or, less frequently, non-governmental organisations, to individuals or households intended to increase or smooth the consumption of goods and services, decreasing chronic or

shock-induced poverty (Farringdon and Slater 2006). Social cash transfers can take many shapes and forms: they can be "universal"[4] or means tested (targeted to those identified as poor); they can also be unconditional (Unconditional Cash Transfers - UCTs) or conditional either on recipients providing labour in compliance with a work requirement (Cash for Work programmes) or conditional on households actively fulfilling human development responsibilities (Conditional Cash Transfers - CCTs) (Farringdon and Slater 2006).

This study focus on Conditional Cash Transfers (CCTs), that is, regular money payments by government or non-governmental organisations to individuals or households in exchange for active compliance with human development conditionalities (health education, nutrition, etc.). CCT programmes have their origins in the 1990s, in the wake of Structural Adjustment Programmes and the deteriorating social conditions that followed. Then a number of Latin American countries, notably Brazil and Mexico, started experimenting with cash transfer schemes targeted at poor households in which payments were linked to beneficiaries complying with a series of conditions, particularly related to children's education (Schubert and Slater 2006).

Such programmes were underpinned by the concept of poverty as a multidimensional and intergenerational phenomenon and the view that short-term relief and long-term development are complementary rather than excluding approaches (Barrientos and Santibanez 2009). Accordingly, the aims of Conditional Cash Transfers programmes are generally two-fold: (i) to reduce current poverty through the provision of cash transfers, and (ii) to leverage these transfers as incentives to promote human capital development, contributing to breaking long-term intergenerational cycles of poverty.

In this sense, Conditional Cash Transfers (CCTs) represented an important transformation in social protection policy. Traditionally, cash transfers were perceived in a developing country context as a prioritisation of short-term equity and humanitarian objectives over long-term objectives of sustainable development and economic growth. Transfers were also often

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[4] What is often referred to as a "Universal" transfers, actually refers to a categorical approach to targeting in which everyone in a designated social, geographical, age or other such category benefit. Common examples include old pension schemes, Disability and Child grants.

criticised for introducing incentives that could lead to reducing labour supply and encouraging dependency (DFID 2012). Advocates of CCTs challenged this view of a trade-off between short and long-term development objectives by maintaining that CCTs could have an important role in economic development, particularly in high inequality settings, by supporting minimum levels of consumption and providing incentives for long-term investments in human capital (Samson 2009).

Evidence emerging from the pioneering programmes, particularly the Brazilian Bolsa Escola (later merged into Bolsa Família) and the Mexican Progresa (precursor of Oportunidades), seemed to demonstrate that CCTs were generally able to fulfil their promise of reducing poverty and inequality while at the same time promoting human capital development. In a comprehensive review of the literature on CCT programmes, Fiszbein and Schady (2009:2) found that "CCTs generally have been successful in reducing poverty and encouraging parents to invest in the health and education of their children". A recent review of cash transfers programmes carried out by DFID (2011) corroborated these findings. DFID sustained that CCTs generally produced important effects such as improvements in education attendance levels, access and usage of basic preventive health services, as well as increases in households average income levels, reducing poverty and extreme poverty gaps. This evidence is presented in more detail in section 1.3.

These positive outcomes arouse the interest of other countries trying to tackle similar issues and also caught the attention of various international development organisations, such as the World Bank, the Inter-American Development Bank (IDB), the United Nations Development Program (UNDP), and bilateral donors, such as the British Department for International Development (DFID) and the German Organisation for Technical Cooperation (GTZ), who started to actively promote the use of social cash transfers in developing countries, providing substantive funding and technical cooperation (Moraes Sá e Silva 2010).

As a result, Conditional Cash Transfer (CCTs) programmes have become one of the most widely adopted anti-poverty policy in the developing world and are currently the cornerstone of social protection systems in several countries. There are currently 43 CCT programmes spread across 40 countries, 35 of which have a national scope (Moraes Sá e Silva 2010).

In Latin America and the Caribbean, CCTs reached, in 2010, 129 million people in 18 countries, or 24 per cent of the population. These programmes, particularly the Brazilian Bolsa Família, the largest in the world reaching 12.4 million families, and Mexican Oportunidades which covers 25 per cent of the Mexican population, have been emulated by countries from several regions (Paes-Sousa *et al.* 2013).

New and expanding CCT programmes are now operational across Asia in Bangladesh, Indonesia, Pakistan and the Philippines. There are also a growing number of smaller-scale pilot CCT programmes across sub-Saharan Africa in countries such as Zambia and Angola targeted mainly at orphans and vulnerable children affected by the HIV/AIDS epidemic (DFID 2011).

More recently, the city of New York in the USA started the implementation of the first CCT programme in a developed country, the Opportunity New York City Family Rewards programme (Aber and Rawlings 2011).

In terms of costs, CCT programmes typically cost to 0.3-0.4% of GDP in Latin America, but this varies significantly as a result of coverage and the size of the benefit (Paes-Sousa *et al.* 2013). CCTs are normally funded by governments, multilateral or bilateral donors, or a combination of both (Moraes Sá e Silva 2010). In 2009 alone, the World Bank provided $2.4 billion to start or expand CCT programmes in Bangladesh, Colombia, Kenya, Macedonia, Pakistan, and the Philippines. Meanwhile, the IDB has invested more than $8 billion dollars in CCT programmes over the last decade and financed CCTs in 14 countries in Latin America and the Caribbean (Paes-Sousa *et al.* 2013).

1.2 Key Features of Conditional Cash Transfers

Despite differences in design and scope, CCT programmes share two important features: they are targeted and conditional.

1.2.1 Targeted

CCTs are selective policies that only benefit families which fit within pre-established conditions, usually related to poverty levels and the presence of children and other vulnerable groups in the household. Once the selection criteria is defined, several methods can be used for beneficiary identification and selection, including geographical targeting, household assessment using proxy means tests, unverified means-testing, proxy means testing (based on easily observable characteristics associated with poverty), and community-based selection (Samson *et al.* 2006).

Advocators of targeted approaches to social transfers argue that scarce government resources should be concentrated on specific groups of poor households or individuals. Targeting, they argue, will achieve the maximum impact from a given poverty alleviation budget or achieve a given impact at the least budgetary cost (Coady *et al.* 2004). DFID (2011) points out that targeted CCT programmes in Latin America and the Caribbean typically absorb less than one per cent of GDP, a fraction of what universal provision would cost. Coady *et al.* (2004) reviewed 122 targeted programmes from 48 countries and found that the median programme provides approximately 25 per cent more resources to the poor than would a random allocation; and that the top ten performing programmes is terms of targeting precision delivered to the poor two to four times the share of benefits that they would receive with random allocations.

Critics of the targeted approach counter this argument by pointing to the hidden costs of targeted policies such as information distortion, incentive distortion, private costs, high administrative costs and corruption (Mkandawire 2005, Samson *et al.* 2006). Universal social policies, they argue, are less prone to such distortions and more appropriate to contexts with widespread poverty and weak administrative institution, where targeting can be an open invitation to rent seeking and corruption. CCT programmes in general have been proactively seeking to address these issues in the design and implementation of targeting mechanisms.

Apart from these technical and financial arguments, a key aspect of the target versus universal debate revolves around the political economy of redistribution. Opponents of a targeted approach in social policies argue that universal programmes are more politically sustainable, as universal access is one of the most effective ways to ensure political support by the middle classes whose taxes finance welfare programmes.

Excluding the middle classes, they warn, may remove a broad-based support for such programmes and make them unsustainable (Mkandawire 2005) . Coady *et al.* (2004) challenged this argument by highlighting that governments have gained support for CCTs precisely by showing that the programmes are efficiently targeted, reaching only those really in need. Indeed, CCT programmes have been remarkably sustainable. Some of the pioneer programmes in Latin America have existed for more than a decade and have been constantly expanded, with support from across the political spectrum (Fiszbein and Schady 2009, Paes-Sousa *et al.* 2013).

Apart from targeting, another key feature of CCT programmes is the conditional nature of the transfer.

1.2.2 Conditional

In Conditional Cash Transfers programmes, cash payments are conditional on household members investing in human development. Conditionalities have been introduced in order to modify behaviour and contribute to breaking with sustained cycle of exclusion and poverty. The inclusion of conditionalities is based on the assumption that there is no sufficient demand for key social services such as education or health among the poorest sectors of the population, either because poor households lack full information on the long-term benefits of preventative healthcare and education, and/or because the interests of parents may diverge from those of their children. The theory is that, by linking transfers to compliance with conditionalities, the programme creates additional incentives for investing in human development - the cash serve as an incentive to encourage investment in health and education, as well as covering private costs related to using these services (DFID 2011).

The use of conditionalities, however, raises specific issues that are not a concern for other types of social transfers and create additional costs for both governments and recipients. Government agencies must have substantial institutional capacity to monitor compliance and to link compliance information with benefit payment. Additionally, public services (schools, health centres) must be able to respond to the increase in demand induced by CCTs, as services must be available and accessible to all beneficiaries.

Conditionalities also generate costs for beneficiaries, who have to bear the costs associated with compliance; such costs may offset the benefits of the cash transfer and even exclude the poorest from the programme. For these reasons, some authors have argued that CCTs are inappropriate for poorer areas and that social cash transfers in such contexts should be unconditional (Samson *et al.* 2006, Schubert and Slater 2006).

There are also questions regarding how much of CCT impact so far can be attributed to the existence of conditionalities. Indeed, the evidence to date regarding the impact of conditionalities is inconclusive. Evaluations have found it difficult to attribute the impact of CCT programmes to either its cash transfer component or to conditionalities. For instance, Gaardner *et al.* (2010) reviewed evidence on health and nutrition and suggested that conditionality is not required for a cash transfer programmes to have some nutritional impact, but without conditionality visits to health clinics are less likely to increase. In relation to impact on education, the evidence is also mixed; Baird, McIntosh, and Ozler (2010) found that there is an important improvement in school enrolment in CCT treatment in comparison to an unconditional cash transfer (UCT). On the other hand, DFID (2011) found evidence in UCT programmes in South Africa and Malawi that cash alone might be sufficient to improve school enrolment, without the need for conditionalities.

Nevertheless, even in the absence of sound evidence that conditionalities are needed to increase the impact of cash transfers, political factors weigh in favour of their inclusion. Similarly to targeting, conditionalities substantially enhance the political attractiveness of social cash transfer programmes, as they help to dilute the negative perceptions of dependence with the positive sentiments created by beneficiaries' investment in human capital. Also, by reinforcing the link between cash transfers and human capital development,

conditionalities also help policymakers to deal with the pressures regarding a possible trade-off between cash spent in alleviating poverty and promoting investment and economic growth. Hence, politicians view conditional cash transfers as more politically acceptable to voters and taxpayers than non-conditional transfers. (Fiszbein and Schady 2009, Paes-Sousa *et al.* 2013).

1.3 The Impact of Conditional Cash Transfers

Conditional Cash Transfer programmes have been the focus of unprecedented scrutiny, with virtually all programmes undergoing systematic evaluations. To date, empirical evidence on CCT programmes points to largely positive impacts.

1.3.1 Poverty levels and Inequality

There is convincing evidence from a number of countries that cash transfers can reduce inequality and the depth or severity of poverty (DFID 2011).

For instance, it is estimated that Oportunidades programme in Mexico has reduced the national poverty gap by approximately 20 per cent, from 8.5 to 6.8. In Brazil, Soares *et al.* (2010) found that nearly 60 per cent of the 2.6 percentage point reduction in poverty levels between 2007 a 2009 could be attributed to the Bolsa Família programme. The authors also estimated that the Bolsa Família programme has accounted for 16 per cent of the fall in the country's Gini index (a summary measure of inequality) in the last decade.

Similarly, in South Africa, the national system of cash grants is estimated to have reduced the country's Gini coefficient by three percentage points, as it approximately doubles the share of national income that the poorest quintile receives (EPRI 2011).

1.3.2 Food Consumption and Nutrition

There is significant evidence that CCTs have had a positive impact on food consumption and nutritional status of beneficiary households (Fiszbein and Schady 2009; Attanasio and Mesnard 2006).

For example, in Mexico, Oportunidades has also been found to increase both caloric consumption and caloric diversity among households and to reduce stunting among the beneficiary population (Handa and Davis 2006). The median value of food consumption was 11 per cent higher for beneficiary households than for comparable control households, and the median caloric consumption had increased by 8 per cent (Hoddinott, Skoufias, and Washburn 2000).

Similar results are reported elsewhere. Cash transfers in Ethiopia, Tanzania and Colombia have been found to increase food consumption and support a more diverse dietary intake. There is evidence of children in recipient households having a more rich and diverse diet (Kebede 2006; Hofmann *et al.* 2008: Samson *et al.* 2006).

Research results also indicate that for a given level of total household expenditure, beneficiary households tend to consume a larger proportion of food. For example, the food share is about 4 percentage points higher among programme beneficiaries in Colombia, Ecuador, and Nicaragua than among non-beneficiaries (Fiszbein and Schady 2009). This evidence also helps to dissipate some of the concerns that cash could be used by beneficiaries for the consumption of less desirable commodities such as alcohol and tobacco (Skoufias *et al.* 2008).

1.3.3 Education

Investment in human development constitutes a primary objective for CCTs and most programmes condition the receipt of benefits on school enrolment and minimum levels of attendance. The evidence from a range of CCT programmes points to significant

improvements in school enrolment by children in beneficiary households (Barrientos and Scott 2008; DFID 2011; Fiszbein and Schady 2009; Hofmann *et al.* 2008).

Fiszbein and Schady (2009) found that in all countries analysed, CCTs have led to significant increase in school enrolment among beneficiaries, especially among the poorest children, whose enrolment rates at the outset were the lowest. These impacts are found across the board in the middle-income countries such as Mexico and Brazil; in lower-income countries in Latin America such as Honduras and Nicaragua; and in low-income countries in other regions such as Bangladesh, Cambodia, and Pakistan.

In Brazil, Bolsa Família has been credited with a 2.2 per cent increase in school attendance (Silveira Neto 2010) and a lower drop-out rate amongst beneficiaries (Hall 2008). In Mexico, it has been estimated that the improvements in schooling of children in Oportunidades's beneficiary households will translate into an extra 0.65 of a year by the time they complete their education (Barrientos and Scott 2008). Another encouraging result from the evaluations of Oportunidades in Mexico is the large increase in school transition rates (from primary to middle school) among beneficiaries.

Also, because CCT programmes effects are concentrated among households who were least likely to use services in the absence of the intervention, CCTs have particularly contributed to deductions in pre-existing disparities in access to education. For instance, in Bangladesh, Pakistan, and Turkey, where school enrolment rates among girls were lower than among boys, CCTs have helped reduce this gender gap (Fiszbein and Schady 2009). Similarly, in Mexico, Oportunidades has had a larger impact on girls' schooling relative to that of boys, particularly at older ages – the programme increased enrolment in secondary school by 6 percent for boys and 9 percent for girls (Barrientos and Scott 2008; Handa and Davis 2006).

However, there is less evidence that improvements in enrolment and attendance have led to increased learning outcomes. Results of evaluations have been mixed. Barham *et al.* (2013) have found that random exposure to the CCT during critical school years led to a one-quarter standard deviation increase in learning outcomes for young men. On the other hand, recent evaluations in Ecuador, Mexico and Cambodia have found absence of any impact on

achievement test scores (DFID 2011). This outcome is likely to be related to the insufficient coverage and quality of schools.

1.3.4 Health

There is consistent evidence of the positive impacts of CCT programmes on health, particularly on the utilisation of preventive health services and reduction in morbidity for specific age groups (Fiszbein and Schady 2009, Gaarder *et al.* 2010).

Oportunidades in Mexico has been successful in achieving higher rates of utilisation and improved health status among beneficiaries. Barrientos and Scott (2008) found that the programme has increased health visits in general by 18 per cent. Skoufia and McClafferty (2000) also found that the programme has generated an 8 per cent increase in clinic visits by pregnant women in their first trimester. Gertler (2004) also found a significant improvement in the health of children in response to Oportunidades. The author found that children from beneficiaries' households experienced an illness rate in the first six months of life that was 25.3 per cent lower than that of control children. These results are supported by Skoufia and McClafferty (2000) who found a 12 per cent reduction in incidence of ill-health among children aged 0-5 years compared to non-Oportunidades children, and 19 percent fewer days of illness among adults.

Even though the bulk of the health impact evidence available come from Oportunidades (Gaarder *et al.* 2010), evidence emerging from other countries also point to a positive impact of CCTs on health. In Jamaica, Levy and Ohls (2007) reported significant effects of the CCT programme PATH on the number of preventive health care visits by children under the age of 6. Rasella *et al.* (2013) found that Brazil's Bolsa Família has contributed to decreasing child mortality, in particular for deaths attributable to poverty-related causes such as diarrhoea.

1.3.5 Local Economy

The evidence on the overall impact of CCTs on the local economy is limited. However, evidence produced so far from existing programmes show that benefits from social cash transfers can spill over beyond beneficiaries' households and benefit local economies (Barrientos and Scott 2008, Davies and Davey 2008, DFID 2011, Gelan 2006).

Cash transfers serve as cash injections to local economies, providing liquidity and stimulating demand for goods and services (particularly food and agricultural inputs) at the local level and therefore can have a positive impact on income growth in the local economy.

An evaluation of Oportunidades in Mexico observed an increase in consumption and productive assets among non-beneficiary households in treatment areas, compared to non-beneficiaries in control areas, which can be explained by improvements in the local economy (Barrientos and Scott 2008).

There is also some evidence from Ethiopia and Malawi that the introduction of cash transfers into poor, remote areas can stimulate demand and local market development. Gelan (2006) found that in Ethiopia cash transfers had a multiplier effect, generating welfare improvements not only to households which are direct beneficiaries, but also to other households whose livelihood depends on producing and selling food in domestic markets and providing services. Evidence from Malawi also showed a positive impact of cash transfers in the local economy. Davies and Davey (2008) found visible signs of increased economic activity in most villages benefiting from CCTs in response to the increased demand generated by the social transfers. The authors estimated that the multiplier effect of the cash transfers was in excess of two – that is, each dollar of cash transferred to beneficiaries injected more than two dollars of income into the local economy.

Another way cash transfer programmes may stimulate local economies is by creating rural markets for financial services. In the case of rural areas with a high degree of non-monetisation, cash transfers are a way of integrating beneficiaries into the monetised economy, which is an important first step in introducing the very poor to the financial system. Additionally, the need to distribute cash can in itself be a trigger the establishment of

financial services in remote areas. Increasingly, cash transfers are distributed to target groups via formal financial intermediaries - through Smartcards (as in Malawi and South Africa), or by opening current accounts for beneficiaries (as in Brazil, Mexico, Philippines) (Carpio and Riemenschneider 2008).

However, evidence from existing programmes also show that cash transfer can also generate negative externalities, such as creating inflation on prices of food and other commodities, by "over stimulating" the local economy. This is a particular concern in places where commodity supply is inelastic because local market systems are isolated or fragmented and unable to respond to the increase in demand produced by cash transfers. For instance, in isolated food deficit markets, cash transfers aimed at helping beneficiaries to purchase food may have the perverse effect of driving food prices up, further exacerbating the very problem it aimed to address (Harvey and Holmes 2007). A cash transfer programme in Meket, Ethiopia illustrates this point: demand for food was stimulated by a cash transfer scheme and prices soared as the programme was creating demand to which the local market could not respond. In such cases, the use of in-kind transfers seems to be more appropriate (Kebede 2006).

1.3.6 Negative impact on Labour supply and fertility

Evaluations also reveal that CCTs have been quite successful in addressing many of the criticisms of earlier social assistance programmes related to disincentive effects. Despite initial concerns that positive impacts would be offset by negative behavioral changes among adults, such outcomes are not prevalent. CCTs have not generally decreased adults' labor supply (from dependence on social assistance) nor fostered fertility, or reduced remittances and other private transfers (DFID 2011; Paes-Sousa *et al.* 2013).

Where reductions in adult labour supply have been found, they have been small. Parker and Skoufias (2000) found a reduction in hours worked by adult men by about six hours per week, with no effect among adult women. On the other hand, studies from Brazil and South

Africa found positive effects on labour market participation, with transfers used to cover costs associated with job seeking (DFID2011).

Coady *et al.* (2004) argued that work disincentive effects seems to be less important in CCT programmes mainly for two reasons: firstly, transfers are rarely graduated and thus only those around the cut-off point have an incentive to change behaviour to become eligible to transfers; secondly, benefit levels are usually very low, implying that recipients will maintain a strong incentive to pursue additional earnings when they have a choice.

Overall, CCT programmes' evaluations have produced considerable evidence to support the view that CCTs have generated positive outcomes. However, such evaluations have generally provided little insight into why and how these outcomes have been achieved. In this sense, this research will also make a contribution to the Conditional Cash Transfers literature by specifying and analysing, from a policy implementation perspective, the intermediate processes that ultimately determine the degree in which cash transfer programmes are able to generate impacts.

The next section describes the implementation of CCT programmes' key components and discusses the particular challenges they pose to programme implementers.

2. The Implementation of Conditional Cash Transfer Programmes

CCT programmes vary greatly with respect to scope, size, context and operational details, but it is possible to indentify key components common to all programmes. These include:

- Beneficiary Identification and Enrolment Cash transfer payments
- Monitoring and Enforcement of Conditionalities
- Accountability mechanisms: Auditing, Monitoring, and Evaluation

2.1 Beneficiary Identification and Enrolment

The ability to effectively reach the poor is central to the success of any poverty alleviation programme; however, finding and engaging the poorest within a population is a difficult task. Identifying and registering the individuals or households who fit the criteria established by a CCT programme require substantive amounts of information and complex logistic arrangements – it is hence very costly. According to Mkandawire (2005), the average cost of administering individual targeting schemes is about 9 per cent of total programme cost. Other less efficient models such as self-targeting and geographic targeting are cheaper, but still consume an estimated 6–7 per cent of a programme's budget.

And yet, the success or failure of CCTs depends to a large extent on accurate targeting. Targeting performance in CCTs is crucial not only in terms of achieving programmatic objectives, but also because targeting errors - errors of exclusion (under coverage) and errors of inclusion (leakage) - can severely undermine the legitimacy of the programme and consequently its political sustainability.

There are numerous targeting strategies available to programme implementers. Coady *et al.* (2004) identify two main categories of targeting methods which are commonly used in CCT programmes: categorical targeting and individual/household assessment.

Categorical targeting refers to a method in which all individuals in a specified category are eligible to receive benefits. Geographical and demographic (age, gender, ethnicity) categories are commonly used as they are easy to observe, hard to manipulate and can correlate well with poverty. Geographical targeting is one of the most commonly used strategies and performs well when the poor are geographically concentrated and overall poverty levels are high. It is widely used as the first stage of the process of selection of beneficiaries (Paes-Sousa *et al.* 2013). Demographic categories are also a commonly used; a review of CCT programmes in Latin America by the Inter-American Development Bank (IDB) has shown that CCT programmes in the region tend to focus on households with pregnant or lactating women, or women of reproductive age, children, and school-age youth (Paes-Sousa *et al.*

2013). Categorical targeting is relatively low cost, but also less precise than Individual and Household Assessments (Coady *et al.* 2004).

Individual and Household Assessment is a method that involves testing a person's or household's means for survival. This process is often referred to as mean testing. It usually involves interviewing each applicant , requesting information on income and assets. This is a very laborious process, requiring substantial administrative capacity to collect, process and update information. Verified means tested are potentially very accurate, but are very costly and may exclude legitimate applicants who can not produce the necessary documentation to proof income (Samson *et al.* 2006). Proxy means testing is an alternative form of individual and household assessment which employs more easily observable indicators associated to poverty, such as location of residence and quality of its construction. Overall, Individual and Household Assessment requires substantive resources, and for this reason is normally used to identify poor households within those that satisfy the categorical criteria (Coady *et al.* 2004).

What constitutes the best targeting option for a particular programme will depend on programme objectives, the characteristics of the poor and vulnerable, the availability of data and funds, institutional capacity and political acceptability of the programme (DFID 2011). In practice, beneficiaries are typically selected through a combination of methods. For example, in Colombia, the Más Familias en Acción Programme uses geographic, categorical (displaced and indigenous families) targeting combined with means testing using a multidimensional poverty index. In Mexico, Oportunidades combines an initial round of geographical targeting with proxy means test (Paes- Sousa *et al.* 2013).

All targeting methods are imperfect and invariably result in some level of exclusion and inclusion errors. Coady *et al.* (2004) found, however, that the scale of these errors is determined largely by how the targeting methods are implemented. They found that 80 per cent of the variability in targeting performance was actually due to differences within targeting methods and only 20 per cent was associated to differences across methods, meaning that the most important determinant of targeting success is its implementation rather than the targeting method *per se*.

Targeting implementation is especially problematic in poorer jurisdictions where, besides limited resources and overall low administrative capacity, the social-economic environment invariably compounds the burden of identifying and incorporating eligible individuals/households. In such areas, most people's source of livelihood is in the informal sector, people commonly lack identification documents, and, particularly in rural areas, are often spread through vast areas with poor transport infrastructure (Samson *et al.* 2006).

Overall, CCT programmes have put a lot of effort into developing implementation strategies to overcome some of these limitations and improve accuracy and transparency of targeting. Common strategies include alternative means-testing and identification mechanisms, continuous recertification process, regular audits, independent validation and grievance redress mechanisms, investment in technology such as unified data bases (Lindert *et al.* 2007, Paes-Sousa *et al.* 2013).

As a result, CCTs are among the better targeted social assistance programmes - eight of the top ten performing programmes in Coady *et al.* (2004) analysis of 85 social assistance programmes are CCT programmes. CCT are particularly successful in including the poor – for instance, both Bolsa Família and Oportunidades have low exclusion error rates at around 10 per cent (Soares *et al.* 2010).

However, inclusion errors are still generally high. Lindert *et al.* (2007) estimated that leakages for the Bolsa Família Program are estimated at about 20% of programme coverage, or about 2.2 million families; and Coady and Parker (2004) estimated an inclusion error of 22 percent for Oportunidades. In the case of Bolsa Família, Soares *et al.* (2010) explained that the inclusion error is, to a great extent, the result of rapid programme expansion. They also noted that, although a portion of the inclusion error can be attributed to recording error and some to fraud, the bulk of the inclusion error, was the result of income volatility of households who were close to the programme's poverty line. Indeed, Lindert *et al.* (2007) found that those in the poorest two quintiles (40 per cent of the population) received 94% of the Bolsa Família Program's benefit.

In order to reduce inclusion errors, most programmes periodically revise beneficiary households' eligibility. In Brazil, for instance, recertification takes place every two years and in Mexico every 5 years (Paes-Sousa *et al.* 2013). The recertification process may lead to the household's continuation in the programme, modification of the benefits, or exit from the programme (those who no longer fit the programme's eligibility criteria). In 2011, Mexico's Oportunidades recertified 1.1 million beneficiary households. Of these, 49 per cent were determined to be poor and eligible to remain in the program, 19 per cent were supposed to be redirected to a different programme, and 32 per cent were deemed no longer eligible (Paes-Sousa *et al.* 2013).

2.2 Cash transfer payments

Once beneficiaries have been identified and registered, providing regular cash transfers would be a relatively straightforward process if beneficiaries were connected to the banking system − as is often the case of cash transfers in developed countries. However, the overwhelming majority of CCT programmes' beneficiaries are not linked to any financial institution and most of them live in areas in which such services are not available. In such cases, cash is often delivered through programme's implemented payment processes, increasing costs and raising issues of transparency and security.

In order to deal with issues of cost and transparency, a growing number of programmes have been implementing electronic delivery of cash payments, relying on cash cards or mobile phones and a networks of alternative service providers (post offices, lottery offices, shops) to distribute payments. Despite steep set up costs, electronic delivery can substantially reduce costs in the long run; in Brazil, for instance, switching to electronic benefit cards cut the administrative cost of delivering Bolsa Família payments nearly seven-fold, from 14.7 percent to 2.6 percent of grant value disbursed (Lindert *et al.* 2007). Switching to electronic delivery also reduces private costs for beneficiaries, as the use of cards and mobile phones significantly reduces wait and collection time (Samson *et al.* 2006). However, according to DFID, of the 40 social transfer programmes launched in the past decade for which detailed

data is available, only 45 per cent feature electronic delivery of cash payments (DFID 2011); the majority still relied on cash delivery through programme offices or agents.

Direct cash delivery is an even more challenging and costly process and often results in delays and unreliable payment patterns, particularly in rural areas with poor infrastructure and scattered population. In Mozambique, for instance, payments to beneficiaries of the Food Subsidy Programme (PSA) are made directly by the implementing government agency (INAS) officials, who have to travel to communities carrying the cash. As the number of staff in each INAS Delegation is very limited, there are frequent delays in payments. Also the costs involved are very high – besides transport costs, INAS officials receive *per diem* of MTN1,500 when travelling to deliver the benefits, 15 times the Food Subsidy itself (Galvani 2010). In Lesotho, delivery of cash transfers even involve the Lesotho defence forces, with military helicopters used to access remote area (Samson *et al.* 2006). As a result of these costly and cumbersome arrangements, payments are often made out of schedule, impacting negatively on the predictability and reliability of cash transfers and its ability to reach its goals.

An added complication of CCT payment systems is the need for it to be integrated with the conditionalities monitoring system and be flexible enough to allow for benefit suspension and reinstatement.

2.3 Monitoring and Enforcement of Conditionalities

Conditionalities are the most distinctive features of Conditional Cash Transfer programmes and are also the most complex to implement. CCT programmes vary with respect to the design of their conditionalities and the enforcement of those conditionalities. Programmes normally have education and health related conditionalities, which vary in scope and specificity.

The most common conditions to promote education include enrolment and regular attendance of the households' children (commonly a minimum of 80 or 85 per cent of school days). A

few programmes also include conditions related to performance - Cambodia, for example, requires passing grades and Turkey allows a grade to be repeated only one (DFID 2011, Fiszbein and Schady 2009, Paes-Sousa *et al.* 2013).

Health conditionalities of some kind are included in all Latin American programmes, while such conditions are much less common in programmes in Africa and South Asia, as service provision tend to be more limited in these areas (Fiszbein and Schady 2009). Health conditionalities tend to apply to children and pregnant women and/or lactating mothers. Common health conditions include regular health centre visits, immunisations, and health and nutrition education sessions.

Overall, conditionality compliance is high. In Brazil, El Salvador, and Mexico, compliance with education conditions has tended to be 90 percent or better among enrolled students; compliance with health conditions are in the same range (Paes- Sousa *et al.* 2013). Although all CCT programmes specify a schedule of sanctions in the case of noncompliance with the stated conditionalities, the type of sanctions and the degree of enforcement vary substantially among programmes. The most common sanction is the temporary suspension of all or part of the benefit for the first instances of noncompliance, followed by an eventual termination of the benefit for repeated noncompliance.

The conditional aspect of CCTs is one of the most complicated and costly features of CCT programmes to implement. Grosh *et al.* (2008) compile administrative costs for ten CCT programmes and estimated that monitoring compliance cost between of 1–3 per cent of total program resources. Beyond the allocation of budget resources, monitoring conditionalities compliance often involves complex inter-sectoral coordination mechanisms and information sharing involving social protection, health and education sectors at national and local levels (Lindbert *et al.* 2006).

Besides the monitoring issues, one of the main challenges posed by conditionalities relates to the additional demands on the supply of services likely to arise when beneficiaries try to meet the conditionalities. Limited coverage and poor quality of services in many countries has weakened the efficacy of the conditional transfers, or produced a relaxed interpretation of the

conditionalities (Paes-Sousa *et al.* 2013). Additionally, lack of adequate services may significantly increase the private costs incurred by beneficiaries in order to comply with conditionalities by, for instance, increasing cost of transport to school and clinics. Coady (2000) calculated that the beneficiaries of Progressa (precursor of Oportunidades) spent an annual average of US$95.70 on travel costs to comply with requirement to visit health clinic six times a year. Also, the potential administrative burden of monitoring conditionality and service supply issues are particularly critical in poorer jurisdictions with weak institutional capacity. For these reasons, some authors have pointed to the inevitability of CCTs in such contexts and advocate for unconditional cash transfers in such contexts (DFID 2011, Samson 2006, Schubert and Slater 2006).

2.4 Accountability mechanisms

Checks and balances are an important feature in the implementation of any government policy, but are specially important in the case of CCTs mainly for two reasons; firstly because of the nature of the policy which involves the distribution of cash to large numbers of beneficiaries and is hence open to political and other manipulation; and secondly, because the intended beneficiaries of CCTs are among the most vulnerable in society and often lack the resources to protect their rights (Bassett and Blanco 2011).

Strong control and accountability mechanisms are critical throughout CCT programmes implementation to prevent fraud and errors which can reduce its efficacy and undermine public support for the programme. A number of oversight mechanisms have been used in CCT programmes, including top down instruments such as formal audits, spot checks, public ombudsperson, hotlines, and impact evaluation; as well as bottom up approaches such as civil society organisations and community committees (Bassett and Blanco 2011, Samson *et al.* 2006).

For instance, in beneficiary selection, a combination of oversight mechanisms are normally used to increase transparency and reduce inclusion errors. Beneficiary eligibility criteria and beneficiary selection process are often widely publicised. Once beneficiaries are selected,

certain countries publish the full list of programme's beneficiaries on the internet. Programmes also commonly have redress mechanisms, such as community committees, for challenging decisions. Finally, most programmes periodically carry out electronic cross checks and auditing of beneficiaries to address inconsistencies and correct errors. In Brazil, for example, the Court of Audit identified inconsistencies in 878,026 records of Bolsa Família beneficiaries in 2009, resulting in 194,869 beneficiary families being expelled from the programme (Paes- Sousa *et al.* 2013). All these checks and balances are important for mitigating the risk (and the perceived risk) of selective/political incorporation of beneficiaries, improving targeting efficiency and promoting programmes' reputations and political support.

Another important accountability mechanism common in CCT programmes are systematic programme evaluations. Robust external evaluations have been crucial for programme performance and political sustainability and have also helped to stimulate the rapid spread of cash transfer programmes across the globe.

3. Socio-Economic Characteristics and Implementation Performance Theoretical Framework applied to Conditional Cash Transfers

The above analysis of Conditional Cash Transfers components and challenges highlighted the peculiarities and complexities of this policy type and the importance of implementation performance to CCTs' legitimacy and sustainability. With this in mind, this section analyses the relationship between local socio-economic characteristics and performance in the implementation of Conditional Cash Transfers by applying the "Socio-Economic Characteristics and Implementation Performance Theoretical Framework" developed in Chapter 2. I start by discussing the meaning of implementation performance in the case of Conditional Cash Transfers. Next, I analyse the relationship between the socio-economic context and the six intervening variable clusters (policy objectives, policy resources, political conditions, agency capacity, disposition of implementers and intergovernmental relations) in the context of CCT programmes.

3.1 Dependent Variable: Implementation Performance

Overall, CCT programmes' evaluations have produced considerable evidence to support the view that CCTs have generated positive outcomes. However, such evaluations have generally provided little insight into why and how these outcomes have been achieved.

Research into Conditional Cash Transfers performance, both academic and professional, has been almost entirely carried out from an outcome perspective, with evaluations often using a "black box" approach which does not take into consideration the implementation process and implementation performance per se has rarely been analysed (Gaardner *et al.* 2010). To this effect, Samson (2009:46) has noted that "The open issues [about CCTs] revolve more around operational questions rather than impact. The question is not so much *if* [CCT produce impact] as much as *how"*.

The few output level analysis which have been carried out focused on isolated components of CCTs such as targeting efficiency (Soares *et al.* 2010, Coady *et al.* 2004) or conditionality monitoring (Paes-Sousa *et al.* 2013). This approach , however, offers only a partial view of implementation performance, since CCTs are characterised by the use of a multiplicity of interventions to reach their objectives. In this sense, the assessment of CCTs' implementation performance should encapsulate the implementation of all key programme components, namely beneficiary identification and enrolment, payments, monitoring and enforcement of conditionalities and accountability mechanisms.

A key difficulty in carrying out this type of analysis is that output level data is rarely collected systematically; hence, proxy indicators for implementation performance are rarely available. One notable exception is the "Decentralised Management Index" (Índice de Gestao Descentralisada – IGD) of the Bolsa Família Programme, an index which assigns quality scores to several aspects of municipal implementation. Despite some limitations, such as the lack of information on the quality of supply of health and education services, the IGD is indeed a good indicator for measuring and comparing implementation performance at the local level, as it is comprehensive, measurable and collected periodically for all

municipalities. The IGD-M will be used as the proxy indicator for implementation performance (dependent variable) in this study's quantitative analysis.

3.2 Relationship Between Socio-Economic Characteristics and Intervening Variables in the Implementation of CCTs

As poverty alleviation policies, Conditional Cash Transfers (CCTs) have a two-way relationship with the local socio-economic context: they affect and are affected by local socio-economic characteristics at the same time. CCTs are a direct response to an area's socio-economic context and their aim is to interfere in such context and change it. For instance, the influx of resources brought by CCTs to poor areas alters the local socio-economic context, generating support/opposition towards the policy and thus changing local political conditions for policy implementation.

In order to build a more complete understanding of how the implementation of CCTs is affected by and at the same time affects the local socio-economic context, this section analyses in detail the interaction between local socio-economic characteristics and the theoretical framework's six intervening variable clusters - policy objectives, policy resources, political conditions, agency capacity, disposition of implementers and intergovernmental relations - in the implementation of CCTs.

3.2.1 Socio-Economic Characteristics and Policy Objective

The objectives of Conditional Cash Transfers are generally (i) to reduce current poverty through the provision of cash transfers, and (ii) to leverage these transfers as incentives to promote human capital development, contributing to breaking long-term intergenerational cycles of poverty.

Jurisdictions that have higher proportions of individuals living in poverty presumably have a greater need for welfare programmes, such as CCTs. And, as a good fit between local need and policy objectives is likely to result in a positive local response towards a policy, it seems

reasonable to expect that poorer areas are likely to be more willing to implement such programmes than wealthy ones. However, research suggests that this relationship is not as straightforward.

State-level comparative research in the USA regarding poverty levels and social protection produced mixed results regarding the association between poverty levels and the adoption of social protection policies; while some research have shown a positive association (Mogull 1993 and Hicks and Swank 1983); others have shown an inverted relationship between poverty levels and adoption of social welfare programmes (Tannenwald 1999, The Lewen Group 2004), that is, poor states were less likely to adopt federal welfare programmes. Why was that the case if the need for such programmes was bigger in such states? The explanation for this negative correlation seems to be related to the fiscal capacity of states, as resource constraints in poorer jurisdictions limited their ability to finance services and meet local demand for social protection (Jennings 1980), as further discussed below.

3.2.2 Socio-Economic Characteristics and Policy Resources

Policies provide resources, including funds and other incentives, which can encourage or facilitate effective implementation. They also vary in terms of the degree of resources and technical expertise required for their implementation.

As targeted and poverty alleviation policies, CCTs concentrate beneficiaries in poor areas. As CCTs are very resource intensive, this could potentially create unfeasible resources demands in such areas. However, as the bulk of CCTs are funded by either national level governments or international donors, poor local areas are, in the majority of cases, net recipients of policy resources. This not only alleviate the implementation burden on poor areas, but more importantly, generate extra incentives for local policy implementation.

Rich areas, on the other hand, have relative small numbers of beneficiaries and therefore receive a small proportion of policy resources. Hence, even though such areas are likely to be better able to meet programme's technical requirements, they may calculate that the burden

of the obligations attached to CCT implementation surpass the benefits of the relatively small resources it brings to them.

3.2.3 Socio-economic Characteristics and Political Conditions

It has often been argued that targeted social protection programmes, such as Conditional Cash Transfers, have such a weak political base that they are often unsustainable. Critics of targeted approaches to social protection claim that the economic elite and the middle class will invariably oppose targeted social transfers because, apart from not benefiting themselves, they fear such programmes will lead to dependency and tax increases (Mkandawire 2005, Samson *et al.* 2006).

CCT programmes, however, have proven to be quite resilient so far. An Inter-American Development Bank (IDB) study of six Latin American CCT programmes showed that most countries that started CCT programmes maintained or substantially expanded their programmes over the years. The size of the beneficiary population grew in all observed cases and so has the value of the transfers, with transfers in Honduras and Mexico tripling and doubling in size, respectively (Paes Souza *et al.* 2013).

Somehow CCT programmes have been successful in mobilising and sustaining political support. In fact, CCT programmes have been hailed by some as the "holy grail" of social policies for their ability to amass a broad political support while at the same time delivering benefits to the poorest (Zucco 2010). Hence there is a growing interest in the social protection and cash transfers literatures on issues related to politics and political economy focused on understanding the reasons behind this success.

One possible explanation is that CCTs derive their wide political support from programmes' success in achieving impacts, as attested by a multitude of evaluations. However, as Zucco (2011:18) noted "good policies have fallen, and will fall, to the imperatives of the governments' budget priorities and electoral incentives". In this sense, the fact that CCT programmes appears to be effective may be a necessary, but not sufficient explanation for its

wide political support. Politicians are likely to prioritise programmes which deliver electoral returns (Zucco 2011).

Indeed, CCT programmes have benefitted from very high political visibility and there is consistent evidence that they promote electoral gains for incumbents both at national and local levels. For instance, in Brazil, Zucco (2011) estimated that 4.3 million votes might have migrated to Lula (the incumbent president) in the 2006 elections in direct response to the Bolsa Família Programme. Evidence from Mexico and Uruguay also indicate that CCT programmes can have a positive impact on political support for and the re-election prospects of the government that implement them (De La O 2008, Paes-Sousa *et al.* 2013). A similar trend has been observed in Asia. Labonne (2011) analysis of the electoral impact of the Philippine CCT programme has shown that local incumbents benefit electorally from CCT programmes implemented in their municipality, with incumbent vote share 26 percentage points higher in municipalities in which the CCT programme was implemented.

It is also interesting to note that these electoral gains have not been uniform; Zucco (2011) found that, in Brazil, non-recipients in high CCT coverage areas voted for the respective incumbents at a higher rate than their counterparts with less access to the programme, as they benefited indirectly from the programmes economic boost to local economy. This means that, given CCT's poverty targeting, electoral incentives will be more marked in poorer jurisdiction than in better off ones.

Interestingly, such electoral gains from direct and indirect beneficiaries do not appear to be overshadowed by opposition from non-beneficiaries, as is often the case with redistributive policy. Generally, there is no evidence that the more well-off resist redistribution through CCTs and there has been no mobilized opposition against CCT programmes (Moore 2009, Zucco 2011). In Brazil, for instance, in the 2006 presidential elections candidates from across the political spectrum advocated the expansion of the Bolsa Família Programme; similarly in the 2010 presidential elections all major candidates vowed to maintain the Programme (Hall 2006).

A possible explanation for the acceptance of this particular type of redistributive policy relates to CCT´s design features. CCT programmes deliberately incorporate features such as conditionalities to make them more palatable to non-recipients. Greenstein (1991) argued that targeted programmes tended to fare better in the political process when they were viewed as providing benefits that have been "earned" and when regarded as effective. In this sense, the existence of conditionalities has been important politically to convince non-recipients that such programmes were not a "hand out" but a contract based on mutual obligations between the government and beneficiaries. Hall (2006) noted, for instance, that the Bolsa Família Program, which initially had very soft approach to the monitoring of beneficiary adherence to conditionalities, had to adopt tighter and more transparent procedures to the monitoring of conditionalities' compliance in response to demands from the public which repeatedly demanded a tougher approach.

3.2.4 Socio-economic Characteristics and Agency Capacity

Agency capacity encompasses the competence (ability), the resources (human, technical and financial) and structures institutions need to perform their functions and tasks.

Capacity is a key issue for CCTs not only because the implementation of such programmes is very complex and resource intensive, but also because, due to their poverty targeting, programmes are implemented in areas with high concentration of poverty, with invariably very low levels of institutional capacity. Even when CCTs are implemented in middle income countries, such as Brazil and Mexico, they are often concentrated in the poorest areas of the countries, which also normally have limited capacity. Moreover, in the majority of cases, CCTs are the responsibility of one of the social areas ministries, usually social assistance or education, which are often among the least resourced ministries (Paes-Sousa *et al.* 2013; Samson 2009).

Samson (2009) and Holmes and Jackson (2007) review of cash transfer programmes found that lack of capacity at implementing agency level is indeed a salient issue in CCTs' implementation. Few governments, they noted, have adequate delivery capacity for implementing CCTs; the majority face significant capacity constraints both at central and

local levels. Governments often operate in an environment with inadequate human resources, office facilities, transport, communications and field infrastructure. In Zambia, for instance, a district with population ranging from 200,000 to 500,000 people has typically only one or two Social Welfare Officers who have limited skills and whose motivation is affected by low salaries and the lack of guidance and supervision from their headquarters (Schuber and Slater 2006).

Another important capacity related issue in the implementation of CCTs refers to the ability of governments to provide services related to conditionalities. CCTs directly generate additional demand for services, typically health and education, through conditionalities, creating additional pressure on the supply of such services which is often inadequate in poor areas in the first place. For instance, Britto and Soares (2007) reported that the implementation of Red Solidaria Programme, a CCT in El Salvador, has been severely affected by supply-side constraints, as schools struggled to cope with increased enrolment produced by the programme, with shortages of classrooms, equipment and teachers. Similar shortages have been reported in many countries (Hall 2006; Paes-Sousa *et al.* 2013). This not only impose additional burden on beneficiaries trying to comply with conditionalities, but can compromise CCTs' ability to fulfil its long-term objective to break the intergenerational cycle of poverty.

In order to deal with these capacity issues, some countries have been experimenting with different strategies aimed at reducing implementation complexities and costs. For instance, in order to reduce costs and administrative demands on government institutions, Paraguay and El Salvador have used a mix of geographical and community targeting for determining eligibility and have also relied on communities for verifying compliance with programme's conditionalities (Briere and Rawlings 2006). Others, such as Colombia, Jamaica, Mexico, and Peru, have reduced the frequency of payments to bi-monthly, in Honduras payments are made only 3 times a year (Paes-Sousa *et al.* 2013). Another approach used to dealing with limited institutional capacity has been the use of international non-governmental organisations (NGOs) and private contractors as implementers (Holmes and Jackson 2007; Galvani 2011). All these strategies imply trade-offs which may impact on programmes'

ability to achieve its outcomes and hence should not be seen as a substitute to investing in building government's capacity to implement CCTs.

3.2.5 Socio-economic Characteristics and Disposition of Implementers

The "disposition" or "response" of the implementers involves their understanding of the policy, the direction of their response to it - neutrality, acceptance, rejection - and the intensity of that response (Van Meter and Van Horn 1975, 1976).

At the political level, local leaders support for a policy will vary according to their assessment of the importance of the policy for their jurisdiction and their assessment of potential electoral gains afforded by the policy.

Since conditional cash transfers are targeted at the poor, they are likely to be a high visibility and high priority policy for local leaders in poorer jurisdictions thanks to the relative large number of direct beneficiaries and the positive spill over effects on the local economy which generate indirect beneficiaries. In such cases, electoral gains are likely to be substantial, as demonstrated by research empirical research (Zucco 2011). On the other hand, in better off jurisdictions, where the number of beneficiaries is smaller and the spill over effect of the transfers is less relevant to the local economy, CCTs are likely to be less attractive to local politicians, even without an explicit opposition to conditional cash transfers.

The disposition of local bureaucrats is particularly relevant in the case of decentralised implementation. Bureaucrats in poorer jurisdictions may look at CCT programmes favourably given the local need and the high visibility of the programme; however, the complexity of CCT implementation combined with large number of beneficiaries and scarce local resources may result in an unmanageable amount of work and significantly impact the quality of implementation. In rich jurisdictions, bureaucrats may be less enthusiastic about the programme, as they perceive the programme to be less relevant to their community and not a priority to local political leaders. However, given the relative small number of beneficiaries, the programme may be well implemented with comparative small levels of resources and enthusiasm.

3.2.6 Socio-Economic Characteristics and Intergovernmental Relations

The flux of information, demands and, above all, resources, between the national and local levels can change the dynamics of policy implementation. In general, poor jurisdictions are likely to be more dependent on national level resources, and hence more open to the implementation of national policies. In the case of CCTs, as resources are disproportionally allocated to poorer areas, the programme is likely to be even more welcome in such jurisdictions. Wealthy jurisdictions, on the other hand, will, if programme is properly targeted, receive less resources than poorer jurisdictions and may calculate that the burden of the obligations (financial and others) attached to CCT implementation surpass the relative small benefits the programme bring to their community. These general dynamics, however, can change depending on the intergovernmental approach adopted for policy implementation.

Mexico and Brazil are both federal states, but offer an interesting contrast in relation to the different intergovernmental arrangements they have adopted in the implementation of their national CCT programmes (Fizbein and Schady 2009). Mexico opted for a centralised (vertical) approach to implementation given concerns with limited local capacity and accountability issues; whereas Brazil opted for a decentralised (horizontal) approach, with federal resources directed to reinforce and complement local capacity.

Oportunidades, the Mexican programme, is implemented by the Secretariat for Social Development (SEDESOL) which coordinates the programmes through an operational agency, "The National Coordination of Oportunidades", which established 32 state delegations. The coordinating agency designs and implements all aspects of the programme, determining benefits, conditionalities, beneficiary selection, payments and day- to-day logistics. Jamaica and Peru also rely on a vertical model (Paes-Sousa *et al.* 2013).

Brazil has opted for a decentralised model, in which the states and particularly municipal governments are responsible for the bulk of implementation responsibilities. While the Bolsa Família Programme's ground rules are set at federal level by the National Department of Citizen's Income (Secretaria Nacional de Renda de Cidadania –SENARC, in Portuguese) of

the Ministry for Social Development (MDS), and the benefit resources come from the federal budget, municipalities play a large role in programme implementation, as will be discussed in Chapter 4. Colombia also opted for a decentralized model, formalized by co-responsibility agreements between national and local governments that define the responsibilities of each.

Both models present advantages and disadvantages. The vertical model allows for faster and more homogeneous programme implementation, and produces more centralised institutional memory. It is also less susceptible to the weaknesses in capacity in poorer areas. On the other hand, the vertical model may produce administrative conflict between the national/federal and sub national governments, competition with overlapping local programmes (especially in affluent states and municipalities), and lack of local ownership with consequent lack of cooperation from sub-national authorities (Ayala 2006).

The horizontal model capitalises on local knowledge and resources and can result in a more context appropriate and responsive implementation if the right incentives are in place to guarantee a good partnership between national and sub national governments. On the other hand, problems with local capacity can make implementation unviable in some areas, unless local capacity is complemented with national resources; decentralised implementation is also potentially more open to lack of transparency and rent-seeking issues.

Overall, this analysis of the relationship between local socio-economic characteristics and the six intervening variable clusters indicate that the implementation of CCTs in poor areas is likely to be considerably different from the implementation of CCTs in wealthy areas, as illustrated in Table 3.

Table 3: Socio-Economic Characteristics and Implementation Performance Framework adapted to the analysis of Conditional Cash Transfers

CCTs	Local Socio-Economic Characteristics	
	Poor, under-developed areas	**Rich, highly developed areas**
Policy Objectives: CCTs main objective is poverty alleviation.	**Good Fit**: of CCTs' poverty alleviation objectives are more relevant to poor areas.	**Poor Fit:** CCTs's objectives are less relevant to wealthy areas.
Policy Resources: CCTs are targeted at poor people.	**Significant Resources:** Given its targeted nature, CCTs concentrate beneficiaries and resources on poor areas.	**Limited Resources**: CCTs bring relative small benefits to wealthy areas given small numbers of beneficiaries.
Political Conditions: CCTs are targeted and conditional redistributive policies.	**Wide Support:** Electoral incentives are likely to be more marked in poor areas, as large numbers of direct beneficiaries, plus indirect beneficiaries, create a powerful lobby for CCTs at the local level. CCTs have been delivering considerable electoral return to incumbents, resulting in strong support of local political leaders to the policy.	**Narrow Support:** The relative small number of beneficiaries and their reduced political clout is likely to make CCTs a low political priority locally.

Agency Capacity: CCTs are resource intensive and complex to implement.	**Inadequate resources:** Given the high numbers of beneficiaries and limited institutional capacity, poor areas may struggle to meet programme demands and cover local implementation costs.	**Adequate Resources:** Given relative small number of beneficiaries and stronger institutional capacity, wealthy areas are likely to be better able to meet the programmes technical requirements and offer health and education services which are crucial for the attainment of CCTs' human capital objective.
Disposition of Implementers (acceptance, neutrality, rejection): CCTs are poverty alleviation policies with high visibility and complex to implement.	**Acceptance:** Bureaucrats in poor areas are likely to look at CCT programmes favourably given the local need and the high visibility of the programme; however, the complexity of CCT implementation, the large number of beneficiaries and the scarce local resources may significantly impact their ability to implement the programme.	**Neutrality or Rejection:** Bureaucrats may also be less enthusiastic about the programme, as they perceive it to be less relevant to their community and not a priority to local political leaders. However, given the relative small number of beneficiaries, the programme may be adequately implemented with comparative small levels of resources and enthusiasm.

Intergovernmental Relations: CCTs require strong vertical coordination and local commitment. It concentrate resources in poor jurisdictions.	More susceptible to inducements and enforcement: Poor jurisdictions are likely to be cooperative given the importance of CCTs locally and their dependency on federal funds.	Less susceptible to inducements and enforcement: Wealthy areas may calculate that the burden of the obligations (financial and others) attached to CCT implementation, surpass the relative small benefits the programme bring to their community and maybe less cooperative.

The implementation of CCTs in poor areas is likely to enjoy strong support from local leaders, bureaucrats and the general population, but is likely to be hindered by limited local capacity. In rich areas, on the other hand, local support for CCTs may not be as forthcoming, but local institutional capacity is less likely to be an obstacle to programme implementation. Moreover, each of these scenarios can also be altered by intergovernmental dynamics.

Would these different scenarios result in different implementation performances? If so, which scenario would result in better implementation?

These questions will be addressed in the context of the Brazilian Bolsa Família Program, one of the first and currently the largest Conditional Cash Transfer programmes in the world. The Bolsa Famíla Program provides an ideal case study to understand how contextual factors affect local governments implementation, as its decentralised implementation created a "natural laboratory" which allows one to compare the implementation performance of Brazil's 5,565 municipalities (Lindert *et al.* 2006). The next chapter presents an overview of the Bolsa Família Program, with special focus on its implementation arrangements.

Chapter IV Bolsa Família Program

Bolsa Família's decentralised implementation offers an ideal scenario for investigating implementation variance at the local level, as it permits the examination of how variation in the socio-economic characteristics of the 5,565 municipalities executing the Programme affect their implementation performance. This study compared implementation performance across poor and wealthy municipalities using a combination of quantitative and qualitative techniques; the details of this comparative analysis are presented and discussed over the next three chapters. This chapter contextualises this study by presenting an overview of the Bolsa Família Program, its main characteristics, scope and achievements; it also describes the Programme's institutional arrangement, with a particular focus on its intergovernmental framework. Chapter V presents the quantitative analysis of data related to municipal income and development indicators and implementation performance and Chapter VI presents a qualitative analysis which complements and explains the results of the quantitative analysis. These three chapters combined offer a detailed picture of the relationship between municipal socio-economic characteristics and performance in the implementation of the Bolsa Família Program.

1. Poverty and Inequality in Brazil

Brazil has been known for decades as one of the world's most unequal countries; despite being among the world's wealthiest economies, Brazil has large numbers of its population living in poverty. Brazil also experiences extreme regional differences, with wealth concentrated in the richer South and Southeast regions, while states in the North and the Northeast region have the highest percentage of the population living in poverty.

With Brazil's democratisation process in the 1980s, following twenty years of military rule, debates concerning social inequality gained new momentum. The 1988 Constitution placed great emphasis on poverty reduction and the creation of a more just and equitable society - it established access to health, education and social assistance as basic rights and stated the

state's obligation to guarantee access to such services for all citizens.

Since then, successive governments have made considerable strides in tackling poverty and inequality through strategies which combined economic growth, redistribution and improving access to basic services. Conditional cash transfers, in particular the Bolsa Família Program, which is the focus of this study, have been one of Brazil's main approach to reduce poverty and address the country's historic inequality.

According to Brazil's Institute for Applied Economic Research (Instituto de Pesquisa Econômica Aplicada – IPEA, in Portuguese), the number of Brazilians living in extreme poverty fell by 55 percent between 2001 and 2013, from 25.5 million to 10.5 million people.

Brazil's Human Development Index has also improved drastically in the past two decades, according to the United Nations Development Program (UNDP). Brazil's Municipal Human Development Index (MHDI) jumped from 0.493 (Very Low Human Development) in 1991 to 0.727 (High Human Development) in 2010, with over two-thirds of Brazilian cities' MHDIs above the 1991 national average. Progress was mainly driven by the health component of the index (MHDI-Longevity of 0.816), reflecting an increase of 9.2 years (or 14.2 per cent) in life expectancy at birth, from 1991 (UNDP 2013).

Inequality, as reflected by the Gini coefficient for the Brazil, has fallen from 0.59 in 2001 to 0.53 in 2009. The incomes of the poorest 10 per cent of Brazilians grew by 91.2 per cent over the 2001 to 2009 period, while those of the richest 10 per cent rose by 16.6 per cent (Soares *et al.* 2010). IPEA's research has established that the most important contributor to the reduction of inequality was formal work, which accounted for 58 per cent of the reduction in inequality, followed by social security transfers, which accounted for 19 of this reduction, and the Bolsa Família Program, which IPEA estimates was responsible for 16 per cent the reduction in inequality in Brazil.

Despite this remarkable progress over the last two decades, Brazil remains one of the world's most unequal societies. Hence, conditional cash transfers are likely to remain at the centre of Brazil's strategies for poverty alleviation.

2. Overview of the Bolsa Família Program

2.1 Background

Brazil's marked income inequality was the main motivation behind the development of Conditional Cash Transfers (Lavinas 1998).

The concept of CCTs first emerged in policy debates in Brazil in the late 1980s and early 1990s, in the context of the country's democratisation process. Brazil's politicians have framed national debates on poverty around inequality and have emphasised the need for redistribution, paving the way to the development of non conventional social policies and programmes such as CCTs to address poverty and inequality in the country. Lindert *et al.* (2007) pointed out that the use of CCTs as an instrument of social policy reflects the widespread belief expressed by 76 per cent of Brazilians that people are poor due to exclusion and "an unjust society" and the pressing need to address this "debt to the poor".

Within this context, the idea of providing a minimum income for the poor segment of the population gained momentum in 1991 when Senator Eduardo Suplicy, of the Worker's Party (Partido dos Trabalhadores – PT, in Portuguese), then an opposition party, presented a bill of law to introduce a guaranteed minimum income programme for all Brazilians over 25 years of age with monthly income below R$240 (US$120). Suplicy's proposal was to grant a monthly cash transfer corresponding to 30 per cent of the difference between his income and the R$240 threshold. Although the House of Representatives passed the bill, it never came to a vote in the Senate, where the Government majority blocked the debate (Lavinas 1998).

Even though this proposal was never approved, it inspired some municipalities, particularly those most developed and with a larger fiscal base, to experiment with social transfer programmes. The first programmes of this kind were implemented in January 1995 in the city of Campinas, the *Guarantee of Minimum Family Income*, and in the Federal District, the *Bolsa Escola* (School Stipend/Grant) (Lavinas 1998; Lindert *et al.,* 2007). These were the

very first CCTs to come to life in the world (Sá e Silva). It is interesting to note that such programmes were created by mayors from different political parties - Campinas's mayor belonged to PSDB (Brazilian Social Democratic Party); while the governor of Brasília was a member of PT (Workers' Party). CCTs as a broad policy category appealed to politicians and policymakers across the political spectrum: politicians on the left supported them as reinforcing basic human rights while right-wing politicians saw the conditions as an enforceable contract (Lavinas 1998).

Both programmes targeted school-aged children and tied income to compulsory school attendance and achieved demonstrable positive impacts on poverty and on drop-out and repetition rates. In view these successful experiences, hundreds municipalities all over Brazil started to developed similar programmes - by December 1999, more than 500,000 families in one-fifth of Brazilian municipalities were receiving some form of school grant. However, due to limited financial capacity of most municipalities, the programmes could only meet a small part of the local need; hence, the federal government started to provide complementary funding in order to support the expansion of these local programmes (Lavinas 2001).

Finally, in 2001, during the government of Fernando Henrique Cardoso, the Bolsa Escola became a nation-wide federal programme with four central objectives (Jamvry *et al.* 2005):
(i) to increase educational performance, helping to reduce poverty in the long-run;
(ii) to reduce short-term poverty by providing an income transfer to poor families;
(iii) to reduce child labor; and
(iv) to act as a potential safety net.

The programme, managed by the Ministry of Education, provided poor families, with per capita incomes of less than half the minimum wage, a monthly grant of R$15 (US$7.50) per child between 6 and 15 years of age , up to a maximum of three children, conditional upon a minimum school attendance of 85 per cent.

With the end of the Cardoso administration and the victory of Luis Inacio Lula da Silva and his Workers' Party in the 2002 elections, a period of transition began for CCTs in Brazil. Lula had strongly based his campaign on the promise that he would end hunger and guarantee

that every Brazilian would have access to at least three meals a day. In order to work towards this goal, his government created the *Fome Zero* (Zero Hunger) Program. In order to house this programme, a new ministry was created – the Special Ministry of Food Security and Fight Against Hunger (Ministério de Segurança Alimentar e Luta Contra a Pobreza – MESA, in Portuguese). In 2003 MESA put together a number of sub-programmes that would jointly comprise *Fome Zero*, one of which was *Cartão Alimentação* (Food Card), a CCT focused on improving food security for the poor.

The federal *Bolsa Escola* was maintained, especially since its greatest advocate, Cristovam Buarque was appointed Minister of Education. By 2003, *Bolsa Escola* had reached 8.2 million school-aged children.

Hence, in 2003, there were several other ongoing federal cash transfer schemes, which had distinct purposes and institutional frameworks, but essentially the same target group – poor families (Lindert *et al.* 2007). These included:

- *Bolsa Alimentação* (Health and Nutrition Grant): launched in 2001 and managed by the Ministry of Health, the Bolsa Alimentação targeted pregnant and lactating women and young children from poor families and had a series of health and nutrition related conditionalities;
- *Auxilio Gás* (Cooking Gas subsidy): launched in 2002 and managed by the Ministry of Mines and Energy as a compensatory measure for the phasing out of cooking gas subsidies; and
- *Programa do Cartão Alimentação* (Food Card): launched in 2003 and managed by the Ministry of Food Security the programme provided a monthly benefit payment of R$50 to poor families with a per capita income of less than half the minimum wage per month.

The existence of several uncoordinated federal cash transfers created overlaps and inefficiencies. Despite the initial enthusiasm which accompanied the launch of *Fome Zero* in early 2003, serious problems soon became apparent due to the fact that each of the these programmes operated independently with no overall coordination. Each had separate

administrative structures, beneficiary selection and payment processes. This made effective implementation difficult, leading to high implementation costs and targeting errors of up to 30 per cent (Hall 2006) Hence, in order to rationalise and improve efficiency of the Brazilian social safety net, the decision was taken to merge *Bolsa Escola* and these other three federal cash transfer programmes into a single programme called Bolsa Família Program.

The Bolsa Família Program was formally created by Provisional Measure 41.132 of 20 October 2003 and soon after turned into Law 10.836 of 9 January 2004. At first the programme was housed at the Bolsa Família Department, which was directly under the President's office. In early 2004 it was transferred to the newly created Ministry of Social Development and Fight Against Hunger (Ministério do Desenvolvimento Social e Combate à Fome – MDS, in Portuguese).

Within MDS, the Programme is managed by the National Department of Citizen's Income (Secretaria Nacional de Renda de Cidadania - SENARC, in Portuguese), in partnership with different line-ministries (particularly the Ministry of Education and the Ministry of Health), states and municipalities. The programme's institutional framework and intergovernmental arrangements will be presented in detail later in this chapter (section 3).

The formal objectives of Bolsa Família as stated in Article 4 of Decree 5.209 of 17 September 2004, which regulated law 10.836 that established the Bolsa Família Program are to:

(i) promote access to public services, particularly health, education and social assistance;

(ii) fight hunger and promote food security;

(iii) support the sustainable emancipation of families living in poverty and extreme poverty;

(iv) fight poverty; and

(v) promote coordination and synergy in government's social action.

2.2 Targeting and Coverage

The Bolsa Família Program targets poor families with children up to the age of 15 and all extremely poor families regardless of their composition, according to a programme-specific poverty line. The original income ceilings for eligibility were set at a fixed monthly per capita family income of R$100 (US$48) for poor families and R$50 (US$25) for extremely poor families. The Programme aimed to cover the totality of households within this profile, which were estimated at 11.2 million based on figures from the 2004 National Household Survey (Pesquisa Nacional por Amostra de Domicílios – PNAD, in Portuguese). These quantitative targets for coverage were met by June 2006.

Figure 4: Expansion in the Number of Beneficiaries of the Bolsa Família Program
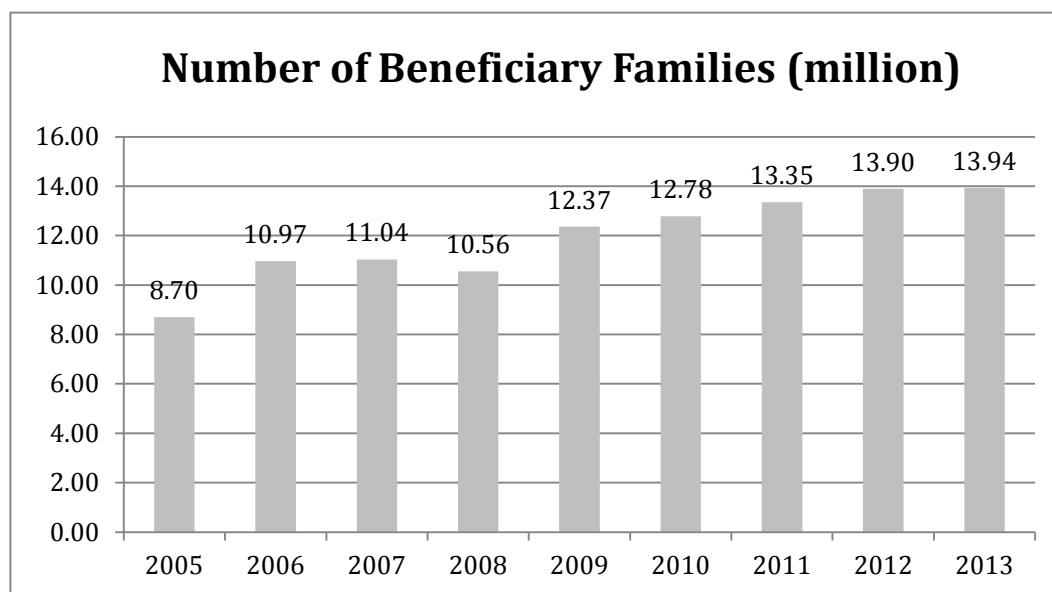
Source: Author's elaboration based on MDS data.

The eligibility thresholds have been revised upwards in 2006, 2009 and most recently in 2014[5] in order to account for increases in the cost of living. In 2014, the income ceilings for

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[5] Decree 6.917 of 30/07/2009 and Decree 8.232 of 30/04/2014

eligibility were R$77 (US$ 35) for "extremely" poor households and between R$78 and R$154 (US$70) for "poor" households.

Targeting and beneficiary selection in the programme is done through a combination of geographic targeting and means testing. Each municipality is allocated a beneficiary quota based on poverty levels in the municipality based PNAD's data. Municipalities have the responsibility for identifying and registering potential beneficiaries into a central database known as the *Cadastro Único* (unified registry), but family eligibility is determined centrally by MDS.

In 2013, Bolsa Família reached 13.94 million families (about 46 million people), surpassing the number of poor and extremely poor families estimated by the 2010 Census (13.738.415) (MDS 2014).

Despite its rapid expansion, the Bolsa Família Program has maintained impressive levels of targeting accuracy, with low levels of inclusion and exclusion errors. Several reviews (Lindert *et al.* 2007; Soares *et al*. 2010) have found the Bolsa Família Program to be among the best targeted conditional cash transfer programmes in the world, with about 90 percent of programme's benefits going to families in the poorest two quintiles and 68 per cent going to those in the poorest quintile .

2.3 Benefits

The Bolsa Família Program provides monthly cash transfers according to family income levels and composition. As of June 2014, Bolsa Família's monthly payment values were as follows[6]:

- Extremely poor families (per capita income below R$77) receive:
    - a basic transfer of R$77 (US$38.5);

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[6] The value of the benefits is defined by the government through presidential decrees and justified on the basis of rises in the official minimum wage and in national inflation indices.

- R$35 (US$17.5) per child up to 15 years old (capped at three children);
- R$35 (US$17.5) per pregnant women or lactating mothers in the household;
- R$42 (US$21) per youth aged 16 or 17 years old (capped at two people); and

- Extreme poverty supplement: paid to families that fall below the R$77 per capita income threshold even after other BFP transfers. The value of the supplement is calculated on a case by case basis to enable households to reach a monthly per capita income of R$77.

- Poor families (income per capita between R$78 and R$154) are only eligible to variable transfers according to demographic composition:
  - R$35 (US$17.5) per child up to 15 years old (capped at three children);
  - R$35 (US$17.5) per pregnant women or lactating mothers in the household; and
  - R$42 (US$21) per youth aged 16 or 17 years old, up to the maximum

Monthly transfers range from R$35- 336[7] (US$17.5-168) per family. The average value of benefits paid in 2013 was about R$150 (US$75), representing 22 per cent of the Brazilian minimum wage (MDS 2014).

Payments are made via the banking system, through the Caixa Econômica Federal, a public bank. In order to ensure easy access to the funds, each beneficiary household is issued a Bolsa Família card, preferably in the name of the woman head of the household, to withdrawn the benefits in one of the programme's 78,000 payment points, which include Caixa Econômica agencies, lottery points, ATMs and bank correspondents such as authorised shops and supermarkets. In 2013, a total of 32.932.386 payments were made (MDS 2014).

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[7] Without including the extreme poverty supplement.

2.4 Public Spending on Bolsa Família

Bolsa Família's spending has grown exponentially since the inception of the programme in 2003, reflecting the rapid expansion in the number of beneficiaries and several increases in the value of the benefit. The total cost of the programme amounted to R$24.88 billion (US$12.44 billion) in 2013, the equivalent of 0.46 per cent of the Brazilian Gross Domestic Product (GDP) (MDS 2014). Despite its large size, Bolsa Família is not the largest social assistance programme in Brazil; the *Benefício de Prestação Continuada* (BPC-LOAS), a cash assistance benefit for the poor elderly and disabled, costs about 0.6 of GDP; and a similar percentage of the GDP is directed to unemployment insurance benefits (Lindert *et al.* 2007; MDS 2014).

Figure 5: Benefits paid to beneficiary families

Total Benefits Paid to Families (R$bn)

Year	Value
2005	5.69
2006	7.52
2007	8.96
2008	10.6
2009	12.45
2010	14.37
2011	17.36
2012	21.15
2013	24.89
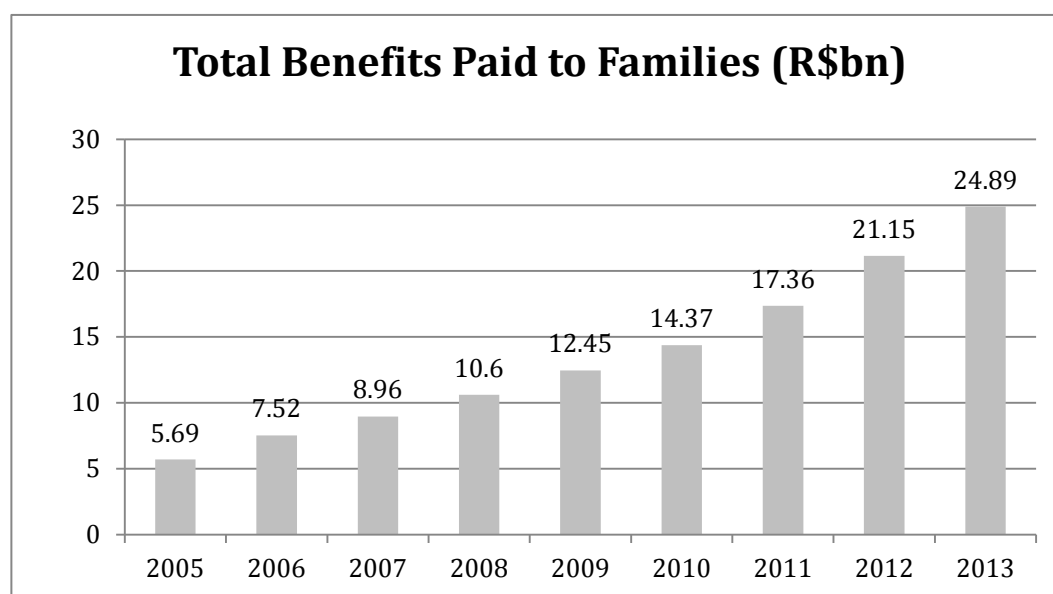
Source: Author's elaboration based on MDS data.

2.5 Conditionalities

Bolsa Família's cash transfers are conditional on all family members complying with human development conditionalities. As discussed in Chapter 3, conditionalities play a pivotal role

in all CCT programmes, but their interpretation vary from programme to programme (Fiszbein and Schady 2009). The Ministry of Social Development sees the role of conditionalities in Bolsa Família as a two-way commitment between beneficiary families and the government to guarantee access to health and education. Indeed, MDS's website and publications often stress that conditionalities are not a form of punishment, but an encouragement for beneficiaries to take up and exercise their right to free education and free health care (Fiszbein and Schady 2009; MDS 2014) .

Conditionalities under the Bolsa Família Program include:

- Education:
  - school enrolment of all children in the household aged 6-15 years;
  - minimum school attendance of 85 per cent for all children in the household aged 6-15 years; and
  - minimum school attendance of 75 per cent for students in the household aged 16 -17 years.

- Health:
  - up-to-date vaccines for all children in the household aged 0-7 years;
  - Regular health check ups and growth monitoring for all children in the household aged 0-7 years;
  - pre-natal and post-natal check-ups for pregnant women in the household; and
  - participation in educational health and nutrition seminars offered by local health teams.

Monitoring compliance is a very complex task, as it requires coordination among at least three government areas – social assistance, education and health – both at the local and national levels.

In the case of Education conditionalities, the responsibility for overseeing the monitoring of conditionalities lays with the Ministry of Education (Ministério da Educação – MEC in Portuguese), but data collection at the local level involves schools, Bolsa Família's municipal manager, and the municipal education secretariat. Once the data on conditionalities is

received and consolidated, MEC shares the information with MDS in bi-monthly reports. In 2013, 16.1 million children aged 6-17 were monitored, representing 38 per cent of all students enrolled in public (government) schools in Brazil. Of these, 96 per cent complied with the conditionalities (MDS 2014:76).

Overseeing the monitoring of health conditionalities is the responsibility of the Ministry of Health, relying on information provided by community health workers, local health centres and hospitals (Lindert *et al.* 2007). In 2013, 73 per cent of beneficiary families were monitored, the highest percentage achieved by the programme to date (MDS 2014:85). Compliance with health conditionalities depends greatly on access to services, which can, in some cases, require a higher level of effort on the part of beneficiaries.

As mentioned previously, the Bolsa Família Program takes a soft approach on conditionalities, as lack of compliance is seen more as a "red flag" that alerts authorities to the existence of some kind of obstacle that impedes the family to access services, than unwillingness to comply. In this sense, noncompliance leads to a warning (written notice) and the visit of a social worker to see if there is a non cash-related problem to be solved. Only after three consecutive occasions of noncompliance the benefit is temporarily "blocked". In 2013, 217.957 families received warnings, 71.002 had their benefits blocked, and 60.543 had their benefits suspended, but none has been cancelled (MDS 2014:76).

2.6 Programme Impacts

Bolsa Família's impact evaluations published by MDS in 2012 (Avaliação de Impacto do Bolsa Família – AIBF in Portuguese) and several other independent studies show that the Bolsa Família Program has had significant positive impacts, including:

- **Impact on Poverty and Inequality**

Between 2003 and 2009, Brazil's absolute poverty rate dropped from 26 to 14 per cent[8], while extreme poverty declined from 10 to 4.8 percent of the population. Estimates indicate that the net impact of Bolsa Família explains about 17 per cent of the reduction of poverty and 40 per cent of the reduction of extreme poverty between 2003-2005. Bolsa Família's impact on poverty has diminished in the subsequent years, but still very significant accounting for an estimated 13 per cent of the reduction of poverty and 32 per cent of the reduction of extreme poverty between 2007-2009 (Soares *et al.* 2013).

The programme has also contributed to reducing inequality. Brazil's Gini coefficient fell by 10 per cent between 2001 and 2009, from 0.592 percent to 0.538. It is estimated that Bolsa Família accounted for 16 per cent of this fall in inequality, which is quite an amazing contribution given that the Programme only contributes to 0.8% of household income (Soares *et al.* 2013)

- **Impact on Education**

Recent studies show that the Bolsa Família Program reduced drop out rates for both primary and secondary students and improved school attendance by about 4.5 per cent for children aged 7-14 years (MDS 2012; Silveira Neto 2013). The programme also has been shown to have a positive impact on performance, increasing approval rates for beneficiaries by about 8 percentage points (Brauw *et al.* 2012).

- **Impact on Nutrition and Health**

One of the most unequivocal positive impacts of Bolsa Família has been the marked reduction in food insecurity and the increase in consumption among poor beneficiary families, with positive consequences to beneficiaries' nutrition. For instance, Bolsa Famíla's impact evaluation (AIBF) found that the incidence of malnutrition among children benefiting

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[8] According to Bolsa Família administrative poverty line.

from the Programme fell from 15 per cent to 10 per cent in 4 years (MDS 2012). The AIBF also found positive health impacts including improvements in children's anthropometry (weight-for-height and body mass), increase in pre-natal care and children vaccination schedule.

3. Institutional arrangements for programme implementation

Bolsa Família is a federal programme that is implemented in a decentralised way. According to Licio (2012), the decision to decentralise the Programme's implementation was taken by the Federal government in response to realisation that the ambitious expansion targets set for the programme could only be achieved if the responsibility for its implementation was shared with municipalities. This section provides an overview of Brazil's federalism and presents the specific intergovernmental arrangements developed to facilitate the implementation of the Bolsa Família Program within Brazil's federative context.

3.1 Overview of Brazil's Federalism and Intergovernmental Relations

In the early 1980s, Brazil had a very centralised system of decision-making and control of public finance, a legacy of the years of military rule. In many instances, federal implementation involved state and local agencies in administrative roles, but with quite limited discretion. The Constitution of 1988, which is considered a benchmark in Brazilian federalism, instituted a number of decentralisation reforms and established a triune federalism in which municipalities have the same status as states and the central government (the Union). Brazil is now a highly decentralized federation which includes 5,565 municipalities, 26 States and the Federal District.

The 1988 Constitution deepened the process of decentralisation of revenue mobilisation and expenditure functions, granting greater autonomy to states and municipalities in debt and expenditure management and control, with important tax bases devolved to sub-national governments and the reform of Brazil's revenue-sharing system. As a result, the share of sub-

national government spending in total government expenditures in Brazil is now comparable to the OECD's average and that of other large decentralised federations such as the United States and Germany; and far exceed those of most Latin American countries (Afonso and Mello 2000).

With the new Constitution, the role of municipal government has changed significantly, not only due to their increased revenue mobilisation capacity, but also in terms of their more active role in service delivery, particularly in the social area. The Constitution established that provision of essential services (education, health, social assistance and public works) would be principally the responsibility of municipalities, with secondary roles for state governments. Indeed, it has been argued that the decentralisation provisions in the 1988 Constitution were essentially a process of municipalisation of revenue mobilization and service delivery (Afonso and Mello 2000).

Besides the large number of matters falling exclusively under municipal jurisdictions, such as transportation and basic sanitation, municipal governments play an increasing role in areas of concurrent competence among the three levels of government such as health, education, and social security and welfare (Neves 2012).

Municipal governments have progressively taken on the expenditure functions assigned to them by the Constitution. However, the conditions for fulfilling their responsibilities are extremely diverse; environmental and institutional disparities among Brazilian municipalities (Neves 2012).

Even though revenue mobilization has been strengthened at the municipal level with the assignment of wider tax bases and increases in revenue-sharing transfers after 1988, municipal tax revenues are still relatively low as a share of GDP. More importantly, even though municipal revenue collection now exceeds the mandated federal transfers to the municipal governments allocated to the Municipal Revenue-Sharing Fund (Fundo de Participaçao dos Municípios –FPM in Portuguese), revenue mobilisation capacity is unequal across municipalities and the number of local governments for which local revenues exceed transfers from higher levels of government is small (typically large municipalities and state

capitals) (Afonso and Mello 2000). Hence, municipalities have often required financial assistance from the federal government, in addition to the existing mandated revenue-sharing arrangements, in order to fulfill their role in service provision. In Education, for instance, the *Fundo de Manutençao e Desenvolvimento do Ensino Fundamental* (FUNDEF) was created 1998 to finance sub-national spending on education. The key objectives of FUNDEF are to reduce shortfalls in financing at the sub-national level and to increase the coverage of the municipal primary education system. Similarly, in health care, federal funding for basic and preventive health care programmes has increased and minimum per capita transfers have been implemented for a number of preventive care programmes, including pre-natal care, oral hygiene and immunisation.

However, in contrast with the assignment of revenue sources across different levels of government in the 1988 Constitution, expenditure functions were not always devolved in a clear and systematic fashion to sub-national governments, particularly in the areas of concurrent competence, often generating inefficiencies, irrational definitions of programmes, services, and clients, discontinuities and waste of resources (Cunha and Pinto 2008). Any federal entity is constitutionally authorised to implement programmes in the areas of health, education, welfare, housing and sanitation. Conversely, no federal entity was constitutionally obligated to implement programmes in those areas (Arretche 2003). The rules for cooperation between government spheres are provided for in complementary laws whose enforcement depend on the development of intergovernmental arrangements, with varying structures, funding and enforcement methods (Neves 2012).

In the case of Conditional Cash Transfers, programmes originated at the municipal level and were later centralised by the federal government under the Bolsa Família Program in order to increase coordination and efficiency. The division of competencies and the rules for cooperation among government spheres in the context of Bolsa Família were established by the federal law that created the programme, but, given the autonomy of states and municipalities, such rules and competencies could not be imposed, they have to be negotiated with states and municipalities, as further discussed in the next sections (Cunha and Pinto 2008).

3.2 Overview of key actors and their roles in Bolsa Família's implementation

The Bolsa Família Program is managed by the Ministry of Social Development (MDS), but numerous other actors from across government areas and levels are involved in various aspects of programme implementation.

3.2.1   Federal level:

The Bolsa Família Program is managed at the federal level by the Ministry of Social Development (MDS) in coordination with the Ministry of Health and Ministry of Education.

- **The Ministry of Social Development (Ministério do Desenvolvimento Social - MDS)**

The Ministry of Social Development was created in January 2004 in a merger of the (former) Ministry of Social Assistance, the (former) Ministry of Food Security, and the Bolsa Família's Executive Secretariat. MDS comprises four executive Secretariats responsible for the implementation of social protection programmes, namely: the National Secretariat of Citizen's Income (Secretaria Nacional de Renda de Cidadania - SENARC), the National Secretariat for Social Assistance (Secretaria Nacional de Assistência Social - SNAS), the National Secretariat for Food and Nutritional Security (Secretaria Nacional de Segurança Alimentar e Nutricional - SESAN), and the Extraordinary Secretariat for Overcoming Extreme Poverty (Secretaria Extraordinária para Superaçao da Extrema Pobreza - SESEP) ; and the Secretariat for Information Management and Evaluation (Secretaria de Avaliação e Gestão da Informação – SAGI), a transversal Secretariat responsible for developing monitoring and evaluation systems.

Within MDS, SENARC has the overall responsibility for coordinating the Bolsa Família Program and the national registry database for social programmes - *Cadastro Único* (Unified Registry). It is responsible for beneficiary selection, payments authorization, overseeing compliance of conditionalities and administering consequences for non-compliance, monitoring of the programme, and supporting municipal managers.

- **Ministry of Education and Ministry of Health**

The Ministries of Education and Health are responsible for establishing technical and operational guidelines regarding school attendance and health conditionalities, and also for consolidating conditionality compliance information and reporting this information to MDS. The law that created Bolsa Família (Law 10.836/2004) defines the roles of Health and Education ministries in the programme as follows:

> "At the federal level, it is the responsibility of the Ministry of Health and of the Ministry of Education to regulate the conditionalities that correspond to them and to verify their fulfillment by families; to monitor and solve deficiencies in service supply by federated units; to coordinate programme implementation with local government; to participate in decisions concerning the centralised functions of programme management (registry, payment of benefits, monitoring and evaluation."

The Ministry of Education has created an intricate national system for monitoring school attendance of Bolsa Família beneficiaries. The system, which is part of *Projeto Presença* (Attendance Project), is based on a network of municipal focal points. Each municipal Department of Education has designated a focal point who formally agrees to be held accountable for the monthly reporting of school attendance records of every Bolsa Família student in the municipality. The first task of the municipal focal point is to print attendance lists containing the names and information of Bolsa Família students enrolled in each school. The lists are then handed in to school personnel, which fill them out by reporting the number and reason of individual absences. That procedure is to be carried out by principals and their teams, not by teachers, so as to avoid that they may want to protect or punish students by incorrectly reporting class attendance. Finally, focal points at the municipal Department of Education gather all school lists and enter data into an online database (Sá e Silva 2011).

The system of school attendance monitoring connects 22 thousand users, who monthly report class attendance for 17.49 million students enrolled in 168 thousand public schools. In 2013, the system had complete information for 88.2 per cent of Bolsa Família's beneficiary

students (14.42 million students). Among those, 95.9 per cent complied with minimum class attendance requirements (MDS 2014).

The monitoring of health conditionalities is even more complex, as compliance with health condicionalities depends greatly on access to services. Beneficiary families are monitored when they receive assistance from community health teams under the Family Health Program, local health centers or hospitals. Health service providers record data on health visits, vaccination, nutritional status, growth monitoring and other Bolsa Família conditionalities into a special module (*Mapa Diário de Acompanhamento*) of the national health information systems "SISVAN," a database system designed to monitor the health and nutrition situation of the general Brazilian population. The information gathered on Bolsa Família beneficiaries is transmitted the municipal health authorities regularly. The municipal health authorities are then responsible for consolidating the information at municipal level and transmitting it to the Ministry of Health (Ministério da Saúde) twice a year.

- **Caixa Econômica Federal**

The Caixa Econômica Federal, a state bank, has been contracted as Bolsa Família's operating agent. Caixa consolidates and manages the national registry database for social programmes (*Cadastro Único*), assigns registered individuals the unique Social Identification Number (NIS), and makes payments directly to beneficiaries, crediting beneficiaries' electronic benefit cards on a monthly basis. Withdrawal of benefits can be done through Caixa's extensive banking network of over 2,000 agencies nationwide, or at other participating locations such as lottery points and other banking correspondents (Lindert *et al.* 2007; MDS website).

- **Controls agencies**

At federal level, Bolsa Família Program is overseen and controlled by three federal control agencies – the General Controllers Office (Controladoria Geral da União – CGU, in Portuguese), the Federal Audits Court (Tribunal de Contas da União – TCU, in Portuguese), and the Office of the Public Prosecutor (Ministério Público –MP, in Portuguese).

Cooperation agreements have been signed between the Ministry of Social Development and each of these agencies in order to coordinate oversight and control of the programme through random-sample operational and financial audits, case investigations, and implementation evaluations (Lindert *et al.* 2007; SENARC 2014). The work of such agencies is complemented at the local level by the Social Control Councils.

3.2.2   State level:

States' governments have a very limited role in the implementation of the Bolsa Família Program, despite their importance in the Brazilian federal system. Their responsibility is basically limited to providing technical support and training to municipalities, particularly smaller ones. Fenwick (2009) argued that this was a deliberate move from the federal government to circumvent the interference of state governors and avoid them claiming political credit for the programme.

3.2.3   Local level:

Brazil's 5,565 municipalities are responsible for the bulk of Bolsa Família's implementation at the local level and are the main interface between the Programme and its beneficiaries. Municipalities have a wide range of roles including (MDS 2013:15-17):

- providing a local Bolsa Família manager *(Gestor Municipal)*;

- registering potential beneficiaries in the Unified Registry (*Cadastro Único)* database and keeping beneficiary records updated;

- monitoring health and education conditionalities, consolidating associated information and transmitting it to corresponding Ministry;

- linking Bolsa Família's beneficiaries to other complementary services such as literacy, professional training, and income-generation programmes;

- establishing Social Control Councils (SCCs) which are responsible for overseeing local implementation and communicating any irregularities detected in the management and execution of the Bolsa Família Program at the municipal level. SCCs must have civil society and government members from different sectorial areas.

3.3 Intergovernmental framework

Given Brazil's continental dimensions and Bolsa Família's ambitious beneficiary targets, the federal government was unable to implement the Bolsa Família Program by itself; it did not have the necessary information, resources, expertise nor the legal authority to do it. Instead, it had to reach out to municipalities.

However, even though the federal law that created the Bolsa Família Programme (ordinary law 10.836 of 9 January 2004) set out responsibilities for municipalities in programme implementation, such responsibilities could not be imposed on them since municipalities are constitutionally autonomous and hence not obliged to carry out a federal programme (Cunha and Pinto 2008).

In such situations, Agranoff and McGuire (2001) noted, traditional top-down hierarchical tools are not effective and alternative programme management models which recognise interdependency between government levels should be used instead. Indeed, Licio (2012) described how the federal government tried to implement the programme using a more centralised/top down approach before 2006 and failed; this lead to the development of a series of tools and mechanisms to support programme's decentralised implementation.

3.3.1 Joint Management Agreements (*Termos de Adesão*) :

In May 2005, MDS issued an executive order calling on all municipalities to sign joint management agreements (*Termos de Adesão*) which would formalise municipalities commitment to Bolsa Família and establish the overall framework for the programme's

decentralised implementation. These agreements clarified municipalities' roles and responsibilities and established minimum institutional standards for programme operations at the municipal level.

Specifically, the agreements required municipalities to assign a local Bolsa Família manager, register potential beneficiaries in the Unified Registry (*Cadastro Único)* and keep their records up-to-date, monitor and consolidate information on compliance with health and education conditionalities, and set up Social Control Councils (SCCs) comprised by government and civil society representatives to oversee Programme implementation. The Joint Management Agreements also specified that municipalities agreed to prioritise Bolsa Família beneficiaries for other complementary services and programmes such as literacy, professional training, and income-generation programmes (Lindert *et al.* 2007).

Despite all those requirements, by the end of 2005, MDS had entered into formal Joint Management Agreements (*Termos de Adesão)* with 5,558 municipalities (99.7 per cent of Brazilian municipalities); the remaining 5 municipalities formally joined the Bolsa Família Program in 2009 (Licio 2012).

However, a key limitation of the Joint Management Agreements is that they were all the same, despite the great diversity of Brazilian municipalities. The Agreements followed a standard template, without taking into consideration the specificities of municipalities and their strengths and limitations. So, despite their initial support to the programme, municipalities increasingly complained that they were unable to meet their commitments to the programme given the lack of resources to cover local costs. It became apparent then that the federal government had to provide more support to municipalities for them to be able to fulfil their responsibilities under the Joint Management Agreements (Licio 2012).

3.3.2   Financial Support for updating the Unified Registry

Financial support for Bolsa Família local implementation came initially in the form of specific support for the process of updating and expanding the Unified Registry (*Cadastro Único*). A key implementation challenge of the programme was to update the registry which

had been inherited from previous CCT programmes (particularly the *Bolsa Escola Program*). In order to motivate municipalities to cooperate with this process, MDS devised a mechanisms which would permit the transfer of funds to municipalities to support their work. Following a fee-for-service approach, municipalities would receive R$6 (US$3) for each record updated, completed or added in the Registry. The signing of the Joint Management Agreements (*Termos de Adesão*) was a precondition for receiving these funds, which also helped to encourage municipalities to sign the agreement (Licio 2012).

3.3.3   Monitoring the Quality of Decentralized Implementation:

Encouraged by the successful experience with the updating of the Unified Registry, MDS developed in 2006 a broader framework to support and reward municipalities implementation performance. At the centre of this framework was the Decentralized Management Index (Índice de Gestão Descentralizada – IGD-M, in Portuguese), an index which measures municipalities' performance on all key aspects of Bolsa Família's implementation under their responsibility.   The IGD-M is calculated on a monthly basis for all municipalities as follows (SENARC 2012):

IGD-M= Factor 1 x Factor 2 x Factor 3 X Factor 4

Factor 1: This factor is calculated as the arithmetic mean of the scores of four aspects of municipal implementation:

(i) the share of potential beneficiary families registered in the Unified Registry with consistent and complete information;

(ii) the share of families in the Unified Registry with records updated within the past two years;

(iii) the share of Bolsa Família beneficiary children with complete information on compliance with education conditionalities; and

(iv) the share of families with complete information on compliance with health conditionalities in the SISVAN system.

Factor 2: Has the municipality joined the Unified Social Assistance System (SUAS)? (yes=1 no=0)

Factor 3: Has the Municipality presented the accounts related to previous
  IGD-M transfers? (yes=1 no=0)

Factor 4: Have these accounts been approved?
  (yes=1 no=0)

The value of the IGD-M can vary from 0 to 1; the closer to 1, the better the implementation performance of the municipality. If the municipality is not in compliance with Factors 2, 3 and 4, than the IGD-M will be zero. In 2013, only about 2 per cent of municipalities were not in compliance with factors 2, 3 and 4 (SENARC 2013:94).

The average IGD-M scores have increased significantly in the time period since IGD monitoring began in 2006, as shown in Figure 6.

Figure 6: Average IGD-M scores
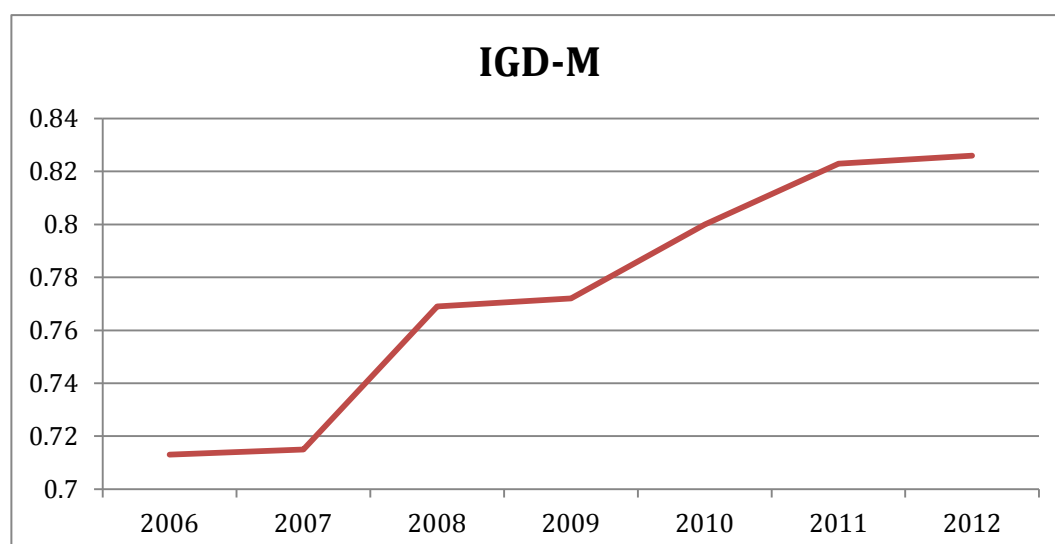
Source: Author's elaboration based on MDS data.

Besides bringing transparency to Bolsa Família's local management and making municipal governments more accountable, the IGD-M is also used as a basis for defining how much financial support the federal government should provide to municipal governments to compensate them for part of the costs they incur with Bolsa Família. These performance-based financial incentives provide administrative cost subsidy to municipalities to (partially) reimburse them for the costs of implementing the programme and promote quality in municipal implementation.

The value of the administrative cost subsidy is calculated by multiplying R$3.25 per valid entry in the Unified Registry by the municipalities' score. A full IGD-M score results in an administrative cost subsidy of R$3.25 (US$1.6) per month, per family in the Unified Registry. MDS has also established a minimum quality floor of 55 per cent for the IGD-M and 20 per cent in each of term of Factor 1, under which municipalities receive no administrative cost subsidies.

Also, since 2011, municipalities can receive a bonus of up to 10 per cent of the original amount, provided they: follow up families in breech of their conditionalities requirements (3 per cent); respond to MDS's requests regarding irregularities (3 per cent); have 100 per cent of their registries up-to-date (2 per cent); and have at least 96 per cent of Bolsa Família cards delivered to beneficiaries on time (2 per cent). It is interesting to observe how MDS is gradually expanding the role of the IGD-M and how it has become a key instrument to fostering municipality cooperation with the programme.

MDS transfers the administrative cost subsidies to municipalities on a block grant basis (*fundo-a-fundo*). In 2013, the MDS has transferred a total of R$ 417 million to municipalities and the federal district (SENARC 2013:94). A recent survey by MDS (2013) has pointed out that IGD-M funds have been used by municipalities to buy equipment (such as vehicles and furniture) and materials to support programme implementation at municipal levels. The survey has also found that these funds are often the only resource available for programme implementation at the municipal level, as municipalities' contributions to programme implementation are mainly in kind, such as staff and office space.

Besides its role as a key intergovernmental tool in programme management, the IGD-M has been receiving increasing attention from researchers of public administration and public policy as a valuable proxy indicator for implementation performance in quantitative studies. For instance, the IGD-M has been used by Tomazilli *et al.* (2010) to calculate municipalities' efficiency loss; Silva et al. (2010) used the IGD –M to assess implementation performance in Minas Gerais state ; and Van Stolk and Patil (2013), used IGD-M as a proxy for municipality performance. This study too will use the IGD-M as a proxy indicator of implementation performance in the quantitative study examining the relationship between municipal socio-economic characteristics and Bolsa Família implementation performance presented in the next chapter.

Chapter V Quantitative Analysis

This chapter presents the quantitative analysis conducted with the purpose of examining the relationship between municipalities' socio-economic variables and implementation performance in the context of the Bolsa Famíla Program. This study used data from all 5,656 municipalities to test the following research hypotheses:

H1: Municipalities' socio-economic characteristics affect implementation performance.

H2a: High levels of income and development are associated with good performance, while low levels of income and development are associated with weak performance;

OR

H2b: High levels of income and development are associated with weak performance, while low levels of income and development are associated with good performance.

1. Study Variables

The dependent variable, municipal implementation performance, is represented in this study by Decentralised Management Index (Índice de Gestão Descentralisada - IGD-M in Portuguese) scores. The municipal socio-economic context, the independent variable, is defined in terms of income and development levels and operacionalised by two commonly used indicators: GDP per capita (income per capita) and the Municipal Human Development Index (MHDI). It is important to emphasise that rather than trying to investigate all possible variables which could impact municipal performance, this study focuses on one specific variable cluster and seeks to understand its relationship with implementation performance within a specific policy context[9]. This approach to implementation studies has been suggested by O'Toole (2001) as a way to rationalise the plethora of variables which have been

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[9] For a very interesting study along these lines, refer to van Solk and Patil (2014). The authors have tested the influence of 51 variables on municipal implementation performance.

identified in the policy implementation literature as affecting policy implementation performance.

1.1 Dependent variable: Implementation Performance

Implementation performance is represented in this study by the Decentralised Management Index – IGD-M of the Bolsa Família Program. The IGD-M is calculated on a monthly basis for all municipalities as the sum of scores assigned to four aspects of municipal implementation: selection and registration of potential beneficiaries, updating beneficiary records, monitoring compliance with education and health conditionalities. Each dimension represents 25 per cent of the index value. The value of the IGD-M ranges from 0 to 1; the closer to 1, the better the implementation performance of the municipality.

1.2 Independent Variable: Socio-Economic Characteristics

In order to gauge socio-economic conditions, this study employs two widely used measures of income and development: GDP per capita (income per capita) and the Municipal Human Development Index (MHDI).

- **GDP per capita** is calculated by dividing an area's Gross Domestic Product (GDP) by its population. Despite its limitations, such as the fact that it masks income distribution among the population, GDP per capita is a widely used indicator of socio-economic context for its simplicity and comparability. Municipal income per capita was used for municipal level analyses and state and regional GDP per capita were used for regional/state level analyses.

- **Municipal Human Development Index (MHDI)** is a composite measure of human development calculated by the United Nations Development Programme (UNDP) for all Brazilian municipalities based on data provided by the decennial censuses conducted by IBGE. The MHDI offers a broader assessment of the socio-economic context by incorporating three dimensions - health, education and income. The MHDI is calculated as

the geometric means of these dimensions, reflecting the idea that all dimensions are equally important and non-replaceable (UNDP 2013).

MHDI Education component is calculated using two indicators: 1) the percentage of people aged 18 years or older who have completed primary education (which provides information on the educational level of the adult population); and 2) the arithmetic mean of the percentage of children aged 5 to 6 years attending school, the percentage of young people aged 11 to 13 years attending the final years of primary school, the percentage of young people aged 15 to 17 years with primary education completed and the percentage of young people aged 18 to 20 years with secondary education completed (which provides information on the educational level of the young population).

MHDI Income component is estimated by municipal's income per capita, the average monthly income of the residents in a given municipality, in Brazilian Real.

MHDI Longevity component is calculated by life expectancy at birth - the average number of years that people would live from birth while maintaining the same mortality patterns observed in the reference year.

Its value ranges between 0 (minimum value) and 1 (maximum value) and municipalities are classified according to their MHDI score into five stages of development:

0.800–1.000	Very high human development
0.700–0.799	High human development
0.600–0.699	Medium human development
0.500–0.599	Low human development
0.000–0.499	Very low human development

UNDP also calculates a MHDI score for the whole country (MHDI Brazil) and also for each region and state.

1.3 Control variable

Population size: Population size has been shown to be an important factor in performance variation in policy the implementation. Van Stolk and Patil (2014) have also shown that the size of municipal population can potentially play an important role in the implementation of Bolsa Família. Hence municipalities' population size has been used as a control variable in this study, following IBGE's categorisation which divide Brazilian municipalities in three groups: small municipalities with less than 50,000 inhabitants (4,957 municipalities); medium-sized municipalities with population between 50,000 and 200,000 inhabitants (475 municipalities); and large municipalities with over 200,000 inhabitants (133 municipalities).

2. Data Sources

Data for this research has been obtained through the Ministry of Social Development (MDS), the United Nations Development Programme (UNDP) and the Brazilain Institute of Geography and Statistics (IBGE). This study utilises the most recent MHDI available, calculated with data from 2010 census and released in 2013. All other variables also refer to the year 2010. For the IGD-M, which is calculated monthly, the data used is the average score over a period 12 months (January to December 2010).

3. Data analysis

The investigation proceeded in several steps. Firstly, a descriptive and geographical analysis of the variables was carried out. This was followed by bivariate analysis of the relationships between socio-economic variables – municipal GDP per capita and MHDI - and the implementation performance indicator–IGD-M. This analysis was stratified by municipal size. Based on the results of the correlation analyses, Ordinary Least Square (OLS) regression analysis was used to examine the associations between the average IGD-M scores for 2010, as the dependent variable, and both municipal socio-economic variables (GDP per capita and MHDI) as independent variables, and population size as a control variable. Four separate

regression analyses have been performed; one including all municipalities and one for each subgroup of municipalities according to population size.

3.1 Descriptive analysis

3.1.1 Municipal Decentralised Management Index (IGD-M)

Average IGD-M scores have increased significantly since monitoring began in 2006, while variance has decreased, indicating an overall improvement in performance in the implementation of Bolsa Família (Table 4). In 2010, the national average was 0.805. Refer to Appendix 5 and Appendix 6 for a list of municipalities with the best and worse average IGD-M scores in 2010.

Table 4: Average IGD-M scores

Year	IGD					
	Mean	**Variance**	**SD**	**Min**	**Max**	**Count**
2006	0.713	0.019	0.138	0.000	1.000	5564
2007	0.715	0.015	0.124	0.000	1.000	5565
2008	0.769	0.010	0.101	0.000	1.000	5565
2009	0.772	0.008	0.091	0.000	0.980	5565
2010	0.805	0.008	0.084	0.315	0.980	5565
2011	0.823	0.007	0.083	0.430	0.990	5565
2012	0.826	0.007	0.082	0.410	0.990	5565

Source: Author's elaboration based on MDS data.

Regional and state level analyses of the IGD-M shows marked regional differences on IGD-M average scores, as reflected in table 5. In 2010, municipalities in the Northeast region of Brazil had the highest average IGD-M (0.86), followed by municipalities in the North region (0.81). Municipalities in Rio Grande do Norte state, in the Northeast region, had the best performance in the country with an average IGD-M score of 0.90. Indeed, nearly 80 per cent

of the top 10 per cent IGD-M scores in 2010 were from municipalities in the Northeast region. The South region had the worse regional performance, with an average IGD-M score of 0.75, with all states in the region with average scores below the national average. The Southeast and Mid-West regions also had average IGD-M scores below the national average. The worst performance at state level was achieved by the Federal District, with an average IGD-M of 0.61.

Table 5: Average IGD-M scores by regions and states (2010)

	IGD –M
Brazil	**0.80**
Northeast (NE)	**0.86**
Alagoas (AL)	0.84
Bahia (BA)	0.85
Ceará (CE)	0.88
Paraíba (PB)	0.87
Pernambuco (PE)	0.86
Piauí (PI)	0.87
Rio Grande do Norte (RN)	0.90
Sergipe (SE)	0.86
North (N)	**0.81**
Acre (AC)	0.80
Amazonas (AM)	0.84
Amapá (AP)	0.77
Maranhao (MA)	0.86
Pará (PA)	0.82
Rondônia (RO)	0.75
Roraima (RR)	0.79
Tocantins (TO)	0.83
Mid-West (MW)	**0.78**
Distrito Federal (DF)	0.61

	IGD –M
Goiás (GO)	0.81
Mato Grosso do Sul (MS)	0.73
Mato Grosso (MT)	0.77
Southeast (SE)	**0.78**
Espírito Santo (ES)	0.76
Minas Gerais (MG)	0.80
Sao Paulo (SP)	0.75
Rio de Janeiro (RJ)	0.74
South (S)	**0.75**
Paraná (PR)	0.79
Rio Grande do Sul (RS)	0.72
Santa Catarina (SC)	0.74

Source: Author's elaboration based on MDS data.

Analysis of IGD-M scores according to municipal size reveals that small municipalities had on average better IGD-M scores than medium- and large-sized municipalities, which presented average scores below the national average. The data also suggests that performance in large municipalities is more homogeneous than in the other groups.

Table 6: Average IGD-M scores and municipal size (2010)

	IGD-M 2010					
	Mean	**Variance**	**SD**	**Min**	**Max**	**Count**
Brazil (all)	0.80	0.0079	0.0888	0.32	0.98	5,565
Small municipalities	0.81	0.0071	0.0844	0.32	0.98	4,957
Medium municipalities	0.75	0.0084	0.0920	0.52	0.95	475
Large municipalities	0.68	0.0061	0.0786	0.47	0.90	133

Source: Author's elaboration based on MDS data.

3.1.2 GDP per capita

In 2010, Brazil's average municipal GDP per capita was R$12,785 (US$6,392), with considerable regional variance, as shown in table 7. People in the South have almost three times the income of people living in the Northeast, Brazil's poorest region. The data also reveals a concentration of wealth in larger municipalities (table 8); small municipalities had an average GDP per capita of R$12,100 (US$6,050), roughly half of that of large municipalities, which stood at R$23,600 (US$11,800). Overall, only 36 per cent of Brazilian municipalities had GDP per capita equal or above the national average.

Table 7: GDP per capita by regions and states (in Brazilian real, 2010)

	GDP per capita
Brazil	**12,785**
Northeast (NE)	**6,033**
Alagoas (AL)	4,957
Bahia (BA)	7,078
Ceará (CE)	5,446
Paraíba (PB)	5,382
Pernambuco (PE)	6,631
Piauí (PI)	4,476
Rio Grande do Norte (RN)	7,010
Sergipe (SE)	9,590
North (N)	**9,316**
Acre (AC)	10,769
Amazonas (AM)	6,263
Amapá (AP)	12,070
Maranhao (MA)	4,813
Pará (PA)	6,805
Rondônia (RO)	14,475
Roraima (RR)	10,440

	GDP per capita
Tocantins (TO)	10,663
Mid-West (MW)	**16,506**
Distrito Federal (DF)	58,325
Goiás (GO)	14,818
Mato Grosso do Sul (MS)	16,390
Mato Grosso (MT)	19,217
Southeast (SE)	**16,453**
Espírito Santo (ES)	16,680
Minas Gerais (MG)	12,217
Sao Paulo (SP)	20,831
Rio de Janeiro (RJ)	24,836
South (S)	**17,685**
Paraná (PR)	14,627
Rio Grande do Sul (RS)	19,646
Santa Catarina (SC)	18,530

Source: Author's elaboration based on IBGE data.

Table 8: Municipal GDP per capita (in Brazilian real, 2010)

	GDP per capita (R$)					
	Mean	**Variance**	**SD**	**Min**	**Max**	**Count**
All municipalities	12,785	200,033	14,143	2,227	296,785	5,565
Small municipalities	12,117	8,999	13,789	2,272	296,786[10]	4,957
Medium municipalities	16,760	234,658	15,380	2,744	112,791	475
Large municipalities	23,601	259,001	16,093	6,500	115,275	133

Source: Author's elaboration based on IBGE data.

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[10] Sao Francisco do Conde, in Bahia state, has the highest GDP per capita in Brazil thanks to one of the country's largest oil refineries.

3.1.3 Municipal Human Development Index (MHDI)

The divide between the more prosperous South and Southeast regions and poorer North and Northeast is also very apparent in the MHDI's analysis (Table 9). The states of the North and Northeast regions have the lowest MHDI scores, with most municipalities registering low or medium human development, while in the South region, more than 65 per cent of municipalities have achieved high human development.

Table 9: MHDI in regions and states (2010)

	MHDI
Brazil	**0.69**
Northeast (NE)	**0.59**
Alagoas (AL)	0.63
Bahia (BA)	0.66
Ceará (CE)	0.68
Paraíba (PB)	0.65
Pernambuco (PE)	0.67
Piauí (PI)	0.65
Rio Grande do Norte (RN)	0.68
Sergipe (SE)	0.66
North (N)	**0.61**
Acre (AC)	0.66
Amazonas (AM)	0.67
Amapá (AP)	0.71
Maranhao (MA)	0.64
Pará (PA)	0.65
Rondônia (RO)	0.69
Roraima (RR)	0.70
Tocantins (TO)	0.69

	MHDI
Mid-West (MW)	**0.69**
Distrito Federal (DF)	0.82
Goiás (GO)	0.74
Mato Grosso do Sul (MS)	0.73
Mato Grosso (MT)	0.73
Southeast (SE)	**0.70**
Espírito Santo (ES)	0.74
Minas Gerais (MG)	0.73
Sao Paulo (SP)	0.78
Rio de Janeiro (RJ)	0.76
South (S)	**0.71**
Paraná (PR)	0.75
Rio Grande do Sul (RS)	0.75
Santa Catarina (SC)	0.77

Source: Author's elaboration based on UNDP data.

The analysis of the MHDI scores according to municipal size (table 10) shows a similar pattern to the GDP per capita analysis. Small municipalities (with less than 50,000 inhabitants) had an average MHDI score of 0.652 (Medium Human Development), below the national average and considerably below the average MHDI of large municipalities which was 0.758 (High Human Development).

Table 10: Municipal Human Development Index (2010)

	MHDI					
	Mean	Variance	SD	Min	Max	Count
All Municipalities	0.66	0.0051	0.0719	0.418	0.862	5,565
Small municipalities	0.65	0.0048	0.0694	0.42	0.85	4,957

	MHDI					
	Mean	**Variance**	**SD**	**Min**	**Max**	**Count**
Medium-size municipalities	0.70	0.0084	0.0920	0.52	0.95	475
Large-size municipalities	0.76	0.0016	0.41143	0.65	0.85	133

Source: Author's elaboration based on UNDP data.

3.2 Correlation Analysis

The Pearson correlation coefficient r was calculated to assess the intensity of the relationships between socio-economic context variables (municipal GDP per capita and MHDI) and municipal implementation performance (IGD-M). Bivariate analyses were undertaken at both state and municipal levels. In order to take into consideration municipal size, four separate bivariate analyses were carried out at municipal level; one including all municipalities, and one for each sub-group of municipalities according to size: small (4,957), medium (475) and large-sized municipalities (133).

3.2.1 Implementation Performance and Income (IGD-M and GDP Per capita)

State level analysis

The correlation coefficients between GDP per capita and IGD-M in states are displayed in table 11 and Figure 5 (scatter plot). The data reveals a strong and significant relationship between the variables. The negative direction of the relationship indicates that states with low average incomes are associated with better implementation performance.

Table 11. Correlation between IGD-M and GDP per capita (state level analysis)

IGD-M and GDP per capita	**Correlation coefficient (*r*)**
States	-0.88*

* significant at 1%

Figure 7: Correlation between IGD-M and GDP per capita in states
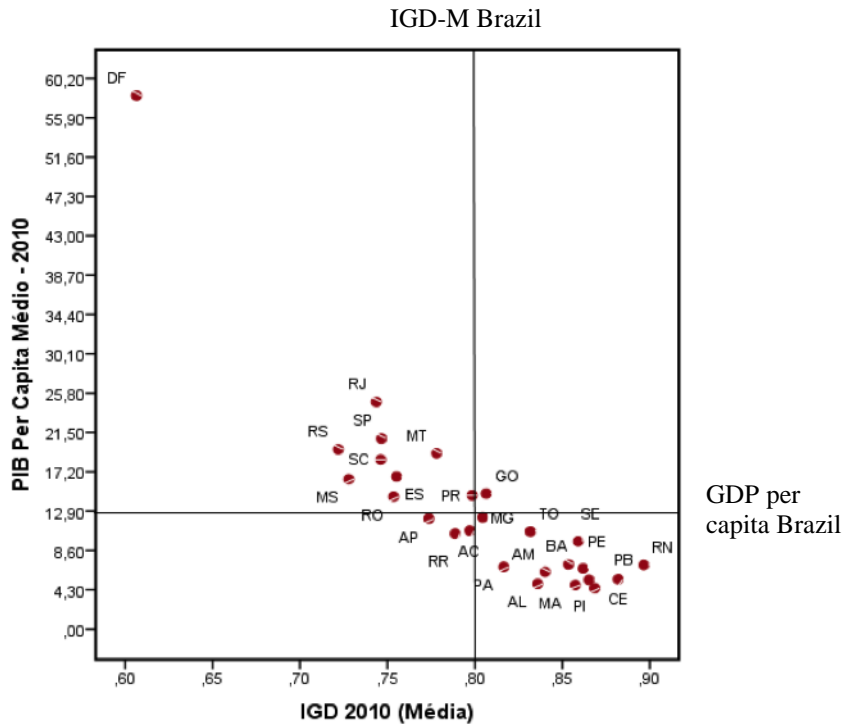
The scatter plot shows that states with low GDP per capita tended to have IGD-M above the national average, while states with high GDP per capita tended to have IGD-M scores below the average. It is interesting to note that all states in the Northeast region, Brazil's poorest, have average implementation performances above national average, while all states from South and Southeast regions, Brazil wealthiest ones, have average implementation performances below the national average, with the exception of Minas Gerais, which had a IGD-M score very close to the national average.

Municipal level analysis

The correlation coefficients between municipal GDP per capita and IGD-M are displayed in table 12. The data reveals statistically significant relationships, except when large municipalities are considered in isolation. The negative direction of these relationships

indicate that municipalities with lower income per capita have better implementation performance than wealthier ones.

Table 12. Correlation between IGD-M and GDP per capita (municipal level analysis)

IGD-M and GDP per capita	Correlation coefficient (*r*)
All municipalities	-0.30*
Large Municipalities	-0.14
Medium-sized Municipalities	-0.34*
Small Municipalities	-0.28*

* significant at 1%

3.2.2   Implementation Performance and Development levels (IGD-M and MHDI)

State level analysis

The correlation analysis between MHDI and IGD-M reveals a strong and statistically significant negative association between the two variables. Similarly to the GDP per capita analysis, states with HDI below the national average have had better implementation performance, as reflected in Table 13 and Figure 8.

Table 13. Correlation between IGD-M and MHDI (state level analysis)

IGD-M and MHDI	Correlation coefficient (*r*)
States	-0.81*

* significant at 1%

Figure 8: Correlation between average IGD-M and MHDI in states
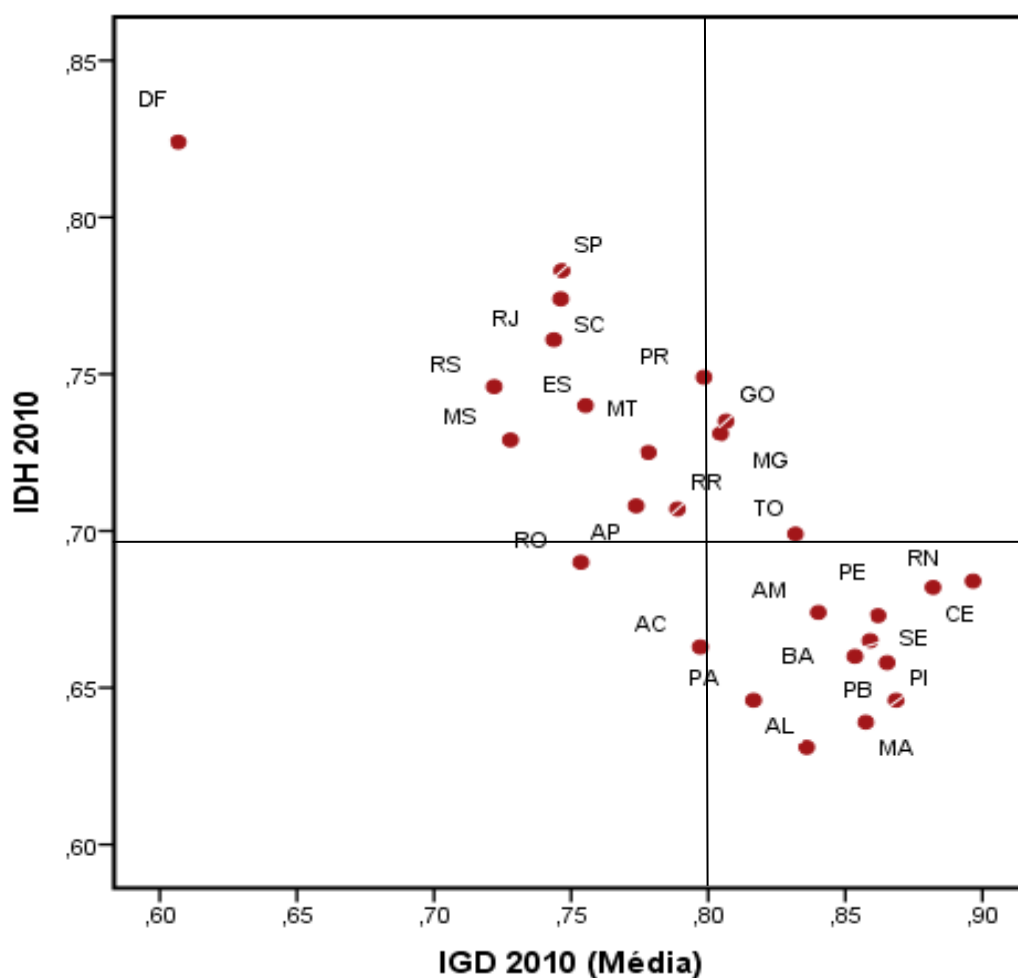
The scatter plot suggests a negative association between IGD-M and MHDI. States with lower levels of development have high IGD-M while states with higher levels of development have lower IGD-M scores. All but 3 of the 14 states with IGD-M above the national average have MHDI scores below the national average.

Municipal level analysis

The data also shows statistically significant relationships across all municipal sizes, although the association is small in the case of large municipalities, as shown in table 14 and Figure 9

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(scatter plot). Again, the negative direction of these relationships suggest that high levels of IGD-M were associated with low levels of MHDI and vice-versa.

Table 14. Correlation between IGD-M and MHDI (municipal level analysis)

IGD-M and MHDI	Correlation coefficient (r)
All municipalities	-0.56*
Large Municipalities	-0.15*
Medium-sized Municipalities	-0.60*
Small Municipalities	-0.52*

* significant at 1%

The scatter plot (Figure 9) offers a clear illustration of the correlation between dependent (IGD-M) and independent variable (MHDI) across all municipal sizes. Large municipalities (green dots) are mostly concentrated on the upper left corner, indicating high IGD-M scores and low MHDI. Medium municipalities (orange dots) are mostly spread between quadrants 2 (upper left) and 4 (lower right) indicating a negative relationship between the two variables in this group as well. Small municipalities (yellow dots) are a more heterogeneous group, with municipalities in all four quadrants, but municipalities in this group are also particularly concentrated in quadrant 4 (high IGD-M scores and low levels of development) and quadrant 2 (low IGD-M scores and high levels of development), again reflecting a negative correlation between IGD-M and MHDI.

Figure 9: Correlation between IGD-M and MHDI in municipalities
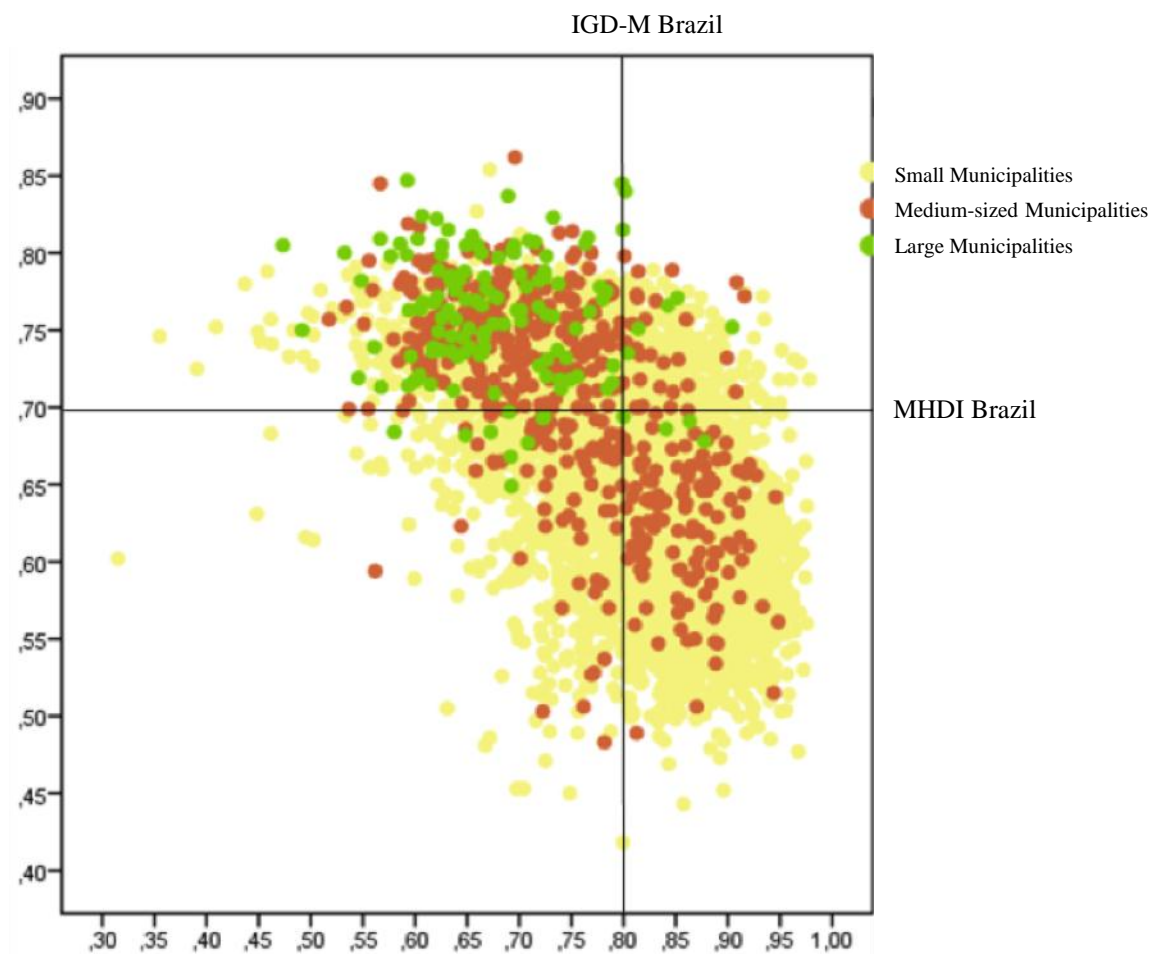
3.3 Regression Analysis

To assess the relationship between implementation performance and socio-economic characteristics, I estimated two regression models, as follows:

Model 1: $\text{MunPer} = \alpha + \beta_0 + \beta_1{}_{\text{MHDI}} + \beta_2{}_{\text{GDPpc}} + \upsilon$

Model 2: $\text{MunPer} = \alpha + \beta_0 + \beta_1{}_{\text{MHDI}} + \beta_2{}_{\text{GDPpc}} + \beta_3{}_{\text{pop}} + \upsilon$

The dependent variable "MunPerf" is the average IGD-M score for 2010. In the model 1, municipal performance (MunPer) is modelled as a function of municipal income per capita and MHDI. Model 2 controls for population size.

Tables 15 and 16 below display the outputs of the of the Ordinary Least Square (OLS) regression analyses for Models 1 and 2, respectively. The results confirm that local socio-economic characteristics affect implementation performance. The negative coefficients are consistent with the bivariate analysis, supporting the view that as municipal income and level of development increases, the quality of the implementation decreases. Results of Model 2 also confirm that population size is a factor which influences implementation performance as well.

Table 15: Model 1, All municipalities

	Estimate	Std. Error	t-value	p-value
(Intercept)	1.248	0.0097	128.1286	0,000***
MHDI	-0.667	0.0153	-43.4899	0,000***
GDP per capita	-0.000	0.0000	-4.6129	0,000***

Significance levels: ***0.001

Multiple R-squared: 0.568   Adjusted R-squared: 0.323

F-statistic: 1329.66 on 2 and 5562 DF, p-value: 0.0000

Table 16: Model 2, All municipalities

	Estimate	Std. Error	t-value	p-value
(Intercept)	1.5021	0.0144	103.7235	0.000***
MHDI	-0.4511	0.0208	-43.4899	0.000***
GDP per capita (log)	-0.0659	0.0049	-13.4195	0.000***
Population (log)	-0.0330	0.0019	-17.6854	0.000***

Significance level: ***0.001

Multiple R-squared: 0.61   Adjusted R-squared: 0.37

F-statistic: 1101.79 on 3 and 5561 DF, p-value: 0.0000

In order to gain a better understanding of the impact of population size, I have re-run Model 2 segmenting municipalities by population sizes (tables 17, 18 and 19). Again, the results overall indicate that local socio-economic characteristics matter and that higher levels of performance are associated with lower levels of income and development. The model was not statistically significant for large municipalities, confirming that the relationship between the variables are weaker in this group, possibly because this is a more homogeneous group in terms of wealth and development, as virtually all large municipalities have income per capita and MHDI above the national average.

Table 17: Model 2, Small Size Municipalities (less than 50,000 inhabitants)

	Estimate	Std. Error	t-value	p-value
(Intercept)	1.4895	0.0185	80.3321	0.000***
MHDI	-0.4289	0.0221	-19.3486	0.000***
GDP per capita (log)	-0.0697	0.0052	-13.3751	0.000***
Population (log)	-0.0304	0.0027	-11.0206	0.000***

Significance levels: ***0.001

Multiple R-squared: 0.56   Adjusted R-squared: 0.31

F-statistic: 754.4761 on 3 and 4953 DF, p-value: 0.0000

Table 18: Mode 2, Medium-size Municipalities (between 50,000 and 200,000 inhabitants)

	Estimate	Std. Error	t-value	p-value
(Intercept)	1.8188	0.1050	17.3123	0.000***
MHDI	-0.5823	0.0733	-7.9355	0.000***
GDP per capita (log)	-0.0369	0.0778	-2.3280	0.0203
Population (log)	-0.1036	0.0220	-4.6977	0.000***

Significance levels: ***0.001

Multiple R-squared: 0.63   Adjusted R-squared: 0.40

F-statistic: 135.5083413on 2 and 472 DF, p-value: 0.0000

Table 19: Model 3, Large Municipalities (over 200,000 inhabitants)

	Estimate	Std. Error	t-value	p-value
(Intercept)	1.3017	0.1904	6.8367	0.000***
MHDI	0.2980	0.2412	1.2354	0.2189
GDP per capita (log)	-0.0182	0.0388	-0.4694	0.6395
Population (log)	-0.1377	0.0257	-5.3435	0.000***

Significance levels: ***0.001

Multiple R-squared: 0.42   Adjusted R-squared: 0.18

F-statistic: 9.5806 on 3 and 129 DF, p-value: 0.0000

4. Discussion

Overall, the results indicate that socio-economic characteristics have a significant impact on implementation performance. Both measures of income and development levels – GDP per capita and Municipal Human Development Index (MHDI) – were statistically significant associated to the dependent variable, the Municipal Decentralised Management Index (IGD-M). Hence, this study accepts hypothesis H1 *Municipalities' socio-economic characteristics affect implementation performance*.

Regarding the direction of these associations, both correlation and regression analyses show a negative relationship between the dependent and independent variables; that is, high levels of implementation performance were associated to low GDP per capita and low MDHI, while low levels of implementation performance were associated to high GDP per capita and high MHDI. Hence, this study rejects the hypothesis *H2a High levels of income and development are associated with good performance, while low levels of income and development are associated weak performance*; and accepts the hypothesis *H2b High levels of income and development are associated with weak performance, while low levels of income and development are associated with good performance.*

Regional and state levels analyses reflected the wide disparities in income and development levels and revealed that the poorer North and Northeast regions were generally associated with high implementation performance, while the more prosperous South and Southeast regions had weaker performances. Municipal level analysis confirmed this trend, with poorer, less developed municipalities outperforming wealthier ones in the implementation of Bolsa Família.

The study also showed that population size is an important factor influencing implementation performance, as reflected in the statistically significant relationship between population size and implementation performance. The negative direction of the relationship indicates that larger municipalities tended to have weaker implementation performances; indeed, large municipalities have been found to have the lowest average IGD-M scores. This result reflects the added difficulties associated with implementing a targeted programme such as Bolsa Família within large areas; additionally, as large municipalities are also virtually all wealthy, this result is in line with the finding that wealthier municipalities have weaker implementation performances.

Overall, the findings from the quantitative analysis show that municipalities' socio-economic characteristics – particularly their levels of wealth and development – are relevant factors in determining municipal implementation performance. The fact that municipalities with lower levels of income, which inherently have limited resources and institutional capacity, are more successful at implementing the Bolsa Família Program is somehow counterintuitive and calls for further investigation. Hence, the next chapter presents a qualitative analysis which looks into the processes underlying these results with the aim of establishing why levels of income and development are inversely correlated performance in the implementation of Bolsa Família.

Chapter VI   Qualitative Analysis

This Chapter investigates the dynamics underlying the results of the quantitative analyses which revealed a negative relationship between implementation performance and municipal wealth and development levels. It examines and compares the implementation of Bolsa Família in both poor and wealthy municipalities to uncover the reasons why poor, less developed municipalities outperform wealthy, more developed ones in the implementation of the programme.

This qualitative analysis was guided by the "Socio-Economic Characteristics and Implementation Performance" theoretical framework developed in chapters 2 and 3, and based on information provided by Bolsa Família municipal managers (*gestor municipal*) from 42 municipalities, combined with a thorough review of programme documents and literature.

1. Data Sources

This research used a combination of primary and secondary data.

1.1 Primary data: Qualitative Survey

A questionnaire with 14 open-ended questions was sent by email to a sample of Bolsa Família municipal managers in June 2014. It is important to highlight that the aim of this "qualitative survey" was not to establish frequencies, means or other parameters, but to define and investigate variation in the implementation process of the Bolsa Família across poor and wealthy municipalities (Jensen 2010). The questionnaire (Appendix 3) was elaborated based on this study's theoretical framework and covered four areas: 1) political conditions: the importance of the programme at the local level and support from local mayor; 2) institutional capacity: resources for Programme implementation at the local level; 3) disposition of implementers: their views and attitudes towards the Programme's objectives

and execution; 4) intergovernmental relations: relationship with state and federal governments (communications, resources, IGD-M).

The questionnaire was sent out to a sample of municipal Program managers (*gestor municipal*) drawn from a contact database from the Ministry of Social Development available on line (http://www.mds.gov.br/adesao/gestor/Gestorsrch.asp). In order to ensure the representativeness of both poor and wealthy municipalities, a non-probabilistic purposive sampling design was used and the questionnaire was sent to 100 municipalities with MHDI and GDP per capita above the national average and 100 municipalities with MHDI and GDP per capita below the national average (Cooper and Emory 1995).

The email was used as a means of communication for pragmatic reasons, enabling the research to cover a range of respondents in a wide geographical area at low cost (Cooper and Emory 1995:287). Some of the key disadvantages of using email include the low rate of response of this type of method and the loss of tacit information that would be conveyed in a conventional interview situation (Kelley *et al* 2003). One unexpected problem was that the MDS's database was surprisingly inaccurate; circa 20 per cent of emails were returned due to fatal errors in the email address; and circa 10 per cent no longer involved in programme implementation (the majority of contacts had personal rather than institutional email addresses).

The final sample consisted of 42 completed questionnaires; 21 (3 of which were large ones) from municipalities with MHDI and GDP per capita above the national average and 21 from municipalities with MHDI and GDP per capita below the national average. Table 20 shows the profile of municipalities in the sample.

It is also important to underline that the questionnaire and responses were in Portuguese, thus their content had to be translated before being incorporated into the research. Despite the author's aim to conduct the translation in the most accurate form, some minor inexactitudes may have remained.

Table 20 : Profile of Municipalities in the sample

Respondents	Average IGD-M	Average MHDI	Average GDP per capita	Population	Number Beneficiary Families
All (42)	0.79	0.67	14,017	46,224	2,480
Below Average (21)	0.87	0.61	6,109	13,530	1,883
Above Average (21)	0.71	0.72	20,278	72,106	2,954
Above Average excluding large (18)	0.73	0.72	18,391	23,635	1,464
Large only (3)	0.63	0.75	29,710	314,467	10,406

1.2 Secondary data

Secondary data sources were chosen with great care and followed a criteria of relevance to the topic and validity. The main sources of secondary data used in this study were Bolsa Família documents and the extensive academic and professional literature dedicated to Bolsa Família.

Programme documents reviewed included laws and decrees, guidelines on several aspects of programme implementation issued by MDS, training material used by MDS, and several programme evaluations.

I have also referred extensively to the large academic and professional literature which covers a variety of aspects of Bolsa Família, but is particularly focused on programme's impacts.

There was, however, a significant gap in the literature regarding studies related to programme's local implementation, which I addressed by resorting to primary.

2. Data Analysis

Primary and secondary data were used complementarily. Firstly, local managers' questionnaires were classified in two groups: group 1 with respondents from municipalities with MHDI and income per capita below the national average, with 21 complete questionnaires; and group 2 with respondents from municipalities with MHDI and income per capita below the national average, also with 21 complete questionnaires. Responses from both groups were analysed separately and trends, commonalities and divergences were identified within which group; the results were then brought together and compared, as presented in the results matrix below.

Similarly, content analysis of secondary data was carried out with reference to this study's theoretical framework and taking into account municipalities' different socio-economic contexts. Both strands of information were brought together to triangulate and complement each other with reference to this study's theoretical framework.

The matrix below summarises and compares the content of municipal managers responses. The analysis of the questionnaires showed a remarkable level of consistency and commonality within groups. It was possible to identify trends and similarities in the responses of managers from municipalities with similar socio-economic characteristics, both in terms of the practical issues they face in the implementation of the programme and also in their perceptions and beliefs.

When comparing the two groups, it was possible to detect important differences between them, mainly in relation to the importance of the programme to municipalities, their interpretation regarding conditionalities compliance and the degree of concern regarding welfare dependency. However, the comparison also showed similarities between the two groups, particularly in relation to their reliance on IGD-M funds to support implementation at

the local level and their overall concern with possible inclusion errors due to the use of unverified, self-reported income information in the selection of potential beneficiaries.

Table 21: Analysis of municipal managers responses

Variable Cluster	Questions	Poor Municipalities	Rich Municipalities
Capacity	Profile Municipal Manager (questions 1, 2 and 3)	Majority have university degree. Majority are permanent municipal employees. All have received programme related training.	Majority have university degree. Majority are permanent municipal employees. All have received programme related training.
Capacity	Human Resources/facilities & Equipment available for BFP implementation (questions 4, 10, 11 and 13)	There are between 2-10 people working directly with BFP (average 4-5). Some mentioned the use of contractual staff for one-off tasks (using IGD-M resources). Overall good resources: computers, internet, furniture, vehicle – better than other programmes in the municipality.	There are between 1-8 people working directly with BFP (average 3). All have computers, internet – infrastructure/resources similar to other social programmes in the municipality. Large municipalities: lack resources (particularly human resources) to keep existing beneficiaries info up-to –date and actively register new ones.

Capacity	IGD-M (use of resources) (questions 10,13)	Virtually the only source of resources available to support local implementation.	Virtually the only source of resources available to support local implementation.
		Mainly used to maintain facilities, buy furniture and equipment (particularly IT), vehicle/transport costs , running costs.	Mainly used to maintain facilities, buy furniture and equipment (particularly IT), vehicle/transport costs , running costs.
		The use of IGD-M resources is normally decided by BFP manager and/or municipal social assistance secretary.	The use of IGD-M resources is normally decided by BFP manager and/or municipal social assistance secretary.

Capacity Disposition of Implementers	IGD-M (main difficulties to achieve a good score) (question 12)	Coordinating with education and particularly health sectors (aggregating information). Families keeping information up to date. Locating families, particularly in rural areas.	Over half of respondents said main issue is that beneficiaries do not comply with their obligations to keep records up-to-date and fulfil conditionalities commitments (particularly health conditionalities). Coordinating with education and particularly health sectors (aggregating information).
Policy objectives Disposition of Implementers	Perception of BFP (questions 5,14)	All rate BFP as Excellent/Good.	Majority rate BFP as a Good programme (*but* needs to have exit doors).
Policy objectives Political conditions Disposition of Implementers	Perception regarding importance of BFP to municipality (questions 5,14)	All respondents said BFP is the most important social programme in their municipalities: in same cases the "only" programme / others, see BFP as a platform for other programmes. Large number of beneficiaries	Only one-third said BFP is the most important social programme; two-thirds mentioned other programmes are equally important or more important.

| Political conditions | Mayor involvement (questions 6,13) | About half reported an active role (participate in meetings, ask questions); the other half said mayor was supportive but not directly involved.

About 10 per cent raised concerns regarding politicisation of the programme – as mayor is responsible for appointing municipal manager. | About one-third reported an active role and two-thirds said mayor was not directly involved or not involved at all. |
|---|---|---|---|
| **Intergovernmental relations** | Relationship with MDS and state level coordination (questions 8,9) | MDS: none or very little contact – mainly to "unblock" benefits.

State level: a lot of contact - training, clarifying procedures, information sharing. | MDS: very little – IT systems and to "unblock" benefits

State level: also very little contact. |

All	Key Problems (questions 7, 12,14)	Targeting/selection: Unverified self-declared information on income leading to inclusion errors. Welfare dependency/ Lack of exit doors (about 25%).	Targeting/selection: Unverified self-declared information on income leading to inclusion errors. Welfare dependency/ Lack of exit doors (over 60%).
All	Proposed improvement/changes (questions 14)	Proof of income, more oversight and control to curb inclusion errors/ fraud such as audits. About 25% suggested the inclusion of time limits to decrease dependency and linking beneficiaries to training and work schemes.	Proof of income, more oversight and control to curb inclusion errors/ fraud such as audits. Over 60% suggested the inclusion of time limits to decrease dependency and linking beneficiaries to training and work schemes.

3. Results

The analysis of the municipal managers questionnaire has been complemented and triangulated with a wealth of quantitative and qualitative information from Bolsa Família's studies, reports, evaluations and data from MDS/SAGI's database. The result, presented below, offers a rich description of the processes underlying implementation performance and offers an explanation , with reference to this study's theoretical framework, of why poor municipalities outperform rich ones in the implementation of the Bolsa Família Program.

3.1 Local Socio-Economic Characteristics and Policy Objectives and Resources

The Bolsa Família Program was established with the objectives of fighting hunger and poverty, and empowering families to access public services, particularly health, education and social assistance (Brasil 2004). Accordingly, the selection of beneficiaries for the programme follows a poverty targeting approach based on the estimated incidence of poverty at the municipal level. Municipalities with higher incidence of poverty receive higher quotas[11].

As a result, Bolsa Família concentrates beneficiaries and resources in the country's poorest regions, as shown in table 22. The Northeast region, Brazil's poorest, accounted for more than 50 per cent of Bolsa Família beneficiaries in 2010, with 44 per cent of families in the region benefiting from the programme. The proportion of beneficiary families is also very high in the North region, Brazil's second poorest, where 1 in 3 families benefited from the programme in 2010. By contrast, only a relatively small proportion of families benefit from the programme in the South and Southeast, Brazil's wealthiest regions.

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[11]Municipal quotas are defined according to estimates of poverty at the municipality generated by the National Household Survey (PANAD) (Lindert *et al*. 2006).

Table 22: Bolsa Família's beneficiaries by regions and states (2010)

State	Number of Beneficiary Families	Proportion of beneficiary families in the population		Total Benefits Paid to Beneficiaries (in Real)
North region	**1,348,329**	**33%**	**1/3**	**1,694,796,865**
RO	114,112	26%	1/4	134,018,952
AC	59,779	32%	1/3	77,746,624
AM	278,893	33%	1/3	363,029,883
RR	42,213	41%	2/5	54,983,920
PA	680,804	35%	1/3	860,577,255
AP	44,096	26%	1/4	60,244,984
TO	128,432	35%	1/3	144,195,247
Northeast region	**6,454,764**	**44%**	**1/2.5**	**7,582,457,798**
MA	871,297	51%	1/2	1,089,091,298
PI	420,392	49%	1/2	494,678,237
CE	1,022,259	44%	4/9	1,174,401,644
RN	338,424	38%	3/8	383,736,583
PB	450,525	43%	3/7	529,979,555
PE	1,045,268	42%	3/7	1,216,004,851
AL	414,112	49%	1/2	482,955,041
SE	230,418	40%	2/5	272,641,222
BA	1,662,069	43%	3/7	1,938,969,367
Centre-West region	**725,216**	**18%**	**1/6**	**721,913,936**
MS	132,887	19%	1/5	137,463,646
MT	167,693	20%	1/5	176,342,099
GO	326,084	19%	1/5	333,388,973
DF	98,552	14%	1/7	74,719,218

State	Number of Beneficiary Families	Proportion of beneficiary families in the population		Total Benefits Paid to Beneficiaries (in Real)
Southeast region	**3,185,843**	**14%**	**1/7**	**3,276,739,142**
MG	1,135,715	20%	1/5	1,189,570,569
ES	189,983	18%	1/6	198,301,764
RJ	685,301	14%	1/7	743,584,718
SP	1,174,844	10%	1/10	1,145,282,091
South	**1,064,068**	**13%**	**1/8**	**1,096,795,124**
PR	466,607	15%	1/7	466,013,885
SC	143,700	8%	0	146,604,158
RS	453,761	14%	1/7	484,177,081

Source: Author's elaboration based on MDS/SAGI data.

Given the high concentration of beneficiaries in poor municipalities, Bolsa Família resources are also naturally concentrated in such municipalities. In 2010, over R$7 billions were received by beneficiaries from municipalities with Municipal Human Development Index (MHDI) below the national average, the equivalent of R$165 per capita[12]. Considering that such municipalities have small economies and are generally highly dependent on federal funds, the impact of the such funds can not be underestimated.

Studies to gauge the importance of the Bolsa Família to Brazilian municipalities have shown that programme transfers dwarf local tax revenues and make up a significant proportion of federal transfers in municipalities with large number of beneficiaries (MDS 2007:169, MDS/SAGI 2013). A recent study in the state of Ceará, in the Northeast, calculated that, between 2009 and 2012, Bolsa Família transfers were on average equivalent to 56 per cent of federal constitutional transfers to municipal budgets[13]; and that in poorer municipalities, Bolsa Família's resources were at the same level, or in some cases, above those of federal constitutional transfers (IPECE 2013).

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[12] Author's calculation based on MDS/SAGI data
[13] *Fundo de Participação dos Municípios* , FPM (Municipal Revenue-Sharing Fund)

Indeed, a study by the Instituto de Ensino e Pesquisa (INSER) published in 2009 showed that Bolsa Família transfers have increased the local GDP of poor municipalities and have had a significant impact on the fiscal situation such municipalities. The study calculated that a 10 per cent expansion in the number of Bolsa Família's beneficiaries increased municipalities'

revenues in more than one percent; while a 10 percent increase in the amount of the monthly transfer increased local revenue by 1.36 percent (Landim 2009).

In fact, municipalities where a significant proportion of the population benefit from the Programme have had their economies transformed. The case of Junco do Maranhão, a municipality with 4,000 inhabitants in Maranhão state, in the North region of Brazil, illustrates this transformation. Junco do Maranhão's economy is based on small-scale farming (banana, cashew nuts and coconut) and the majority of its population rely on small and irregular incomes. Bolsa Família benefited 882 families in 2010, who received a total of about R$ 95,000 per month; amounting to over R$1 million a year –the equivalent of about one-third of total federal transfers to the municipality. This large injection of resources has had a considerable impact on the small economy of the municipality. Local shop keepers reported that Bolsa Família has increased their customer base considerably and they have experienced a marked increase in sales of food, cleaning/hygiene products and school materials (MDS 2010). Indeed, The Brazilian Supermarket Association (Associação Brasileira de Supermercados – ABRAS, in Portuguese) has stated that the Bolsa Família program has helped to create a local market in small municipalities in the North and Northeast regions and has been an important source of growth for the sector (MDS 2010).

The benefits generated by Bolsa Família to the local economy are key for mobilising the support of local business and political elites to the programme, facilitating its implementation locally.

Given the broad impact of the Program in poor municipalities, it is not surprising that all local programme managers from poor municipalities agreed that Bolsa Família was the most important social programme in their municipality (municipal managers survey).

This situation contrasts with the much more limited impact the programme has had on municipal finances and the local economy of wealthy municipalities, given the low concentration of beneficiaries and their more developed economies. Bolsa Família transfers to municipalities with MHDI above the national amounted to R$49 per capita in 2010, less than one-third of the resources directed to poor municipalities.

Indeed, the limited importance of the Program to wealthy municipalities came across clearly in the municipal managers survey; only about one third of managers form wealthy municipalities agreed that Bolsa Família was the main social programme in their municipality. Also, some local managers, while recognising the importance of the Programme nationally, questioned the relevance of the programme to their context.

Overall, Bolsa Família's objectives and resources are more relevant to poor municipalities than to wealthy ones. The good fit between the local socio-economic context and policy objectives, combined with the considerable amount of resources the programme brings to such municipalities, result in a positive local response towards the programme and facilitate its implementation.

3.2 Local Socio-Economic Characteristics and Political Conditions

As discussed previously, the high concentration of beneficiaries of Bolsa Família in poor municipalities generate positive economic externalities, attracting the support of local economic elite and creating a wider support base for the programme at the local level.

This wide support base has generated considerable electoral impacts. Political economy studies have found that Bolsa Família produces significant electoral returns to incumbents across the board, but that this effect appears to be more marked on poor municipalities, thanks to the indirect economic benefits brought about by the programme (Zucco 2010). It is also interesting to notice that support for Bolsa Família comes from across the political

spectrum; there appears to be no association between mayor political party and implementation performance (Van Stoke and Patil 2014).

Also, there seems to be a link between quality of implementation and votes in poor municipalities. Fried (2012) found that voters seem to award incumbent mayors if the programme is run well. Similarly, Janvry *et al*. (2005 and 2011) showed that, in municipalities in the Northeast region, quality of the programme performance is rewarded by a higher likelihood of local mayor being re-elected.

Such electoral returns tend strengthens the support of local political leaders to the Programme and create an extra incentive for them to support local implementation. Moreover, the link between performance and electoral returns provides extra incentives for mayors to ensure that the programme is implemented well. Indeed, the majority of municipal managers from poor municipalities, which also have above average implementation performances, reported an active support of mayors for Programme implementation (municipal managers survey).

This high visibility and political importance of the programme could raise concerns regarding political interference and clientelism in poor municipalities, such as local politicians registering friends, relatives, party members as potential beneficiaries to gain political support in return for programme benefits. Indeed, this is usually a key concern regarding the decentralisation of cash transfer programmes. Bolsa Família has in place several mechanisms designed to curb manipulation and rent-seeking behaviour by local politicians - for instance, the centralised determination of eligibility according to automatic objective criteria, a series of internal and external cross-checks and formal control mechanisms, social control councils (SCC), and specific "pre-election" measures such as a quarantine period on new beneficiaries in order to avoid "vote buying". Such mechanisms seems to be working, as in 2013 there were 1,760 reported irregularities (MDS 2014), a relative small number given the scope of the programme. Also, this issue was mentioned by only a small minority of survey respondents from poor municipalities, also indicating that political manipulation is not a widespread concern at the local level. These respondents were mainly concerned about the fact that the local Bolsa Família manager is appointed by the local mayor opening the possibility of some kind of pressure or manipulation in programme implementation. Survey

respondents were more concerned about intentional fraud by beneficiaries, such as providing false information regarding income or household composition.

The political scenario is different in wealthy municipalities, where support for the Bolsa Família Program is generally narrow. Beneficiaries form a small proportion of the population and lack political clout. Moreover, the relative small amount of resources the programme brings to wealthy municipalities fail to create significant externalities in the local economy in order to generate significant numbers of indirect beneficiaries. As a result, the political returns generated by Bolsa Família to local political leaders are also relatively small. In this sense, it is not surprising that the interest of local mayors in the implementation of the programme is small in such municipalities, according to the municipal managers survey.

One consequence of the low political profile of Bolsa Família in wealthy municipalities seems to be the failure to mobilise local resources to support programme implementation in such municipalities, as discussed in the next section.

In sum, the Bolsa Família Program enjoys wide political support in poor municipalities and a narrow and fragile one in wealthy municipalities. This difference in support seems to be reflected in the level of commitment of local political leaders to the programme and the consequent level of support that the programme's implementation receive at the local level, which is ultimately reflected in implementation performance.

3.3 Local Socio-Economic Characteristics and Agency Capacity

The high concentration of beneficiaries and potential beneficiaries in poor municipalities means that the amount of work involved in programme implementation and the costs related to it are particularly high in such municipalities, generating unprecedented pressure on their already fragile administrative and financial capacities.

Indeed, studies carried out in the start of the programme highlighted that poor municipalities had particularly weak infrastructure and capacity. For instance, a survey of municipal social

assistance structures in 2005 highlighted the overall lack of resources and general poor state of social assistance in municipalities; for instance, about 10 per cent of them not even had access to a phone line (IBGE 2006). A study carried out by the National Confederation of Municipalities (Confederação Nacional de Municípios – CNM, in Portuguese) also highlighted the great challenges that the implementation of the Bolsa Família posed to municipalities, particularly poor ones; key issues included lack of human resources, inadequate facilities, lack of IT equipment and reliable internet connexion, and lack means of transportation to reach all municipal areas (CNM 2009).

More recent studies, however, found that basic infrastructure for Bolsa Família's implementation is now in place in most municipalities, both rich and poor. For instance, SENARC surveyed in 2011 39 municipalities to assess the situation of Bolsa Família implementation and found overall good facilities, adequate IT equipment , access to internet (MDS 2012). Another recent survey carried out in 278 municipalities to assess the management of the single registry database found that 99 per cent of municipalities had computers which are used exclusively by the programme (majority of municipalities have 2-3 computers); that all have access to internet, and that the majority had received systems related training in the last 12 months (MDS 2013:65). This study's survey of Bolsa Família's municipal managers corroborates this assessment - the vast majority of municipal managers said that they had adequate facilities and resources to carry out their work and municipal managers from poor municipalities generally thought that Bolsa Família's local resources/facilities were better than those of other programmes in the municipality.

What caused this marked change in the municipalities' administrative and financial capacities to implement the programme?

It seems that the key for this change has been the targeted support from the federal government (MDS) to develop local implementation capacity.

According to Licio (2012), the lack of institutional capacity at the local level has been a key concern of the federal government from the start of the programme, even prompting MDS to consider a centralised implementation approach. However, as centralised implementation

would severely constrain the speed of programme's expansion and increase implementation costs considerably, the MDS opted for a decentralised approach, with municipalities responsible for the bulk of Bolsa Família's implementation at the local level. As the success of the programme was then dependent on municipalities' capacity to implement it, the MDS had to develop a series of strategies to deal with differences in capacity at the local level and ensure a somehow uniform implementation of the programme. To this effect, MDS developed detailed procedures and guidelines, invested heavily in IT systems and signed management agreements with municipalities to clarify roles and responsibilities. One of the most relevant and effective strategy was undoubtedly the creation of the Decentralised Management Index (IGD-M) and the financial incentives linked to it.

Since it was created in 2006, the amount of IGD-M funds transferred to municipalities has grown considerably, as shown in Table 23. This is both a result of improvement in implementation performance (higher IGD-M scores) and also an increase in the amount of resources paid per valid entry in the Single Registry database (*Cadastro Único)*. IGD-M funds are used mostly to buy equipment (computers, cars), improve facilities, cover running costs and hire temporary staff (MDS 2007, municipal manager survey).

Table 23: IGD-M funding (in millions of real)

2006	2007	2008	2009	2010	2011	2012	2013
161,3	230,6	256,6	252,9	287,6	299,4	488,7	417

Source: Author's elaboration based on MDS/SAGI data.

As IGD-M funding takes into account the number of registered beneficiaries and potential beneficiaries, as well as performance, the bulk of IGD-M resources is received by municipalities in the Northeast region, as shown in table 24. Taking into account the number of municipalities per region, it is even more evident the concentration of IGD-M resources in the municipalities of Brazil's poorest regions.

Table 24: IGD-M funding by region (in millions of real, 2012)

Region	Total Funding	Average funding per municipality
North	49.2	0.12
Northeast	230.3	0.14
Southeast	131.2	0.07
South	47.6	0.04
Mid-west	30.2	0.07

Source: Author's elaboration based on MDS/SAGI data.

Hence, poor municipalities with large number of beneficiaries have particularly benefited from IGD-M resources. As a consequence, despite their weak starting point, poor municipalities in general were able to bridge the capacity gap and build a structure which, albeit not perfect, enables them to implement the programme well, as reflected by the high IGD -M scores achieved by this group of municipalities. High IGD-M scores, in turn, result in more resources, creating a virtuous cycle for implementation performance.

A key concern, however, relates to the fact that the IGD-M do not reflect the quality of health and education services in the municipality (supply side). The fact that this aspect of Bolsa Família implementation is not captured by the IGD-M, and is hence outside the programme's incentives framework, could be sending the wrong message to municipalities that this is a lesser important aspect of programme implementation. Indeed, municipalities with high average IGD-M scores are the ones with low MHDI, which signals low quality of health and education. This is also evident when looking at two other national indexes IDEB[14] and

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[14] Índice de Desenvolvimento da Educação Básica, IDEB (Basic Education Development Index) is an indicator of educational performance based on exam results and pass rates.

IDSUS[15] which measure quality of education and health respectively: municipalities with high IGD-M scores had lower IDEB and IDSUS scores, as illustrated in table 25.

Table 25: Comparison of health and educational performance indexes (2010)

	Municipalities with High IGD-M[16]	Municipalities with low IGD-M[17]
Average of IDH	0.62	0.70
Average of IDSUS	5.6	5.8
Average of IDEB (year 1 to 5)	4.3	4.8
Average of IDEB (year 6-9)	3.6	4.1

This not only hinders beneficiaries' abilities to comply with programme's conditionalities, but also undermines the achievement of Bolsa Família's long term objective of breaking the intergenerational poverty cycle through human capital investments. A possible solution would be to broaden the scope of capacity development at the local level by incorporating aspects of quality of health and education provision in IGD-M's calculation and channeling resources to improve the quality of these services through the programme's performance – based incentives framework.

Even though the provision of health and education is not as much of a concern to wealthy municipalities given their overall stronger institutional capacity, such municipalities have been struggling to carry out key programme tasks such as beneficiary registration and monitoring of conditionalities, as reflected in their relatively low IGD-M scores.

Wealthy municipalities have, in most cases, failed to mobilise substantial local resources to support programme implementation mainly given the relative small relevance of Bolsa

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[15] Índice de Desempenho do SUS na Atenção Básica, IDSUS (Health System Performance Index)is a synthetic score measures the performance of each municipality in relation to access and effectiveness of the health system.
[16] Municipalities with IGD-M above the National average.
[17] Municipalities with IGD-M below the National average.

Família locally. Even though IGD-M funds were devised as a cost-sharing incentive, it became apparent from municipal managers survey that local contribution to programme implementation, in both rich and poor municipalities, is virtually totally in kind (municipal civil servants and facilities) and that the bulk of financial resources available to Bolsa Família implementation at the local level come from the federal government via IGD-M. Silva and Silva's (2011) study of Bolsa Família implementation in Maranhão state confirms this; the authors found that municipalities and states provided no financial resources to support Bolsa Família's local implementation; their support was limited to in-kind contributions.

Hence, wealthy municiaplities also basically rely on IGD-M transfers to fund local implementation (municipal manager survey and MDS 2013). As their share of IGD-M transfers is considerably smaller and there are few institutional or informal pressures for effective management, such municipalities tend to devote insufficient resources towards the implementation process. As a result, the quality of implementation suffers. Within this group, large municipalities face a particularly challenging situation, as the size of population makes the tasks involved in locating potential beneficiaries and monitoring existing ones much more complex; hence, it is not surprising that this subgroup of municipalities has the worst IGD-M scores.

Low IGD-M scores further reduce municipalities' IGD-M funding, generating a negative cycle for implementation performance. This in turn can further compromise the political sustainability of the programme since, as argued by Sá e Silva (2011) and Lindert and Vicentine (2013), the fragile support of local elites to the programme in wealthy municipalities is linked to their perception that the programme is well implemented, particularly in relation to targeting accuracy (especially inclusion errors) and to monitoring and enforcement of conditionalities. This situation can also affect the disposition of local implementers, as discussed in the next section.

3.4 Local Socio-Economic Characteristics and Disposition of Implementers

In an intergovernmental context, disposition of implementers can be discussed at two levels: firstly the disposition of local political leaders; and, secondly, the disposition of public servants directly involved in program implementation. As the motivation of political leaders was discussed previously in this chapter (3.2 Political Conditions), this section focuses on the disposition of local public employees.

Bolsa Família implementation is, in the majority of cases, housed in the municipal social assistance department. Each municipality is required to appoint a Bolsa Família municipal manager (*gestor municipal*) who is the programme focal local point in the municipality. The opinions and attitudes of local managers and other staff involved in the implementation of Bolsa Família matters greatly because they are the interface between the programme and its beneficiaries and their actions can have a direct impact on implementation performance.

According to a survey carried out by MDS, the majority of Bolsa Família municipal managers are public employees (70 per cent) and have high levels of education (the majority hold a university degree or higher) (MDS 2010). Municipal managers interviewed for this study had a similar profile.

The survey of municipal managers revealed interesting differences in attitude and disposition among managers from municipalities with different levels of wealth and development. Municipal managers from poor municipalities were unanimous in recognising that Bolsa Família addresses a clear local need and is of extreme importance to their municipalities. All programme managers from poor municipalities rated the Bolsa Família Program as "good" or "excellent" and are notably proud of being part of a programme that is so important to their municipality.

The unprecedented scale of the Bolsa Família resulted in a complete transformation of social services in poor municipalities; the large proportion of beneficiaries and potential beneficiaries in these municipalities generate considerable amount of work, but Bolsa Família municipal staff were overall satisfied with the resources available at the local level to carry

out their work; the majority thinks that Bolsa Família's local infrastructure and resources are better than those of other municipal programmes thanks to IGD-M resources. In this sense, issues of capacity and resources for implementation seems to have been largely addressed by federal transfers linked to IGD-M.

Bolsa Família implementers in wealthy municipalities, on the other hand, were generally less enthusiastic about the programme; the majority of municipal managers considered Bolsa Família to be a good programme, however about one third of them found that the programme does not fit the reality of their municipalities well, and a few of them expressed their outright rejection towards it. The changes brought about by the programme to social services have been less marked in wealthy municipalities and most managers reported Bolsa Família had an infrastructure similar to other social programmes in their municipalities.

Managers in general voiced concerns about certain design aspects of the programme. But, here again, differences of opinions between managers from poor and wealthy municipalities were noticeable. Managers from wealthy municipalities were particularly concerned with the lack of "exit doors" in the programme, which they see as generating welfare dependency - about 60 per cent of them voiced their concern related to this issue and suggested the inclusion of time limits and work-related incentives in programme design. This concern was only voiced by about 25 per cent of managers from poor municipalities. One point where there was widespread agreement among managers relates to Bolsa Família's use of unverified self-declared approach to means testing (information for potential beneficiary registration regarding household income is self-declared and is unverified); managers in general find this approach leaves the programme open to inclusion errors and fraud; suggestions for improvement include change of approach to verified means testing and more frequent external audits.

In relation to the difficulties in achieving or maintaining a good IGD-M score, most managers identified problems in coordinating the monitoring of conditionalities with other areas (health and education); others, particularly from wealthy municipalities, blame the lack of commitment from beneficiaries in relation to conditionalities as a key difficulty in achieving the IGD-M score.

Overall municipal managers are positive about Bolsa Família and committed to its implementation. But it is noticeable that municipal managers from poor municipalities are aware of the extreme importance of this programme to their municipalities and the political importance attached to it; while managers from wealthy municipalities have more questions in relation to the suitability of the programme to their local needs.

3.5 Local Socio-Economic Characteristics and Intergovernmental Relations

Under Brazil's federalist structure, municipalities are constitutionally autonomous and hence are not obliged to implement the Bolsa Família Program and least according to federal standards.

All Brazilian municipalities have formally and voluntarily agreed to implement Bolsa Família by signing Joint Management Agreements (*Termo de Adesão*), which formalised the partnership between federal and municipal levels for the implementation of the Programme and outlined the responsibilities of each level and established minimum standards for programme implementation at municipal level (Lindert *et al.* 2006).

As a voluntary mechanism, the Joint Management Agreement offers no means to ensure local government compliance with its terms. In this sense, local commitment to the programme is critical to guarantee compliance. As discussed previously, such commitment is stronger in poor municipalities where support for the programme is much wider. Licio (2012) argued that rich municipalities have joined Bolsa Família mainly because of the political costs associated with not joining such a high profile programme, despite small local demand for it. Fenwick (2009) suggested that some municipalities, particularly large ones, adopted the programme for fiscal reasons[18]. In such cases, where consonance between local interests and

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[18] According to Fenwick (2009) municipalities have been counting on Bolsa Família funds to meet their legally required expenditure on social assistance.

federal programme goals is low, the risk of slippage is high and in some cases the programme may be adopted only symbolically (Berman 1978).

The "Decentralised Management Index" (IGDM) was created in order to address the slippage issues and better align interests between federal and local levels by monitoring implementation quality and awarding performance-based incentives. As discussed in the previous sections, the IGD-M has become the key instrument in the programme's intergovernmental framework – it has had a significant impact on local implementing capacity and has been crucial in enabling poor municipalities to fulfil their implementing role in the programme. Without the IGD-M monthly transfers, which are in most cases the only funding available to the costs related to implementation, local implementation would be unviable in most municipalities.

Overall, it seems that the intergovernmental framework built for the programme has worked well for poor municipalities, but less so for wealthy ones. Poor municipalities were, from the start, more likely to be willing to implement the programme and comply with federal guidance given the good match between programme and local need and their high dependency on federal resources; the intergovernmental framework reinforced their willingness by providing resources to enable them build their institutional capacity for programme implementation.

On the other hand, the programme's intergovernmental framework has failed to significantly influence priorities at the local level in wealthy municipalities. The IGD-M, which was created to deal with the "principal-agent" issues and align programme and local interests, works less well for wealthy municipalities because the amount of resources it offers as incentive ("carrot") is generally too small to have an impact on such municipalities' finances and their economies; and its coercive power ("stick") is basically non-existent given the voluntary nature of the relationship and the smaller dependency of the majority of these municipalities on federal funds.

Outside this framework, the relationship between the federal and local levels in the context of the programme is very limited; due to SENARC's limited capacity and human resources,

contact between municipal and federal levels are sporadic and mainly indirect (via call centre, email and website), and largely relate to information dissemination in the case of SENARC and issues related to the databases controlled at the federal level (blocking/unblocking benefits) in the case of municipalities (municipal managers survey).

It is interesting to note that, despite the limited "official" role played by the states in the Bolsa Família Program, their support to municipalities came across quite strongly in the municipal managers survey; managers from some states (particularly in the Northeast region) reported a close relationship with the state coordination and an active role in training and day- to-day support.

4. Discussion

The scenarios suggested by the analysis of the implementation of the Bolsa Família in poor and wealthy municipalities largely correspond to the ones proposed by the Local Socio-economic Context and Implementation Performance Theoretical Framework developed in this study. The main difference relates to agency capacity: poor municipalities have been able to equip and resources the agency responsible for the implementation of the Bolsa Família at the local level, despite overall lack of institutional capacity in the municipality, thanks to IGD-M funds; wealthy municipalities, on the other hand, have largely failed to allocated existing local resources to Programme implementation.

Table 26: Local Socio-Economic Characteristics and Implementation Performance of Bolsa Família Program

	Theoretical Framework		Bolsa Família	
	Poor Areas	**Wealthy Areas**	**Poor Municipalities**	**Wealthy Municipalities**
Policy Objectives	Good Fit	Poor Fit	Good Fit	Poor Fit
Policy Resources	Significant Resources	Limited Resources	Significant Resources	Limited Resources
Political Conditions	Wide Support	Narrow Support	Wide Support	Narrow Support
Agency Capacity	Inadequate Resources	Adequate Resources	**Adequate Resources**	**Adequate/ Inadequate* Resources**
Disposition of Implementers	Support	Neutral-Rejection	Support	Neutral-Rejection
Intergovernmental Relations	More dependent	Less dependent	More dependent	Less dependent
Performance	?	?	High	Low

* Particularly in the case of large municipalities

These results suggest that *where there is a will, there is a way*. It seems that poor, less developed municipalities outperform wealthy ones in the implementation of the Bolsa Família Program because they combine both willingness and capacity to implement the federal programme.

Their positive disposition towards the programme is underpinned by Bolsa Família's positive economic impact and the substantial electoral returns resulting from the large number of

direct and indirect beneficiaries in these municipalities. This positive disposition is complemented by an adequate implementation capacity which was created and is maintained by targeted intergovernmental resources linked to the Decentralised Management Index – IGD-M. Without such intergovernmental transfers, the quality of programme implementation would certainly suffer and, in some cases, implementation would be unviable.

Wealthy municipalities, on the other hand, lack the economic and electoral incentives to invest in programme's implementation, given the weak demand for the Programme at the local level and its consequent limited relevance. The fact that institutional capacity exist in such municipalities does not mean that it will be employed in the implementation of the programme; its allocation depend on political will, which is limited in such municipalities.

Based on the combination of quantitative and qualitative analysis it is possible to group municipalities into four categories in relation to their level of development and implementation performance: i) poor municipalities with good implementation; ii) poor municipalities with weak implementation; iii) rich municipalities with weak implementation; and iv) rich municipalities with good implementation (figure 10).

Figure 10: Municipalities' development and performance levels
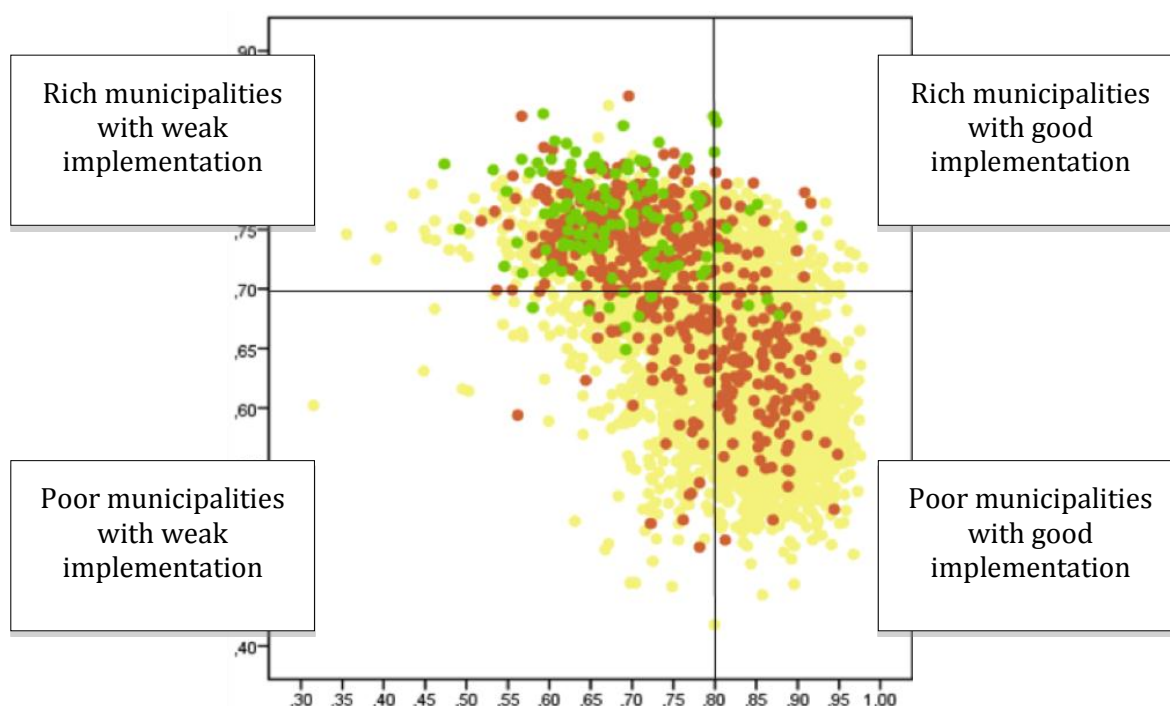
Poor municipalities with good implementation: this is the group with the largest number of municipalities, which means that the bulk of Programme beneficiaries and resources are administered by municipalities that have the right incentives to engage in Programme implementation; in such cases, the federal government should continue to focus on complementing local resources and capacities to support Programme implementation. One key concern in relation to this group relates to the provision of quality health and education services. These municipalities' relatively low Human Development Index, IDEB and IDSUS scores suggest that the quality of health and education provision in such areas is low; this not only hinders beneficiaries' abilities to comply with Programme's conditionalities, but also undermines the achievement of the Programme's long term objective of breaking the intergenerational poverty cycle through human capital investments. This aspect of Bolsa Família implementation is not capture by the IGD-M, and hence is outside the Programme's incentives framework, sending the wrong message to municipalities that this is a lesser important aspect of Programme implementation. A possible solution would be to incorporate aspects of quality of health and education provision in IGD-M's calculation and channel resources to improve the quality of these services through the Programme's performance – based incentives framework.

Poor municipalities with weak implementation: this is a relatively small group of municipalities, but a very important one since these municipalities are likely to have high numbers of beneficiaries and potential beneficiaries. Municipalities in this group are likely to have a positive attitude towards the programme hence low implementation performance is probably related to lack of local capacity. As the programme's costs subsidies are linked to IGD-M scores, municipalities in this group may be in a resource trap where they do not have enough resources to implement the programme to a minimum standard and hence do not receive performance-related subsidies. In such cases, the federal government should consider complementing municipal resources and focus on capacity building in spite of municipalities IGD-M scores.

Rich municipalities with weak implementation: this is a sizeable group of municipalities and include the majority of large municipalities. The main issue with large municipalities is that, despite their wealth, they are likely to have large numbers of beneficiaries (and potential

beneficiaries) given the size of the population and high levels of inequality. In such case, the federal government should consider engaging with municipalities at the political level to negotiate a new intergovernmental framework which could make the Bolsa Família more attractive to such municipalities; also, at the practical level, the federal government could discuss adjustments to the programme to make its implementation more manageable in such contexts.

Rich municipalities with good implementation: this is the group with the smallest number of municipalities, with mainly small municipalities. Given the reduced number of beneficiaries in such municipalities, the programme can be adequately implemented with comparative low levels of resources and enthusiasm. Such municipalities are likely to have higher quality of health and education services, and hence Bolsa Família should be better placed to achieve its human capital development objective in these municipalities.

VII Conclusion

This study aimed at building a better understanding of how local socio-economic characteristics impact policy implementation. It looked at how local levels of income and development impact implementation performance, an issue that is particularly relevant to the targeted poverty alleviation polices. Does it really matter for implementation performance whether the implementing jurisdiction is rich or poor?

This research suggests it does. The analysis of implementation performance data from Brazil's 5,565 municipalities found a clear association between municipal socio-economic characteristics and implementation performance; what was surprising was the negative direction of the relationship - counterintuitively, poor municipalities were found to outperform richer, more developed municipalities in the implementation of Bolsa Família. Why was that the case?

Investigation using qualitative techniques suggested that this was the case because poor municipalities had both the willingness and the capacity to implement the programme, while wealthy municipalities had neither.

Bolsa Família's poverty targeting concentrated the bulk of beneficiaries and resources in poor municipalities, making the programme extremely relevant to such areas, not only to the large number of direct beneficiaries, but also to the local economic and political elites who benefited indirectly from the programme. Additionally, performance-related federal funds to support local implementation helped to bridge the capacity/resource gap in such areas, enabling them to carry out programme activities under their responsibility.

In wealthy municipalities, on the other hand, Bolsa Família had a more limited relevance, since only a relative small proportion of the population benefited directly from it and the resources it brought to such areas were insufficient to generate substantial numbers of indirect beneficiaries. Hence, support for the programme in such areas was narrow, and

mostly limited to the poorest, who lack political clout. As a result, Bolsa Família has generally failed to mobilise existing local resources, relying on limited federal funds to support local implementation – this was a particularly important issue to large municipalities which, despite their wealth, have large absolute numbers of beneficiaries.

The good news for the Brazilian federal government is that the bulk of Bolsa Família's beneficiaries and resources are directed to poor municipalities and hence administered by local governments that have the right incentives to engage in programme implementation; in such cases, the federal government should continue with its strategy of complementing local resources and capacities for programme implementation, as this seems to be working well given this group's strong implementation performance.

The main issue in relation to this group though is the low quality of health and education services in such municipalities, reflected in their low Municipal Human Development Index and also their below average IDUS and IDEB scores. These municipalities are doing a good job in identifying poor people and linking them to health and education services - hence their high IGD-M scores - however, it is likely that the quality of services beneficiaries are receiving is deficient. This can significantly undermine the achievement of Bolsa Família's outcomes, particularly its long-term objective of breaking the intergenerational cycle of poverty.

Even though improving the quality of such services is beyond the scope of the programme, given the importance of good health and educational services for the attainment of programme's goals, the federal government, particularly the Ministries of Health and Education, could leverage on Bolsa Família's importance in poor municipalities and use the programmes' intergovernmental mechanisms and institutional capacity/infrastructure to improve the quality of such services in these areas. One possibility would be the incorporation of indicators of the quality of municipal health and education services in the IGD-M, as to align incentives in these areas as well, and possibly link funds for the improvement of municipal health and education supply through this mechanism.

The federal government also needs to rethink its relationship with large and better-off municipalities in the wealthier regions of Brazil, as the coercive and remunerative mechanisms which are in place at the moment do not seem to work in such areas, particularly in the case of large municipalities.

Despite their wealth, large municipalities have large number of Bolsa Família beneficiaries and potential beneficiaries, and yet this is the sub-group of municipalities with the weakest implementation performance. Given their large population and territorial extension, programme implementation in such municipalities is more complex and requires substantial resources, which, at the moment, are not available in most cases. Improving implementation performance in such areas would require increasing mobilisation of existing local resources. For that, it is important to foster local ownership of the programme, by bringing it more in line with local needs and expectations. This, I believe, could lead not only to short-term improvements in programme implementation, but also to increasing Bolsa Família's long-term sustainability in this important group of municipalities.

This study of the Bolsa Família Program also provided insights which could be applied to other conditional cash transfers programmes, particularly in relation to the feasibility of conditional cash transfers in poor countries. Academics and practitioners alike have expressed their concerns regarding the implementation of such costly and complex policies in poor countries. At the centre of these concerns are two interrelated types of capacity issues; one refers to financial sustainability of such schemes and the other to institutional capacity to implement them.

It is well known that even the richest countries in the world struggle to maintain their social security systems. This is a particularly difficult challenge to poor countries where the number of potential beneficiaries - the very poor- is very large. A key concern regarding the financial sustainability of CCTs in poor countries is that such schemes have to be large enough to be relevant, without starving other areas of investment and constraining local economic development. Bolsa Família's experience highlights how CCTs' can create significant multiplying effects in the local economy of small municipalities, supporting the argument that well designed and implemented cash transfer programmes have the potential to integrate

poor households into the economy and support local economic development. This in turn aligns the interests of the poorest and of the local economic and political elites at the local level, generating a broad support base for the policy – a rare phenomenon in redistributive policies which often face considerable opposition from local elites – increasing the sustainability prospects of such schemes.

However, in order to realise this *potential*, programmes have to be well implemented. Hence, another key issue is how to implement such complex programmes in these difficult environments. This is where the second level of capacity -institutional capacity and resources - comes in. The experience of poor municipalities implementing the Bolsa Família Program can also provide useful lessons here, as Bolsa Família's intergovernmental arrangements have a similar dynamic to the donor-recipient relationship between poor countries and the bilateral and multilateral donors who are financing the majority of CCT schemes in poor countries at the moment.

Bolsa Família's experience suggests that broader institutional capacity issues seem to be less relevant to performance than agency level capacity and shows that targeted capacity support can work well, particularly if linked to clear and comprehensive performance objectives. This invites us to rethink the traditional capacity building strategies which focus on filing gaps in capacity and instead think about capacity building in terms of motivation, within a dynamic framework incorporating incentives and sanctions. Indeed, measuring and monitoring implementation performance and linking it to financial incentives has been a critical element of Bolsa Família intergovernmental framework, as it has enabled the federal government to align interests and improve capacity at the same time. These insights on incentive structures for capacity building of local-level actors are relevant not only to the implementation of CCTs, but also to the wider literature on decentralisation and development which focus on how to deal with the heterogeneity of local government capacities in decentralisation.

As a contribution to policy implementation theory, this study offers a better understanding of one key variable in the study of implementation: local socio-economic characteristics. It challenges the widely accepted assumption of a positive relationship between wealth and implementation performance; that is, that richer, more developed areas are better at

implementing policies than poor ones - and proposes a broader theoretical framework to analyse the relationship between local socio-economic characteristics and implementation performance. The theoretical framework suggests that local socio-economic characteristics:

- are a key criteria in the assessment how well policy objectives address local problems/needs;

- render the resources made available by a policy more or less relevant to an area;

- have an impact on how policy resources are distributed locally and the array of interests affected by it;

- have a direct effect in determining the level of tangible and intangible resources available for the implementing agency;

- are one of the lenses through which bureaucrats judge the meaningfulness of a policy;

- render jurisdictions more or less susceptible to intergovernmental inducements and enforcements.

When applied to the analysis of Conditional Cash Transfers, the theoretical framework suggested two very different scenarios for the implementation of CCTs in poor and wealthy areas. The implementation of CCTs in poor areas was likely to enjoy strong support from local leaders, bureaucrats and the general population, but was likely to be hindered by limited local capacity. In better-off areas, on the other hand, local support for CCTs was unlikely to be as forthcoming, but local institutional capacity were less likely to be an obstacle to programme implementation. Moreover, each of these scenarios could be significantly altered by intergovernmental dynamics.

The analysis of the Bolsa Família Program largely confirmed these scenarios, validating the usefulness of the theoretical framework in describing and understanding how the local socio-economic characteristics impact policy implementation. Bolsa Família enjoyed strong local support from local leaders, bureaucrats and the general population in poor municipalities,

while support for the programme was limited in wealthy municipalities. Intergovernmental relations in the form of targeted federal funds and training was responsible for altering the scenarios by bridging the capacity gap in poor municipalities.

This framework is certainly not all-encompassing or complete. There are literally hundreds of variables in the literature thought to impact implementation. Further studies could incorporate other intervening variable clusters and analyse how they are affected by local socio-economic characteristics in the implementation process. There is also scope to investigate the interaction between such variables and the local socio-economic characteristics in the implementation of different types of policies.

In methodological terms, this study reiterates the value of analysing policy implementation from an intergovernmental perspective, in which variables form the "top" and from the "bottom" of the implementation systems, as well as the interaction between these two levels, represented by intergovernmental relations related variables, are equally relevant to understanding the implementation process. This perspective offers researchers the tools to explore some of the central dilemmas in policy implementation within new governance arrangements such as the balance between control and autonomy, accountability and responsiveness.

The systematic study of policy implementation started in the 1970s as a response the frustration with government's inability to implement social policies in the USA. Bardach (1977:3), one of pioneers in the field, said then that designing public policies and programmes was hard, but implementing them was "excruciatingly hard". Since then governments have become more horizontal and fragmented and the policy implementation process has become even more complex amidst these wider changes in governance. This study, I hope, represents a small but relevant contribution towards highlighting the current importance of implementation studies in supporting governments' in the excruciatingly hard task of converting policy into action.

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Appendix 1: Political Map of Brazil (states and regions)

Appendix 2: Municipal Human Development Index (MDHI) 2010
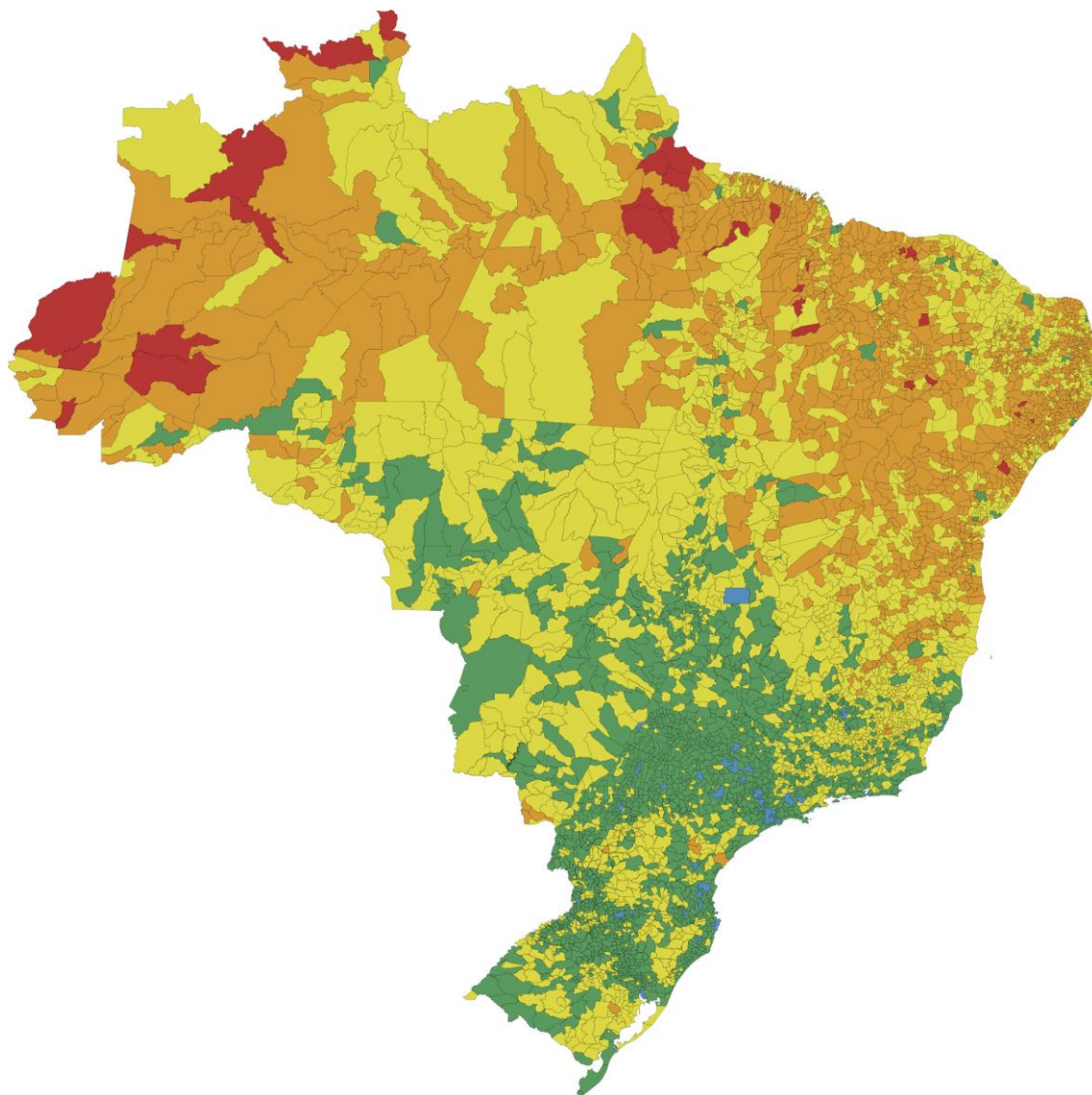
0.800-1.00 Very high human development

0.700-0.799 High human development

0.60-0.699 Medium human development

0.500-0.599 Low human development

0.00-0.499 Very low human development

Appendix 3: Bolsa Família's Municipal Managers Questionnaire

1) How long have you been programme manager in your municipality?

2) What is your level of education?

3) Have you received any training as Bolsa Família's municipal manager? Which ones?

4) How many people work with you in the implementation of the Bolsa Família Program in your municipality?

5) Is Bolsa Família the most important social programme in your municipality? Why?

6) Is the mayor involved in the implementation of the programme? How?

7) What is, in your opinion, the most difficult task in the implementation of the Bolsa Família Program?

8) Do you have much contact with the Programme's national coordination at MDS in Brasília? With which purpose?

9) Do you have much contact with the Programme's state level coordination? With which purpose?

10) Have you had any help/assistance from the federal and/or state governments to set up Bolsa Família's infra-structure in your municipality (office space, furniture, computers, internet,vehicle)?

11) Is Bolsa Família's infra-structure better or worse than the infra-structure of the other social programme in your municipality?

12) What is, in your opinion, the main difficulties in achieving and maintaining a good Decentralised Management Index (IGD) score?

13) Who decides in your municipality how the IGD-M resources will be used? What has it been used for?

14) Do you think that the Bolsa Família is a good programme? What changes would you make to improve it?

Appendix 4: Qualitative survey – Municipalities' profile

Municipality	State	IGD-M	MHDI	IDSUS	IDEB (years 1-5)	IDEB (years 6-9)	GDP per capita	Number of beneficiary families	Total BFP benefit	Population
1	SC	0.60	0.81	6.54	6.2	5.2	35,851.78	5,376	5,160,143.00	515,288
2	RS	0.73	0.78	6.27	0.0	5.3	20,782.35	36	28,898.00	3,184
3	SC	0.72	0.78	7.04	6.0	5.0	19,337.24	693	590,272.00	29,018
4	SC	0.80	0.77	7.51	5.0	5.0	31,065.52	149	137,777.00	6,426
5	SC	0.74	0.76	6.56	5.7	4.9	20,453.48	496	428,202.00	17,260
6	RS	0.55	0.75	4.17	5.8	4.9	24,415.84	402	342,154.00	27,126
7	RS	0.49	0.75	6.27	4.8	3.6	51,101.25	7,299	7,300,025.00	323,827
8	SC	0.77	0.75	5.77	6.9	5.1	18,078.71	102	90,722.00	4,142
9	MG	0.58	0.74	4.70	5.6	4.4	17,779.53	4,249	4,330,847.00	84,718
10	SC	0.64	0.74	7.04	5.7	4.4	19,589.94	1,526	1,347,230.00	58,833
11	RS	0.65	0.74	5.70	4.9	3.7	19,270.55	9,123	9,928,260.00	214,087
12	RS	0.78	0.72	5.88	6.2	4.3	15,374.03	652	840,216.00	10,221
13	RS	0.63	0.71	5.17	4.5	3.5	22,247.07	3,212	3,770,923.00	38,159
14	BA	0.78	0.71	5.31	4.3	3.3	12,818.00	19,827	23,976,550.00	204,667
15	RS	0.83	0.71	6.05	0.0	4.3	12,792.79	305	298,751.00	3,494
16	SC	0.68	0.71	6.64	5.5	4.5	14,201.90	145	142,316.00	3,373

Municipality	State	IGD-M	MHDI	IDSUS	IDEB (years 1-5)	IDEB (years 6-9)	GDP per capita	Number of beneficiary families	Total BFP benefit	Population
17	RS	0.70	0.70	6.62	5.1	3.6	12,816.03	403	384,116.00	6,227
18	SC	0.74	0.70	6.05	5.5	4.2	31,236.68	98	71,929.00	2,890
19	SC	0.80	0.69	7.07	5.9	4.7	17,693.37	159	173,905.00	3,532
20	BA	0.73	0.68	5.38	3.8	0.0	31,259.27	10,796	10,881,658.00	118,047
21	MG	0.77	0.66	6.43	5.6	4.6	13,210.15	229	214,350.00	3,055
22	ES	0.82	0.65	5.99	5.6	4.2	7,853.85	3,803	4,342,587.00	31,091
23	MT	0.71	0.65	5.86	4.4	3.5	8,818.21	276	275,145.00	3,592
24	MG	0.92	0.65	6.63	5.3	3.1	11,362.03	245	249,575.00	3,403
25	CE	0.96	0.65	6.19	5.4	4.7	4,807.96	1,126	1,337,949.00	7,316
26	MT	0.77	0.64	4.52	4.8	3.9	8,898.38	2,537	2,964,461.00	30,812
27	RN	0.85	0.64	5.72	3.3	2.7	7,096.09	907	986,769.00	11,385
28	RS	0.70	0.64	5.78	4.1	3.4	10,964.24	420	504,028.00	5,285
29	BA	0.88	0.64	5.37	3.7	3.6	6,363.72	2,610	3,028,823.00	20,216
30	BA	0.91	0.64	6.51	4.1	2.8	5,192.78	1,832	2,228,664.00	12,055
31	CE	0.94	0.63	6.47	5.3	3.9	3,894.46	3,352	3,899,455.00	19,007
32	RN	0.90	0.62	5.47	3.9	3.8	4,571.31	1,087	1,247,737.00	8,218
33	CE	0.83	0.61	5.65	7.5	5.0	3,800.67	2,004	2,322,119.00	14,102
34	BA	0.97	0.61	6.47	4.4	0.0	4,489.96	3,980	4,894,331.00	24,294
35	MT	0.88	0.60	6.23	4.0	0.0	10,315.95	180	243,874.00	3,029

Municipality	State	IGD-M	MHDI	IDSUS	IDEB (years 1-5)	IDEB (years 6-9)	GDP per capita	Number of beneficiary families	Total BFP benefit	Population
36	PE	0.82	0.59	4.87	3.5	2.6	4,940.37	6,575	7,789,182.00	40,732
37	PI	0.86	0.58	5.20	3.6	3.2	9,267.41	611	731,561.00	3,863
38	BA	0.86	0.58	5.82	3.7	2.2	3,594.04	2,554	3,271,530.00	17,327
30	PI	0.89	0.57	5.53	4.5	4.2	4,415.60	853	1,055,063.00	4,757
40	PI	0.86	0.56	4.33	3.8	3.5	5,087.12	790	1,024,078.00	4,993
41	AL	0.96	0.53	5.86	4.5	2.8	4,170.55	2,202	2,608,521.00	12,325
42	MA	0.87	0.51	4.90	2.9	2.6	2,833.09	1,904	2,584,106.00	13,954

Rich Municipalities with MHDI and GDP per Capita above national average

Poor Municipalities with MHDI and GDP per Capita below national average

Appendix 5: 100 Top Performances - Municipalities with the best IGD-M scores in 2010

State	Municipality	IGD-M	MHDI	IDSUS	IDEB (years 1-5)	IDEB (years 6-9)	GDP per capita	Beneficiary Families	Benefits	Population
PR	Jussara	0.9783	0.718	6.20	6.0	3.6	22,764.15	292	335,551.00	6,610
CE	Orós	0.9758	0.636	5.86	4.6	3.9	4,969.56	3,519	4,092,777.00	21,389
BA	Nordestina	0.9758	0.560	5.97	4.2	3.0	3,498.99	1,960	2,467,248.00	12,371
CE	São Gonçalo do Amarante	0.9750	0.665	6.02	5.1	4.4	25,463.91	6,371	7,669,374.00	43,890
BA	Ipupiara	0.9742	0.590	5.35	3.6	3.6	3,981.37	1,310	1,527,992.00	9,285
RN	Tenente Laurentino Cruz	0.9733	0.623	5.64	3.7	3.9	5,155.01	880	1,020,036.00	5,406
AM	Fonte Boa	0.9725	0.530	4.81	3.2	3.2	5,407.99	2,920	4,218,284.00	22,817
BA	Uauá	0.9717	0.605	6.47	4.4	0.0	4,489.96	3,980	4,894,331.00	24,294
PE	Pedra	0.9692	0.567	5.70	3.3	3.6	6,506.54	3,006	3,835,110.00	20,944
RN	Portalegre	0.9692	0.621	5.30	3.9	3.5	4,630.19	1,142	1,296,597.00	7,320
GO	Diorama	0.9692	0.729	5.04	5.5	3.8	11,356.60	278	325,352.00	2,479
AM	Itamarati	0.9675	0.477	3.95	5.1	4.9	6,427.97	1,184	1,630,925.00	8,038
BA	Abaíra	0.9658	0.603	5.24	3.9	3.7	4,248.20	1,217	1,347,610.00	8,316
CE	Pereiro	0.9658	0.601	5.52	4.4	4.3	3,963.13	2,401	2,937,772.00	15,757
RN	Major Sales	0.9650	0.617	4.95	4.4	2.9	4,995.76	493	590,807.00	3,536
BA	Floresta Azul	0.9642	0.557	5.75	3.3	3.3	4,231.71	1,489	1,766,320.00	10,660

State	Municipality	IGD-M	MHDI	IDSUS	IDEB (years 1-5)	IDEB (years 6-9)	GDP per capita	Beneficiary Families	Benefits	Population
PI	Jurema	0.9642	0.555	5.59	0.0	0.0	3,794.55	862	1,016,068.00	4,517
PI	Wall Ferraz	0.9633	0.544	5.97	3.9	3.6	3,866.82	833	997,740.00	4,280
SP	Marinópolis	0.9633	0.731	7.72	6.6	5.4	16,139.61	107	88,014.00	2,113
BA	Itaeté	0.9633	0.572	5.75	4.4	3.4	4,405.99	2,303	2,973,621.00	14,924
RN	São Fernando	0.9633	0.608	6.08	3.6	3.4	10,024.11	495	554,578.00	3,401
RN	Antônio Martins	0.9625	0.578	5.61	3.5	2.7	4,605.33	1,154	1,341,978.00	6,907
RN	Serrinha dos Pintos	0.9625	0.598	5.63	4.1	3.3	4,506.17	740	854,941.00	4,540
CE	Itaiçaba	0.9617	0.656	6.19	5.4	4.7	4,807.96	1,126	1,337,949.00	7,316
PB	Caldas Brandão	0.9617	0.568	5.27	3.3	2.8	4,939.33	930	1,094,014.00	5,637
BA	Malhada	0.9608	0.562	5.20	4.1	3.0	4,593.29	2,509	3,130,475.00	16,014
CE	Jucás	0.9608	0.598	5.25	5.1	4.2	4,241.82	3,872	4,643,385.00	23,807
RN	Pedra Preta	0.9600	0.558	6.20	3.0	2.3	5,567.95	443	552,272.00	2,590
MG	Alvorada de Minas	0.9600	0.572	7.67	5.5	4.3	7,199.94	421	555,734.00	3,546
GO	Nova Veneza	0.9600	0.718	4.84	5.4	4.7	10,555.17	638	801,358.00	8,129
PE	Frei Miguelinho	0.9592	0.576	5.34	3.9	3.8	4,211.85	2,365	2,756,913.00	14,293
RN	Areia Branca	0.9592	0.682	5.50	3.7	3.0	18,011.42	2,774	3,256,104.00	25,315
PB	Casserengue	0.9583	0.514	5.29	4.3	3.2	4,484.27	997	1,218,654.00	7,058
CE	Araripe	0.9583	0.564	5.99	4.5	4.1	4,313.42	3,662	4,648,382.00	20,685
PI	Passagem Franca do Piauí	0.9575	0.561	5.59	3.9	2.9	3,620.11	709	915,620.00	4,546

State	Municipality	IGD-M	MHDI	IDSUS	IDEB (years 1-5)	IDEB (years 6-9)	GDP per capita	Beneficiary Families	Benefits	Population
PI	São Braz do Piauí	0.9575	0.596	5.43	0.0	0.0	3,333.64	821	1,003,179.00	4,313
PB	Matinhas	0.9567	0.541	6.13	4.1	3.5	5,379.31	562	707,510.00	4,321
CE	Pacujá	0.9567	0.621	6.41	4.6	3.5	4,368.69	879	1,037,070.00	5,986
PB	Belém	0.9567	0.592	5.40	4.1	2.8	4,885.98	2,546	3,022,653.00	17,093
RN	Água Nova	0.9567	0.616	5.23	4.4	3.8	5,108.72	461	523,135.00	2,980
AL	Flexeiras	0.9567	0.527	5.86	4.5	2.8	4,170.55	2,202	2,608,521.00	12,325
CE	Brejo Santo	0.9558	0.647	5.39	5.9	4.2	5,300.95	6,420	7,621,081.00	45,193
CE	Mulungu	0.9558	0.607	5.77	4.5	3.7	4,598.26	1,730	2,158,324.00	11,485
PI	Capitão de Campos	0.9558	0.583	5.81	4.0	3.8	3,233.91	1,850	2,259,483.00	10,953
PB	Pirpirituba	0.9558	0.595	5.25	3.6	3.2	4,376.53	1,346	1,618,058.00	10,326
PI	Joca Marques	0.9558	0.504	4.61	4.0	2.7	3,207.45	956	1,170,606.00	5,100
RN	Riacho de Santana	0.9558	0.591	5.30	3.4	2.9	5,436.00	697	832,468.00	4,156
BA	Jiquiriçá	0.9550	0.553	4.76	3.8	3.4	4,033.43	2,067	2,479,503.00	14,118
PE	Floresta	0.9542	0.626	4.87	4.0	3.8	9,773.23	3,804	4,791,361.00	29,285
RN	Viçosa	0.9533	0.592	5.61	4.7	3.1	5,562.42	295	305,616.00	1,618
CE	Porteiras	0.9525	0.622	5.90	4.5	4.0	3,943.89	2,416	2,924,656.00	15,061
SC	Presidente Nereu	0.9517	0.737	6.63	0.0	4.3	15,137.04	124	146,499.00	2,284
GO	Ipiranga de Goiás	0.9517	0.696	4.27	5.2	4.6	8,699.37	207	243,139.00	2,844

State	Municipality	IGD-M	MHDI	IDSUS	IDEB (years 1-5)	IDEB (years 6-9)	GDP per capita	Beneficiary Families	Benefits	Population
MA	Tufilândia	0.9508	0.555	5.21	0.0	3.6	4,597.75	914	1,208,869.00	5,596
AL	Olho d'Água Grande	0.9508	0.503	5.25	3.4	2.8	3,941.50	898	1,107,671.00	4,957
RN	José da Penha	0.9500	0.608	5.68	3.8	3.2	5,236.37	914	1,081,179.00	5,868
GO	Uruana	0.9500	0.703	5.38	5.4	3.5	12,756.62	1,151	1,217,242.00	13,826
BA	Santa Bárbara	0.9492	0.583	4.89	3.5	2.7	4,566.62	2,940	3,608,196.00	19,064
GO	Itaguaru	0.9492	0.718	4.69	5.0	5.0	12,249.59	452	491,567.00	5,437
RN	Rio do Fogo	0.9492	0.569	6.00	2.7	2.3	5,476.89	1,510	1,934,096.00	10,059
MA	Tutóia	0.9483	0.561	5.03	3.9	3.3	2,774.59	7,356	9,666,545.00	52,788
RN	Lagoa de Velhos	0.9483	0.589	6.02	3.2	2.3	6,248.88	397	471,972.00	2,668
BA	Rodelas	0.9483	0.632	5.71	3.4	3.8	4,689.90	1,036	1,261,171.00	7,775
CE	Deputado Irapuan Pinheiro	0.9475	0.609	5.07	4.7	4.5	4,049.04	1,678	1,857,053.00	9,095
PI	Barra D'Alcântara	0.9475	0.577	6.54	3.4	3.1	4,149.27	781	902,721.00	3,852
PB	Bernardino Batista	0.9475	0.558	5.19	4.5	3.2	4,306.67	538	658,261.00	3,075
RN	Coronel João Pessoa	0.9475	0.578	5.75	0.0	3.1	4,821.88	759	942,057.00	4,772
CE	Palhano	0.9475	0.638	5.82	4.9	4.0	5,288.74	1,393	1,607,087.00	8,866
CE	Graça	0.9467	0.570	5.75	5.4	4.0	3,711.21	2,358	2,835,196.00	15,049
PB	Pedra Branca	0.9467	0.599	5.01	5.0	2.9	4,615.69	544	649,259.00	3,721
BA	Malhada de Pedras	0.9458	0.578	5.05	4.1	3.9	3,784.36	1,247	1,438,407.00	8,468
CE	General Sampaio	0.9458	0.568	5.69	0.0	0.0	4,638.47	825	1,086,380.00	6,218

State	Municipality	IGD-M	MHDI	IDSUS	IDEB (years 1-5)	IDEB (years 6-9)	GDP per capita	Beneficiary Families	Benefits	Population
CE	Quixeramobim	0.9458	0.642	5.63	5.2	4.0	5,638.22	10,637	12,610,449.00	71,887
GO	Guarinos	0.9458	0.652	5.05	5.9	3.9	9,115.70	301	341,902.00	2,299
MA	Araguanã	0.9450	0.533	4.69	3.6	3.0	3,242.61	1,695	2,112,193.00	13,973
MA	Anapurus	0.9450	0.581	4.96	3.3	3.3	5,129.13	1,827	2,356,311.00	13,939
PB	Pilões	0.9450	0.560	5.72	3.7	3.2	4,881.91	952	1,203,738.00	6,978
PE	Santa Cruz da Baixa Verde	0.9450	0.612	6.00	4.8	4.3	3,578.94	1,792	2,200,629.00	11,768
PA	Viseu	0.9442	0.515	4.05	3.6	3.4	3,284.95	7,292	10,583,663.00	56,716
AM	Manaquiri	0.9442	0.596	3.39	4.0	3.4	5,360.86	2,335	3,065,385.00	22,801
BA	Tabocas do Brejo Velho	0.9442	0.584	6.46	3.8	3.4	4,495.93	1,987	2,415,166.00	11,431
CE	Jaguaribara	0.9442	0.618	5.38	4.2	2.9	5,577.65	1,674	1,931,478.00	10,399
PE	Santa Maria do Cambucá	0.9442	0.548	5.63	4.3	2.8	5,582.67	1,994	2,447,651.00	13,021
PI	Massapê do Piauí	0.9442	0.525	5.27	3.2	3.2	3,187.46	1,249	1,466,790.00	6,220
AM	Uarini	0.9433	0.527	4.42	3.3	2.6	8,643.01	1,155	1,524,420.00	11,891
RN	Bento Fernandes	0.9433	0.582	5.77	3.2	2.5	5,526.50	811	1,001,134.00	5,113
SE	Amparo de São Francisco	0.9433	0.611	5.66	3.6	3.8	6,535.82	367	401,466.00	2,275
PE	Petrolândia	0.9433	0.623	5.42	4.5	3.9	21,710.45	4,155	5,243,077.00	32,492
PB	Santarém	0.9425	0.622	5.00	3.2	3.2	4,756.02	443	464,155.00	2,615
CE	Ocara	0.9425	0.594	5.72	4.6	4.0	3,532.39	3,442	4,125,669.00	24,007
PI	Boqueirão do Piauí	0.9425	0.560	6.29	3.5	3.4	3,332.47	1,178	1,399,377.00	6,193

State	Municipality	IGD-M	MDHI	IDSUS	IDEB (years 1-5)	IDEB (years 6-9)	GDP per capita	Beneficiary Families	Benefits	Population
RN	Santana do Seridó	0.9425	0.642	6.71	4.0	3.7	6,846.00	347	391,717.00	2,526
RN	Riacho da Cruz	0.9425	0.584	5.42	3.8	2.4	4,743.76	458	548,335.00	3,165
PI	Patos do Piauí	0.9417	0.563	5.16	3.8	3.4	3,893.04	1,196	1,393,345.00	6,105
PA	Peixe-Boi	0.9417	0.581	4.73	3.8	3.9	3,365.04	1,059	1,378,125.00	7,854
CE	Campos Sales	0.9417	0.630	4.94	5.1	3.5	4,369.01	4,193	5,073,804.00	26,506
MA	Mata Roma	0.9417	0.570	5.48	3.0	2.8	4,087.00	2,122	2,814,644.00	15,150
MG	Rio do Prado	0.9417	0.605	6.42	6.0	3.9	5,866.01	646	733,355.00	5,217
AM	Amaturá	0.9417	0.560	4.68	3.9	3.8	4,538.50	1,009	1,504,617.00	9,467

Appendix 6: 100 Worse Performances- Municipalities with the lowest IGD-M scores in 2010

State	Municipality	IGD-M	MHDI	IDSUS	IDEB (years 1-5)	IDEB (years 6-9)	GDP per capita	Beneficiary Families	Benefits	Population
SP	Elisiário	0.5900	0.747	6.52	6.0	5.1	15,066.99	79	69,881.00	3,120
SC	Ibirama	0.5892	0.737	5.79	5.2	4.6	14,550.61	189	169,975.00	17,330
SP	Ribeirão Pires	0.5892	0.784	3.77	5.9	4.7	16,706.15	3,882	4,294,288.00	113,068
RJ	Guapimirim	0.5883	0.698	3.55	4.3	3.3	9,425.81	3,485	3,945,559.00	51,483
SP	Santo Antônio de Posse	0.5883	0.702	6.11	4.9	4.6	18,776.66	772	787,325.00	20,650
RS	Poço das Antas	0.5867	0.744	6.13	0.0	0.0	15,052.55	30	20,196.00	2,017
SC	Blumenau	0.5858	0.806	6.37	6.1	4.9	28,963.83	2,714	2,997,194.00	309,011
SP	Salto	0.5858	0.780	5.13	5.7	5.1	23,030.88	1,527	1,514,007.00	105,516
RS	Bom Retiro do Sul	0.5858	0.739	4.94	5.9	4.6	14,991.46	209	177,226.00	11,472
SP	Santa Cruz das Palmeiras	0.5850	0.728	4.66	4.9	4.4	10,312.94	764	714,986.00	29,932
RS	Guaíba	0.5842	0.730	4.69	5.1	4.1	25,904.84	3,483	3,627,902.00	95,204
RJ	Parati	0.5833	0.693	5.15	4.8	3.5	16,859.88	1,413	1,367,925.00	37,533
RS	Mato Queimado	0.5825	0.717	6.46	0.0	0.0	16,741.52	85	73,187.00	1,799
RS	Paraí	0.5800	0.773	6.05	7.5	5.3	22,375.07	39	31,359.00	6,812
RS	Westfalia	0.5800	0.752	6.83	0.0	4.5	33,075.90	7	4,967.00	2,793
RJ	Belford Roxo	0.5800	0.684	3.69	3.8	3.1	9,518.97	35,747	44,789,035.00	469,332

State	Municipality	IGD-M	MHDI	IDSUS	IDEB (years 1-5)	IDEB (years 6-9)	GDP per capita	Beneficiary Families	Benefits	Population
MG	Paracatu	0.5792	0.744	4.70	5.6	4.4	17,779.53	4,249	4,330,847.00	84,718
RS	Pouso Novo	0.5792	0.715	6.52	0.0	0.0	19,288.53	125	153,135.00	1,875
SC	Guaramirim	0.5792	0.751	5.74	5.9	4.7	41,455.16	312	258,052.00	35,172
SP	Sorocaba	0.5767	0.798	5.86	5.9	4.6	27,491.56	13,076	12,750,587.00	586,625
RS	Barão	0.5742	0.748	4.89	5.6	4.4	18,013.59	57	58,684.00	5,741
RS	Tramandaí	0.5742	0.719	6.00	4.9	3.9	11,223.54	1,438	1,467,922.00	41,585
SC	Aurora	0.5742	0.733	6.62	5.4	5.1	17,962.16	96	104,691.00	5,549
SC	Rio dos Cedros	0.5742	0.729	5.50	6.1	4.8	16,684.27	87	95,191.00	10,284
RS	Igrejinha	0.5733	0.721	5.10	5.9	4.8	27,706.57	696	673,824.00	31,660
SC	Ascurra	0.5733	0.742	5.59	5.7	5.0	14,397.73	46	37,249.00	7,412
SP	Holambra	0.5733	0.793	6.72	7.0	5.3	45,614.39	166	137,587.00	11,299
MG	Cambuí	0.5725	0.751	5.20	6.6	5.0	16,308.63	580	570,152.00	26,488
SP	Nova Europa	0.5717	0.765	5.28	4.8	4.6	16,543.44	193	171,359.00	9,300
MG	São José da Lapa	0.5708	0.729	6.21	5.0	3.9	16,063.74	878	982,419.00	19,799
SC	Forquilhinha	0.5692	0.753	7.10	6.2	4.3	27,022.00	480	509,252.00	22,548
RS	São Vendelino	0.5683	0.754	6.52	0.0	4.3	16,700.62	3	880.00	1,944
MS	Figueirão	0.5683	0.660	4.85	4.7	2.7	19,636.27	93	72,728.00	2,928
RJ	Nova Iguaçu	0.5675	0.713	4.42	4.1	3.1	11,926.63	48,997	54,666,262.00	796,257

State	Municipality	IGD-M	MHDI	IDSUS	IDEB (years 1-5)	IDEB (years 6-9)	GDP per capita	Beneficiary Families	Benefits	Population
RS	Vale Real	0.5675	0.737	6.56	5.6	4.4	11,284.29	29	20,253.00	5,118
SC	Balneário Camboriú	0.5667	0.845	5.31	5.7	4.6	18,573.37	856	880,053.00	108,089
RO	Presidente Médici	0.5667	0.664	5.12	5.1	3.8	12,068.42	1,906	2,424,217.00	22,319
SC	São José	0.5667	0.809	5.95	5.1	4.3	22,805.85	2,516	2,464,325.00	209,804
RS	Veranópolis	0.5658	0.773	5.62	5.5	5.1	31,709.21	225	201,472.00	22,810
SP	Salto de Pirapora	0.5650	0.729	5.66	5.8	4.8	13,809.25	1,040	1,204,875.00	40,132
PA	São Félix do Xingu	0.5617	0.594	3.14	4.1	3.7	5,780.83	4,333	5,058,402.00	91,340
RJ	São Gonçalo	0.5608	0.739	4.19	4.1	2.9	10,343.57	45,170	44,946,393.00	999,728
SP	Morungaba	0.5600	0.715	5.64	5.2	4.2	27,957.09	148	115,797.00	11,769
SP	Araçariguama	0.5592	0.704	5.46	4.4	4.0	87,931.50	588	549,025.00	17,080
RS	Erechim	0.5592	0.776	6.30	5.9	4.8	25,756.12	2,081	1,922,882.00	96,087
SC	Santo Amaro da Imperatriz	0.5592	0.781	7.69	5.9	5.1	12,299.75	281	268,165.00	19,823
RS	Nova Hartz	0.5575	0.689	6.14	5.6	4.3	23,729.42	549	591,139.00	18,346
RS	Riozinho	0.5567	0.661	6.85	5.9	4.7	15,212.47	126	120,596.00	4,330
RS	São Pedro da Serra	0.5558	0.739	6.96	5.6	4.8	10,724.89	24	16,194.00	3,315
SC	Brusque	0.5558	0.795	4.85	6.0	4.9	27,910.08	795	680,066.00	105,503
RS	Alvorada	0.5550	0.699	6.35	4.4	3.3	7,529.94	6,866	7,716,266.00	195,673
RS	Flores da Cunha	0.5533	0.754	4.17	5.8	4.9	24,415.84	402	342,154.00	27,126
RS	Presidente Lucena	0.5533	0.757	7.32	0.0	4.7	17,627.21	11	7,411.00	2,484

State	Municipality	IGD-M	MHDI	IDSUS	IDEB (years 1-5)	IDEB (years 6-9)	GDP per capita	Beneficiary Families	Benefits	Population
SC	Siderópolis	0.5533	0.774	5.95	5.2	4.2	19,658.26	196	184,116.00	12,998
SP	Pedreira	0.5525	0.769	5.61	6.1	5.0	16,705.71	398	422,077.00	41,558
RS	Cidreira	0.5517	0.729	6.42	4.6	3.1	11,253.95	678	850,668.00	12,668
MT	Sinop	0.5508	0.754	4.79	5.0	4.5	17,784.45	2,582	1,767,773.00	113,099
RS	Boa Vista do Sul	0.5508	0.728	5.46	0.0	0.0	22,040.35	17	14,948.00	2,776
RS	Caxias do Sul	0.5483	0.782	5.72	5.7	4.5	36,027.68	7,503	7,315,230.00	435,564
RS	Taquari	0.5483	0.733	4.41	5.3	4.3	16,217.23	835	837,826.00	26,092
SC	Schroeder	0.5483	0.769	6.74	5.5	4.8	15,755.22	183	160,047.00	15,316
SP	Tietê	0.5483	0.778	5.36	5.6	4.4	26,530.91	699	671,296.00	36,835
RJ	São João de Meriti	0.5458	0.719	4.04	4.1	3.1	10,522.12	22,107	22,483,486.00	458,673
SP	Louveira	0.5442	0.777	4.82	6.3	4.8	240,131.74	642	620,393.00	37,125
MS	Água Clara	0.5442	0.670	5.32	5.3	3.8	25,750.55	464	466,606.00	14,424
RS	Feliz	0.5442	0.750	6.22	6.1	4.9	19,274.54	52	40,405.00	12,359
RS	Salvador do Sul	0.5433	0.740	6.69	6.3	4.5	25,674.67	39	38,675.00	6,747
RS	Três Arroios	0.5433	0.791	5.98	0.0	6.0	14,817.16	9	12,898.00	2,855
SP	Itupeva	0.5367	0.762	5.46	5.6	5.0	48,938.14	696	787,483.00	44,859
PR	Almirante Tamandaré	0.5367	0.699	5.68	4.3	3.3	7,014.47	5,041	5,003,651.00	103,204
RS	Garibaldi	0.5358	0.786	5.17	5.8	4.8	33,741.99	223	219,811.00	30,689
SP	Atibaia	0.5342	0.765	4.82	6.3	4.8	24,191.21	2,751	2,659,201.00	126,603

State	Municipality	IGD-M	MHDI	IDSUS	IDEB (years 1-5)	IDEB (years 6-9)	GDP per capita	Beneficiary Families	Benefits	Population
SP	Areiópolis	0.5333	0.695	7.17	5.7	4.1	9,176.39	156	179,896.00	10,579
ES	Vila Velha	0.5325	0.800	5.52	4.9	3.8	16,832.91	9,195	10,661,417.00	414,586
RS	Nova Candelária	0.5292	0.759	6.62	0.0	5.1	24,036.71	43	37,119.00	2,751
RS	Gramado	0.5208	0.764	6.19	5.7	4.5	19,658.97	550	569,780.00	32,273
SC	Palhoça	0.5175	0.757	6.68	5.3	4.2	14,699.54	2,680	2,943,334.00	137,334
SP	Araçoiaba da Serra	0.5092	0.776	5.48	5.8	4.6	11,121.95	462	535,829.00	27,299
RS	Jaquirana	0.5025	0.614	5.95	3.9	2.8	11,413.45	452	481,119.00	4,177
RS	Teutônia	0.5025	0.747	5.70	5.7	4.6	28,778.27	130	130,616.00	27,272
SC	Presidente Getúlio	0.5017	0.759	6.06	5.7	4.5	20,134.35	137	124,200.00	14,887
RS	Coronel Pilar	0.5017	0.727	5.66	0.0	0.0	17,564.64	18	14,573.00	1,725
RS	Nova Pádua	0.4975	0.761	4.32	0.0	4.6	21,930.61	26	16,064.00	2,450
RS	Herveiras	0.4950	0.616	6.42	0.0	3.8	13,007.45	137	166,870.00	2,954
RS	Protásio Alves	0.4933	0.733	6.64	0.0	4.8	16,414.50	47	36,615.00	2,000
RS	Canoas	0.4917	0.750	6.27	4.8	3.6	51,101.25	7,299	7,300,025.00	323,827
SP	Bariri	0.4833	0.750	6.45	6.0	4.8	18,631.25	439	432,965.00	31,593
SC	Arabutã	0.4792	0.733	6.43	6.8	5.2	10,774.86	48	41,526.00	4,193
SP	São Paulo	0.4733	0.805	6.21	5.1	4.2	39,418.85	166,137	130,772,676.00	11,253,503
RS	Nova Roma do Sul	0.4625	0.741	5.48	0.0	4.4	29,183.37	41	38,023.00	3,343
RS	Toropi	0.4617	0.683	6.90	0.0	4.5	12,856.03	143	137,872.00	2,952

State	Municipality	IGD-M	MHDI	IDSUS	IDEB (years 1-5)	IDEB (years 6-9)	GDP per capita	Beneficiary Families	Benefits	Population
RS	Dois Lajeados	0.4617	0.757	6.90	0.0	5.5	21,252.59	27	25,807.00	3,278
PE	Fernando de Noronha	0.4583	0.788	0.00	5.2	4.6	12,787.83	10	6,946.00	2,630
SP	Guatapará	0.4517	0.743	6.42	5.3	4.0	16,464.69	188	204,144.00	6,966
RS	Linha Nova	0.4492	0.749	6.56	0.0	0.0	13,681.65	10	8,636.00	1,624
RS	Jari	0.4483	0.631	6.97	0.0	3.7	21,247.55	174	164,273.00	3,575
RS	Vista Alegre do Prata	0.4367	0.780	6.38	8.2	0.0	23,621.41	10	7,442.00	1,569
RS	Monte Belo do Sul	0.4092	0.752	6.15	0.0	5.2	25,756.18	1	660.00	2,670
RS	Santa Cecília do Sul	0.3908	0.725	6.59	5.3	0.0	22,891.84	23	21,521.00	1,655
RS	Santa Tereza	0.3550	0.746	6.70	0.0	4.7	15,713.95	9	8,998.00	1,720
PI	Nazária	0.3150	0.602	0.00	4.5	0.0	3,714.06	378	169,839.00	8,068